

# 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 December 2019

### Fund Manager's Comment

Global markets cheered the miracle of Christmas, finishing the year at fresh new highs, as USA and China finally agreed on the terms of a "Phase-one" trade deal. Developed markets (MSCI World) advanced by 1.1% in December, as the US stock market hit fresh all-time highs. Thus, North America significantly outperformed Europe in terms of YTD performance (+31.2% vs +22.2%). Meanwhile, emerging markets enjoyed stronger risk-on sentiment following the phase-one trade deal, soaring by 5.3% in December. However, full year return of MSCI EM still lagged behind (+17.5%). The CEE region also rallied, with MSCI EFM Europe + CIS up by 4.0%. But the monthly gain of the benchmark excluding Russia was just half of that (+1.8%). Meanwhile, the major markets of the fund's portfolio finished higher.

The Russian broad stock index tested again the psychological level of 3 000 points and managed to stabilize above it in the second half of December. Following a monthly return of 3.8% (+29.1% YTD), MOEX Russia finished the year at an all-time high. Metals & Mining companies outperformed on general risk-on sentiment for EM and commodities, while markedly strong were also energy stocks. At the same time, the ruble, together with other commodity currencies, also rallied, up by 3.8% against the USD in December. Thus, the ruble kept its position as the best performing EM currency in 2019 (+12.5%).

Turkey, which has trailed behind through 2019, kept swiftly catching up amid strong EM risk-on sentiment. Most market indicators associated with the level of financial stress were stable, while CDS even improved in December. On the one hand, the broad stock index BIST 100 gained 7.0% (+25.4% YTD). On the other, the Turkish lira was the worst performing EM currency with a monthly loss of 3.3% against the USD (-11.1% YTD), while there were two main factors behind the negative dynamics. First, lira's short-term yield dropped to a three-year low after the CB delivered larger-than-forecast interest rate cut. Second, geopolitical risks resurfaced following Turkey's intension to deploy troops to Libya, with TRY expectedly taking the first blow.

The Greek ASE General index maintained positive momentum with a gain of 1.7% and kept its leadership position by YTD performance worldwide (+49.5%). Meanwhile, the Romanian stock index BET added 0.9% in Dec and was the second best performer in the region in 2019 (+35.1%).

Sector-wise, Materials positions contributed the most to the fund's monthly return (ca. 1/2), followed by Energy and IT. Advance Eastern Europe finished 2019 with a strong performance, outpacing the benchmark by 2.2pp. At the same time, the fund solidified its leadership position among local funds, gaining nearly 30% in 2019.

### Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 2.03 M
NAV/share	EUR 0.881
Launch date	04.10.2006
Benchmark*	MSCI EFM Europe&CIS
Benchmark**	MSCI EFM Europe + CIS ex RU
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

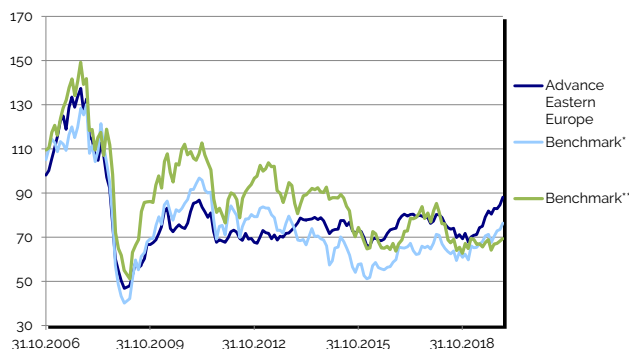
### Fund Identifiers

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

### Fund Results

	Fund	Benchmark*	Benchmark**
1 month	4.11%	4.01%	1.77%
1 year	29.88%	27.90%	6.91%
Year to Date	29.88%	27.90%	6.91%
Since Launch (annualized)	-0.95%	-2.13%	-3.39%

### Fund Performance

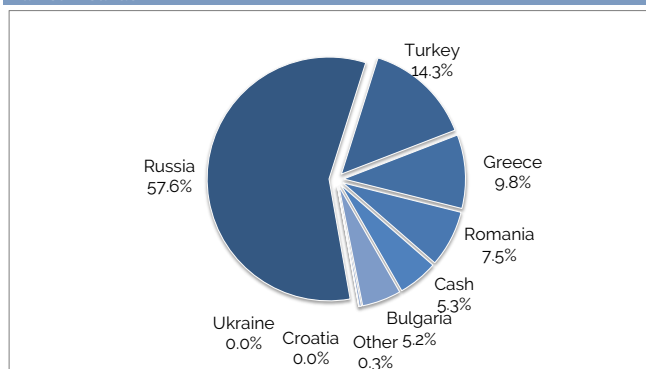


### Annual Performance

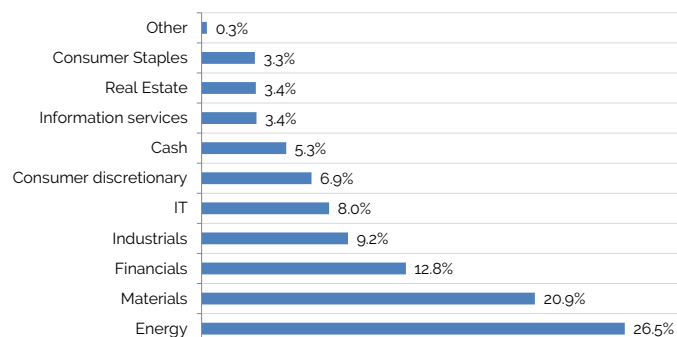
	Fund	Benchmark*	Benchmark**
2019	29.88%	27.90%	6.91%
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008	-61.94%	-66.63%	-56.45%
2007	25.91%	11.54%	20.71%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### TOP 5 HOLDINGS

GMK Nortliski Nikel (Russia), Materials	Lukoil (common) (Russia), Energy	SBERBANK, COMMON (Russia), Financials	JSC "NOVATEK", Common (Russia), Energy	GAZPROM NEFT OAO-CLS (Russia), Energy
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