

Investment Objective

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



Fund Manager's Comment

Global equity markets retreated in October, as volatility surged amid fears over the spread of the coronavirus in the USA and Europe, as well as uncertainty with regards to the US elections results. The pandemic situation in Eastern Europe worsened significantly as the number of daily infections reached new records. In order to avoid a health system collapse, governments were thus forced to reintroduce restriction measures. The Czech Republic, which saw the highest infection rate, even imposed a second full lockdown. As a result, GDP forecasts for the following quarters were slashed, while investors became more cautious. Thereby, the CEE region ranked among the underperformers in October, with MSCI EFM Europe + CIS ex RU declining 11% (in EUR). The regional currencies also took a hit against the euro. The Polish zloty fell 1.7%, whereas the Hungarian forint and the Czech koruna lost, respectively, 0.8% and 0.6%.

Meanwhile, bolstered by strong performance in Asia, MSCI EM finished the month in black, up by the solid 4% (in EUR). The upbeat investors' sentiment towards Chinese equities resulted in positive EM equity flows of \$6.3bn (\$4.7 of which to China, according to IIF).

The fund's unit value decreased by 5.75%, yielding a better result vs. the benchmark (-11% in EUR). The more favorable result was largely attributable to a positive selection effect (esp. in Poland), higher cash allocation, as well as the lack of exposure to Turkey, which underperformed. The earnings season has so far developed better than our expectations, with Banks and IT companies posting very solid Q3 results. Bearing this in mind, as well as the high discount vs. other major markets, we see a good chance for a market rebound in CEE when the uncertainty with regards to the virus starts to subside.

In Poland, the trading volume surged to PLN 47bn (+191% YoY), which was related mainly to the IPO of the e-commerce company Allegro (ALE). In the first days of trading, the latter nearly doubled its market capitalization to c. \$22bn amid huge interest for high-quality growth companies. In October, we increased our exposure to the IT sector by adding Comarch (CMR) to our portfolio. The stock looks very attractive at the current levels considering the solid backlog of the company, the high product and industry diversification, as well as the good prospects in the telecommunications segment (i.e. 5G technologies).

Czech PX and Hungarian BUX fared better relative to Polish WIG20, which slumped 11.5%, but still finished October in red, down respectively by 2.9% and 2.0%. In the Czech Republic we sold our position in the media company CETV, as the merger deal with PPF Group was approved and the stock was delisted. At the same time, Baltic indices continued to outperform, with OMX Baltic up by 1.0%.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 7,98 M
NAV/share	EUR 0,7445
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	-5,75%	-10,97%
1 year	-24,05%	-36,85%
Year to Date	-25,96%	-38,76%
Since Launch (annualized)	-2,25%	-8,76%

Fund Performance

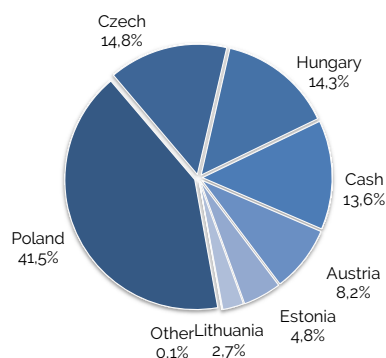


Annual Performance

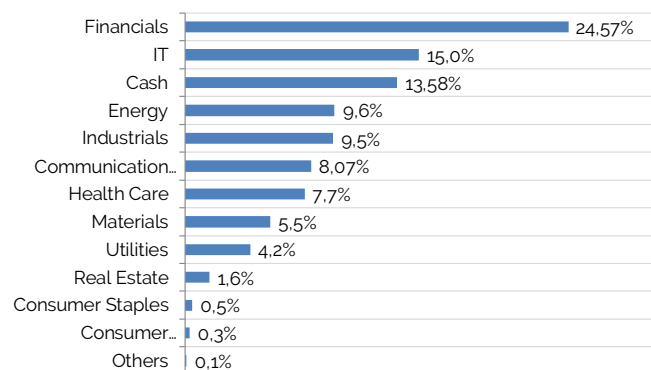
	Fund	Benchmark
2019	11,31%	6,91%
2018	-14,09%	-20,91%
2017	20,96%	22,39%
2016	7,26%	-1,29%
2015	-2,27%	-22,13%
2014	-16,68%	-22,13%
2013	3,47%	2,24%
2012	17,55%	-16,81%
2011	-23,26%	34,08%
2010	21,98%	-29,75%
2009	2,85%	16,29%
2008	-15,88%	51,49%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

LIVECHAT SOFTWARE SA
(Poland), Information
Technology

CD PROJEKT SA (Poland),
Communication Services

AVAST PLC ORD (Czech),
Information technology

CEZ AS (Czech), Utilities

RICHTER GEDEON NYRT
(Hungary), Health Care