

# 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 2019

### Fund Manager's Comment

Global markets stayed in the green in November, with positive comments on the US-China trade war front again in the driver's seat of market return. MSCI World advanced by 3.8% in November, led by the USA where indices recorded new all-time highs. Meanwhile, EM risk-on sentiment was markedly weaker, with MSCI EM posting only modest gain of 1.0%. The CEE region also lagged behind, with MSCI EFM Europe + CIS up by 0.81%, while the monthly return of the benchmark excluding Russia was a notch higher, at 1.33%. Still, the major markets of the fund's portfolio finished higher.

At the beginning of November, Russia's MOEX index crossed above the 3 000 level for the first time. However, it didn't manage to hold there for long. Nevertheless, the monthly gain of the index was 1.4% (+24.5% YTD). Financial and consumer stocks outperformed, while O&G and Materials were under some pressure following a significant rally during the previous month. MSCI's semi-annual rebalancing also weighed these stocks down. Although the whole CEE region was negatively affected by the increase of China's weight in MSCI EM, the largest reduction in weight was in Russia (-0.14pp). Correspondingly, passive outflows from the Russian market were more substantial (USD -579mn). At the same time, the ruble was relatively stable, down by 0.3% against the USD in November. According to latest available CBR data, the foreign portfolio flows to the Russian OFZ market improved in October, with non-residents' share of primary auctions increasing, from 19% in September, to 37% in October, amid net inflow of USD 1.1bn.

The Turkish market made a strong comeback in November amid receding geopolitical risks. A key event was President's Erdogan visit to Washington in the middle of the month, where he had a constructive meeting with his American counterpart Donald Trump. The main market indicators associated with the level of financial stress, recorded improvement over the month, as the Turkish 10-year yield, CDS and TRY implied volatility dropped to one-and-a-half year lows. Meanwhile, the broad stock market index BIST 100 broke through a key level and stabilized above it amid robust trading volumes. The index monthly return was +8.6% in November (+17.1% YTD), while the Turkish lira recorded a slight loss against the USD (-0.6%). Net portfolio flows of non-residents were positive last month (USD 241mn), but demonstrated volatility in the last week of November, while also offset just half of the outflows recorded in October.

The Greek ASE General index maintained positive momentum with a monthly gain of 2.2% and kept its leadership position in terms of YTD performance worldwide (+47.0%). At the same time, the political background in Romania stabilized, with the new government indicating a more market friendly stance. Local stock index BET added 3.9% in November and is still the second best performing market in the region since the beginning of the year (+33.9%). The Balkan stock markets continued to underperform, which resulted in a further decrease of their weight in the fund's portfolio.

Sector-wise, Industrials and Communication services positions contributed positively to the fund's monthly return. The fund maintains its robust YTD gains and its leadership position among all Bulgarian mutual funds.

### Fund Facts

Fund type	open-end
Fund Manager	Georgi Raykov, Konstantin Prodanov
Fund size	EUR 1.96 M
NAV/share	EUR 0.8462
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

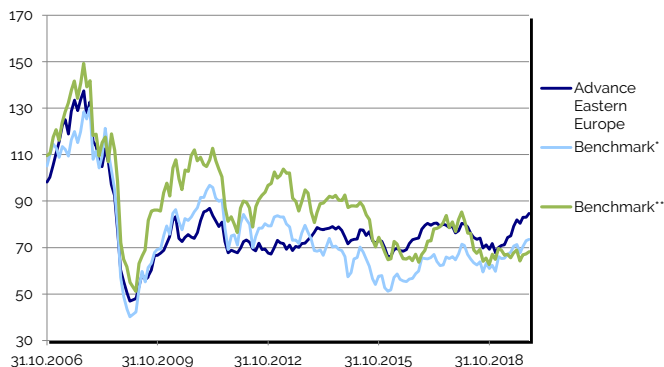
### Fund Identifiers

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

### Fund Results

	Fund	Benchmark'	Benchmark''
1 month	1.99%	0.81%	1.33%
1 year	17.94%	17.76%	1.50%
Year to Date	24.75%	22.97%	5.05%
Since Launch (annualized)	-1.26%	-2.43%	-3.54%

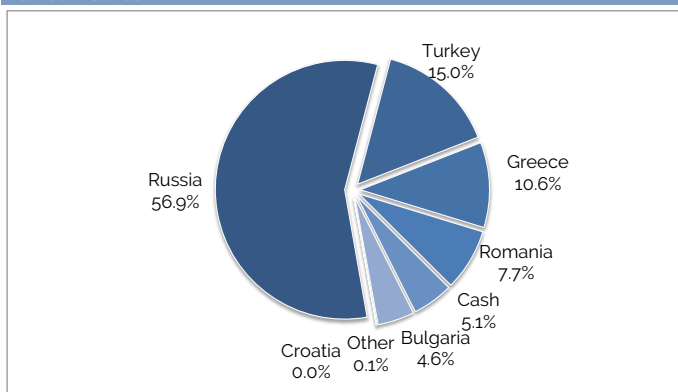
### Fund Performance



### Annual Performance

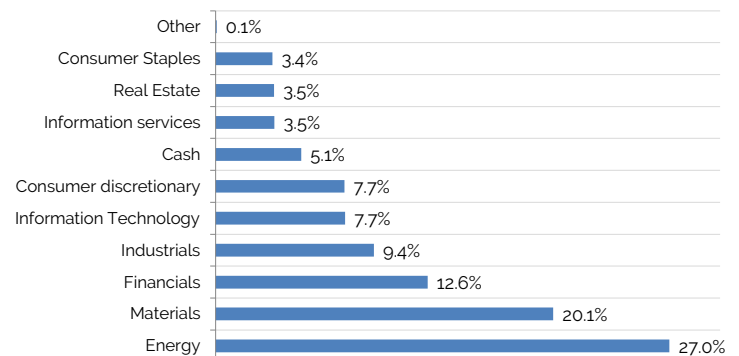
Year	Fund	Benchmark'	Benchmark''
2018	-12.25%	-11.12%	-20.91%
2017	4.42%	12.24%	22.39%
2016	11.31%	24.40%	-1.29%
2015	-2.29%	-8.32%	-22.13%
2014	-4.06%	-22.21%	2.24%
2013	6.64%	-11.15%	-16.81%
2012	4.07%	4.86%	34.08%
2011	-17.02%	-22.53%	-29.75%
2010	18.44%	21.65%	16.29%
2009	36.50%	73.42%	51.49%
2008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

### Market Breakdown



### Portfolio Breakdown

#### Sector Breakdown



### TOP 5 HOLDINGS

GMK Norliski Nikel (Russia), Materials	Lukoil (common) (Russia), Energy	JSC 'NOVATEK', Common (Russia), Energy	SBERBANK, COMMON (Russia), Financials	JUMBO SA (Greece), Consumer Discretionary
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