

# ADVANCE EMERGING EUROPE OPPORTUNITIES

31 March 2021

## 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

The success of the vaccine rollout, as well as the proposed new fiscal stimulus in the US continued to be the key market themes in March. They served as strong catalysts for the developed equity markets (MSCI World), which soared 6.5% in EUR, driven by solid gains both in Europe and overseas. In contrast, the performance of global emerging markets remained lacklustre, mainly as a result of the underperformance of the Chinese equities, which came under pressure amid expectations of monetary policy tightening. This led to a 1.5% monthly gain of MSCI EM (in EUR). Meanwhile, CEE equities, as measured by MSCI EFM Europe + CIS ex RU, also ranked among the laggards, falling by 1.6% (in EUR). It's noteworthy, however, that the CEE benchmark index was also affected by another turmoil in Turkey, where an unexpected reshuffle at the helm of the central bank led to an equity market sell-off and a massive depreciation of the lira (-7.4% vs. the euro). In addition, the slow pace of vaccination in CEE, as well as the announcement of new lockdown measures also weighed on the local equity markets. This notwithstanding, the fund's unit value maintained a positive growth trajectory, ending March up 1.5%. Apart from the lack of exposure to Turkey, the fund once again benefited from a positive selection effect. Sector-wise, value stocks from the Financial sector (+1.0pp) and Energy (+0.6pp), contributed the most to the fund's return, while Communication services (-0.4pp) and Industrials (-0.3pp) were the biggest drag. Meanwhile, the currency effect was negative, mainly due to the Polish zloty, which depreciated 2.4% vs. the euro, while the Czech koruna and the Hungarian forint were up by 0.18% and 0.04%, respectively.

In Poland, the WIG20 was up 1.7%, remaining in negative territory YTD (-2.3%), as the shares of Allegro and CD Projekt continued to weigh on its performance. At the same time, up by 7.1% and 3.9% WIG-Oil & Gas and WIG-Banks were among the winners sector-wise. Among the small- and mid-caps, the biotech industry was one of the top performers (WIG-Medicine up 44.5%).

Driven by gains of the financial stocks and the utility company CEZ, the Czech benchmark index PX advanced 3.1%. Meanwhile, Hungarian equities had mixed performance and as a result the BUX index increased by just 1.2%. The largest index constituent - OTP Bank - posted solid Q4'20 results, accompanied by positive guidance for 2021E. However, this was already priced in by the market and thus its shares declined 3.3% over the month.

Among the Baltic indices, Estonian OMX Tallinn continued to outperform, rising 3.3%, while Latvian OMX Riga suffered a 5.2% decline.

## Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 10.41 M
NAV/share	EUR 0.9705
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	1.52%	-1.60%
1 year	41.06%	19.38%
Year to Date	6.46%	-2.88%
Since Launch (annualized)	-0.22%	-6.79%

## Fund Performance

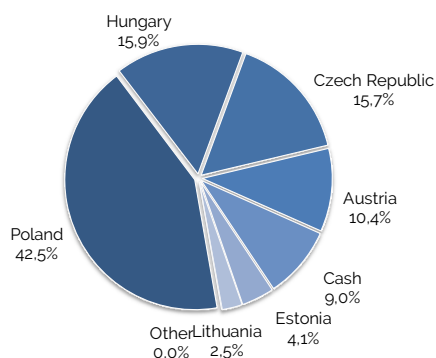


## Annual Performance

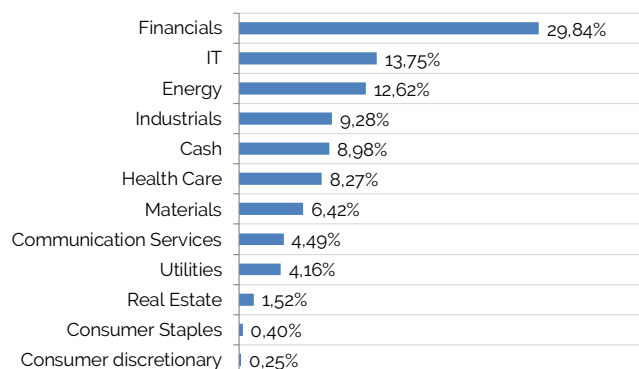
	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

## Portfolio Breakdown

### Market Breakdown



### Sector Breakdown



## 5 Largest Holdings

LIVECHAT SOFTWARE SA (Poland), Information Technology

MONETA MONEY BANK (Czech Republic), Financials

RICHTER GEDEON NYRT (Hungary), Health Care

CEZ AS (Czech Republic), Utilities

MOL HUNGARIAN OIL AND GAS PL (Hungary), Energy