

# ADVANCE EMERGING EUROPE OPPORTUNITIES



\*This is marketing material

## Investment Objective

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

29 February 2024

### Fund Manager's Comment

Against the backdrop of encouraging economic data and compelling quarterly results, February turned out to be a strong month for risk assets. With a gain of 7.56% YTD, the CEE region, measured by the MSCI EFM Europe + CIS ex RU index, continued to stand out among global leaders in terms of YTD performance. Developed markets (MSCI World) ended with 7.49% YTD gain in EUR, while emerging markets (+1.8% YTD) erased the January loss, increasing 5%, supported by a serious rebound in Chinese stocks. Performance in Central Europe, where the fund's main investments are concentrated, was more moderate. As a result, the fund lagged behind the benchmark index in February. Turkey (+8.2%) and Kazakhstan (+12.8%), which are not part of our investment strategy at the moment, stood out with the highest returns in CEE.

Despite the significant recovery over the past year, stocks in Central and Eastern Europe still appear strongly undervalued based on expected earnings. The discount compared to MSCI EM is close to 20%, and the potential for further catch-up, in our view, remains significant.

Among the markets in the fund's portfolio, we are most positive on Poland, where the prospects for listed companies have significantly improved following the formation of Donald Tusk's pro-European cabinet. In February, the government continued the market-friendly reforms. Meanwhile, the European Commission officially confirmed that the country would regain access to EUR 137 bn from EU funds, which had been frozen until that moment. These events positively influenced investor sentiment in Poland, and the main index - WIG20 - rose 6.1% in February. Banks appreciated the most, soaring 14.2%. Our "Consumer Discretionary" stocks also performed strongly, supported by easing inflation (3.9% in January) and strong wage growth in the corporate sector (+12.8% YoY in January). Shares of the regional fashion retailer - LPP, for which we are most positive in the sector, rose 15.2%. Following convincing results from another local company in the sector (CCC), at the beginning of the month, we decided to increase our position in the company. This had a positive impact on the fund's performance. We also participated in the tender offer of the mobile gaming company - Ten Square Games SA, selling part of our shares at a price that was almost 26% higher than the price at the end of the month.

In Hungary and the Czech Republic, the gains were more limited. In Hungary, the BUX rose 3%, while the Czech PX increased 0.3%. Positions in the fund achieved higher returns, leading to a positive selection effect. Among our stocks, the Czech Komerční Banka (+8.1%) stood out with a higher-than-expected dividend for 2024, becoming another company in the fund to join the "10%+" dividend yield" club. At the same time, the currency effect in both countries was negative. Weakening inflation and the anticipation that central banks are moving towards a swift normalization of key interest rates had an adverse impact. As a result, the Czech koruna and the Hungarian forint depreciated by 2.0% and 2.3%, respectively, against the euro. That said, we seriously doubt that the expectations for a rapid pace of normalization will materialize. For this reason, we rather expect a slight appreciation against the euro in the following months.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 14.44 M
NAV/share	EUR 1.2245
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

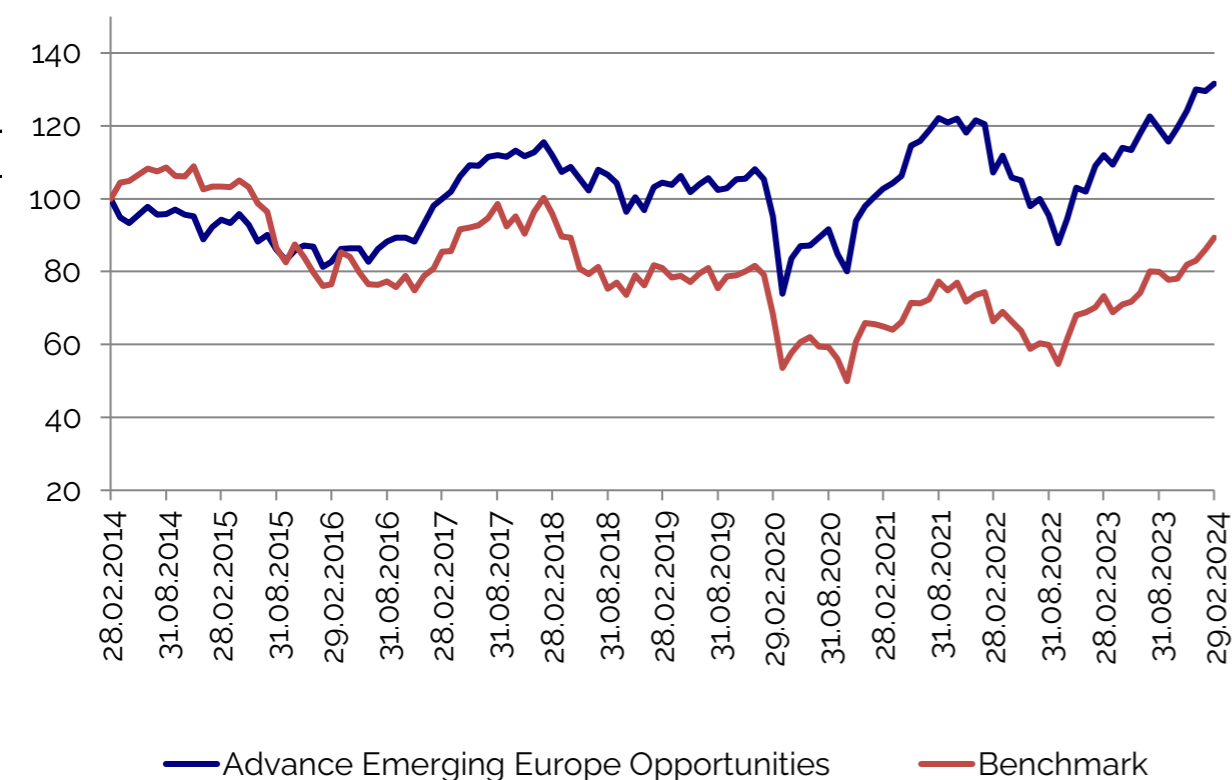
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	1.53%	3.63%
1 year	17.48%	21.71%
Year to Date	1.18%	7.56%
Since Launch (annualized)	1.25%	-3.66%

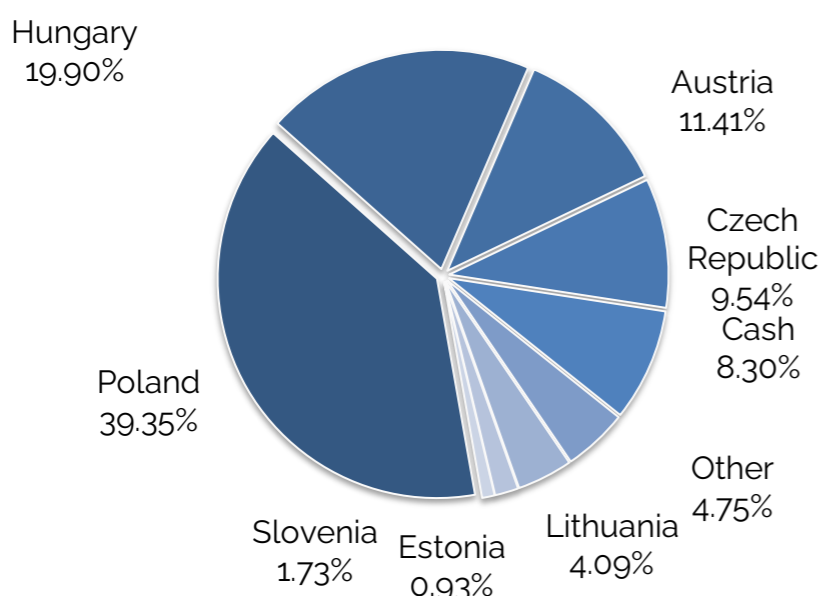
### Fund Performance 10Y



### Annual Performance

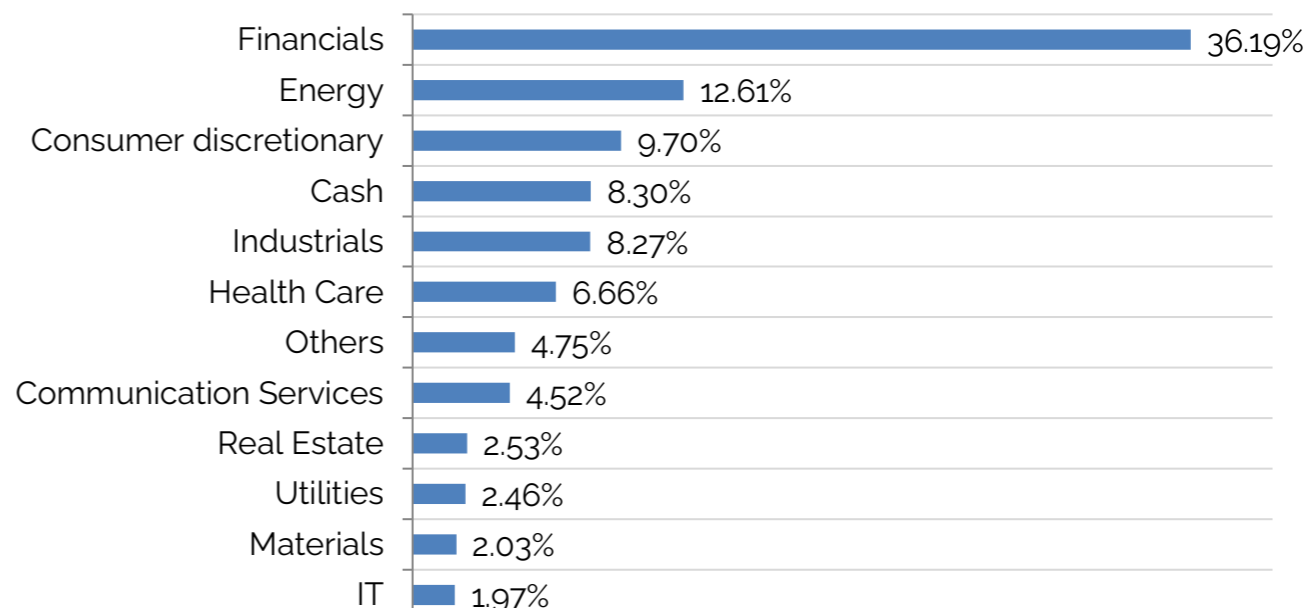
	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
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	KOMERCNI BANKA, Czech Republic, Financials	RICHTER GEDEON NYRT, Hungary, Health Care
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