

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 January 2021

Fund Manager's Comment

The difference in speed of vaccine rollout around the world led to a wider dispersion of market returns across regions in January. Among developed markets European stocks slightly lagged US peers, with a monthly loss of 0.8% vs 0.3%. Global Emerging Markets – the investment community's consensus favorite in 2021 – outperformed with a gain of 3.7% for MSCI EM. At the same time, 4Q2020 leaders – regional CEE and LatAm indices – were under pressure, likely, of tactical profit taking. MSCI EFM Europe + CIS lost 15% due to negative FX dynamics (RUB), while the benchmark excluding Russia was more resilient, down only 0.3%.

Russian market's geopolitical factors intensified in the second half of January, with a heavier blow on the ruble. Protests across the country in support of detained Kremlin critic Alexei Navalny were countered with mass arrests of peaceful demonstrators, which was met with criticism from Europe and the US. The MOEX Russia index recorded a slight decrease of 0.4% in LCU terms (-2.1% in USD). Meanwhile, the ruble depreciated 1.8% against the US dollar, which was one of the weaker returns in the EM and commodity currency baskets.

After a strong run at the end of 2020, the Turkish BIST 100 overheated, considering the technicals, with the RSI hitting a 5-year high in early January. Sector wise, financials and industrials, which were most overbought, weighed on the broad XU100 index return, down 0.2% in TRY terms. At the same time, the Turkish lira kept positive momentum and was the leading gainer across EM, up 1.8% against the USD. Expectedly, TCMB kept the policy rate unchanged after its January rate decision.

Similar to Turkey, Greek stocks, another high-beta market, saw a correction. The ASE index lost 7.4%, with banks leading the decline. Meanwhile, Romanian BET gained 5.1%, as lagging local energy names played catch up to global cyclical rotation trade.

The fund outperformed the benchmark by 2.7pp, attributable to better selection of Turkish and Bulgarian stocks. Technology positions had the highest positive contribution to the portfolio's monthly return, followed by real estate, energy and materials. On the opposite side, communication services, industrials and consumer discretionary were a drag for the portfolio's performance.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1,82 M
NAV/share	EUR 0.8176
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

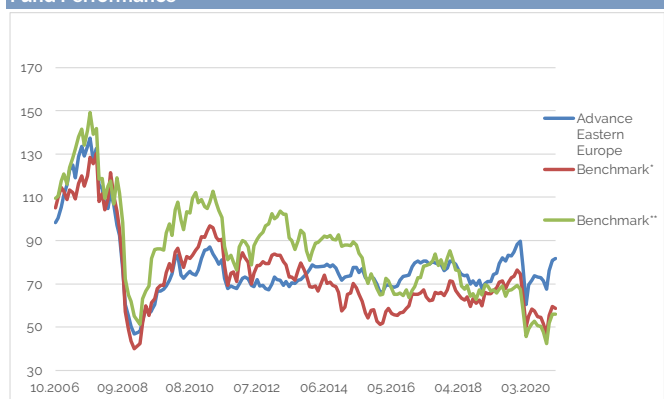
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	1.21%	-1.48%	-0.36%
1 year	-8.93%	-21.64%	-17.08%
Year to Date	1.21%	-1.48%	-0.36%
Since Launch (annualized)	-1.39%	-3.78%	-4.59%

Fund Performance

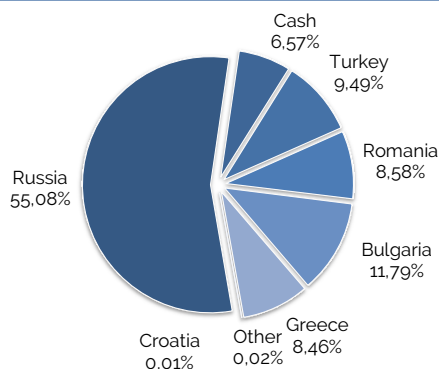


Annual Performance

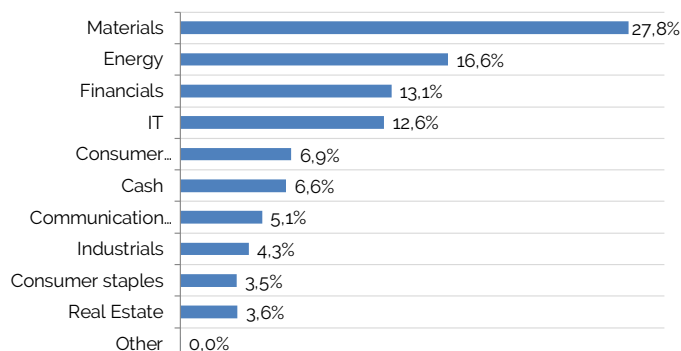
	Fund	Benchmark*	Benchmark**
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	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

GMK Norliski Nikel (Russia),
Materials

Yandex NV (Russia), Information
services

POLYMETAL INTERNATIONAL
PLC (Russia), Materials