

# 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

30 November 2023

### Fund Manager's Comment

Cooling inflation raised hopes in November that the end of the rate hikes is a done deal. This provided massive support to risk assets, with global equity markets posting their biggest monthly gain in three years (MSCI ACWI +9.1% in USD terms). Chinese stocks (-1.9% in EUR) continued to lag behind, leading to slight underperformance of MSCI EM (+4.5% in EUR). Meanwhile, CEE equities delivered a slightly better result of +4.9% in EUR, as measured by MSCI EFM Europe + CIS ex RU, while the fund's unit value appreciated by 3.8%. The rally in CEE was fostered also by strong Q3 earnings season, with large majority of companies within our coverage delivering positive surprises. Banks stood out once again, surpassing our expectations by a wide margin as the pace of deposit repricing remained sluggish. Thereby, Financials (+2.2pp in EUR) contributed the most to the fund's result, followed by Industrials (+0.9pp), while Energy (-0.8pp) was the biggest drag. The fund's result was positively impacted by the currency effect as well. Polish zloty continued its strong run, appreciating 2.2% vs. the EUR, while the Czech koruna and the forint were up, respectively, by 1.1% and 0.6%.

Polish stocks extended their post-election rally, with WIG20 rising 3.0%. Besides Banks (+9.9%), state-run utilities also outperformed (WIG Energy +11.5%) amid expectations for lower coal costs in 2024E and renewed speculations about the assets carve-out. That said, market sentiment suffered a blow when the new cabinet, which was expected to be more market friendly, proposed to levy a retroactive windfall tax on the largest listed company Orlen SA. This sent the stock into a freefall, resulting in a 11.2% MoM drop.

Performance in the Czech Republic was more muted, with the main index PX adding 1.7%. Among the portfolio positions, Komerční Banka was the best performer, yet rising just 1.7% amid uninspiring Q3 results. Meanwhile, Moneta Money Bank (-2.7%) and the utility CEZ (-0.6%) finished in red. The latter posted solid operational results in Q3, which however, were burdened by a higher windfall tax.

In Hungary, portfolio's exposure to the off-benchmark position in Wizz Air (+21.8%) and the substantial overweight in ANY Security Printing (+14.6%) bore fruit, resulting in a sizeable outperformance vs. the main index BUX (+3.3%). The latter surprised us positively once again, reporting YoY revenue and net income growth of 50% and 420%. Despite the YTD total return of 55%, the company still remains one of our favourite small-cap positions due to its strong market position and its solid growth potential. In addition to that, in 2024E it is expected to offer a DY of above 12%.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 13.25 M
NAV/share	EUR 1.1554
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

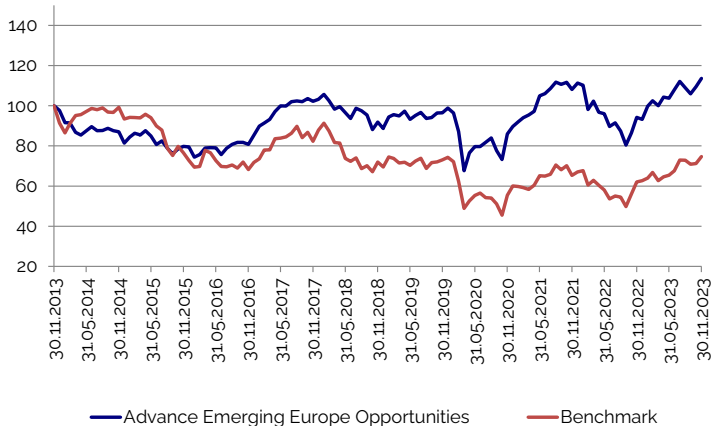
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	3.81%	4.90%
1 year	20.54%	20.43%
Year to Date	21.84%	19.07%
Since Launch (annualized)	0.91%	-4.22%

### Fund Performance 10Y

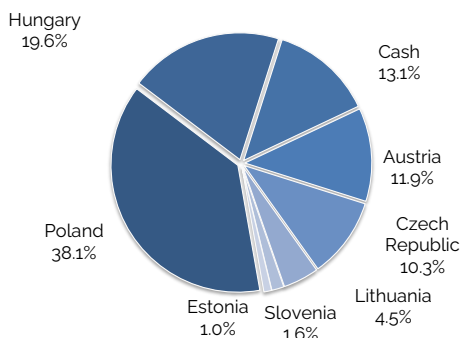


### Annual Performance

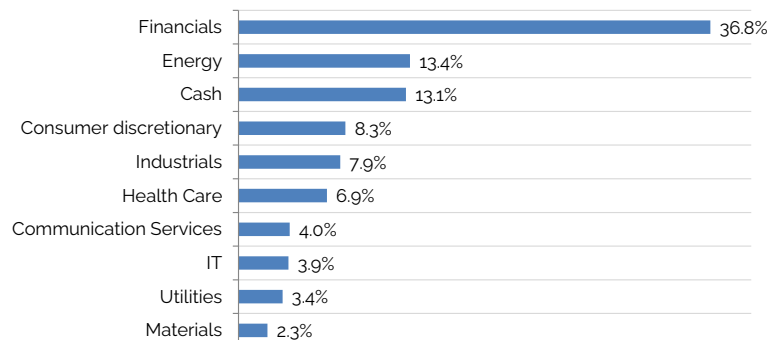
Year	Fund	Benchmark
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%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

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials

BANK PEKAO SA / PZU, Poland, Financials

OTP BANK, Hungary, Financials

ORLEN, Poland, Energy

KRUK S.A., Poland, Financials