

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

The Fund invests in stocks of companies in the CEE region, and has a long-term holding horizon of the investments.



31 August 2020

Fund Manager's Comment

Global equity markets wrapped up another strong month amid signs of economic revival, further stimulus from the U.S. and increased hopes for an effective COVID-19 treatment. CEE equity indices showed a mixed performance, with MSCI EFM Europe + CIS ex RU falling by 0.32% (in euro). In line with expectations, Q2 GDP data pointed out that the economic impact of the pandemic was devastating. However, the macro data in Poland showed a brighter than expected picture and brought the risks to the upside, with GDP growth falling by 8.2% YoY (vs. -8.4% expected). At the same time, Hungarian economy disappointed, with Q2 GDP growth falling to -13.6% (vs. -10.5% expected). This was coupled with a surge in inflation, which led to a 3.2% depreciation of forint vs. the euro. Meanwhile, the Polish zloty appreciated by 0.4%, while the EURCZK closed the month at the same level. EM equity flows remained in a positive territory, at USD 4.4bn, according to IIF.

The fund delivered another strong result, as the fund's unit value increased by 2.65%. This led to a massive outperformance vs. the benchmark YTD, amounting to 11.84pp. The fund's performance remains superior also in longer-term perspective. The solid result in August was mainly attributable to a strong selection effect in Poland in Hungary. Sector-wise, Communication Services (0.8pp) and Financials (1.0pp) contributed the most to the fund's performance.

In Warsaw the main benchmark index WIG20 increased 1.8%. After a long period of drought, the IPO market pipeline in Poland picked up life, as besides the large IPO of the e-commerce giant Allegro, several other video gaming IPOs were announced in the latest weeks. In our opinion, this might have a broad based positive impact on the market as the IPOs will draw the attention of foreign investors. In August, IT (+6.7%) and Real Estate (+4.5%) companies were the top performers on the Warsaw stock exchange, while the sectors Oil&Gas (-5.2%) and Energy (-4.4%) continued to lag behind.

Czech stock market index PX was driven by the financial stocks and appreciated by 2.4%. Meanwhile, our top position on the market – Avast -ranked among the losers (-6.7%), as the latest quarterly results did not meet the high expectations of the investors.

Hungarian index BUX posted a modest gain of 0.5% in August. However, our positions delivered very strong performance, led by Wizz Air, whose stock surged 20.9% amid expectations for increasing market share.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 9.15 M
NAV/share	EUR 0.8534
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 1.50%
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

Fund Results

	Fund	Benchmark
1 month	2.65%	-0.32%
1 year	-10.44%	-21.39%
Year to Date	-15.14%	-27.28%
Since Launch (annualized)	-1.23%	-7.64%

Fund Performance

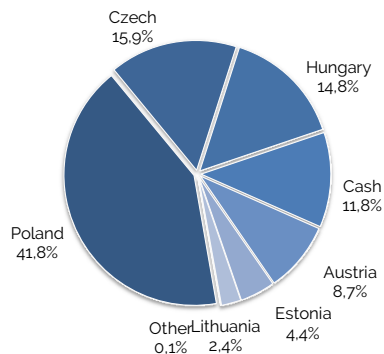


Annual Performance

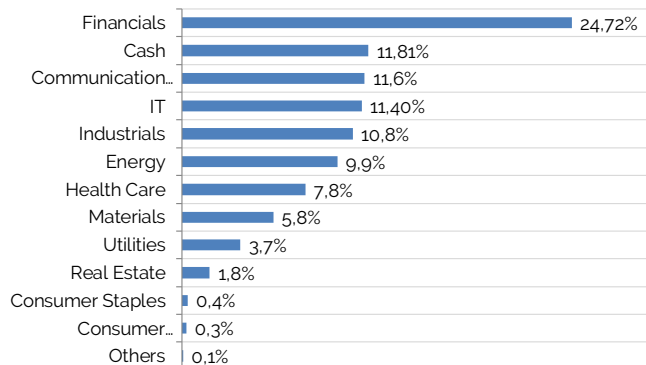
Year	Fund	Benchmark
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

LIVECHAT SOFTWARE SA (Poland), Information Technology

CD PROJEKT SA (Poland), Communication Services

AVAST PLC ORD (Czech), Information technology

RICHTER GEDEON NYRT (Hungary), Health Care

CEZ AS (Czech), Utilities