

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 July 2024

Fund Manager's Comment

Following a strong and relatively uninterrupted run in the first half of 2024, global risk assets witnessed elevated volatility in July, with developed markets (MSCI World +0.7% in EUR) outperforming MSCI EM (-1.1%). CEE equities showed mixed performance, leading to a 0.7% decline in the regional benchmark index MSCI EFM Europe + CIS ex RU and a corresponding drop in the fund's unit value. The fund's total assets surpassed EUR 36m (vs. 21.6m in June) due to continued interest and substantial inflows from institutional investors. The higher-than-usual cash balance is due to a large inflow at the end of the month.

Country-wise, Poland was the main drag on performance, as equities witnessed a sharp downward move following Donald Trump's nomination of JD Vance as VP candidate. The market perceived this as an increase in political risk due to JD Vance's past criticism of Poland's ruling coalition. Additionally, there were market concerns that if Trump and Vance won the presidential election, aid to Ukraine might be reduced, exacerbating the risks for the Polish economy. This led to a broad-based sell-off, sending WIG20 4.8% lower MoM. The IT sector stood out, with TEXT (+17.4%) and Comarch (+11.8%) positively impacting our selection effect in Poland. The former posted stronger than expected Q2 KPIs, marked by increased revenues per user, while shares of Comarch soared following news that the company may be delisted. Shares of one of our smaller positions in Poland, the biotech company Celon Pharma, became the biggest winner, soaring 74.6% in July, bolstered by positive trial results for its schizophrenia drug. At the other end were the consumer names, which weighed the most on the fund's return (-1.2p).

The rest of the countries in Central Europe put on resilient performance. The Czech PX index rose by 4.2%, driven by the financial sector. Our top pick in the sector - Erste Bank outperformed, up by 8.7% (in EUR). MONETA Money Bank (+5.3%) posted solid results, marked by low provisions and decreasing deposit costs. We expect these trends to persist, and to support its performance in the second half of 2024.

Hungarian equities were rattled by news of potential introduction of new special taxes. However, the market managed to digest this relatively quickly, and the BUX index ended the month 2.7% higher.

Greece emerged as the clear winner in the region, as the ASE index rose 5.3%. In July, we added 3 new Greek positions to the portfolio - Alpha Bank, Piraeus Financial Holdings and the retailer JUMBO. The former two, in our opinion, have strong catch-up potential, trading at 24E P/E ratios of 4.7x and 4.2x, respectively, a discount of c. 30% vs. their European peers. The key catalysts for a further re-rating, in our opinion, include NII resilience, strong loan growth (projected at 7% YoY in 24-26E) and increased dividend payout ratios (to 50% in 2025). In the short term, we anticipated strong Q2 earnings beats and an upgraded guidance at Alpha Bank, which materialized as expected. We believe that JUMBO is also trading at an undemanding valuation (24E P/E of 9.4x), which could improve once supply chain disruptions subside.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 33.31 M
NAV/share	EUR 1.3176
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	BG0000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

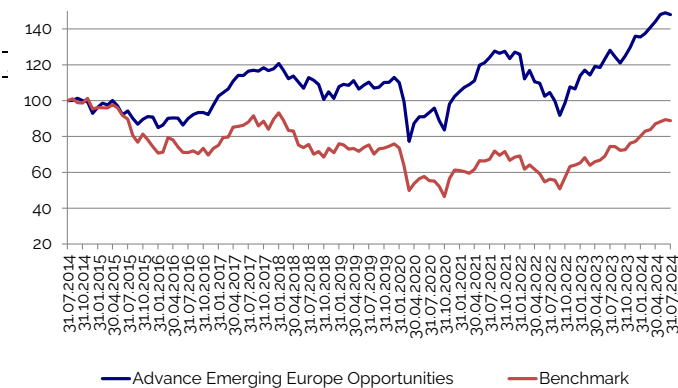
Past performance does not predict future returns.

Fund Results (31.07.2024)

	Fund	Benchmark
1 month	-0.69%	-0.68%
1 year	15.55%	19.29%
Year to Date	8.87%	15.07%
Since Launch (annualized)	1.67%	-3.17%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

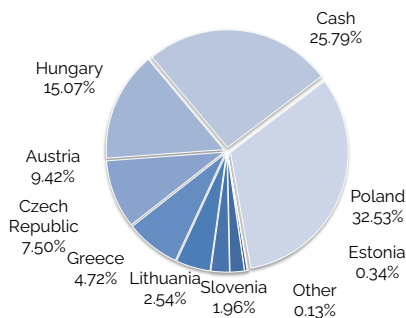
	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%

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

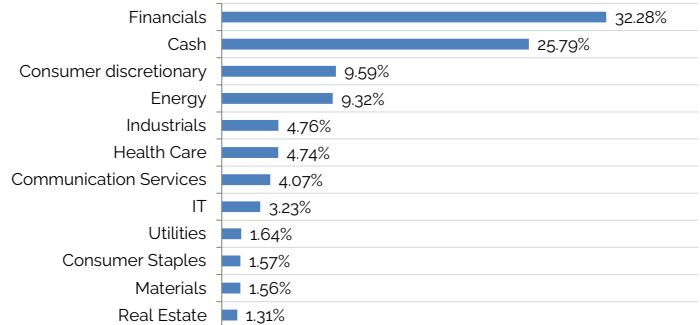
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

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