

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 April 2025

Fund Manager's Comment

April saw significant turbulence in risky assets, with the VIX index, a key measure of market volatility, surging to 60—a level last observed during the pandemic. The catalyst was President Trump's announcement of tariffs on imported goods during Liberation Day, which were unexpectedly broader and more extensive than anticipated. This fueled recession fears, driving sharp declines in global equity markets during the first half of the month. Likely underestimating the severe impact on both equity and bond markets, the U.S. administration later moderated its stance, announcing a 90-day pause on tariff implementation. This decision triggered a relief rally in the latter half of April, stabilizing markets and fostering a partial recovery.

As outlined in our previous monthly report, we viewed the tariff announcements as temporary negotiating tactics to extract economic and geopolitical concessions from key U.S. trade partners. This perspective guided our opportunistic strategy, which proved highly effective for the fund's performance. Bolstered by higher-than-usual cash reserves—driven by sustained fund inflows—we navigated the initial panic sell-off with resilience. Throughout the month, we capitalized on abnormal market moves, tactically shifting to positions expected to rebound strongly as trade war uncertainties subsided, and strategically buying defensive assets that were falling due to broad basket sell orders. This approach, combined with strong portfolio selection, led to robust outperformance. The fund's unit value appreciated by 0.66%, while the benchmark MSCI EFM Europe + CIS ex-RU index fell by 2.49% in EUR, heavily impacted by Turkey's 11.6% MoM decline. In USD terms, major global indices recouped early losses to finish in positive territory. However, in EUR terms, the MSCI World and MSCI EM indices declined by 4.3% and 4.0%, respectively, reflecting the significant depreciation of the USD against the EUR.

Polish equities sustained their outperformance in April, with the WIG20 index rising 1.8% in local currency (PLN) and all major sector indices finishing in positive territory. Throughout the month, we strategically increased positions in consumer stocks, including Benefit Systems, LPP, CCC, InPost and Pepco Group, as well as financials, such as debt collector Kruk, where we expect improved operating performance. We also opened a position in KGHM, a global mining company, which dropped nearly 15% over two days, anticipating a rapid rebound as trade war concerns subsided. Notably, EPFR Global data revealed unprecedented net foreign inflows into Polish equities since 2022, totaling +264 million EUR year-to-date in Q1, compared to +74 million EUR in the 12 months ending March, aligning with the market's robust performance.

The Hungarian BUX index surged 4% in local currency (HUF), marking the strongest performance among regional markets in April. Amid regulatory uncertainty and speculation about potential subscription price cuts, we significantly reduced our position in Magyar Telekom, securing nearly 70% gains over the past year. Concurrently, we increased our holdings in OTP Bank and Any Security Printing, a defensive stock unduly sold off during the market downturn, positioning us to capitalize on their recovery potential.

In Czechia, performance was subdued, with the PX index declining 4.1% in April. In contrast, our tactical investments in Greece continued to perform strongly. Greek financials remained among the fund's top performers, while OPAP, Greece's leading gaming and sports betting company, added to the portfolio in April, appreciated by 18.6% since its inclusion.

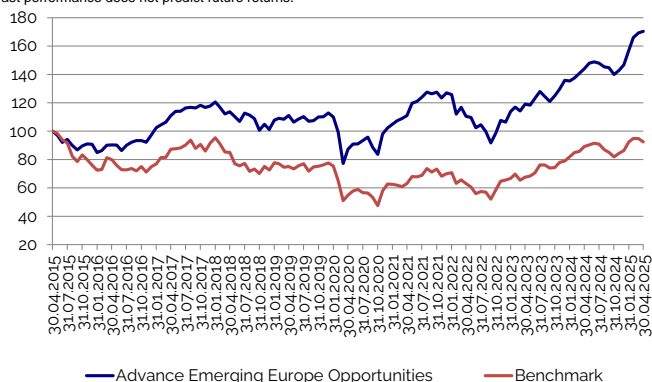
In Austria, we trimmed our position in Erste Bank, reallocating to banks we believe offer a superior risk/return profile. Meanwhile, we increased our stake in Voestalpine, a global steel and technology company, poised to benefit from Ukraine's reconstruction and Germany's new infrastructure plan.

Fund Facts

| | |
|---------------------|--|
| Fund type | open-end |
| Fund Manager | Emil Yanchev, CFA, Konstantin Prodanov |
| Fund size | EUR 69.16 M |
| NAV/share | EUR 15.182 |
| Launch date | 23.11.2007 |
| Currency of account | Euro |
| Subscription fee | up to 0.9% |
| Management fee | 15 % NAV p.a. |
| Redemption fee | none |
| Minimum investment | none |
| Benchmark | MSCI EFM Europe + CIS ex RU |

Fund Performance 10Y

Past performance does not predict future returns.



Fund Identifiers

| | |
|----------------|--------------|
| ISIN | BG9000023077 |
| Bloomberg Code | ADVIPOF.BU |
| Reuters Lipper | 68417298 |

Past performance does not predict future returns.

Fund Results (30.04.2025)

| | Fund | Benchmark |
|---------------------------|--------|-----------|
| 1 month | 0.66% | -2.49% |
| 1 year | 18.36% | 3.73% |
| Year to Date | 16.13% | 7.13% |
| Since Launch (annualized) | 2.42% | -2.94% |

Annual Performance

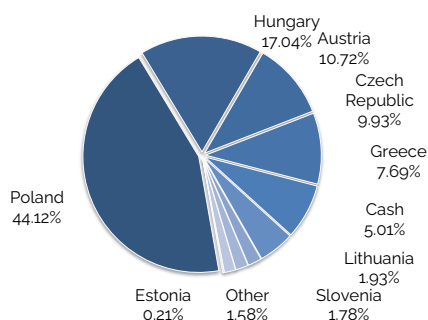
| | Fund | Benchmark |
|------|---------|-----------|
| 2024 | 8.02% | 9.27% |
| 2023 | 27.62% | 20.55% |
| 2022 | -16.20% | -6.49% |
| 2021 | 24.13% | 11.71% |
| 2020 | -9.35% | -19.20% |
| 2019 | 11.31% | 6.91% |
| 2018 | -13.89% | -20.91% |
| 2017 | 20.96% | 22.39% |
| 2016 | 7.76% | -1.29% |
| 2015 | -2.27% | -22.13% |

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

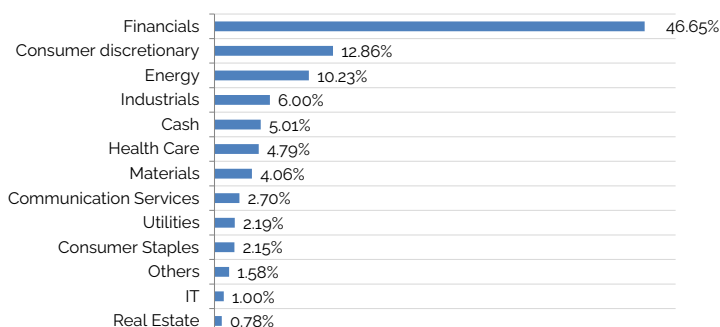
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

| | | | | |
|-----------------------------------|-------------------------------|--|--|--|
| BANK PEKAO SA, Poland, Financials | OTP BANK, Hungary, Financials | KOMERCNI BANKA, Czech Republic, Financials | PKO BANK POLSKI SA, Poland, Financials | LPP SA, Poland, Consumer discretionary |
|-----------------------------------|-------------------------------|--|--|--|

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_pritejatelite.pdf