

# 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.



\*This is marketing material

31 March 2022

### Fund Manager's Comment

Following the sell-off in February, in March, the relief rally in global markets picked up pace, with investors shifting focus to the long-term outlook. This notwithstanding, risks related to global growth and the implications of the conflict in Ukraine continued to mount. The horizon was further clouded by China, which experienced a massive outbreak of Omicron. The latter was a headwind for MSCI EM, which fell 1.6% in EUR, whereas developed markets (MSCI World) outperformed, rebounding 3.5% in EUR.

We entered this market turbulence with higher than usual cash balance and managed to take advantage of the market sell-off in the beginning of the month, increasing some of our positions. In Hungary, we realized a short-term gain of 22% (gross), by increasing and subsequently closing part of our position in OTP. In addition, we increased our stakes in Wizz Air and Richter Gedeon, whose shares were excessively punished. In Poland, we bought more shares of the e-commerce leader Allegro, which also looked significantly undervalued. Besides, we added Inter Cars (Polish distributor of spare parts for passenger and commercial vehicles) to our portfolio, projecting high mid-term demand for spare parts amid the shortage of new cars. Meanwhile, in Estonia we closed our position in the ferry company Tallink, as we believe that high oil prices will become a challenge. We also rotated out of Raiffeisen Bank, which is significantly exposed to the Eastern European region, into Erste Bank, which does not have a direct exposition to RU/UKR/BY, and was unjustifiably sold off with the rest of the sector. Overall, these trades had a positive contribution to the fund's monthly return, which amounted to +4.3% - slightly better than the benchmark index (+3.9%). The result was also attributable to better stock selection in Poland and the Czech Republic. The recovery of the local currencies also had a positive impact. The Polish zloty appreciated by 1.1% vs. the euro, while the Czech koruna and the Hungarian forint were up by 3.1% and 1.0%.

Among the major markets in the portfolio, the Polish WIG20 recorded the biggest gain, soaring 6.7%. Coal-related companies like JSW (+58.1%), Bogdanka (55.3%), Famur (+24.9%) ranked among the winners as coal prices skyrocketed as a result of the supply disruptions from Russia. Sector-wise, WIG-Chemicals (+21.3%) outperformed massively, fueled by surging fertilizer prices. Consumer Staples and Discretionary stocks performed strongly as well amid expectations for rising retail sales, bolstered by demand related to Ukrainian refugees. Meanwhile, WIG-Banks underperformed, falling 2.7%.

In the Czech Republic, shares of the utility company CEZ (+8.4%) and the firearms company Ceska Zbrojovka (+8.1%) continued to outperform. The first had positive impact on the fund's return, as CEZ remains our largest position. Hungarian stocks had mixed performance. Energy company MOL was up 13.1%, while shares of OTP and Wizz Air fell by 4.7% and 15%, respectively. Meanwhile, Austrian positions contributed 0.1 pp to the fund's return, as gains in OMV and Erste Bank compensated for the decline in Raiffeisen Bank, whose weight was already reduced considerably.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 11.8 M
NAV/share	EUR 1.0404
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

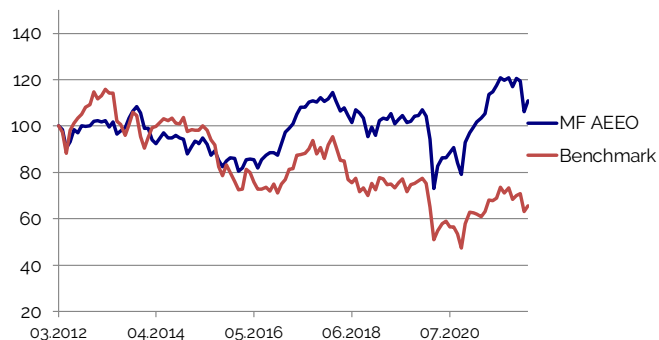
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	4.26%	3.85%
1 year	7.20%	7.76%
Year to Date	-8.06%	-6.32%
Since Launch (annualized)	0.28%	-5.84%

### Fund Performance 10Y

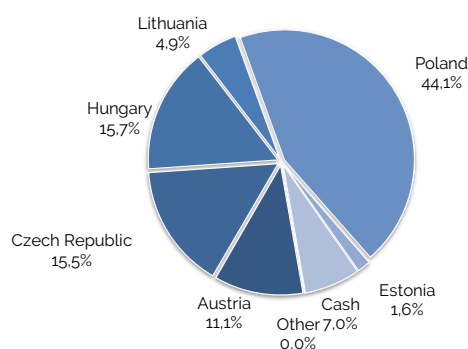


### Annual Performance

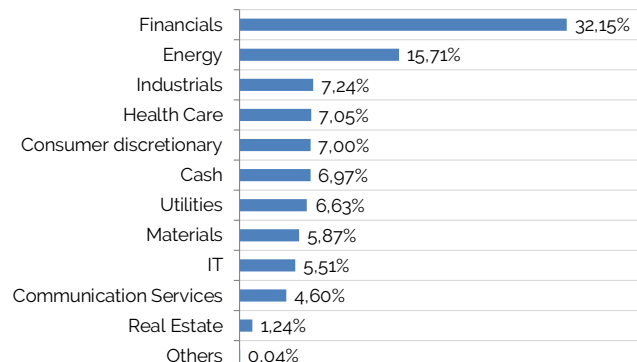
	Fund	Benchmark
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

CEZ AS, Czech Republic, Utilities

ERSTE GROUP BANK AG, Austria, Financials

MONETA MONEY BANK, Czech Republic, Financials

BANK PEKAO SA, Poland, Financials

MOL HUNGARIAN OIL AND GAS PL, Hungary, Energy