

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 January 2022

Fund Manager's Comment

January turned into a tale of two halves for Central European equities as in the first part of the month local stocks appeared immune to the global sell-off, surging higher. In the second half, however, the massive sell-off across the Atlantic sank also the local indices as the mounting concerns about rising interest rates in the US (markets priced in two additional hikes in 2022 for a total of five), as well as the geopolitical tensions with Russia weighed more heavily. That said, despite elevated volatility, the CEE region, as measured by MSCI EFM Europe + CIS ex RU, still ended the month in the black. It was up by 1.0%, outperforming massively the vast majority of global equity indices which remained under water. This is attributable to the higher weighting of value stocks, as the rotation away from growth stocks continued in full force. The latter weighed also on the fund's performance, as the "growth" names in the portfolio declined, and the fund underperformed the benchmark by 193 bps in January, after finishing way ahead of it in 2021. Another major reason was the outperformance of Greece and Turkey that are not part of the fund's strategy, but constitute more than 20% of the benchmark.

Sector-wise, the largest contribution to the fund's return thus came from Financials (+1.0pp) and Energy (+0.1pp), whereas Communication Services (-0.8pp) became the biggest drag, as video game producers disappointed despite the conducive backdrop in the industry and the announcement of two mega takeover deals (the acquisitions of Activision Blizzard and Zynga). Meanwhile, local currencies (zloty, koruna and forint) appreciated vs. the EUR, impacting positively the fund's return, with Central Banks in CEE remaining committed to monetary policy tightening. The top performer was the Hungarian forint (+3.9% vs. EUR) which was bolstered by a bigger than expected rate hike (50bps) of MNB. Initial 2021E GDP data was also supportive for the currencies, as Polish and Czech economy exceeded expectations, expanding by 5.7% and 3.3% YoY respectively.

In Poland, only Financials recorded a more notable increase, with WIG Banks up by 5.3%. On the other extreme were WIG Energy (-7.1%), WIG Oil&Gas (-7.8%), WIG IT (-7.1%) and Consumer Discretionary stocks, ranking among the losers. As a result, the large caps from WIG20 lost 2.5%. In Poland, we took advantage of the recent stock price weakness to boost slightly our position in the discount retailer Pepco.

In the Czech Republic, the PX index was down by 0.7, with banks showing mixed performance, while the utility company CEZ was down by 2.5%.

Hungarian and Austrian equities contributed positively to the fund's return. The BUX index appreciated by 5.4%, while the Austrian ATX declined by 0.5%, yet our positions in OMV and UNIQA outperformed. Baltic equities did not have a pronounced impact on the fund's performance.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 12.69 M
NAV/share	EUR 1,1208
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

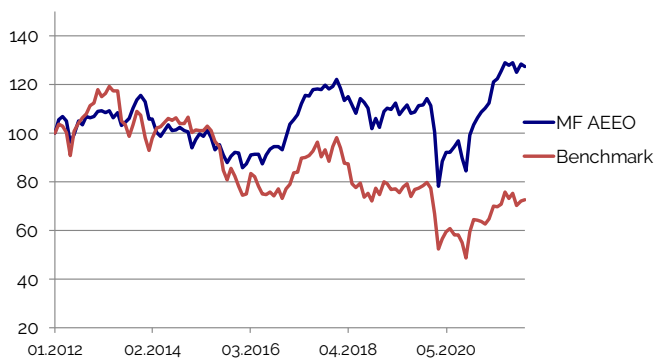
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	-0.95%	0.98%
1 year	19.81%	13.21%
Year to Date	-0.95%	0.98%
Since Launch (annualized)	0.81%	-5.41%

Fund Performance 10Y

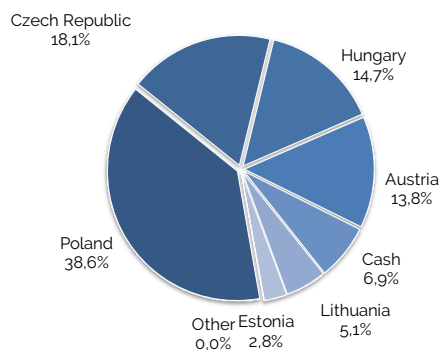


Annual Performance

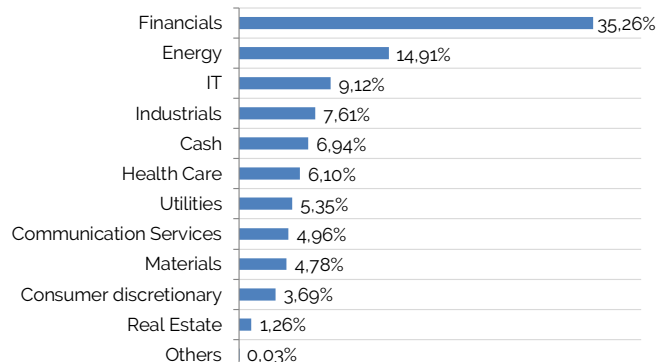
Year	Fund (%)	Benchmark (%)
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CEZ AS (Czech Republic), Utilities	BANK PEKAO SA, Poland, Financials	MONETA MONEY BANK (Czech Republic), Financials	KOMERCNI BANKA (Czech Republic), Financials	RAIFFEISEN BANK INTERNAT. AG (Austria), Financials
------------------------------------	-----------------------------------	--	---	--