

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 January 2025

Fund Manager's Comment

At the beginning of 2025, sentiment toward Emerging Europe improved sharply, with the region outperforming major global equity markets. The fund's unit value rose by 7.1%, in line with the benchmark MSCI EFM Europe + CIS ex-RU. CEE equities benefited from widespread optimism across European markets, with MSCI Europe finishing up by 6.4%. European shares gained from a significant rotation out of U.S. tech stocks, driven by the emergence of the Chinese start-up DeepSeek, which challenged U.S. leadership in artificial intelligence. As a result, CEE equities returned to favor, supported by their low valuations, with the region trading at a Forward P/E of 7.6x. Expectations of a potential resolution to the Ukraine-Russia conflict also likely contributed, reducing the equity risk premium. In our view, resolving the war remains the key near-term catalyst for the region. While we have not yet seen significant foreign inflows, we expect this to change if the conflict ends, potentially leading to substantial repricing. In the short term, however, we do not rule out increased volatility following the strong rally. Uncertainties surrounding trade wars and potential tariffs on Europe also create risks.

Polish equities rebounded strongly in January, ranking among the top global performers. The market saw broad-based gains, with large caps from the WIG20 (+11%) significantly outperforming, suggesting increased inflows from institutional investors. Mid-caps (MWIG40) and small-caps (SWIG80) appreciated by 8% and 4.4%, respectively. The Polish zloty also performed strongly (+1.5% vs. the euro), trading near its highest levels since 2018. Among portfolio positions, banks contributed the most, with our top pick, Bank Pekao (+16.3%), significantly outperforming. Energy giant Orlen (+14%) also ranked among the winners, although its 2025-35 strategy proved less optimistic than expected, with its CAPEX plan of PLN 350-380 billion exceeding forecasts. Shares of the convenience-store chain Zabka Group (+21.3%) soared, driven by expectations of inclusion in MSCI indices. We slightly reduced our exposure to the gaming sector and increased our position in food retailer Jeronimo Martins, which posted encouraging results.

In Czechia, we benefited from our overweight position in Moneta Money Bank (+10.8%). The bank posted strong Q4 results, but we were particularly impressed by its upgraded 2028 net profit guidance, which was raised by 23%. Shares of utility CEZ (+11.2%) delivered the best returns, driven by rising power prices and renewed speculation about a potential minority buyout. Conversely, shares of Austrian Erste Bank (-0.4%), also listed in Czechia, lagged after a 15% rally in the previous month. In Hungary, the BUX index rose by 7.8%, led by OTP Bank (+12.3%). Meanwhile, Wizz Air (-10.6%) continued to disappoint, missing market expectations once again.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 57.77 M
NAV/share	EUR 1.3995
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

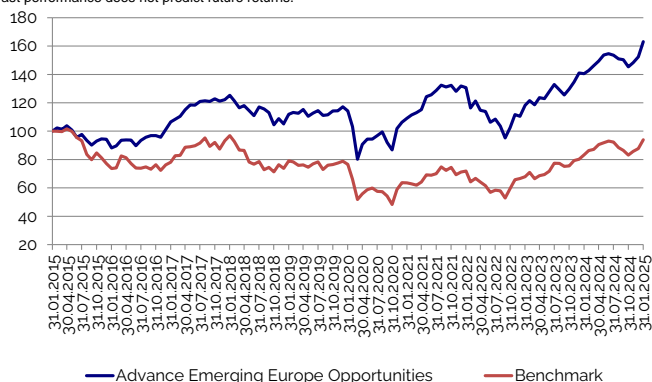
Past performance does not predict future returns.

Fund Results (31.01.2025)

	Fund	Benchmark
1 month	7.05%	7.09%
1 year	16.04%	12.75%
Year to Date	7.05%	7.09%
Since Launch (annualized)	1.97%	-2.99%

Fund Performance 10Y

Past performance does not predict future returns.



Annual Performance

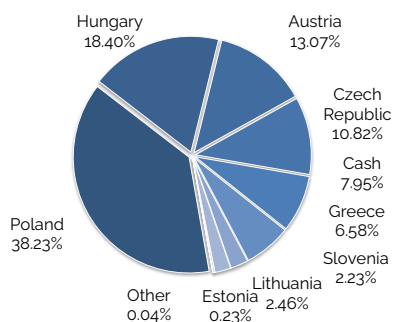
Year	Fund	Benchmark
2024	8.02%	9.27%
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%

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

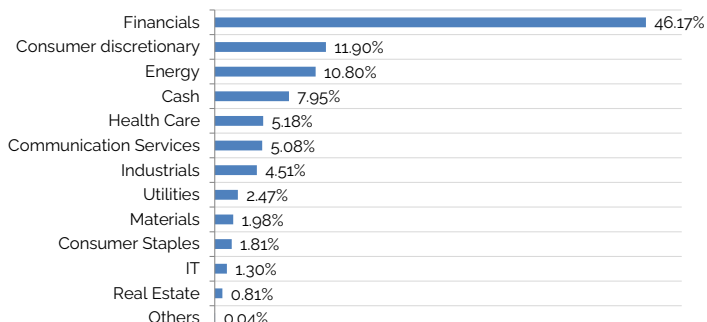
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials	BANK PEKAO SA, Poland, Financials	OTP BANK, Hungary, Financials	KOMERCNI BANKA, Czech Republic, Financials	LPP SA, Poland, Consumer discretionary
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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