

## 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.



28 February 2022

\*NAV from 25 February is used as the last published NAV

## Fund Manager's Comment

The Russian invasion of Ukraine unleashed a tectonic shift in global financial markets. Market participants were largely ill-positioned for the unprecedented act of aggression. At the same time, the swift, synchronized and severe sanction response came as another shock with global repercussions for economic growth and inflation. MSCI ACWI declined 2.9%, with European equities sentiment markedly weaker due to the geographical proximity to the conflict and energy dependence on Russian supplies. Regional CEE indices were hit the hardest, as the benchmark excluding Russia fell 10.7%, while MSCI EFM Europe + CIS nosedived 37.1%, and will most likely be discontinued.

Kremlin's bold and staggeringly miscalculated move in practice virtually erased Russian assets from the investment universe of western investors in a matter of days. The MOEX exchange remains closed, likely until the invasion is brought to an end, one way or another. Even after resumption of trading foreign investors, who held ca. USD 90 bn of Russian equities as of the end of 2021, will remain hostage to CBR imposed capital control. At the same time, London listed DRs collapsed to almost worthless before LSE suspended trading, while MSCI will exclude Russia from the EM index. Despite CBR measures to stem currency depreciation, the ruble is in a freefall. Amid the catastrophic economic outlook pressure within the country will continue to escalate, but the likelihood of regime change is low.

The Turkish market was relatively resilient to the geopolitical turbulence, even though the internal macroeconomic backdrop remains challenging as well. TCMB kept its key rate unchanged at 14% for a second month, but inflation accelerated further, to 54.4% in February. BIST 100 declined 2.8%, with cyclical energy, materials and consumer stocks outperforming. TRY lost 3.4% against the USD, as FX deposits increased, although marginally, for the first time in two months since the implementation of FX-protected TRY deposit scheme. Considering the significant jump of commodity prices, Turkey's CA deficit will increase, even without assuming any drop in the number of Russian visitors this tourist season (ca. 20% share in 2021), adding to the pressure on the TRY in the near-term.

The Greek ASE index lost 4.8%, after sentiment flipped, especially in bank stocks. The Romanian market faced similar dynamics. BET index declined 3.6% on a broad-based selloff, impacting even energy and defensive utilities stocks.

The fund's shares collapsed 25.5% - a smaller drop compared to the benchmark but substantial loss, nonetheless. Due to the imposed restrictions on trading our Russian positions rendering them inaccessible to us, ca. 42% weight in the portfolio as of the end of February, the fund has temporary suspended creations-redemptions of shares.

## Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.64 M
NAV/share	EUR 0.7486
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

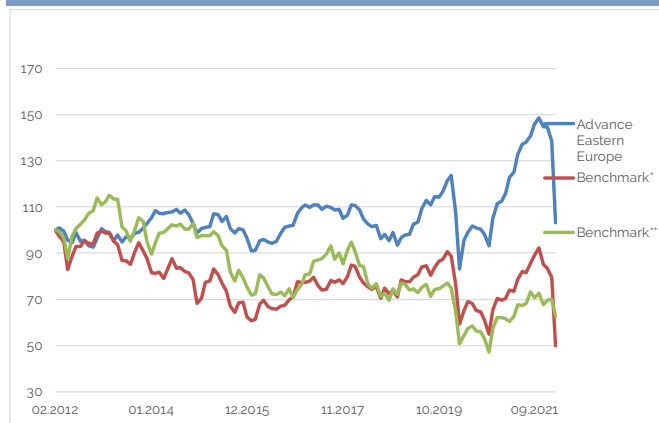
## Fund Identifiers

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

## Fund Results

	Fund	Benchmark'	Benchmark''
1 month	-25.58%	-37.09%	-10.66%
1 year	-11.01%	-28.93%	2.11%
Year to Date	-28.77%	-40.06%	-9.79%
Since Launch (annualized)	-1.86%	-5.55%	-4.20%

## Fund Performance 10Y

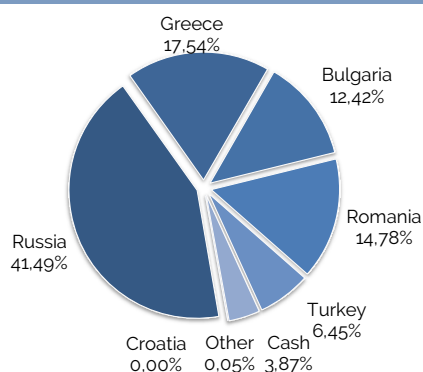


## Annual Performance

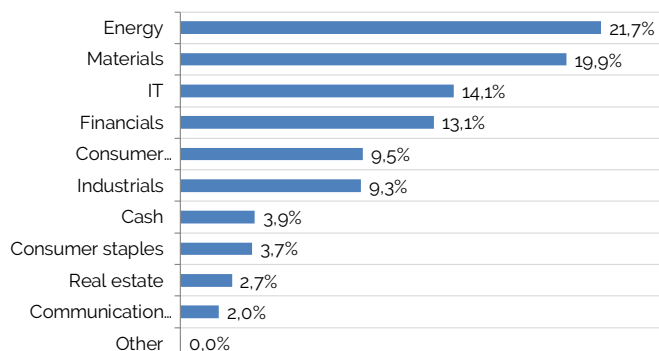
	Fund	Benchmark'	Benchmark''
2021	30.09%	18.34%	11.71%
2020	-8.31%	-22.29%	-19.20%
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-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

FONDUL PROPRIETATEA SA (Romania), Financials

AEGEAN AIRLINES STOCK (Greece), Industrials

GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A. (Greece), Consumer discretionary

JUMBO SA (Greece), Consumer discretionary