

# 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 March 2025

## Fund Manager's Comment

In March, the gap between Central European equities and the US continued to widen. The fund's unit value continued to climb, rising 2%, and reaching 15.4% YTD. This outperformed the benchmark MSCI EFM Europe + CIS ex-RU index, which slipped by 0.1% amid significant volatility in the Turkish market, once again disrupted by President Erdogan's policies. The US equity market faced a turbulent month, driven by uncertainties over U.S. trade policies and mounting recession concerns. As a result, the MSCI North America index dropped 9.3% in EUR. At the time of writing this report on April 14, uncertainty surrounding trade policies and President Trump's actions persists. We are increasingly convinced that these actions are temporary negotiating tactics aimed at dividing and pressuring the U.S.'s key trade partners to secure specific economic and geopolitical concessions. Fortunately, in April, we navigated the market turbulence with a slightly higher cash level, bolstered by foreign inflows to the fund. We capitalized on panic-driven sell-offs, actively buying during market dips. At the end of March, we participated in BM Pekao's 4th Financial Conference in Warsaw, where we conducted both one-on-one and group meetings with a broad range of financial institutions across our investment region. Management sentiment was broadly confident, with a robust outlook anticipated. Polish banks appear well-positioned for the expected interest rate cuts of 75–100 bps this year, with reduced rate sensitivity contributing to overall sector stability. Asset quality remains strong, and loan growth is projected to accelerate in the second half of 2025 and into 2026.

Given these dynamics, we remain optimistic about the sector's performance, assuming trade-war tensions do not escalate further. In March, we capitalized on a market sell-off sparked by renewed concerns over potential sector taxes, increasing our positions in Bank Pekao and PKO. This tactical move proved successful, as Finance Minister Andrzej Domański publicly opposed the tax proposal, in line with our expectations.

In Poland, we also partially exited our position in e-commerce leader Allegro following a 13.6% share price rally after a strong Q4. Meanwhile, shares of InPost—a leading parcel locker company—declined by 12.9%, driven by Allegro's announcement of plans to diversify its logistics network, potentially increasing competitive pressure. Having conducted several months of analysis on InPost, we viewed the sell-off as an attractive entry point. Our investment thesis rests on the company's accelerating international expansion, which we believe will more than compensate for domestic headwinds.

Additionally, CCC, a Polish footwear retailer added to the portfolio in March, surged by 22%, emerging as the top performer among our Polish holdings. Other positions in the region delivered mixed results.

Our Czech positions were the most significant contributor to monthly performance (+0.9pp), appreciating by 8.7% on average. Shares of financial institutions continued their upward trend, while the utility CEZ posted better-than-expected Q4 results, driving a 12% share price increase during the month.

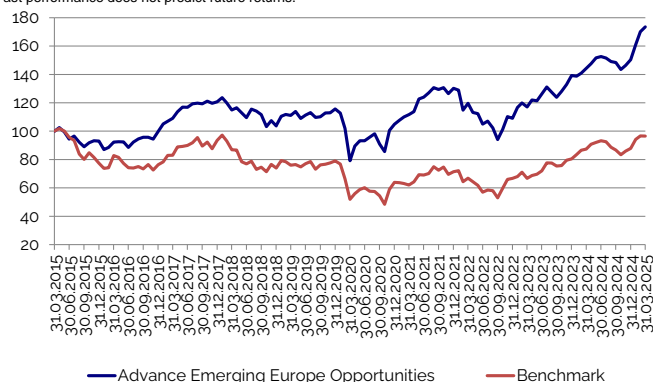
Our Greek holdings remained robust, with our selected positions continuing to outperform the ASE index, appreciating by 7.4% on average compared to the index's 4.9% gain. Banks led the charge, with our top picks, Alpha Services and Holdings and Piraeus Financial Holdings, surging by 13% and 11.4%, respectively.

## Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 62.95 M
NAV/share	EUR 15.083
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

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## Fund Results (31.03.2025)

	Fund	Benchmark
1 month	1.98%	-0.09%
1 year	20.27%	10.54%
Year to Date	15.38%	9.87%
Since Launch (annualized)	2.40%	-2.82%

## Annual Performance

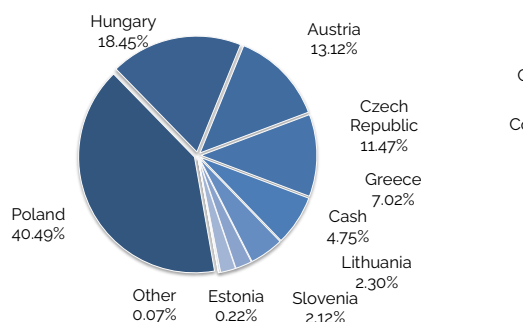
	Fund	Benchmark
2024	8.02%	9.27%
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%

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](http://www.msci.com)

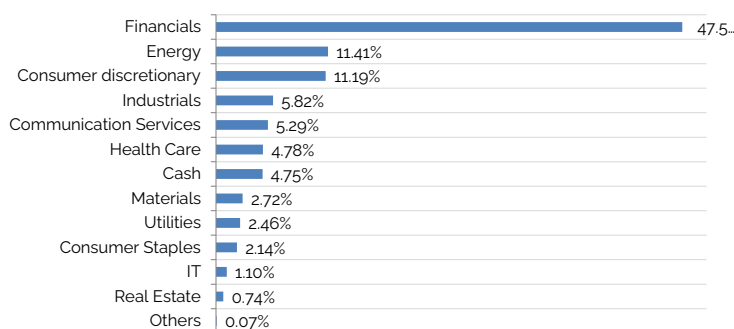
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

## Portfolio Breakdown

### Market Breakdown



### Sector Breakdown



## 5 Largest Holdings

BANK PEKAO SA, Poland, Financials	ERSTE GROUP BANK AG, Austria, Financials	KOMERCNI BANKA, Czech Republic, Financials	OTP BANK, Hungary, Financials	Magyar Telekom Telecommunications Plc., Hungary, Communication Services
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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](http://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\\_pritejatelitel.pdf](https://karolcapital.bg/uploads/2023/Prava_na_pritejatelitel.pdf)