

# 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 November 2021

### Fund Manager's Comment

The discovery of the Omicron variant led to a sharp spike in volatility on the global financial markets at the end of November. Coincidentally but maybe not coincidentally, Fed's Jerome Powell made a U-turn on the "transitory" inflation narrative and signaled potentially faster tapering. MSCI ACWI was marginally up 0.2% in EUR terms due solely to the FX dynamics, as return was negative in USD (-2.5%). Emerging Markets took a harder hit, with MSCI EM down 1.4% in euro. The previously outperforming CEE indices recorded the sharpest losses on risk-off sentiment and profit taking, as MSCI EFM Europe + CIS plummeted 7.9%, while the benchmark excluding Russia dropped 6.9%.

MOEX Russia lost 6.3% in LCU terms. Index-heavy energy and financials underperformed the broad market, while the other major sector – Materials – was relatively more resilient to the turbulence. Meanwhile, under pressure from tumbling crude oil prices, the ruble depreciated 4.2% against the US dollar, on par with the performance of the commodity currency basket.

The Turkish CB stubbornly maintained its unorthodox monetary policy. The key rate was cut another 100 bps to 15%, while inflation accelerated further to 21.3% YoY in November. Unsurprisingly, the collapse of the Turkish lira deepened as the real yield sunk deeper into negative territory, with TRY depreciating 28.7% against the USD in just a month. Against this catastrophic backdrop, president Erdogan once again demonstrated his economic ignorance, while the authorities led a witch-hunt against market "manipulators", i.e. social media influencers, including two journalists. Turkish stocks seem to have entered a Venezuelan style inflation spiral, as the BIST 100 gained 18.9% in LCU terms (-15.8% in USD).

The Greek ASE index declined 3.4%, while the Romanian BET lost 3.2%, with cyclical consumer discretionary, energy and bank stocks leading losses in both markets.

The fund's monthly return was negative 2.7%. Nevertheless, it was substantially better than the benchmark index (+5.2pp) due to the Bulgarian and Russian stock selection in IT and materials. At the same time, underweight energy and financials still had the highest negative contribution to the fund's performance last month.

### Fund Facts

|                     |                                    |
|---------------------|------------------------------------|
| Fund type           | open-end                           |
| Fund Manager        | Georgi Raykov, Konstantin Prodanov |
| Fund size           | EUR 2,31 M                         |
| NAV/share           | EUR 1,0501                         |
| 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      | 15 % NAV p.a.                      |
| Redemption fee      | none                               |
| Minimum investment  | none                               |

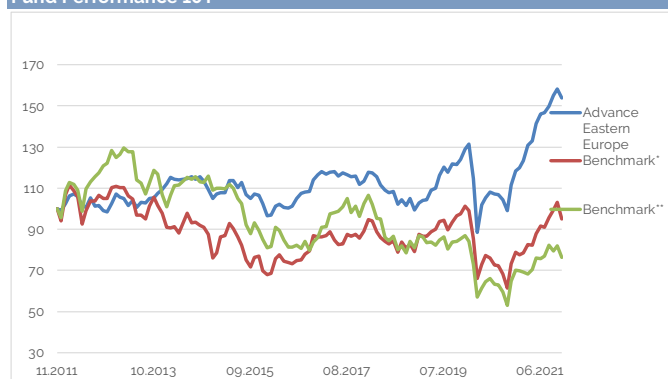
### Fund Identifiers

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

### Fund Results

|                           | Fund   | Benchmark* | Benchmark** |
|---------------------------|--------|------------|-------------|
| 1 month                   | -2.71% | -7.88%     | -6.91%      |
| 1 year                    | 37.84% | 29.76%     | 17.81%      |
| Year to Date              | 30.00% | 20.60%     | 8.81%       |
| Since Launch (annualized) | 0.32%  | -2.28%     | -3.78%      |

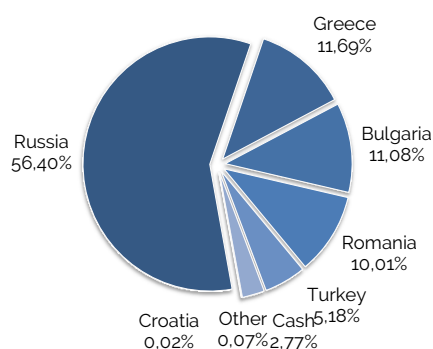
### Fund Performance 10Y



### Annual Performance

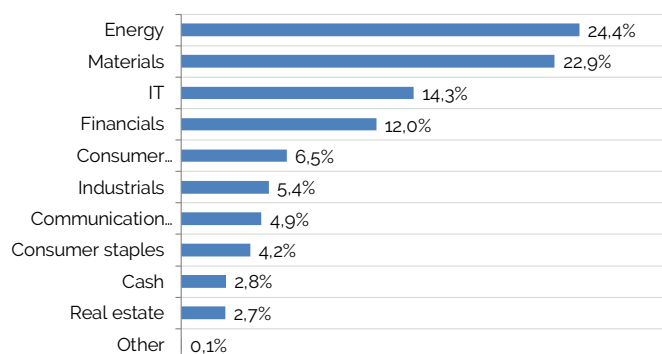
| Year | Fund    | Benchmark* | Benchmark** |
|------|---------|------------|-------------|
| 2020 | -8.31%  | -22.29%    | -19.20%     |
| 2019 | 29.88%  | 27.90%     | 6.91%       |
| 2018 | -12.25% | -11.12%    | -20.91%     |
| 2017 | 4.42%   | 12.24%     | 22.39%      |
| 2016 | 11.31%  | 24.40%     | -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%      |

### Market Breakdown



### Portfolio Breakdown

### Sector Breakdown



### TOP 5 HOLDINGS

ALLTERCO AD (Bulgaria), IT

Yandex NV (Russia), Communication services

SBERBANK, COMMON (Russia), Financials

Polyus Gold OJSC (Russia), Materials

JSC 'NOVATEK', Common (Russia), Energy