

# 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 July 2021

### Fund Manager's Comment

While Chinese equities were thrown into turmoil as a result of Beijing's interference, market dynamics among the rest of emerging markets were smoother. The former weighed heavily on MSCI EM, which suffered a loss of 7.0% (in EUR) during the period. In contrast, the region of CEE (MSCI EFM Europe + CIS ex RU) outperformed, up by 1.5% in EUR), as the main local indices finished the month in the black. Although Turkey, which was the best-performing market (+6.0% in EUR), is not part of our mandate, the fund still managed to achieve a superior result, as its unit value appreciated by 2.5% in EUR (96bps above the benchmark). Sector-wise the fund received a solid boost from Financials (+1.8pp contribution), Communication Services (+0.7pp) and IT (+0.4pp), while Energy was the only significant drag (-0.3pp). Weakening global sentiment affected the local currencies, as the forint depreciated by 2.0% vs. the euro despite the actions of the NBH, which hiked the base rate by 30bps. The Polish zloty depreciated slightly less (-1.0%), as inflation surged above expectations in July (5.0% YoY), fuelling speculations that NBP will also have to start monetary policy tightening. Meanwhile, the Czech koruna remained almost unchanged.

In Poland, WIG20 advanced 1.6% (in LCU), led by solid gains of telecoms and consumer stocks, while as in the prior month - Banks (+1.3%), Energy (-4.4%) and Oil&Gas (-0.9%) ranked among the underperformers. The fund's unit value benefited mostly from the rise in the shares of the debt collector Kruk (+20.6%). Its gains were bolstered by the solid Q2 operating data, marked by high cash collections and a rebound in portfolio purchases. In addition, the shares of game developer Ten Square Games (+13.1%) continued their rally following approval by Chinese regulator for their main game. Our largest position - Livechat Software (-6.1%) - performed less spectacularly. However, we managed to reduce partially our exposure while the price was hovering around an all-time high, as we found the Q1'21 results uninspiring.

Czech equities posted more solid gains, with the PX index up 4.9%. The biggest winner was the software company Avast, whose shares soared 19.2% in EUR as the company confirmed that it is in advanced talks with its US rival NortonLifeLock Inc about a possible merger. As of July-end, Avast was our second-largest position in the IT sector. Meanwhile, the banks also closed the month in the black, supported by solid Q2 results of CEE peers.

The BUX index continued its good run, up 2.9%. The fund also benefited from its exposure to the low-cost carrier Wizz Air (+6.0%), amid very encouraging summer booking trends and positive guidance on the capacity in the next months.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 11.87 M
NAV/share	EUR 1.1044
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

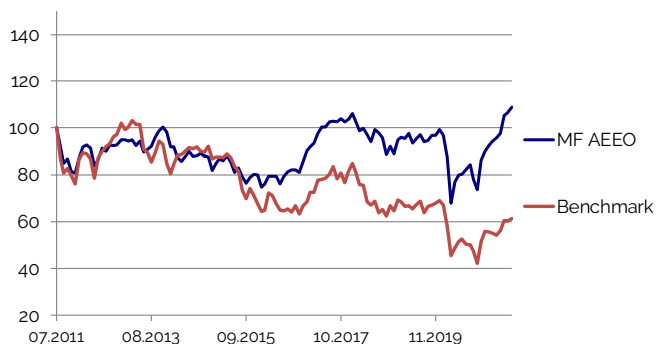
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	2.46%	1.50%
1 year	32.84%	21.60%
Year to Date	21.15%	9.78%
Since Launch (annualized)	0.73%	-5.79%

### Fund Performance 10Y

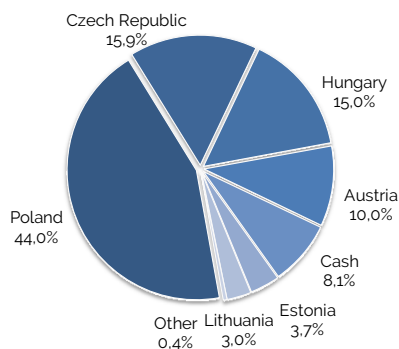


### Annual Performance

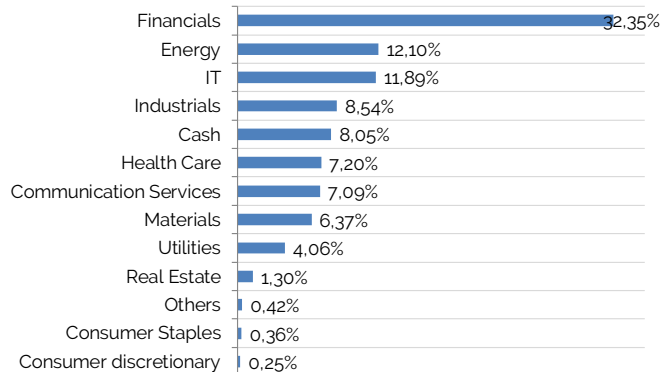
	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

LIVECHAT SOFTWARE SA (Poland), Information Technology	KRUK S.A. (Poland), Financials	MONETA MONEY BANK (Czech Republic), Financials	CEZ AS (Czech Republic), Utilities	BANK PEKAO SA, Poland, Financials
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