

ADVANCE EASTERN EUROPE class A

Investment Objective

The goal of the fund is to ensure high investment results in the long-term by investing in Eastern European equities in 7 regional markets.

*This is marketing material

31 July 2024



Fund Manager's Comment

During the second half of July, there were signs of fatigue in the highly concentrated AI-themed rally of global stocks. The price dynamics were driven by high expectations for 2024 earnings season, combined with negative macroeconomic surprises amid summer doldrums. The latest data on inflation and the labor market in the US paved the way for the Federal Reserve to begin a cutting cycle in September. With a brief rebound on the last day of July, the MSCI World Index managed to record a modest monthly increase of 0.7% before the market sell-off deepened in the early days of August. Meanwhile, the MSCI EM Index declined 1.1%, while the regional MSCI EFM Europe + CIS Index was down by 0.7% over the past month.

The Greek ASE Index rose by 5.3%, with the financial sector in the driver's seat. Interest in Greek banks was boosted by their dividend payments during the month, alongside an overall improvement in sentiment toward Eurozone bank stocks following the second round of the French elections. At the same time, the 2Q2024 financial results of the four listed names significantly exceeded market expectations (NI beat of 24% on average vs consensus), with upward guidance revisions for FY2024.

The Turkish BIST 100 Index finished almost flat (-0.1% in LCU terms), amid negative divergence in the index-heavy banking sector, which had driven the rally in previous months. The lira weakened by 1.2% against the US dollar and by 2.2% against the euro. Foreign investors were net buyers of Turkish government bonds for the fourth consecutive month (USD 2.97 bn), while portfolio investments in stocks reported a net inflow of only USD 94 mn. In macroeconomic terms, TCMB left the key rate unchanged, as inflation continued to moderate (+61.8% in July). The rating agency Moody's raised the country's credit rating by two notches to B1 for the first time in a decade, which is four levels below investment grade.

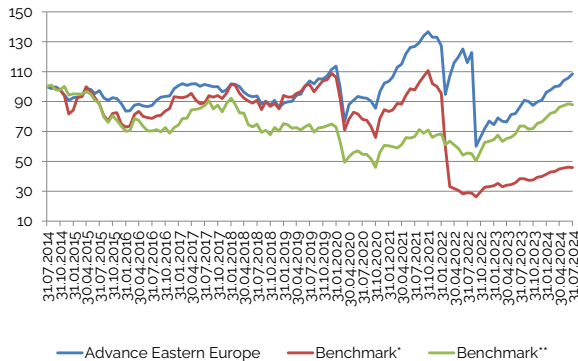
The Romanian BET Index gained 2.1%. Among the index-heavy sectors, energy (+4.4%) and the financials (+3.1%) outperformed the broader market, while utility stocks lagged behind (+1.7%). On the macro front, the NBR started a cycle of rate normalization by lowering the key rate by 25 bp to 6.75% after more than a year and a half of a restrictive monetary stance. This change in monetary policy is expected to lead to some compression in banking sector NIMs in 2025. Class A shares of the fund increased by 2.7%. Bulgarian and Greek positions contributed the most to the monthly return. At the sector level, technology companies had the highest positive contribution, followed by financials and consumer discretionary names. Meanwhile, industrials and utilities recorded modest declines.

Fund Facts	
Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.86 M
NAV/share	EUR 0.8572
Launch date	04.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe&CIS
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

Fund Identifiers			
ISIN	BG9000016063		
Bloomberg Code	ADVEAEU.BU		
Reuters Lipper	65095316		
Valor	3079269		
WICN-German	AOMXVY		
Past performance does not predict future returns.			
Fund Results (31.07.2024)			
	Fund	Benchmark*	Benchmark**
1 month	2.72%	-0.68%	-0.68%
1 year	25.76%	19.29%	19.29%
Year to Date	19.50%	15.07%	15.07%
Since Launch (annualized)	-0.86%	-6.24%	-1.66%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

	Fund	Benchmark*	Benchmark**
2023*	20.64%		
2022 (indicative)	-42.12%	-66.97%	-6.49%
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%

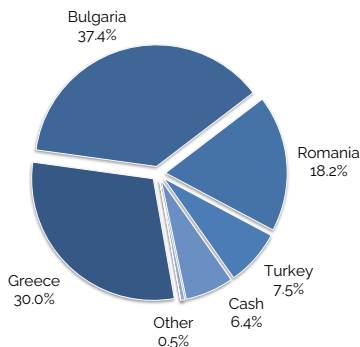
*Annual performance since 03.01.2023 when class A was started

Source: The calculated yield is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus. *Benchmark information is based on official data from www.msci.com

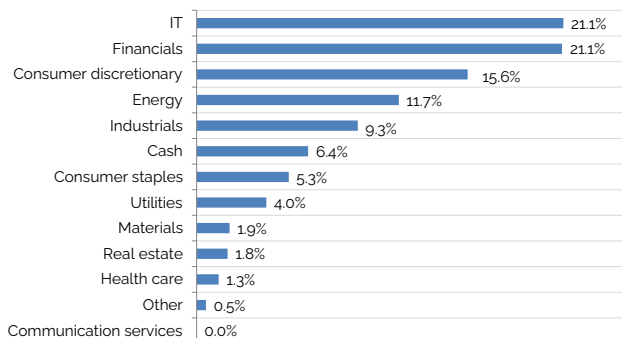
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



TOP 5 HOLDINGS

Shelly Group, Bulgaria, IT	Sirma Group, Bulgaria, IT	JUMBO SA, Greece, Consumer discretionary	GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary	Motor Oil Hellas Corinth Refineries S.A., Greece, Energy
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This is a marketing message. Please review the prospectus and key information document of the relevant fund before making an investment decision. The information is valid at the date of issue of the marketing material and may change in the future. The information provided does not constitute investment advice, advice, investment research or investment recommendation and should not be construed as such. The value of the Fund's units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investment in full. Investments in funds are not guaranteed by a guarantee fund created by the state or by any other type of guarantee. Previous results of the activity have no connection with the future results of an investment company. Future results are subject to taxation depending on the personal circumstances of each investor and may change in future periods. The documents are available in Bulgarian on the website www.karollcapital.bg, and upon request they can be obtained free of charge in paper form at the office of the Management Company. The fund is actively managed and does not follow an index. A summary of shareholder rights is available at https://karollcapital.bg/uploads/2023/Prava_na_pritejatelite.pdf