

# ADVANCE EMERGING EUROPE OPPORTUNITIES

## Investment Objective

The Fund invests in stocks of companies in the CEE region, and has long-term investment horizon.



\*This is marketing material

31 December 2023

### Fund Manager's Comment

Having kicked off on a powerful note, 2023 concluded with a bang in Emerging Europe. The fund's unit value soared by 4.7% in December, reaching an all-time high by the end of the month. As a result, the Advance Emerging Europe Opportunities recorded its strongest annual performance since its inception in 2007, delivering +27.6% return in 2023. At the same time, the fund outperformed the regional benchmark index MSCI EFM Europe + CIS ex RU, which gained 20.6% in EUR terms. In December, the fund widened its gap over the benchmark (+1.2%), as Central European equities outperformed massively, while Turkey, which is not part of the strategy, lagged behind, losing 9.7% in EUR terms. A strong selection effect contributed positively as well. In a broader perspective, the fund also performed strongly, as MSCI Emerging Markets delivered a modest 3.4% YTD return in EUR, while Developed Markets (MSCI World) concluded the year with an annual gain of 17.6% in EUR.

Despite the spectacular gains in the CEE region, companies' valuations still don't look stretched. Our fund's positions trade at forward P/E of 7.7x, while the expected dividend yield is 4.8%. While we do not rule out a short-term correction following the strong rally, we will consider any significant pullbacks as a buying opportunity, given the encouraging mid-term outlook. We are most optimistic about Poland, anticipating improvements in the corporate governance standards, revaluation of the listed state-owned enterprises, and the release of EU funds. In our view, this will gradually narrow the discount vs. global emerging markets (~28% at present). Conversely, intensifying geopolitical risks (i.e. Ukraine, Middle East, Taiwan), as well as sluggish economic recovery represent the biggest risks.

In December, Polish equities delivered the highest return within countries in our portfolio, with WIG20 soaring 5.8%, while the fund's positions increased 8% on average in EUR terms. The highest contribution came from the energy giant ORLEN (+10.9% MoM). Consumer Discretionary stocks ranked among the winners as well. We took advantage of a dip in the shares of the fashion retailer LPP to add to our position. Small-caps, such as Mo-BRUK (+13.2%) and Comarch (18.2%), part of the fund, outperformed as well, resulting in a positive selection effect.

Hungarian BUX surged 4.7%, for a total YTD return of 38.4%. ANY Security Printing (+17.5%), Wizz Air (+17.4%) and Magyar Telekom (+15.6%) maintained their solid run, contributing to an average return of 8.1% for our Hungarian positions. We decided to trim our position in OTP Bank (+56.3% YTD) slightly, locking in part of the gains. The remaining markets experienced more modest gains.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 13.84 M
NAV/share	EUR 1.2102
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 1.50%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

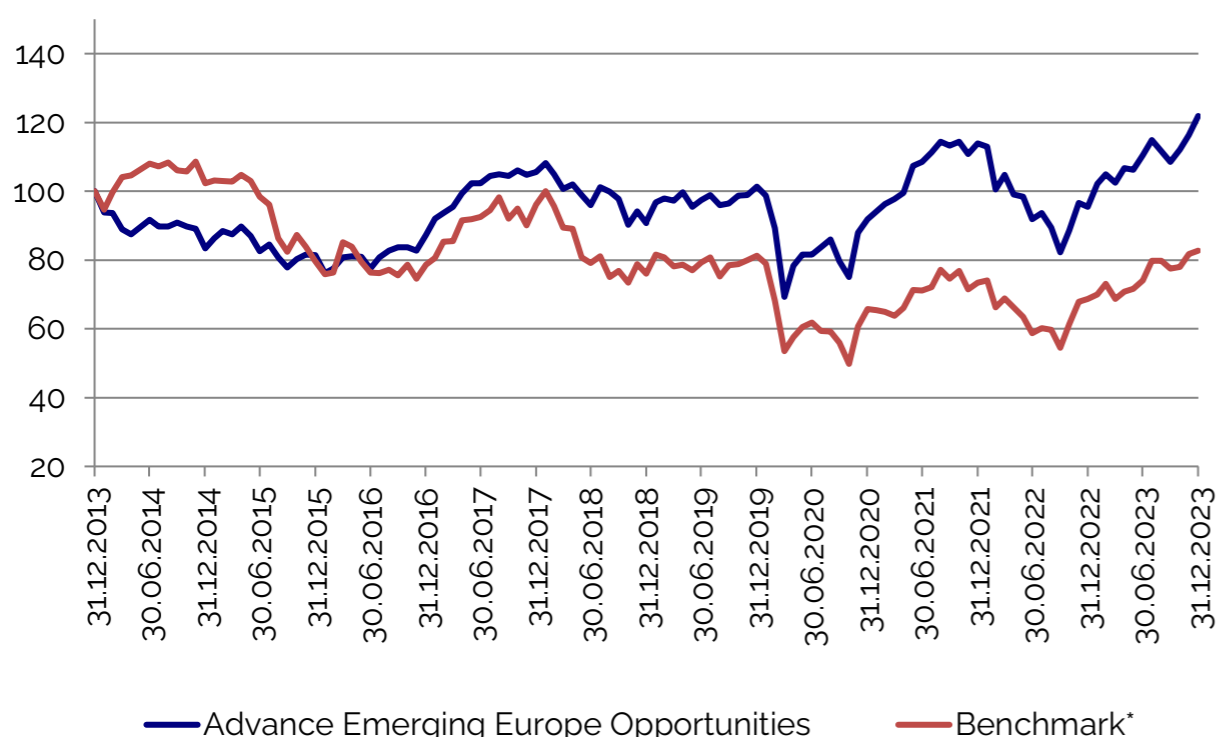
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	4.74%	1.24%
1 year	27.62%	20.55%
Year to Date	27.62%	20.55%
Since Launch (annualized)	1.19%	-4.13%

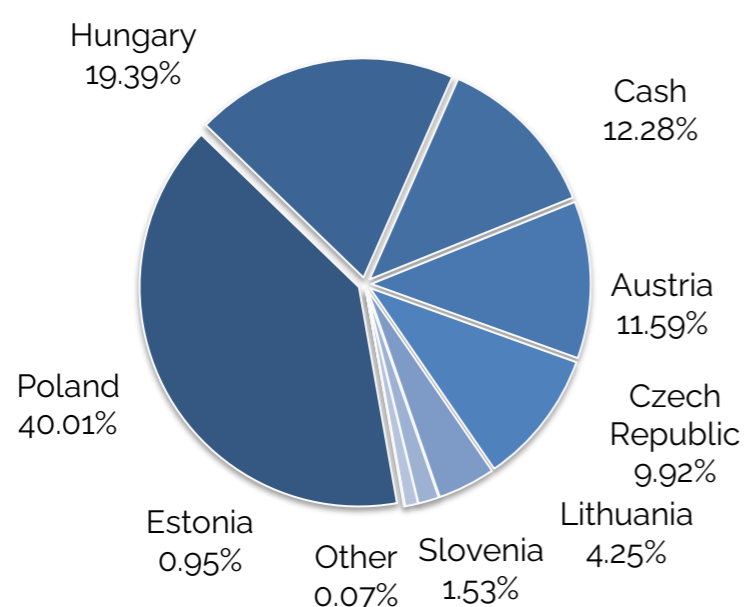
### Fund Performance 10Y



### Annual Performance

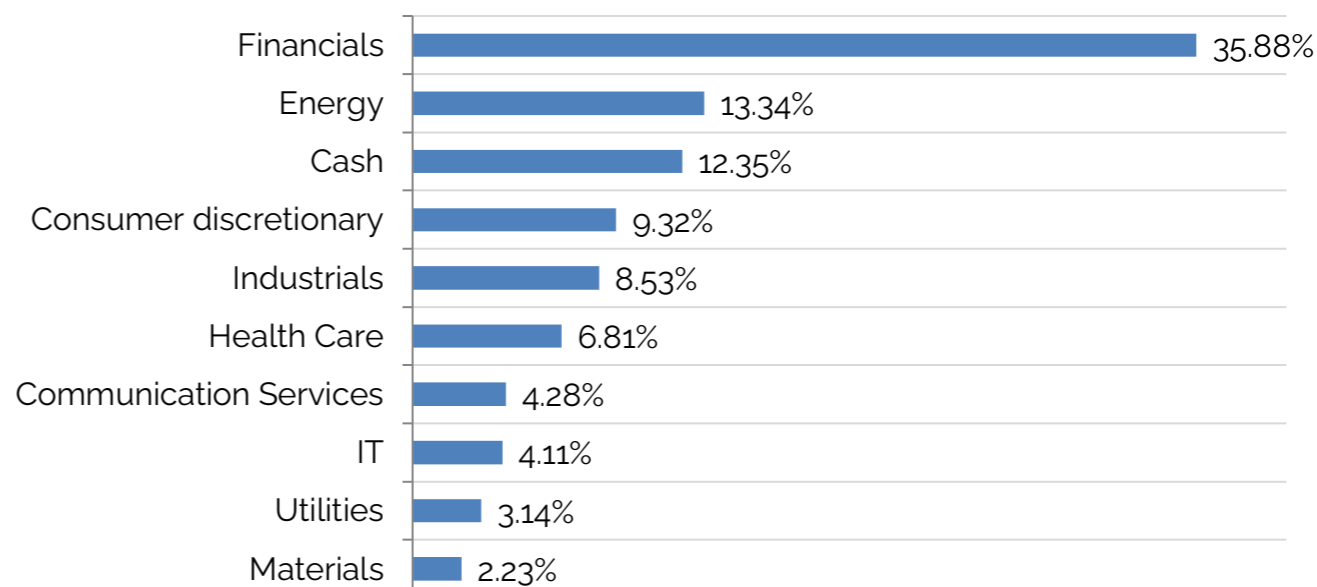
	Fund	Benchmark
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

### Market Breakdown



### Portfolio Breakdown

### Sector Breakdown



### 5 Largest Holdings

BANK PEKAO SA / PZU, Poland, Financials	ERSTE GROUP BANK AG, Austria, Financials	ORLEN, Poland, Energy	KRUK S.A., Poland, Financials	RICHTER GEDEON NYRT, Hungary, Health Care
---	--	-----------------------	-------------------------------	---