

# 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.



31 August 2020

### Fund Manager's Comment

GEM stocks return was modest last month, relative to the US S&P 500 which climbed to new record highs in the end of August. MSCI EM underperformed DM peers, up by 0.9% compared to 5.3% for MSCI World. Meanwhile, net portfolio flows to EM equities were positive (USD 4.4 bn), as robust July PMIs confirmed the recovery of the global economy. Regional CEE indices were in the red for a third consecutive month, with MSCI EFM Europe + CIS down 0.7%, while the benchmark excluding Russia lost 0.3%.

The MOEX Russia index managed to break above the psychological level of 3 000, although the second half of August was marked by escalating political risks. Still, the index posted a monthly gain of 1.9% in local currency terms (-2.6% YTD). Protests following the presidential elections in Belarus persist, while the likelihood of Russian military support for "re-elected" president Lukashenko increases. In addition, the poisoning of Russian opposition leader Alexei Navalny weighed market sentiment further down over the last week, which was evident in FX dynamics as well. The Russian ruble appreciated only slightly against the US dollar (+0.4%) and continued to lag behind the commodity currency basket - NOK, AUD, MXN, NZD, ZAR, etc.

The Turkish market was highly volatile in August. BIST 100 was the worst performing index in the region, down by 4.3% in LCU terms (-5.7% YTD). The realized 30-day volatility spiked to a three-month high, as the stock index recorded intraday movements of ca. 8.0%. The driver of this market turmoil was once again the collapse of the Turkish lira, which fell to new record lows. TRY was the worst performing EM currency in August, depreciating 5.1% against the USD, on the back of deteriorating macro imbalances (unsustainable credit bubble, dwindling foreign reserves, weak monetary policy credibility).

Following two months of losses, the Greek ASE increased 2.7% in August, but remains the worst performing index in CEE, at -30.8% YTD. The Romanian market broke the losing streak as well, advancing 7.4% (-9.8% YTD), led by gains of energy and financial stocks.

The fund outperformed the benchmark by 0.29 pp in August. The currency effect was again negative, but significantly milder at around 1 pp. Tech names were in the lead for yet another month. On the opposite side, the consumer discretionary sector was the largest negative contributor to the portfolio's monthly return.

### Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.64 M
NAV/share	EUR 0,7284
Launch date	4.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 150%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

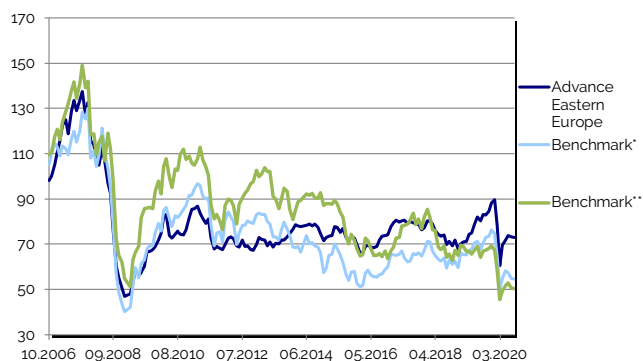
### Fund Identifiers

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

### Fund Results

	Fund	Benchmark*	Benchmark**
1 month	-0.42%	-0.71%	-0.32%
1 year	-9.45%	-19.65%	-21.39%
Year to Date	-17.32%	-28.77%	-27.28%
Since Launch (annualized)	-2.25%	-4.39%	-5.42%

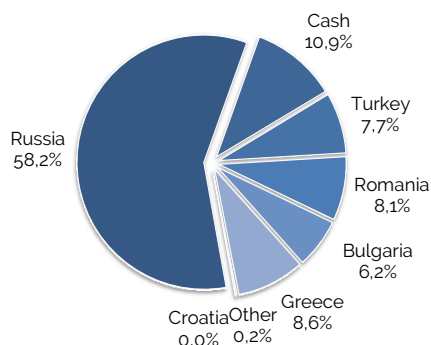
### Fund Performance



### Annual Performance

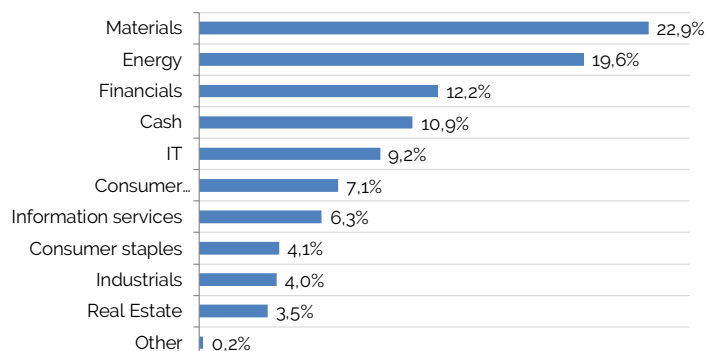
	Fund	Benchmark*	Benchmark**
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%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

### Market Breakdown



### Portfolio Breakdown

### Sector Breakdown



### TOP 5 HOLDINGS

Polyus Gold OJSC (Russia),  
Materials

Yandex NV (Russia), Information  
services

GMK Norliski Nikel (Russia),  
Materials

ALLTERCO AD (Bulgaria), IT

SBERBANK, COMMON (Russia),  
Financials