

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

The Fund invests in stocks of companies in the CEE region, and has long-term investment horizon.



*This is marketing material

31 August 2024

Fund Manager's Comment

August marked a landmark month for Advance Emerging Europe Opportunities as the fund's total assets surpassed EUR 53m, up from EUR 36m in July and under 14m at the beginning of the year. This increase was fuelled by sustained inflows from institutional investors, providing further testament in support of our thesis about the promising prospects of the CEE region.

The record inflows occurred against a turbulent market backdrop. August started with a sharp sell-off in equities globally, triggered by soft economic data in the US and an interest rate hike in Japan. This sent the VIX index to 65, the third-highest level on record. Despite the difficult start, investors quickly digested the disappointing data, and felt encouraged by higher prospects of more aggressive rate cuts in the US. As a result, equities experienced a swift recovery. Developed markets (MSCI World) even managed to finish on a higher note, appreciating 0.2% in EUR. At the same time, Emerging markets (MSCI EM -0.9% in EUR) lagged behind as the economic data in China remained lacklustre. Down by 4.3% in EUR, represented by MSCI EFM Europe + CIS ex RU, CEE equities underperformed significantly. The main drags on the performance were Turkey and Greece, while Central European equities were more resilient, curbing the decline in fund's unit value to 1.7%.

Sector-wise, Health-care contributed the most, led by Richter Gedeon (+3.8% MoM). The Hungarian company reported solid Q2 results, highlighted by a favourable sales-mix tilted toward high-margin products and a +141% YoY growth in net income. Given its still attractive valuation (FWD P/E of c. 8x), we increased our position slightly during the month. Wizz Air (-30%), another Hungarian company, became the largest detractor, making Industrials the biggest drag on overall performance. The company's Q2 results fell significantly short of market expectations, prompting management to sharply reduce full-year guidance. The rest of our key positions in Hungary also ended in the red, and as a result, Hungary had the largest negative impact on the fund's return.

Polish equities recorded more mixed returns and WIG20 closed 0.4% lower. In August, we added PKO Bank Polski to our portfolio. In line with our expectations, the bank posted solid Q2 delivery, marked by 26% YoY growth in NII and a 10% bottom-line beat vs. the consensus, translating to a ROE > 19%. With no imminent interest rate cuts and the potential for improved lending growth in 25E, we expect solid earnings from Polish lenders in the coming quarters as well. In addition, Polish economic growth accelerated substantially in Q2, reaching +4.0% YoY (s.a.), which bodes well for the remainder of the year and is the highest rate within the EU.

Among the rest of the markets, Austria contributed slightly positively to our return, led by Erste Bank (+3%), which posted solid Q2 results and guided for a dividend yield of c.6.5% in 25E. Meanwhile, Greece, Czechia and Slovenia were negative contributors, primarily due to the Financials, which suffered from the prevailing risk-off sentiment.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 53.63 M
NAV/share	EUR 1.2955
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 0.9%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

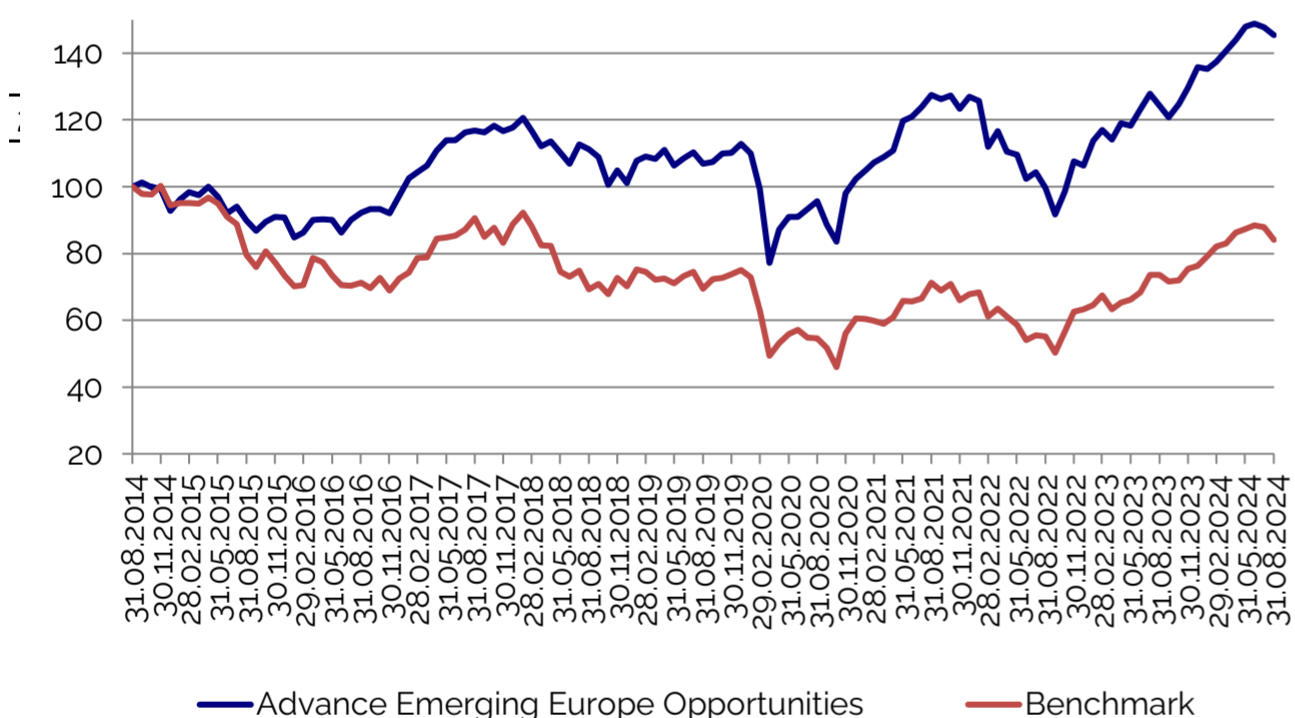
Past performance does not predict future returns.

Fund Results (31.08.2024)

	Fund	Benchmark
1 month	-1.68%	-4.26%
1 year	16.96%	14.38%
Year to Date	7.05%	10.17%
Since Launch (annualized)	1.56%	-3.41%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

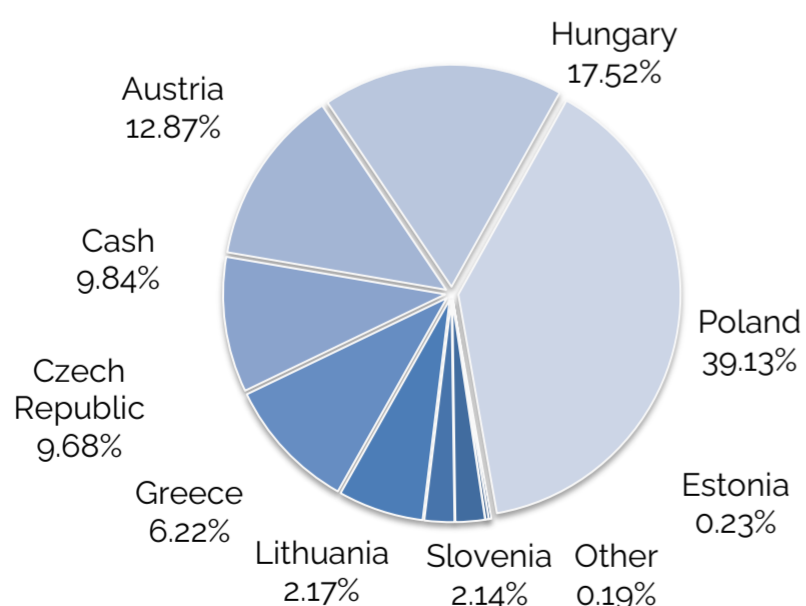
	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%

Source: The calculated yield is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus. *Benchmark information is based on official data from www.msci.com

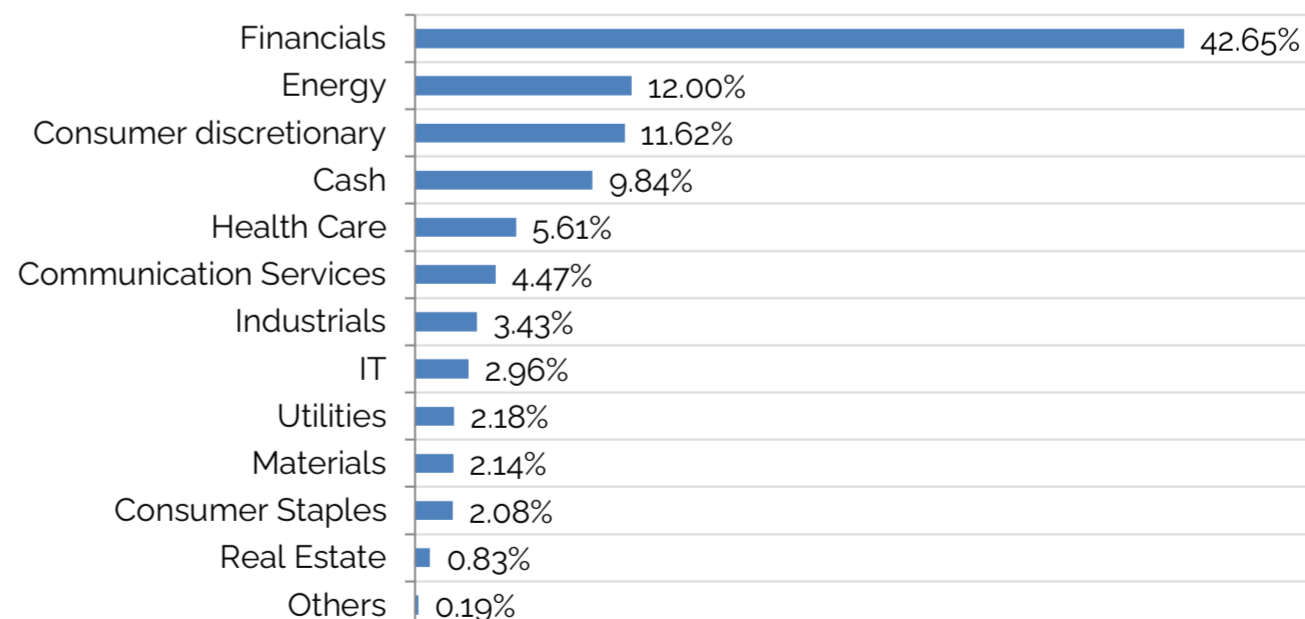
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials	BANK PEKAO SA / PZU, Poland, Financials	RICHTER GEDEON NYRT, Hungary, Health Care	ORLEN, Poland, Energy	KOMERCNI BANKA, Czech Republic, Financials
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This is a marketing message. Please review the prospectus and key information document of the relevant fund before making an investment decision. The information is valid at the date of issue of the marketing material and may change in the future. The information provided does not constitute investment advice, advice, investment research or investment recommendation and should not be construed as such. The value of the Fund's units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investment in full. Investments in funds are not guaranteed by a guarantee fund created by the state or by any other type of guarantee. Previous results of the activity have no connection with the future results of an investment company. Future results are subject to taxation depending on the personal circumstances of each investor and may change in future periods. The documents are available in Bulgarian on the website www.karollcapital.bg, and upon request they can be obtained free of charge in paper form at the office of the Management Company. The fund is actively managed and does not follow an index. A summary of shareholder rights is available at https://karollcapital.bg/uploads/2023/Prava_na_pritejatelite.pdf