

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 October 2021

Fund Manager's Comment

Global equities had their best month so far this year in October, as the deeply embedded buy-the-dip mentality prevailed after September's sell-off. MSCI ACWI increased 5.2%. Developed markets, especially US stocks, outperformed EM, with 5.8% gain for MSCI World compared to merely 1.1% for MSCI EM. Against this backdrop, CEE was again ahead of GEM, as MSCI EFM Europe + CIS added 3.7%, while the benchmark excluding Russia was up 3.0%.

MOEX Russia climbed to a new all-time high, but pulled back a little at the end of the month, up 1.1% in LCU terms. Sector-wise, there was rotation in leadership, from energy to financials and materials. Meanwhile, the ruble kept appreciating in step with hydrocarbon prices, gaining 2.6% against the US dollar. CBR hiked the key rate further to 7.5% (+75 bp) in October and reiterated its strong hawkish guidance. Thus, portfolio flows into OFZ remain supportive for the local currency.

From Russian monetary policy soundness to the delirium of Turkey's central bank, which boldly slashed rates by 200 bp to 16% compared to the October CPI print at just under 20%. That shocked market participants and sent the lira to fresh new lows. Despite TRY depreciation of 7.4% against the USD, the BIST 100 increased 8.2% in LCU terms. Considering the substantial and deepening exodus of foreign investors from Turkish stocks this year, market dynamics is driven by locals, who seek protection from soaring inflation in a negative real rate environment.

The Greek ASE index climbed 3.8%, with banks and utilities outperforming the broader market. The Romanian BET was down slightly (-0.3%) amid rising political instability after the collapse of the government in early October.

The fund's monthly return stood at 2.0%, underperforming the benchmark index by 1.6pp due to the Bulgarian stock selection. Sector-wise, materials, particularly gold-mining shares, had the largest positive contribution, followed by energy and financials. At the same time, technology and consumer discretionary stocks were a drag on the fund's performance last month.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 2.38 M
NAV/share	EUR 1.0794
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

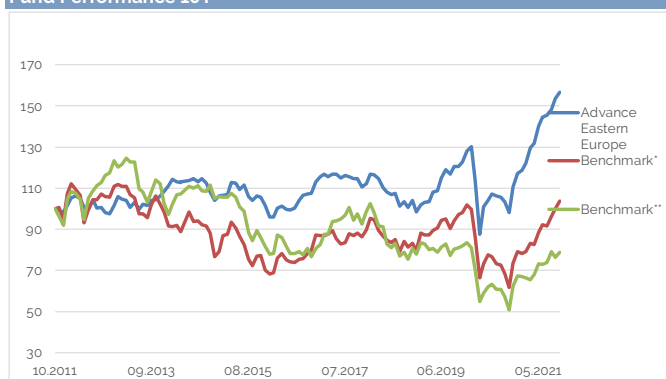
Fund Identifiers

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

Fund Results

	Fund	Benchmark*	Benchmark**
1 month	2.03%	3.67%	2.99%
1 year	59.84%	67.81%	54.25%
Year to Date	33.62%	30.92%	16.89%
Since Launch (annualized)	0.51%	-1.76%	-3.35%

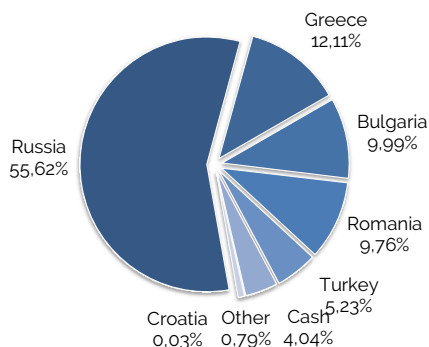
Fund Performance 10Y



Annual Performance

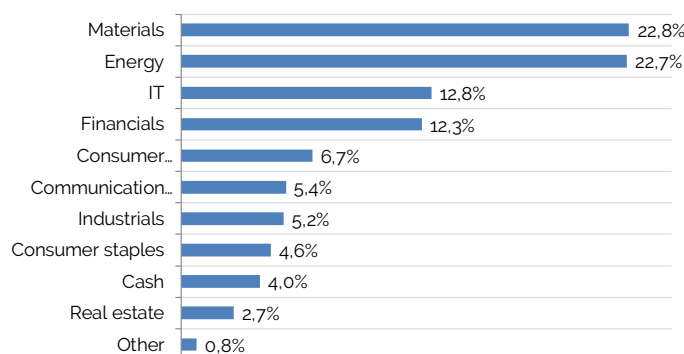
Year	Fund	Benchmark*	Benchmark**
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	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	SBERBANK, COMMON (Russia), Financials	Yandex NV (Russia), Communication services	JSC "NOVATEK", Common (Russia), Energy	Polyus Gold OJSC (Russia), Materials
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