

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 July 2020

Fund Manager's Comment

EM equities kept positive momentum last month, led by the exuberant Chinese market. MSCI EM added 3.0% in July, outperforming MSCI World (-0.6%) and catching up to DM in terms of YTD performance. However, CEE stocks were laggards for a second consecutive month, with MSCI EFM Europe + CIS down 4.5%, while the benchmark excluding Russia lost 4.0%.

The MOEX Russia index recorded a monthly gain of 6.1% in local currency terms (-4.4% YTD), but the FX dynamics translated into negative performance in EUR terms (-3.0% MoM). July saw divergence between portfolio flows to the market, with bonds recording inflows of USD 250 mn, while equity outflows of USD 440 mn were the highest since March sell-off. This, coupled with the traditional summer peak of the dividend season and the escalating US sanctions rhetoric, weight the ruble down. Despite the overall weakness of the greenback, RUB depreciated 4.3%, while the loss against the EUR was twice as big (-8.7%).

After strong gains in June, Turkish stock rally took a pause in July, with BIST 100 down 3.3% in LCU terms (-1.5% YTD). Trading volumes remained elevated, averaging USD 4 bn daily, but portfolio flows to the equity market turned negative again. Meanwhile, the lira saw renewed pressure, following two months of relative calm amid significant FX interventions and dwindling foreign reserves. The local currency was one of the few in the red (-1.7%) against the generally weaker US dollar, recording an all-time low against the euro (-6.3% MoM).

The Greek ASE fell further, with loss deepening to 32.6% YTD. In anticipation of Q2 financial results, banks were a drag for the index. The Romanian market recorded a second consecutive monthly decrease, with the main BET index down 3.3% (-16.0% YTD).

The fund outperformed the benchmark by 3.7 pp in July, mainly on a better selection effect of Russian and Turkish stocks. The currency effect was strongly negative, as RUB and TRY depreciation subtracted 5.6 pp and 0.6 pp, respectively. Our gold mining positions recorded the highest monthly return, while tech stocks remained among the outperformers as well. On the opposite side, the energy 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 1.65 M
NAV/share	EUR 0.7315
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

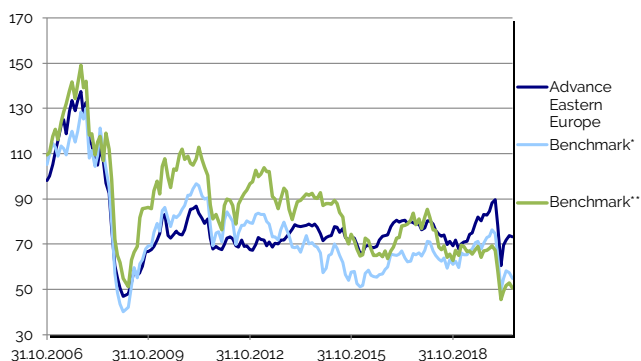
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	-0.80%	-4.51%	-4.05%
1 year	-10.75%	-23.07%	-26.57%
Year to Date	-16.97%	-28.26%	-27.05%
Since Launch (annualized)	-2.23%	-4.36%	-5.43%

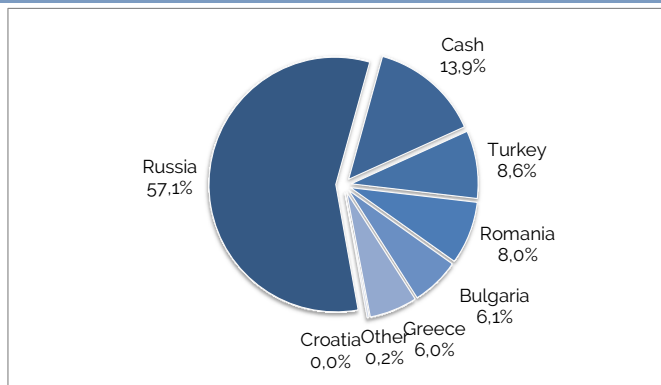
Fund Performance



Annual Performance

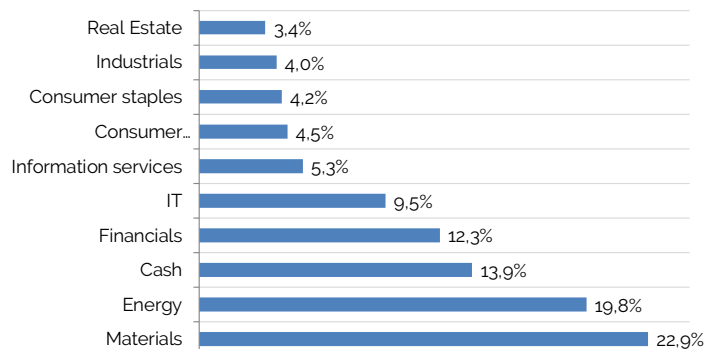
	Fund	Benchmark*	Benchmark**
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%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

Qiwi Plc (Russia), Information
technology