

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 October 2023

Fund Manager's Comment

In a harsh month for global risk assets, marked by geopolitical tensions and expectations for "higher for longer" interest rates, CEE equities stood out as clear winners, extending their YTD outperformance. At the forefront was the Polish market, where the main index WIG20 soared 12.2%, fueled by optimism following the pro-EU parties' victory at the parliamentary elections. As a result, it ended up as the best performing equity index globally in October. This provided a massive boost to fund's result, which gained 3.3%. Up by 0.5% in EUR, the benchmark index MSCI EFM Europe + CIS ex RU lagged behind as Turkey (-9.8%) and Greece (-1.8%) weighed on the result. Meanwhile, MSCI EM closed in the red (-3.8% in EUR), while developed market equities (MSCI World) fell 2.8% in EUR. The fund's result was positively impacted by the currency effect as well. Driven by expectations for a political change, the Polish zloty (+3.9%) rebounded sharply vs. the euro, after depreciating in the previous month. Up 1.8%, the forint strengthened as well, while the Czech koruna fell 0.6%. Sector-wise, Financials (+2.8pp) contributed the most to the fund, while IT (-0.5pp) was the biggest drag.

The massive rally in Poland was led by the banking stocks (+25.3%) and the state-owned energy giant Orlen (+13.3%) which are viewed as the main beneficiaries of the incoming government's more market-friendly approach. Meanwhile, the reaction among mid- and small-caps was more muted, with MWIG40 and SWIG80 rising by 4.7% and 0.9%, respectively. Going forward, we believe that Polish stocks have potential for further re-rating as WIG20 still trades at a discount of almost 30% vs. MSCI EM, based on FWD P/E ratios. Improvement of corporate governance at state-run companies, unfreezing of EU funds and delivery on campaign promises are expected to be the main catalysts in the mid-term.

The Czech PX index gained 1.3% as the main index constituents finished slightly in black. Among the portfolio positions, Moneta Money Bank (+7.0%) stood out, delivering significantly better than expected Q3 results. Results of Erste Bank (+2.8% in EUR) beat market expectations as well.

The performance in Hungary was more muted, with the main index BUX up by 0.4%. At the same time, MNB surprised market participants, cutting the base rate by 75bps (vs. 50bps expected) to 12.25% at its October meeting. This didn't impact much the shares of OTP Bank (+1.1%). Nevertheless, lower interest rates are set to boost bank's NII result in Hungary.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 12.77 M
NAV/share	EUR 1.113
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

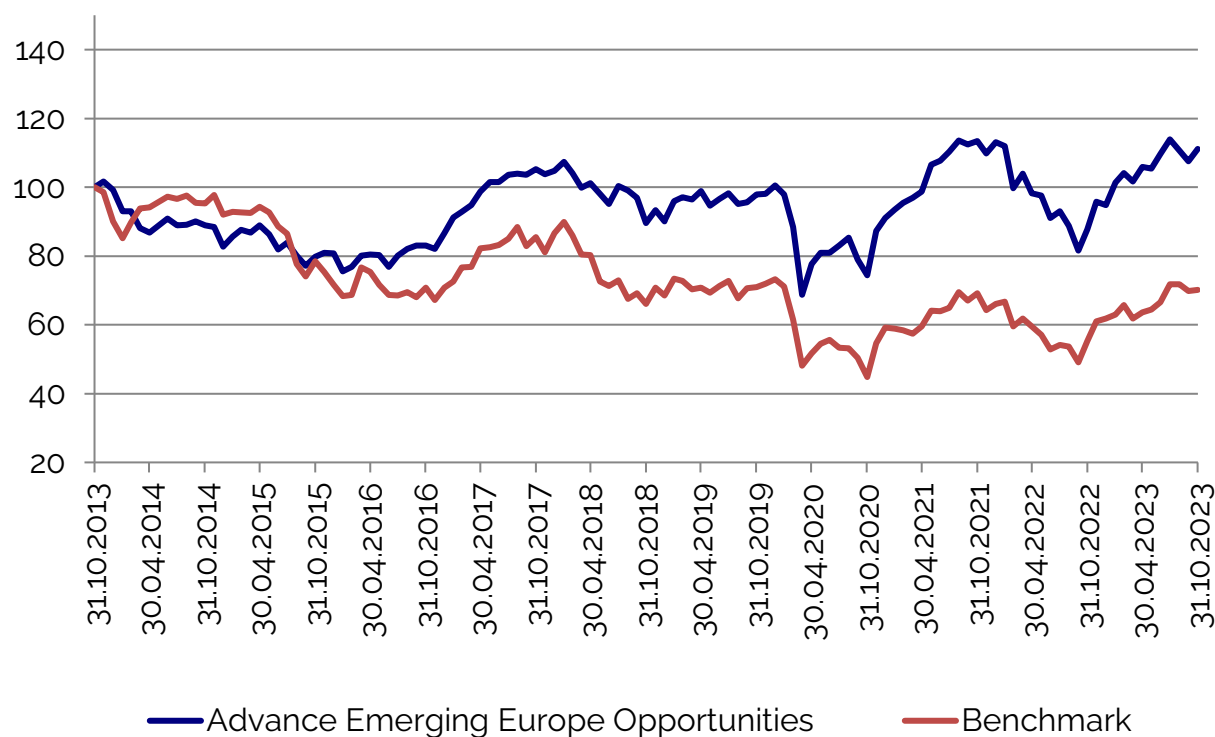
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	3.33%	0.48%
1 year	26.58%	26.90%
Year to Date	17.37%	13.50%
Since Launch (annualized)	0.67%	-4.53%

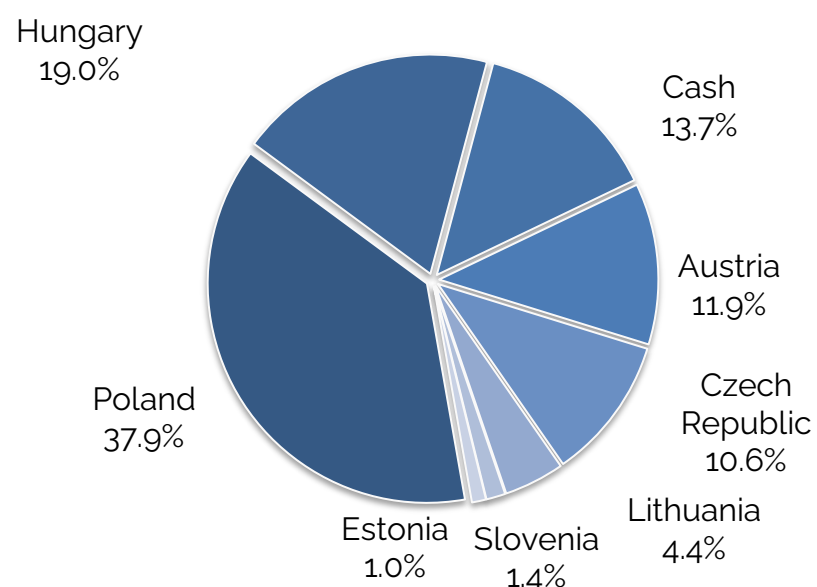
Fund Performance 10Y



Annual Performance

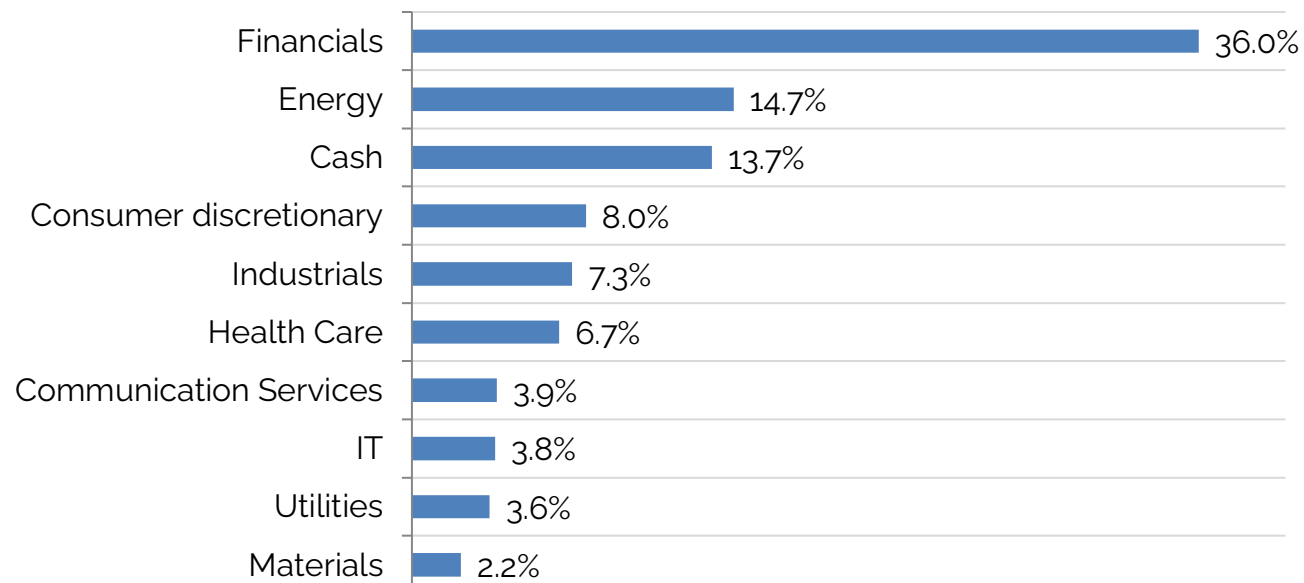
Year	Fund	Benchmark
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials	ORLEN, Poland, Energy	BANK PEKAO SA / PZU, Poland, Financials	KRUK S.A., Poland, Financials	OTP BANK, Hungary, Financials
--	-----------------------	---	-------------------------------	-------------------------------