

ADVANCE EASTERN EUROPE

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.



30 April 2020

Fund Manager's Comment

As the "buy the dip" mantra engulfed the markets, the negative records of March were replaced by positive ones in April. Emerging markets lagged behind, with MSCI EM up 9.0%, pressured by continuing outflows of portfolio investments from the asset class, USD 37.0 bn in April compared to USD 71.6 bn in March. The CEE region was mixed, with MSCI EFM Europe + CIS outperforming GEM (+10.0%), while the benchmark excluding Russia was lower (+7.4%).

The MOEX Russia index recorded a relatively modest gain of 5.7% in local currency terms (-13.0% YTD). The correlation with crude oil, though trending lower over the last month, remains elevated compared to recent years average, which weighs on Russian equities. Nevertheless, portfolio flows to local equities and bonds exhibit relative stability compared to GEM. Thus, despite crude's turmoil, the ruble managed to pare some earlier losses. It was up 5.4% against the USD in April, finishing as the third best performer in the expanded majors currency basket.

The Turkish BIST 100 was the best performing major regional index with a monthly return of 12.8% (-11.6% YTD). The swift bounce from March's lows appears to be led predominantly by local investors, as non-residents' outflow of portfolio investments continues at high pace, reaching USD 629 mn, compared to USD 1 bn in March. This was a headwind for the Turkish lira, which was the worst performing currency in the expanded major basket against the US dollar, with a monthly drop of 5.3%. Meanwhile, the speculative bets against the TRY, measured by 1M 25 delta risk reversal, have risen to the highest since the currency crisis of 2018, as Turkey continues to burn through its foreign reserves. TCMB's net foreign assets have fallen further in recent weeks, to USD 25.1 bn as of April 24, which adjusted for FX swap liabilities to local lenders (USD 29.6 bn as of the end of March) brings net reserves deep below zero.

Despite 12.5% gain in April, the Greek ASE General remains at the bottom of the regional indices ranking in terms of YTD return (-31.5%). Meanwhile, the Romanian BET index recorded modest increase of 4.6% last month (-20.0% YTD).

The fund outperformed the benchmark by 4.6 pp in April, despite the elevated cash position (above 15%). The currency effect was net positive, as the ruble's appreciation added 4.2 pp, while lira losses subtracted 0.4 pp. Sector-wise, cyclical positions, namely Industrials, Consumer discretionary and Energy, recorded the highest total return. At the same time, Energy and Materials were the largest positive contributors to the fund's monthly return, adding 3.2 pp and 2.6 pp, respectively.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 158 M
NAV/share	EUR 0.6944
Launch date	04.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

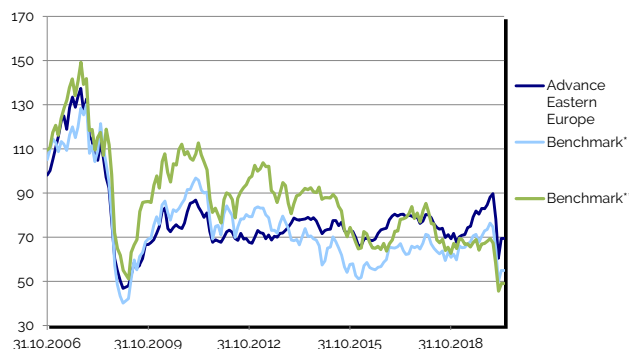
Fund Identifiers

ISIN	BG9000016063
Bloomberg Code	ADVEAEU.BU
Reuters Lipper	65095316
Valor	3079269
WICN-German	AOMXVY

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	14.83%	10.17%	7.62%
1 year	-6.69%	-17.99%	-26.86%
Year to Date	-21.18%	-28.11%	-29.26%
Since Launch (annualized)	-2.65%	-4.43%	-5.74%

Fund Performance

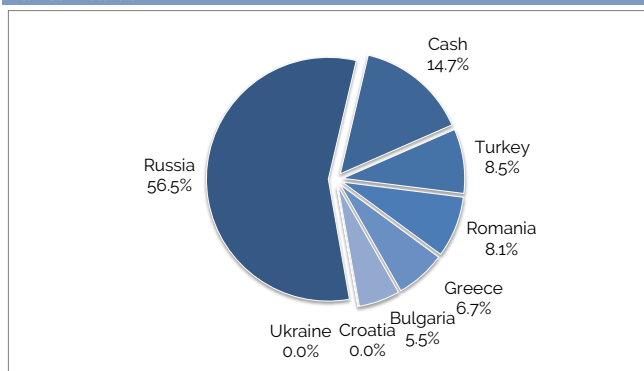


Annual Performance

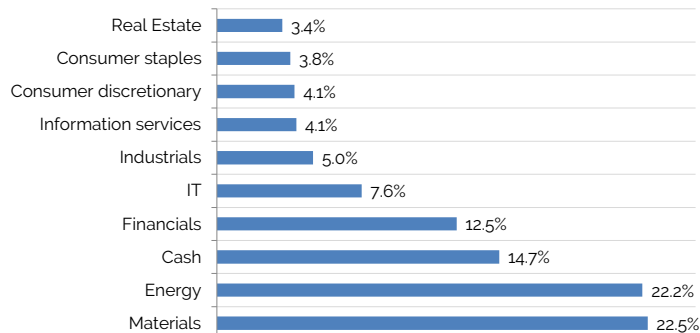
	Fund	Benchmark*	Benchmark**
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008	-61.94%	-66.63%	-56.45%
2007	25.91%	11.54%	20.71%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



TOP 5 HOLDINGS

Polyus Gold OJSC (Russia), Materials	GMK Norliski Nikel (Russia), Materials	Lukoil (common) (Russia), Energy	SBERBANK, COMMON (Russia), Financials	JSC "NOVATEK", Common (Russia), Energy
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