

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 November 2020

Fund Manager's Comment

In November global equities posted record gains, as Covid-19 vaccine breakthroughs at the beginning of the month sparked high optimism among investors. This marked a turning point for the market and a sharp reversal in the momentum, with value stocks and cyclicals significantly outperforming growth stocks, which previously were leading the rally. Thereby, amid expectations for faster return to normality, prior laggards and companies from the worst affected sectors by the pandemic ranked among the top-performers in November. Against this backdrop, European markets fared relatively better due to the heavier weighting of value stocks. The CEE region (MSCI EFM Europe + CIS ex RU) registered the highest monthly gain globally (21.9% in EUR), marking a huge rebound from the previous month. At the same time, MSCI World gained 9.7% (in EUR), while MSCI Europe was up by 13.8%. The improvement in the sentiment impacted positively EM currencies as well, with Czech koruna, Polish zloty and Hungarian forint appreciating respectively by 3.8%, 2.9% and 2.2% vs. the euro.

The rally in CEE was driven by solid performance of all main market indices. Polish WIG20 advanced 20.7% as all sectors finished the month in black. Similar to the main global equity markets, Banks (+39%) and Oil&Gas stocks (+32.4%) were the biggest gainers, while IT (+3.6%) and defensive sectors like Telecoms (+3.8%) lagged behind. The solid increase in the share prices of financials was also the main factor behind the surge of the Czech PX index (+14.7%). In Hungary, the BUX index was up by 20.1%, led by a 31.9% MoM increase in the stock price of OTP Bank and a 21.6% increase in the share price of the Oil&Gas company MOL. The Hungarian positions in the fund outperformed slightly the local benchmark mainly due to our position in the low-cost carrier Wizz Air, whose shares gained 41%. Meanwhile, the performance of the Baltic equity indices was less spectacular, with OMX Baltic advancing by 10.6%.

The fund's unit value went up by 17.8%, while the benchmark index was up by 21.9%. In contrast to the previous month, the relatively high cash reserves in the fund had a negative impact on the result in November. Additionally, the fund's higher exposure to technology and growth stocks also led to a negative monthly selection effect, as the latter underperformed. In a longer-term perspective however, the fund's results remained superior. In December we attended the 9th WOOD's Winter Wonderland – EME Conference. We had the opportunity to meet representatives of more than 50 companies from CEE and to discuss in detail the current market dynamics and the outlook for 2021. Although there are indeed a lot of uncertainties that remain for the economy, we are of the opinion that we are on a path of normalization and believe that the CEE region will continue to benefit from the current trends.

Fund Facts

| | |
|---------------------|-----------------------------------|
| Fund type | open-end |
| Fund Manager | Emil Yanchev, Konstantin Prodanov |
| Fund size | EUR 9.35 M |
| NAV/share | EUR 0.8736 |
| Launch date | 23.11.2007 |
| Currency of account | Euro |
| Subscription fee | up to 150% |
| 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 | 17,34% | 21,87% |
| 1 year | -10,99% | -24,05% |
| Year to Date | -13,13% | -25,37% |
| Since Launch (annualized) | -1,03% | -7,31% |

Fund Performance

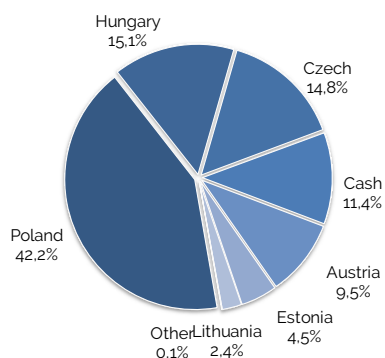


Annual Performance

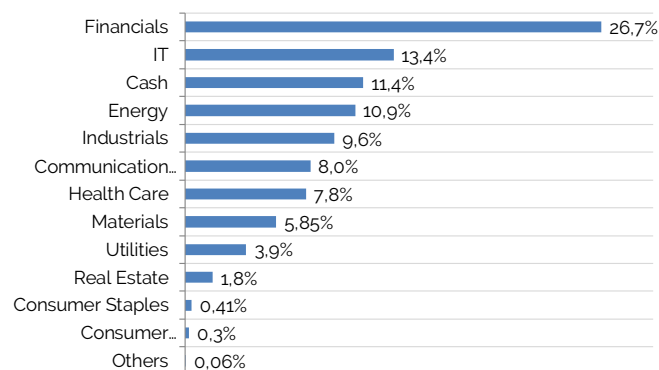
| | Fund | Benchmark |
|------|---------|-----------|
| 2019 | 11,31% | 6,91% |
| 2018 | -14,09% | -20,91% |
| 2017 | 20,96% | 22,39% |
| 2016 | 7,26% | -1,29% |
| 2015 | -2,27% | -22,13% |
| 2014 | -16,68% | -22,13% |
| 2013 | 3,47% | 2,24% |
| 2012 | 17,55% | -16,81% |
| 2011 | -23,26% | 34,08% |
| 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

MONETA MONEY BANK
(Czech), Financials

AVAST PLC ORD (Czech),
Information technology

CEZ AS (Czech), Utilities