

# 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 May 2025

## Fund Manager's Comment

May marked the fifth consecutive month of robust gains for the fund, driven by a global market recovery due to easing trade tensions. Over 75% of S&P 500 companies reported positive earnings surprises in Q1, propelling the MSCI North America index to a 6.4% gain (in EUR). Emerging Europe also performed well, with the MSCI EFM Europe + CIS ex-Russia index rising 4%. Our fund outperformed, with its unit value increasing by 5.3%. Notable contributions came from our Austrian and Greek holdings, which appreciated by an average of 13.6% and 17.8%, respectively, significantly outpacing the broader market. Meanwhile, Polish equities experienced elevated volatility ahead of the presidential elections, causing the WIG20 index to lag with a 2% gain (in EUR). In contrast, the Hungarian BUX and Czech PX indices posted stronger results, advancing 3.8% and 6.4% in local currency units, respectively. Local currencies modestly bolstered the fund's performance, with the Polish zloty appreciating the most against the euro (+0.7%).

In Poland, the presidential elections were a significant driver of market dynamics. The surprising momentum of nationalist opposition candidate Karol Nawrocki, who secured a narrow victory, heightened market volatility toward the end of May. His win represents a setback for Prime Minister Donald Tusk's pro-EU government, potentially stalling legislation on key social and legal reforms. While these developments are significant for Polish society, they do not fundamentally undermine the strong investment case for Polish equities. On the contrary, Nawrocki's opposition may push the government toward a more expansionary fiscal policy to counter legislative gridlock, which could benefit listed retail companies. Significant market turbulence could arise if Tusk's coalition government were to collapse, though we currently view this as unlikely. Another notable event was Erste Bank's acquisition of a controlling stake (EUR 6.8bn) in Santander Bank Polska. With a 2025E P/B transaction multiple of 1.9x—relatively high—this deal reaffirms, in our view, the robust investment backdrop in Poland.

Prior to this key moment for Poland, our team attended the Finest CEElection Equity Conference 2025 in Warsaw, hosted by Erste Group. This event allowed us to engage with over 40 CEE companies. We visited Inter Cars' state-of-the-art logistics center in Zakroczym, where we observed how advanced automation and modern infrastructure enhance operational efficiency. Additionally, we toured Benefit Systems' headquarters and met with its management team. Our discussion with InPost's leadership was particularly noteworthy. Like Benefit Systems (operator of Multisport cards) and Inter Cars (leading auto parts distributor), InPost, a leader in automated parcel lockers, has established a successful business in Poland and is now accelerating its international expansion.

Our solid result in Greece was driven by a strong run of the Financials. Shares of Alpha Services and Holdings rose 35%. The bank posted solid Q 1 results, but in addition to that UniCredit announced that it will acquire a 9.7% stake, bringing its total o c 20% in in Alpha Bank, which was well received by the market. We decided to lock in some gains, with the stock appreciating by c 75% since we added it to the portfolio last year.

## Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 72.84 M
NAV/share	EUR 1.5984
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 Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

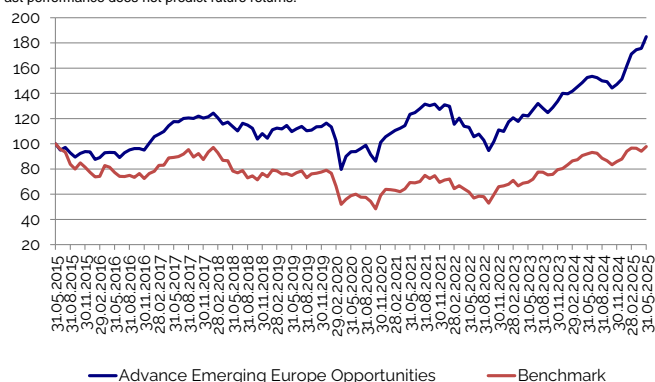
Past performance does not predict future returns.

## Fund Results (31.05.2025)

	Fund	Benchmark
1 month	5.28%	3.98%
1 year	21.26%	6.42%
Year to Date	22.27%	11.40%
Since Launch (annualized)	2.71%	-2.71%

## Fund Performance 10Y

Past performance does not predict future returns.



## Annual Performance

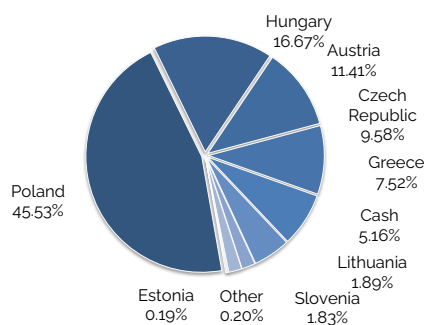
	Fund	Benchmark
2024	8.02%	9.27%
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%

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)

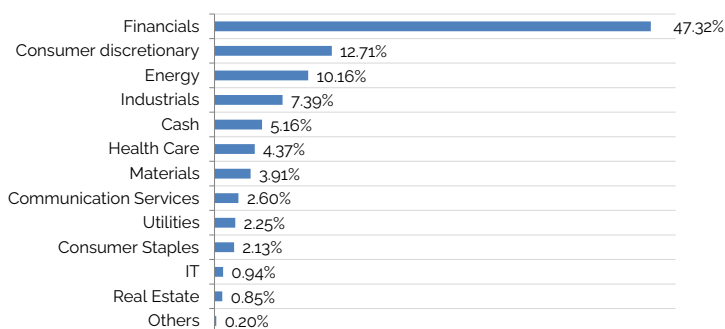
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

## Portfolio Breakdown

### Market Breakdown



### Sector Breakdown



## 5 Largest Holdings

BANK PEKAO SA, Poland, Financials	OTP BANK, Hungary, Financials	PKO BANK POLSKI SA, Poland, 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](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)