

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 2021

Fund Manager's Comment

The stock market rally in CEE took a breather in November, as global markets retreated from record highs amid renewed COVID-19 fears due to the rising number of hospitalizations in Europe and uncertainties with regards to the new Omicron variant. Fed Chair Powell's U-turn on inflation added additional fuel to the sell-off. Global developed markets (MSCI World) still closed the month in the black (+0.45% in EUR), thanks to the solid run in the first weeks and the appreciation of the USD. In CEE, the sentiment turned bearish with the reimposition of a lockdown in Austria, which revived concerns about subsequent restrictions in the neighbouring countries. As a result, the region, as measured by MSCI EFM Europe + CIS ex RU, suffered a 6.9% (in EUR) decline. Besides the above-mentioned issues, the freefall of the Turkish lira (-27% vs. the euro) also weighed significantly on the performance. At the same time, the fund's unit value depreciated by 3.18%, marking a 373bps outperformance vs. the benchmark, which came as a result of the underweight of Turkey and better selection in Poland. Sector-wise, the retreat was mainly driven by Energy, as Oil&Gas companies suffered from the oil price slump, as well as the news about potential introduction of fuel price and margin caps in Hungary and Poland, aimed to curb the surging inflation. Meanwhile, these uncertainties affected also the local currencies. Polish zloty and Hungarian forint fell by 1.0% and 1.28% vs. the euro, while Czech koruna appreciated by 0.6%. That said, local central banks reiterated their hawkish course, which provided support to the currencies in the first days of December.

In Poland, WIG20 performed poorly, suffering an 8.8% decline. Value sectors – WIG-Banks (-8.9%) and WIG-Oil&Gas (-13.9%) declined the most, while the majority of the rest also closed the month in the red. On a positive note, November was marked by a rebound of the IPO market, as the IPOs of the sports betting company STS and the online recruiter Grupa Pracuj raised respectively \$265m and \$270m despite the market turbulence. The latter, however, had a more pronounced impact on the sentiment toward the home builder Murapol, which was forced to cancel its IPO. The e-commerce carnage extended further, as Allegro and InPost continued to underperform. Following the massive sell-off of the former, we decided to start building a position, as the stock finally looks attractive in our view and most of the uncertainties are already priced in. At the same time, we continued to reduce our position in LiveChat Software, as the shares approached an all-time high.

Czech equities outperformed, with PX index gaining 2.2%. All of the fund's positions appreciated, led by Moneta Money Bank (+11.54% in EUR) and Avast (+7.4% in EUR).

On the other end of the spectrum, all of our Hungarian positions made negative contribution. The new COVID-19 variant impacted considerably the travel stocks and as a result the shares of WIZZ Air plunged 15.3%. Austrian stocks were mixed as banks closed in the black on the back of solid run in the first days of the month, while OMV plunged 10.4%.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 12.41 M
NAV/share	EUR 1.0995
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

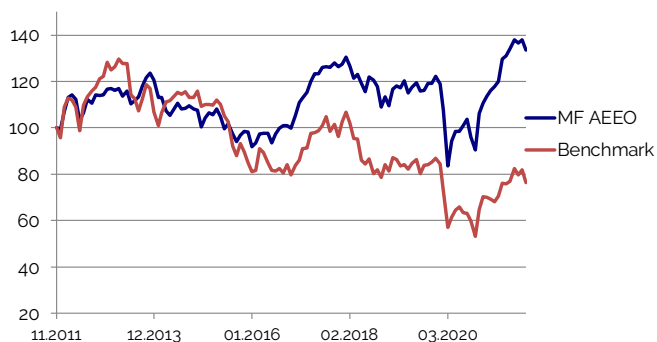
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	-3.18%	-6.91%
1 year	25.86%	17.81%
Year to Date	20.61%	8.81%
Since Launch (annualized)	0.68%	-5.71%

Fund Performance 10Y

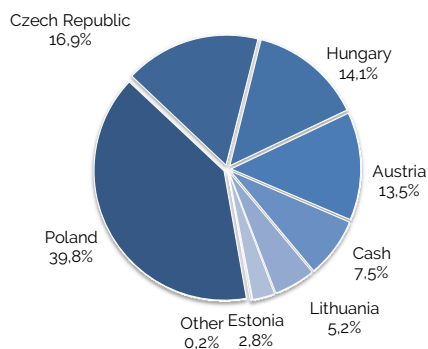


Annual Performance

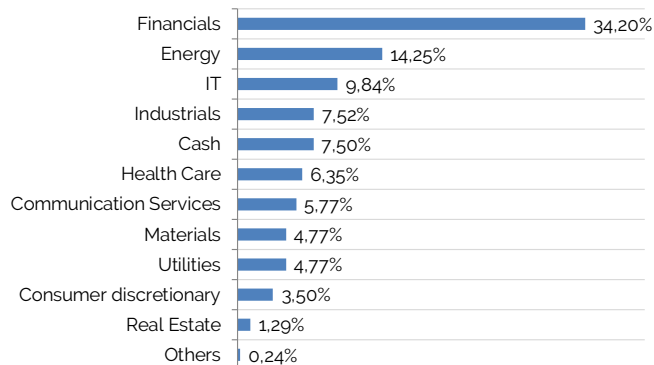
	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CEZ AS (Czech Republic), Utilities	MONETA MONEY BANK (Czech Republic), Financials	BANK PEKAO SA, Poland, Financials	RAIFFEISEN BANK INTERNAT. AG (Austria), Financials	LIVECHAT SOFTWARE SA (Poland), Information Technology
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