

# 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 January 2020

### Fund Manager's Comment

The beginning of 2020 brought volatility back to the markets as investors became increasingly concerned over global economic growth following the coronavirus outbreak in China. Due to their closer linkages to China, Emerging markets underperformed Developed Markets, with MSCI EM falling by 3.5% (in EUR) during the month. CEE region also ranked among the underperformers, with MSCI EFM Europe + CIS ex RU declining by 2.9% (in EUR), mainly affected by the poor performance of Poland and Hungary.

Polish benchmark index WIG20 started the year on a strong foot, becoming one of best-performing stock markets globally in the first session of 2020. The positive momentum, though, did not last long and the index ended the month in negative territory, down by 3.9%. Meanwhile, on the currency side, the Polish zloty depreciated by 1.0% vs. the euro. Shares of Oil & Gas stocks were once again among the main drags on the index, as the margin environment for the refineries got even worse in December, while gas prices continued to decline amid oversupply. There was a clear divergence between large- and small-cap stocks, with the latter faring considerably better in January. Our exposure towards small-cap issues, thus had a positive impact on the portfolio return and was the main reason for the outperformance of our Polish positions. The highest contribution came from the technology company Livechat Software (LVCP) (+8.4% MoM), followed by the pharmaceutical firm Celon Pharma (CLNP) (+10.8% MoM). The delayed launch of CD Projekt's (CDR) heavily-anticipated video game led to increased volatility in our largest position in January. The postponement will not have a material impact on the company's future sales and for that reason we have decided to keep an overweight position for now.

Czech PX index also recorded a 3.9% loss in January as majority of the blue-chip companies registered declines. At the same time, though, the portfolio benefited from the appreciation of the koruna (+0.8% vs. the euro). The index plunged 6.2% in the last week of the month as the forth-largest constituent – Avast (AVST) lost more than a fifth of its market value due to a data privacy backlash.

Hungarian BUX index, which became the best-performing market within our portfolio in 2019, erased all of the gains from December, falling by 6.5% in January. Shares of the Oil & Gas company MOL lost 12.2% due to the poor macro environment in the sector and became the largest negative contributor. The Fund's performance benefited from its exposure to Wizz Air (WIZZ), whose shares rose by 7.5%. At the same time, Hungarian forint continued to depreciate vs. the euro and lost another 1.9%. Baltic indices were among the outperformers in January. The highest appreciation was recorded by the Estonian index, which rose by 4.6%.

In January the fund's unit value decreased by 2.56%, outperforming the benchmark index by 34 bps. The fund continues to outperform it also over the longer term.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 10.54 M
NAV/share	EUR 0.9799
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 150%
Management fee	1.5% NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

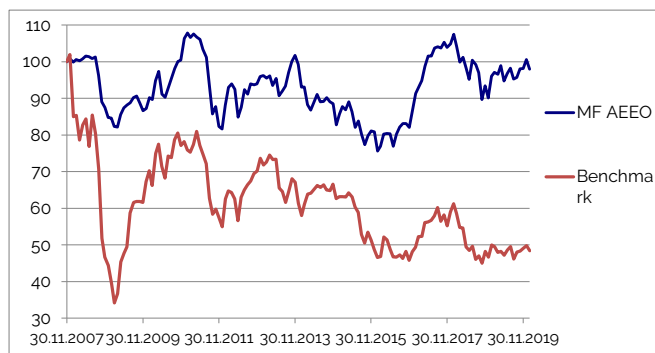
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	-2.56%	-2.90%
1 year	2.05%	-3.12%
Year to Date	-2.56%	-2.90%
Since Launch (annualized)	-0.17%	-5.78%

### Fund Performance

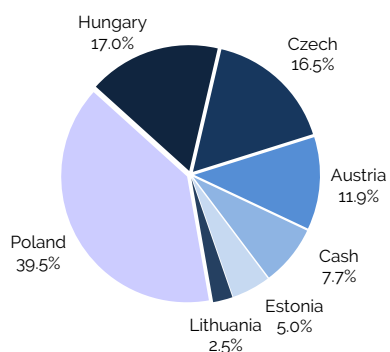


### Annual Performance

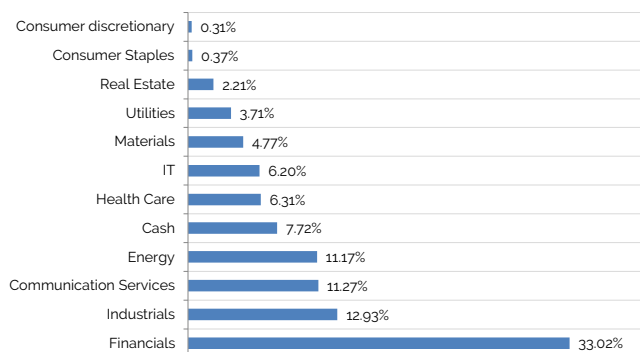
Year	Fund	Benchmark
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

CD PROJEKT SA (Poland), Communication Services	WIZZ AIR HOLDINGS PLC (Hungary), Industrials	MONETA MONEY BANK (Czech), Financials	CEZ AS (Czech), Utilities	ERSTE GROUP BANK AG (Austria), Financials
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