

# 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 December 2020

### Fund Manager's Comment

Global markets ended 2020 on a strong note on prevailing vaccine and fiscal stimulus optimism. Worries and short-lived volatility around the new highly infectious strain of Covid-19 weren't able to derail the rally, with S&P500 climbing to new highs on USD 900 bn relief package. Lagging regional CEE and Latin America indices played catch up. MSCI EFM Europe + CIS outperformed both DM (MSCI World: +1.8%) and GEM (MSCI EM: +4.8%) with monthly gains of 7.6% and 8.3% for the benchmark excluding Russia.

The MOEX Russia index increased 5.8% in local currency terms, firming its positive YTD return at 8.0% amid continuing cyclical rotation. Materials were leaders of the gain, while tech and communications services stocks underperformed. Meanwhile, the Russian ruble appreciated 2.7% on positive price dynamics of key export commodities and overall US dollar weakness.

The Turkish market maintained positive momentum in December. BIST 100 replicated its strong November return, climbing 15.0% in LCU terms (+29.1 YTD). At the same time, the Turkish lira was among the best performing EM currencies for a second consecutive month, up 5.9% against the USD. Thus, Turkish equities had their best quarter since 3Q2009, rallying 33.7%. On the policy front, TCMB didn't disappoint market participants and delivered another 200 bp rate hike in its December rate decision, reducing the scope of further hikes in the short-term.

The Greek ASE recorded monthly gain of 9.8% but still ended 2020 in the red, down 11.7%. Banks remained at the forefront of the rally, adding 28.3% in December (-39.0% YTD). Romanian BET index increased 5.6% and also finished the year in negative territory, down 1.7%.

The fund underperformed the benchmark by 2.5pp dragged by relative underweight in energy and financials. Still, our portfolio kept its lead of 13.9pp in YTD terms. The fund finished the year down 8.4%, attributable to significant negative currency effect (ca. -18pp). Again, cyclical positions had the highest positive contribution to the portfolio's monthly return, with materials in the lead. Meanwhile, tech and communication services stocks lagged behind for a second consecutive month.

### Fund Facts

|                     |                                    |
|---------------------|------------------------------------|
| Fund type           | open-end                           |
| Fund Manager        | Georgi Raykov, Konstantin Prodanov |
| Fund size           | EUR 1.80 M                         |
| NAV/share           | EUR 0.8078                         |
| 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 1.50%                        |
| Management fee      | 1.5 % NAV p.a.                     |
| Redemption fee      | none                               |
| Minimum investment  | none                               |

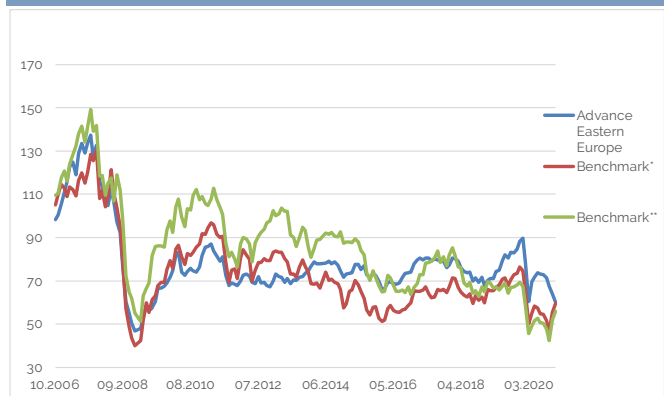
### Fund Identifiers

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

### Fund Results

|                           | Fund   | Benchmark* | Benchmark** |
|---------------------------|--------|------------|-------------|
| 1 month                   | 6.04%  | 7.59%      | 8.27%       |
| 1 year                    | -8.31% | -22.29%    | -19.20%     |
| Year to Date              | -8.31% | -22.29%    | -19.20%     |
| Since Launch (annualized) | -1.49% | -3.70%     | -4.59%      |

### Fund Performance

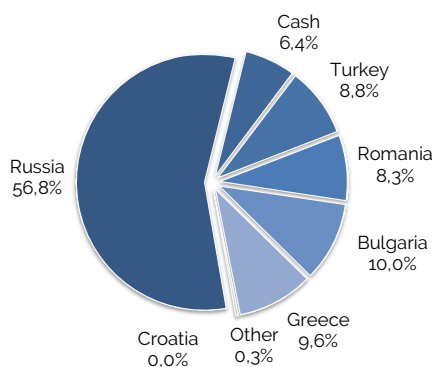


### Annual Performance

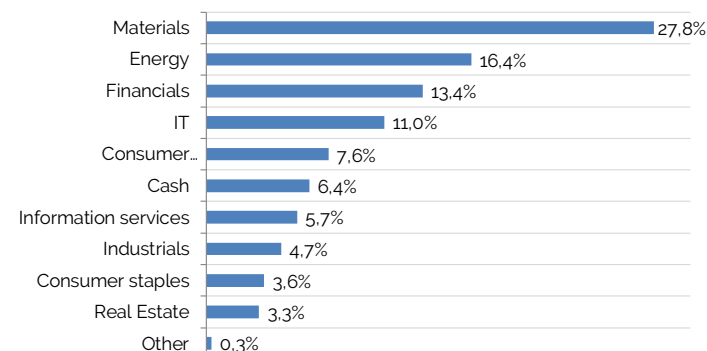
| Year | Fund    | Benchmark* | Benchmark** |
|------|---------|------------|-------------|
| 2020 | -8.31%  | -22.29%    | -19.20%     |
| 2019 | 29.88%  | 27.90%     | 6.91%       |
| 2018 | -12.25% | -11.12%    | -20.91%     |
| 2017 | 4.42%   | 12.24%     | 22.39%      |
| 2016 | 11.31%  | 24.40%     | -1.29%      |
| 2015 | -2.29%  | -8.32%     | -22.13%     |
| 2014 | -4.06%  | -22.21%    | 2.24%       |
| 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

ALLTERCO AD (Bulgaria), IT

Polyus Gold OJSC (Russia),  
Materials

Yandex NV (Russia), Information  
services

GMK Norilski Nikel (Russia),  
Materials

POLYMETAL INTERNATIONAL  
PLC (Russia), Materials