

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

30 September 2024

Fund Manager's Comment

After a shaky start, global equities recovered throughout the month, as the US Federal Reserve kicked off its easing cycle with a larger-than-expected cut (50bps), while China unveiled new fiscal and monetary measures. As a result, MSCI World gained 0.9% in EUR, while MSCI EM soared by 5.6%. This substantial outperformance in emerging markets was fueled by sharp improvement in sentiment toward Chinese equities following the newly announced stimulus measures. The growing optimism in global markets, however, provided limited support to CEE equities, which lagged behind, held by uncertain macro outlook in Europe. The regional index MSCI EFM Europe + CIS ex RU finished 2.2% lower (in EUR), with Poland and Turkey being the biggest drags, while Hungary, Greece and the Czech Republic closed in the black. The fund's unit value declined more moderately (-0.4%), supported by positive stock selection in the key markets and the absence of exposure to Turkey. Sector-wise, our consumer discretionary and staples stocks regained momentum, adding the most to the fund's return, while Financials and Energy emerged as the largest detractors.

In Poland, the poor performance of the latter two sectors led to a 3.6% MoM decline in the WIG20 index. In the banking industry, Spanish Banco Santander surprisingly sold a 5.2% stake in Santander Bank Polska (-12.6% MoM) through an ABB at a 7.9% discount to the market price, which negatively affected the rest of the sector. Meanwhile, shares of the state-owned Bank Pekao (-7.3%) and Alior Bank (-9.6%) suffered due to growing speculations about a potential M&A. The recent flood in the region had a limited impact on the market, primarily affecting the shares of the insurer PZU. On the other hand, consumer names performed well, with retailers CCC and LPP guiding for a strong Q3, marked by accelerated sales dynamics and solid gross margins. The exception was the e-commerce giant Allegro (-8.6%), which posted strong Q2 results (adj. EBITDA +32% YoY), but guided for a softer Q3 amid expectations for intensifying cost pressures. Another major market event was the announcement of the upcoming IPO of Zabka, the largest convenience chain in Poland. With over 10,000 stores, Zabka is one of the fastest-growing companies in the sector. The IPO is expected to raise between EUR 1.4-1.5 billion, positioning it as the fourth-largest in Europe this year. Given the company's strong growth profile and the scale of the offering, we believe it has the potential to become a key catalyst for the broader market, drawing new investors to the exchange.

Continued recovery of the mortgage market in Czechia (+130% YoY volume growth in August) provided support to the shares of Komerční Banka (+4%) and MONETA (+2%). Meanwhile, the CNB's decision to cut its key rate by 25bps (to 4.25%) for the seventh consecutive time had no impact on the shares, due to lenders' low sensitivity to interest rates and the move being widely expected. Among the rest, shares of the utility CEZ (+2%) also rose, contributing to a 1% gain for the main PX Index. Except for the energy company MOL (-1%), Hungarian blue-chips stocks performed strongly as well, with the BUX index up by 1.4%.

Our Greek positions contributed positively, led by the retailer Jumbo (+12.3%), whose shares were buoyed by growing optimism that the supply chain disruptions stemming from the Red Sea crisis will have a less significant impact on full-year results.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 53.43 M
NAV/share	EUR 1.2901
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

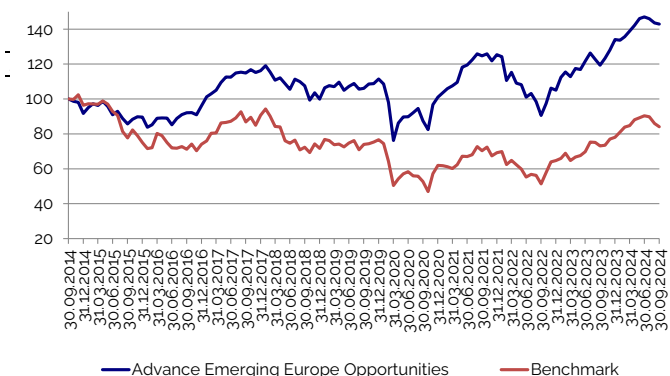
ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298
Past performance does not predict future returns.	

Fund Results (30.09.2024)

	Fund	Benchmark
1 month	-0.42%	-2.19%
1 year	19.78%	15.00%
Year to Date	6.60%	7.76%
Since Launch (annualized)	1.52%	-3.52%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

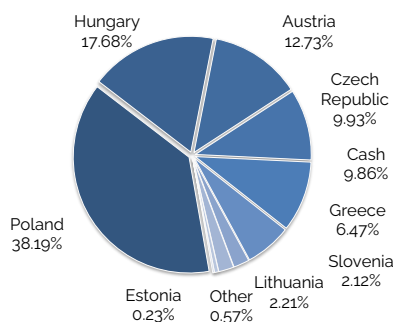
	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%

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

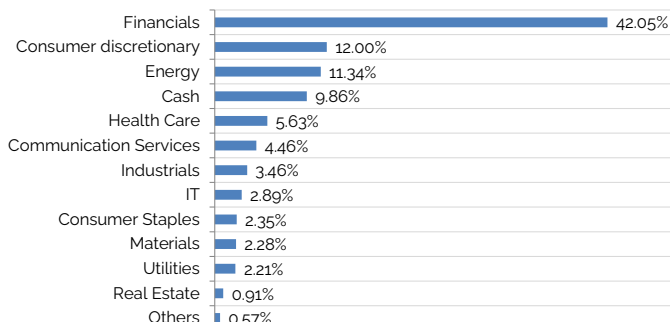
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

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	LPP SA, Poland, Consumer discretionary	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.karolcapital.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://karolcapital.bg/uploads/2023/Prava_na_pritejatelitelte.pdf