

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

30 September 2024

Fund Manager's Comment

Against the odds of seasonal weakness, global equities rallied in September, marking a fourth consecutive quarter of gains. Risk assets were bolstered by the much-anticipated first interest rate cut from the Federal Reserve, which surprised markets with its magnitude (50 BP). Days later, China's PBOC and Politburo announced a broad, synchronized programme of monetary and fiscal stimulus, aimed at the real estate market and domestic financial assets. Thanks to the euphoric surge in Chinese stocks, emerging markets outperformed developed ones, with a 5.6% increase for the MSCI EM compared to a 0.9% rise for the MSCI World. The regional MSCI EFM Europe + CIS index recorded a 2.2% decline, with Poland and Turkey contributing the most to the negative performance.

The Greek ASE rose 1.4%. Sector-wise, materials outperformed (+8.9%), followed by telecommunications (+5.7%), real estate (+5.4%) and consumer discretionary (+4.3%). At the same time, the index-heavy banking stocks, posted a second consecutive month of decline (-1.1%). At the end of the September, the Hellenic Financial Stability Fund (HFSF) initiated the sale of just over half of its stake in NBG (10% out of a total of 18.4%). There was significant interest from international investors, with the offering being 12 times oversubscribed at a price-to-book valuation of 0.8x.

The Turkish BIST 100 declined by 1.7% in local currency (-2.7% in euro terms), with the consumer and industrial sectors weighing the most on the index and financials diverging positively. Foreign investors remained active buyers of Turkish government bonds, with a net inflow of USD 1.9 bn in September. Portfolio investments in equities also showed some recovery in the second half of the month, driven by oversold technical indicators and the Federal Reserve's accelerated interest rate cuts, which eased pressure on emerging markets. On the macroeconomic front, the TCMB left its key interest rate unchanged at 50%, while September inflation data came in hotter than expected, both on a yearly basis (49.4% vs. 48.3% forecast) and on a monthly basis (3.0% vs. 2.2% forecast).

Romania's BET declined for the second consecutive month (-2.9%). Among the index-heavy sectors, financials (-3.6%) and energy (-3.5%) underperformed the broader market. Utility companies were relatively more resilient, with a decline of 2.4% for the sector and a 2.0% gain for the sector's leading component, Hidroelectrica.

Class A shares of the fund posted a modest gain of 0.5%, outperforming the regional benchmark. Greek stocks in the portfolio performed best, while the selection effect was positive in all countries, particularly in Turkey, where our positions rose amid a broader market decline. In terms of sectors, consumer discretionary had the highest positive contribution, followed by real estate and financials. Meanwhile, materials and energy companies were the biggest drags on monthly performance.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.8 M
NAV/share	EUR 0.831
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

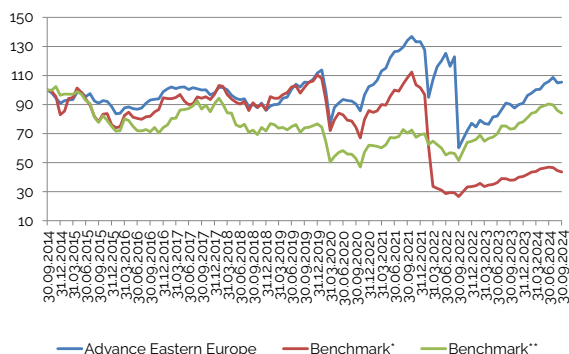
Past performance does not predict future returns.

Fund Results (30.09.2024)

	Fund	Benchmark*	Benchmark**
1 month	0.50%	-2.19%	-2.19%
1 year	16.88%	15.00%	15.00%
Year to Date	15.85%	7.76%	7.76%
Since Launch (annualized)	-1.02%	-6.53%	-2.00%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

Year	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%

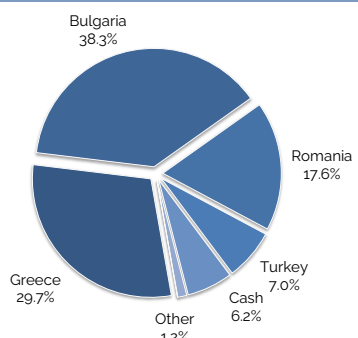
*Annual performance since 03.01.2023 when class A was started

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

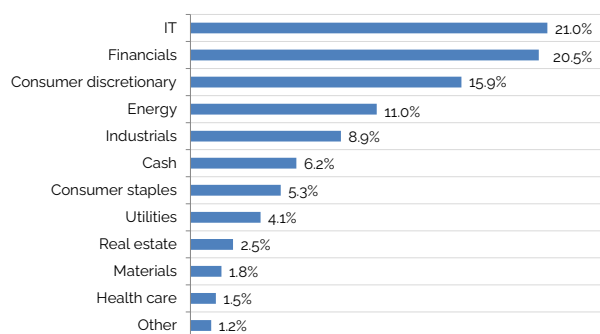
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

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

S.P.E.E.H. HIDROELECTRICA S.A., Romania, Utilities

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.karollicapital.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://karollicapital.bg/uploads/2023/Prava_na_pritejatelite.pdf