

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

28 February 2025

Fund Manager's Comment

Risk assets' honeymoon with President Trump has ended. In the last days of February, there was a reassessment of the consensus view that the new administration's policies would have unequivocally positive effects on US economy. The sharp escalation of trade relations between the USA and its closest trading partners—Canada and Mexico—has, at this stage, refuted initial market expectations that high tariffs were merely a negotiation tactic. Increased political uncertainty led to a sharp cooling of business and consumer sentiment in the US, raising stagflation risk. Meanwhile, faced with the apparent geopolitical reorientation of the US, Europe appears to be mobilizing, with even Germany, the notorious deficit hawk, preparing for significant fiscal expansion. The MSCI World index declined by 0.9% in EUR with European equities (+3.5%) outperforming North American stocks (-1.7%). Emerging markets posted a modest gain of 0.3%, led by Chinese tech names. Against this backdrop, the regional MSCI EFM Europe + CIS stood out with a 2.7% increase, driven by the continued strong performance of the Polish market.

The Greek ASE index rose by 3.8%, with financials (+5.5%) and the consumer staples (+20.9%) in the lead. Bank 4Q2024 earnings exceeded analysts' forecasts by ca. 10% on an aggregate level. The four banking names presented moderately optimistic mid-term strategies, reaffirming their focus on shareholder return. Alpha Bank stood out with the lowest announced cash dividend (EUR 0.03, -1.5% DY), while directing 75% of its total EUR 281 mn payout out of FY24 profits towards a share buyback of up to 5% of outstanding shares, demonstrating strong confidence from management that the stock remains undervalued.

The Turkish BIST 100 fell by 3.5% in local currency, with the industrial sector weighing the most, while banks diverged positively. The Turkish lira weakened by 2% against both the US dollar and the euro. Foreign investors' appetite remained stronger for Turkish debt instruments, which saw a net inflow of USD 593 mn, whereas Turkish equities attracted a net inflow of only USD 25 mn. On the macroeconomic front, the CBRT continued with its third consecutive rate cut, down by 250 bps to 42.5%. Although CPI decelerated to 39% YoY in February, household and business inflation expectations remain higher than the CB's outlook, posing a risk of renewed dollarization of deposits. Initial signs of this trend emerged in February, with FX deposits up by ca. USD 10 bn, increasing the risk of further weakening of the TRY.

The Romanian BET index posted a gain of 3.1%. Among key sectors, energy outperformed for a second month (+4.8%), followed by banks (+2.7%), while utilities lagged slightly (+2.0%).

Class A fund shares rose by 1.1%. Bulgarian and Greek positions in the portfolio contributed the most to returns in February, while Turkish stocks were a slight drag. Sector-wise, energy, technology, and consumer staples had the highest contributions to the monthly performance. Meanwhile, utilities and materials saw declines.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.78 M
NAV/share	EUR 0.8259
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

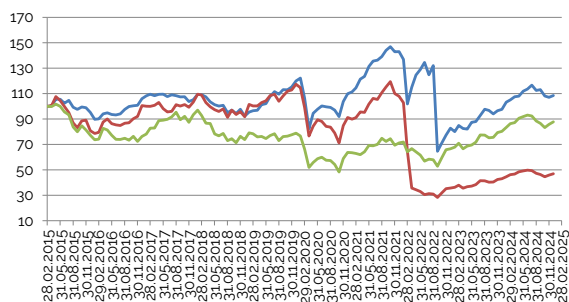
ISIN	BG9000016063
Bloomberg Code	ADVEAEU.BU
Reuters Lipper	65095316
Valor	3079269
WICN-German	AOMXVY
Past performance does not predict future returns.	

Fund Results (28.02.2025)

	Fund	Benchmark*	Benchmark**
1 month	110%	2.68%	2.68%
1 year	7.01%	11.72%	11.72%
Year to Date	3.65%	9.97%	9.97%
Since Launch (annualized)	-1.03%	-5.83%	-1.38%

Fund Performance 10Y

Past performance does not predict future returns.



— Advance Eastern Europe — Benchmark* — Benchmark**

Annual Performance

	Fund	Benchmark*	Benchmark**
2024	11.08%	9.27%	9.27%
2023	20.64%		
2022(Индикативно)	-42.12%	-66.97%	-6.49%
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.68%	6.91%
2018	-12.25%	-10.96%	-20.91%
2017	-0.73%	2.66%	22.39%
2016	11.90%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%

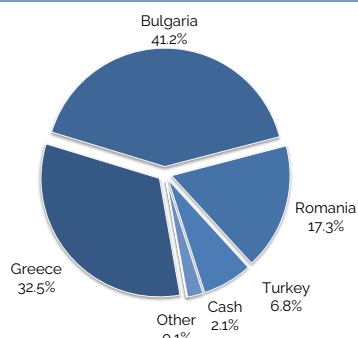
*Annual performance since 03.01.2023 when class A was started

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

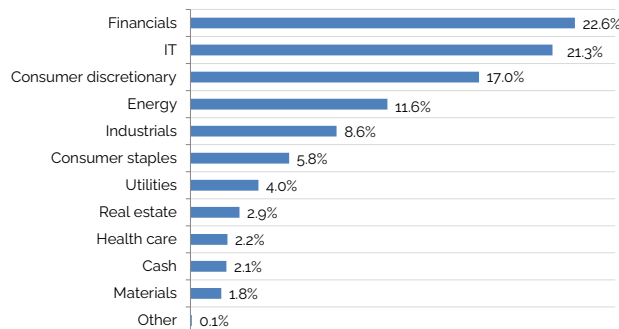
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



TOP 5 HOLDINGS

Shelly Group, Bulgaria, IT

JUMBO SA, Greece, Consumer discretionary

GREEK ORGANISATION OF FOOTBALL PROGNOSTICS SA, Greece, Consumer discretionary

Sirma Group, Bulgaria, IT

Eurobank Ergasias Services and Holdings SA, Greece, Financials

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