



FUND OBJECTIVE

Advance Emerging Europe Opportunities is a sub-fund of the Luxembourg umbrella Karoll SICAV. The fund invests in shares of companies from Central and Eastern Europe, primarily in Poland, Czechia, Hungary, Austria, Slovenia and the Baltics. The fund's objective is to provide capital appreciation by realizing capital gains in the long run at a moderate to high risk.

FUND MANAGER'S COMMENT

After the strong surge in April and May, June was a quieter month for equity markets, with performance across regions and sectors becoming more divergent. The agreement reached between the United States and Iran marked an important step toward de-escalation, allowing shipping through the Strait of Hormuz to normalize and easing pressure on oil prices. This, in turn, helped lower inflation expectations and reopened the path for a more supportive interest-rate backdrop. As a result, the MSCI World Index finished the month up 1.25% in EUR terms. In Emerging Europe, performance was held back by Poland, with the Fund's unit value remaining broadly unchanged, in line with the benchmark MSCI EFM Europe + CIS ex Russia. Within the portfolio, Financials made the strongest positive contribution, while Consumer Discretionary and Energy were the main drags. In Energy, sentiment was weighed down by the more than 20% decline in Brent prices. However, we remain positive on the sector, as fuel prices proved more resilient than crude, supporting a widening of refining margins and creating a highly favorable operating environment.

The rally in Poland took a breather in June, with the WIG20 declining by 2.7%. The softer performance was largely driven by company-specific factors, while elevated ABB activity during the month also weighed on market momentum. Encouragingly, demand for these placements remained strong, highlighting continued investor appetite for Polish equities. The zloty also detracted from returns, weakening by 1.6% against the euro as softer-than-expected inflation reshaped interest-rate expectations. With CPI inflation falling to 2.5% in June from 3.1% in May, expectations for further rate hikes faded.

Stock selection in Poland was relatively favorable during the month. However, LPP (-19% MoM), our largest Polish position, became a major drag. The sell-off followed a cut to expansion guidance for Sinsay, its key growth brand, with planned openings reduced by 200 stores this year and by 250 stores next year. While this was not a major surprise to us, as we had already been modelling a more conservative expansion path, the market reaction was sharply negative. While the market focused on the slower pace of expansion, we view the decision as a sign of greater discipline and an increased focus on profitability, which we welcome. This was not a major surprise to us, as we had already been modelling a more conservative expansion path. As such, we see no reason to reduce the position and used the weakness to add slightly. Trading at a forward P/E of 12.7x, against our expectation of a 13.9% EPS CAGR over the next three years, the stock remains highly attractive in our view.

Hungarian equities performed better, with the BUX Index gaining 3.9%, led by OTP Bank (+10.5% MoM). Sentiment continued to improve as EU-Hungary relations showed further signs of normalization, supporting the case for lower political risk, stronger access to EU funds and a gradual narrowing of Hungary's valuation discount versus regional peers.

Among the remaining markets, our Austrian positions made the strongest contribution to portfolio performance, led by Erste Group (+13.7%) and RBI (+13%). Both stocks repriced in line with the broader recovery in European financials following the de-escalation in the Middle East. The ECB's 25bp rate hike, its first since 2023, provided an additional tailwind, as a higher rate environment should support net interest margins. At the same time, the rally did not extend to Greek financials, which weighed on our stock selection in Greece during the month.

COUNTRY ALLOCATION

Poland		43.85%
Hungary		16.77%
Austria		13.45%
Czech Republic		8.91%
Greece		8.12%
Cash		5.23%
Slovenia		2.03%
Lithuania		1.37%
Others		0.27%

SECTOR ALLOCATION

Financials		42.99%
Consumer Discretionary		12.84%
Industrials		10.54%
Energy		7.28%
Health Care		5.69%
Cash		5.23%
Materials		3.34%
Real Estate		3.26%
Communication Services		3.08%
Consumer Staples		2.82%
Utilities		1.46%
IT		1.20%
Others		0.27%

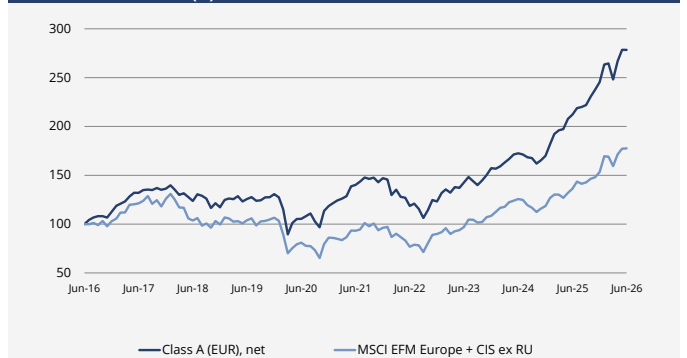
FUND FACTS

Fund Type	UCITS V, Luxembourg SICAV
Management Company	Waystone Management Company (Lux) S.A.
Investment Manager	Karoll Capital Management EAD
Fund Manager	Emil Yanchev, CFA
Fund's Total Net Assets	EUR 101.28 M
NAV per Share	EUR 2.1422
Domicile	Luxembourg
Currency	Euro
NAV Frequency	Daily
Fund Launch Date	23.11.2007
Auditor	Deloitte Audit, Luxembourg
Depository	Quintet Private Bank (Europe) S.A.
Fund Administrator	UI efa S.A., Luxembourg
Countries for Distribution	BG, LU, CH, DE, AT, BE, NL, SE, NO

FUND DETAILS

Unit class	Class A EUR	Class C EUR
Investor Type	All	Institutional
Min. Subscription	Not applicable	EUR 1 m
Management Fee	1.50%	1.00%
Subscription Fee	Up to 0.9%	None
Redemption Fee	None	None
ISIN	LU3221847190	LU3221847356
Bloomberg Code	KARAEOLX	KARAEOLX
WKN Code	A426BF	A426BG
Luxembourg Launch Date	15.01.2026	15.01.2026

10-YEAR PERFORMANCE (%)



Past performance is not a guarantee of future results.

PERFORMANCE*	Class A (EUR)	MSCI EFM Europe + CIS ex RU
1 month	-0.01%	0.17%
YTD	13.46%	15.79%
1 year	31.27%	30.37%
3 years p.a.	24.97%	22.33%
5 years p.a.	14.72%	13.78%
10 years p.a.	10.78%	5.91%
Since Inception p.a.	4.18%	-0.99%

CALENDAR YEAR PERFORMANCE*	Class A (EUR)	MSCI EFM Europe + CIS ex RU
2025	44.43%	29.43%
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%

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*The calculation is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus.

TOP 5 HOLDINGS

Holding name	Sector	Country
OTP BANK PLC	Financials	Hungary
ERSTE GROUP BANK	Financials	Austria
LPP	Consumer Discretionary	Poland
BENEFIT SYSTEMS	Industrials	Poland
RICHTER GEDEON	Health Care	Hungary

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A summary of shareholder rights is available at https://karollcapital.bg/uploads/Advance%20Emerging%20Europe%20Opportunities/_Karoll_.pdf

For further information visit: <https://karollcapital.bg/en/funds/3-karoll-advance-emerging-europe-opportunities>