

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 October 2021

Fund Manager's Comment

The month of October, which has traditionally been more volatile, became the best month this year for some of the major global equity indices. Rising concerns about hotter than expected inflation data gave way to the start of the Q3 earnings season in the US, which proved to be stellar, pushing up equities to new highs. Market sentiment toward Emerging Markets improved as well due to the progress in the Chinese property sector, but still MSCI EM remained a laggard vs. MSCI World as the former was up 1.1% in EUR, while the latter surged 5.8%. The region of CEE, as measured by MSCI EFM Europe + CIS ex RU also performed strongly, up by 3.0% (in EUR). Meanwhile, the fund's unit value appreciated by 0.9% (206bps below the benchmark). The underweight in Polish banks led to deterioration of the fund's selection effect, as the former became major winners amid mounting expectations for rate hikes as a result of the extraordinary inflation (CPI +6.8% YoY in October). National Bank of Poland, in turn, lifted the benchmark rate by 40bps to 0.5% in October and derivatives markets suggest that the main rate will increase by an additional 180bps in the next 6 months. Another factor for the relative underperformance was our exposure to Materials and Communication Services, which subtracted respectively 0.4pp and 0.9pp from the fund's return. Despite the rate-hike bets, local currencies did not appreciate vs. the euro, as Polish zloty and Hungarian forint (-0.2%) were flat vs. the euro, while Czech koruna fell by 1.2%, affected by global factors.

The Polish WIG20 made up for the loss in the prior month, surging 4.1%. As noted above, it was mainly driven by financials, with WIG-Banks soaring 22.8% on projections for ROE improvement. This translated to an YTD return of 97%, marking a massive outperformance vs. European banks (SX7P), up by 36.8%. On the other extreme were gaming stocks, which continued to disappoint. Worries about competition continued to weigh also on e-commerce stocks (Allegro and InPost), which continued their losing streak. Meanwhile, the escalating judicial spat with the EU did not have repercussions on the market.

Czech equities were less volatile, with the main PX index closing the month almost unchanged (+0.1%). Moneta Money Bank posted solid Q3 results, marked by loan loss provision releases and improved guidance, but this did not translate into a positive catalyst for the stock.

In Hungary, large-cap stocks pushed up BUX 2.5% higher, while off-benchmark positions like Wizz Air underperformed due to the surging fuel prices. Austrian positions made solid contribution to the fund's return (+0.5pp), largely thanks to the shares of Raiffeisen Bank (+11.6%), where consensus estimates remained on an upward trajectory, but still fell short of the actual Q3 results. Baltic equities also performed strongly, with the OMX Baltic Benchmark up 4.9%.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 12.28 M
NAV/share	EUR 1.1356
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

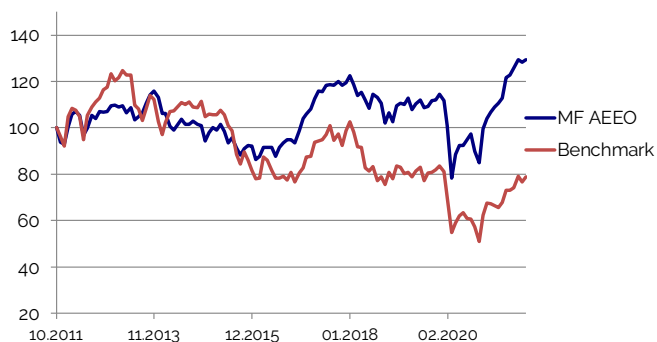
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	0.93%	2.99%
1 year	52.53%	54.25%
Year to Date	24.57%	16.89%
Since Launch (annualized)	0.92%	-5.26%

Fund Performance 10Y

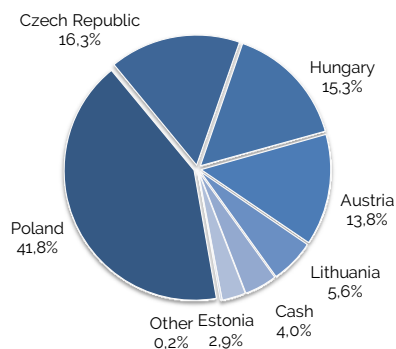


Annual Performance

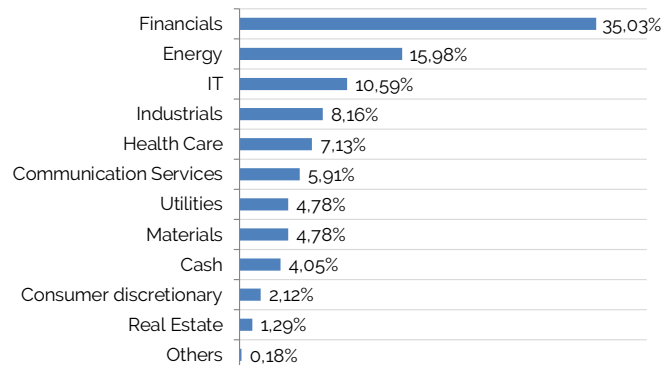
Year	Fund	Benchmark
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

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