

# 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 October 2024

### Fund Manager's Comment

A combination of macroeconomic, fundamental and political factors led to a notable divergence in global stock performance across regions in October. Continued strong data from the US economy, along with positive 3Q earnings surprises, supported US equities. The S&P 500 reaching new record highs coincided with rising odds of a Trump victory in prediction markets. The MSCI World Index rose 0.9%, led by North America (+1.9%), while European stocks (-3.3%) took a significant hit due to concerns over renewed trade war and higher tariffs under a potential second Trump term. This weighed on emerging markets (-1.7%) as well, particularly Chinese stocks and the CEE region (-3.8%), where Turkey and Poland led the declines.

The Greek ASE fell 4.8%, with index-heavy banking stocks posting a third consecutive monthly decline (-7.9%). These underperformed significantly compared to the Eurozone's banking sector due to a disproportionately high sensitivity to market expectations for the trajectory of ECB rate cuts. Sentiment towards the sector should start to improve with 3Q financial results, supported by robust loan growth and upgraded management guidance across the four key names as Greek lenders target higher payouts in FY25 and faster DTC amortization in the mid-term.

The Turkish BIST 100 plunged 8.3% in TRY terms (-6.0% in euro terms), with banking stocks tumbling almost twice as much. The sell-off was sparked by postponed rate cut expectations, following inflation data for September that came in hotter than consensus estimates. Foreign investors remained net buyers of Turkish government bonds, with inflows amounting to USD 855 mn in September, while Turkish equities experienced a net outflow of USD 597 mn. On the macroeconomic front, the TCMB left the key rate unchanged (50%) and raised its year-end inflation forecast to 41% in 2024 (from 38%) and to 21% in 2025 (from 14%). Inflation remained sticky in October, up 48.6% YoY and 2.9% MoM, well above the 1.2-1.5% target band.

Romania's BET posted a third consecutive monthly decline (-1.0%). Among the key sectors, financials (+0.5%) and energy (+1.2%) outperformed the broader market, while utility stocks fell by 1.5%. 3Q bank earnings did not disappoint, delivering continued double-digit growth in net lending and stable net interest margins. The NBR kept its policy rate unchanged, expressing concerns about a slowdown in GDP growth during the third quarter and a higher inflation rate, likely exceeding the 4% year-end forecast.

Class A fund shares fell by 4.4%, with Turkish stocks in the portfolio performing the worst, followed by Greek equities. Sector-wise, financial and technology companies recorded the largest losses, having the greatest negative impact on monthly return (ca. -3pp in total). The sole sector in the black was real estate.

### Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 173 M
NAV/share	EUR 0.7944
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

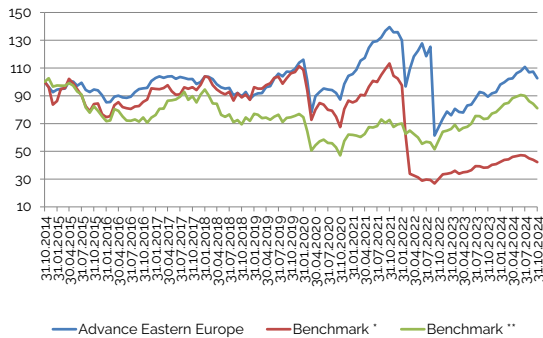
Past performance does not predict future returns.

### Fund Results (31.10.2024)

	Fund	Benchmark*	Benchmark**
1 month	-4.40%	-3.77%	-3.77%
1 year	14.95%	10.13%	10.13%
Year to Date	10.75%	3.69%	3.69%
Since Launch (annualized)	-1.26%	-6.69%	-2.20%

### 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%

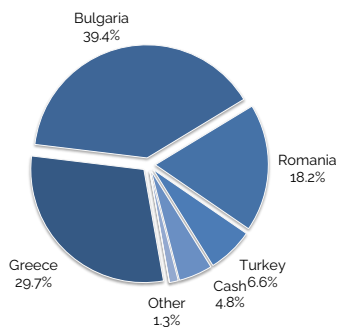
\*Annual performance since 03.01.2023 when class A was started

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

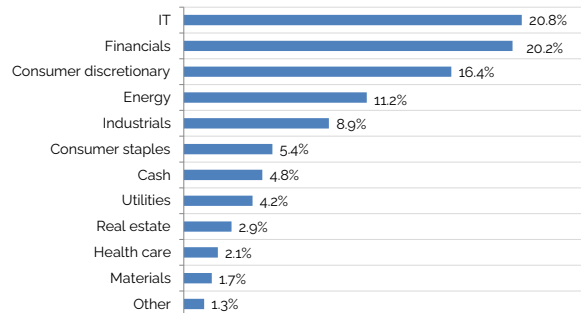
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### TOP 5 HOLDINGS

Shelly Group, Bulgaria, IT	JUMBO SA, Greece, Consumer discretionary	Sirma Group, Bulgaria, IT	GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A., Greece, Consumer discretionary	OMV PETROM, Romania, 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](http://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](https://karollcapital.bg/uploads/2023/Prava_na_pritejatelite.pdf)