

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.



30 June 2020

Fund Manager's Comment

Following the fastest bear-market plunge in history in Q1, in Q2 global equities witnessed one of their best quarters ever. The remarkable rally was fostered by massive economic stimulus, reopening of the economies and surge in the trading activity of retail investors. In June the rally lost further steam due to resurgence of coronavirus cases in U.S. and the tensions between U.S. and China. This notwithstanding, valuation multiples continued to expand with the 2021E P/E of MSCI EM reaching 16.3x, the highest level in the last 10 years. The equity market surge in the region of CEE also eased pace in June, with MSCI EFM Europe + CIS ex RU increasing by 2.16% (in EUR) led by high increases in Turkey, with ISE 100 rising 10.4%. Given that Turkey is not part of fund's strategy, this was one of the factors for the relative underperformance of the fund in June. The unit value increased 0.40%, which is 176bps less vs. the benchmark. Meanwhile, the fund maintained its superior performance vs. the benchmark both YTD and over the longer term. Currency effect was less significant, with Polish zloty and Czech koruna appreciating respectively by 0.07% and 1.08% vs. the euro, whereas the Hungarian forint depreciated by 2.22%, after another surprising cut by the Central Bank. In June we did not undertake any major changes with regards to the portfolio's allocation.

On the Warsaw stock exchange, the main focus was on power utilities, which continued their spectacular run, with WIG Energy surging 33.3%. The main catalyst was speculations that the government-run utilities will spin off their coal assets on a model of Germany. This idea was later on confirmed by Deputy Prime Minister Jacek Sasin, which reinforced the rally in the sector. We have decided to remain on the sidelines for now due to the political risks and the high uncertainties with regards to the implementation of this transition. Banking stocks also outperformed the market, with WIG Banks rising 4.6% (vs. 2.1% for WIG20), but still remained with heavy losses YTD. The rest of the sectors had mixed performance.

Czech equities recorded a slightly better performance, with PX index gaining 2.5% in June. The gains were led by the two largest two index constituents – the utility company CEZ (+6.4%) and the antivirus software company Avast (AVST) (+3.1%). At the other extreme were the stocks of the media company CETV, which fell 12.6%.

Meanwhile, Hungarian index BUX remained almost flat (-0.2%), whereas Baltic indices continued their solid run and maintained leading positions in terms of YTD performance in CEE.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 8.69 M
NAV/share	EUR 0.8105
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

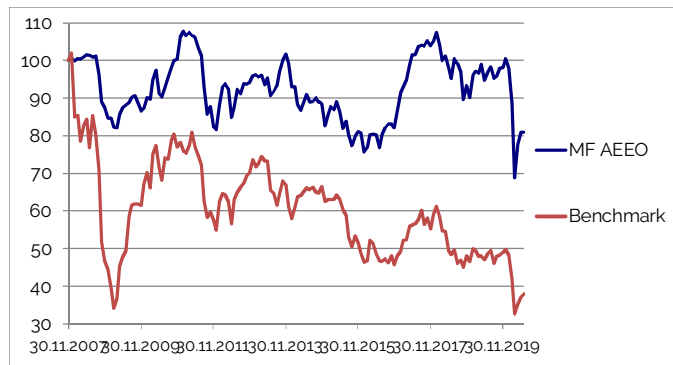
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	0.06%	2.16%
1 year	-16.21%	-22.01%
Year to Date	-19.40%	-23.97%
Since Launch (annualized)	-1.65%	-7.41%

Fund Performance

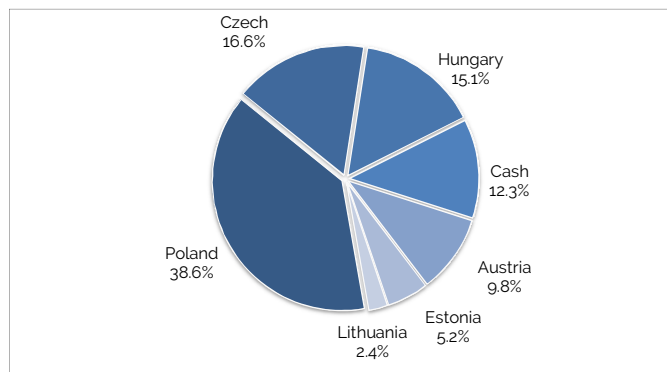


Annual Performance

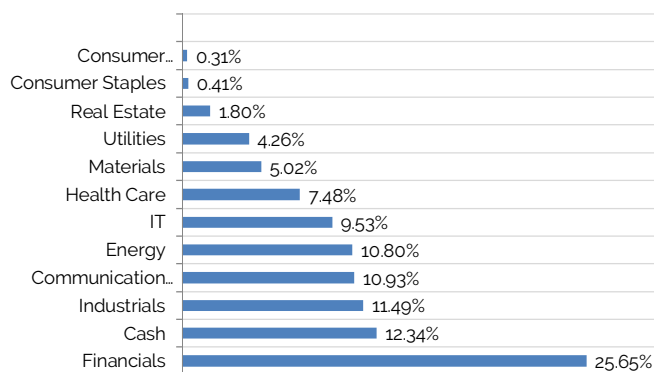
Year	Fund	Benchmark
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CD PROJEKT SA (Poland), Communication Services	LIVECHAT SOFTWARE SA (Poland), Information Technology	AVAST PLC ORD (Czech), Information technology	CEZ AS (Czech), Utilities	RICHTER GEDEON NYRT (Hungary), Health Care
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