

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 January 2024

Fund Manager's Comment

Following the massive rally in December, our portfolio positions had mixed performance in January. The fund's unit value fell 0.35%, as a result of profit-taking in Poland and softer performance in the Czech Republic. That said, from a broader perspective, the CEE region continued to outperform globally. The benchmark index - MSCI EFM Europe + CIS ex RU - which includes Turkey and Greece (not part of the fund's allocation) - soared 3.8%. The latter two, delivered the highest returns in the region, with the main indices (BIST 100 and ASE) surging by 13.7% and 5.7%, respectively. Thereby, CEE continued to narrow the gap vs. MSCI EM, which fell 3.1% (in EUR terms) as Chinese equities remained in the doldrums. Local currencies did not impact much the fund's return. The Czech koruna underperformed, down 1.5% vs. the EUR as the risk of a larger rate cut (50bps) weighed on the sentiment. The Hungarian forint (-0.8%) also closed in red, while the Polish zloty appreciated 0.2%.

Polish equities became the largest negative contributor in the portfolio, with WIG20 losing 2.7% following the strong run in the previous months. The IT company TEXT (-14.9%) weighed the most on the portfolio return, as growing churn and weaker than anticipated growth in the latest quarter disappointed. Although this led to a slight downward revision of our growth assumptions, we still decided to take advantage of the market correction, seeing a substantial upside potential. We expect the company to remain highly profitable in the next 5 years (EBITDA Margin >60%), while the revenue growth rate might, in our view, deliver a positive surprise. Being most upbeat about Poland for 2024, we added also the housing developer Murapol and the online retailer ANSWEAR.COM to the portfolio. The former was recently listed and is the most diversified homebuilder in Poland, exhibiting exceptional operational efficiency and high growth potential (24-26E EPS CAGR of 14%). Also, the company has adopted a dividend policy, with DY anticipated to surpass 13% in 24E and 25E. Our other addition, ANSWEAR.COM, being the fastest growing fashion e-commerce platforms in Europe (50% CAGR since 2014), is a pure play on the improving consumer demand in 2024.

Hungarian stocks emerged as winners in the region, with BUX rising 5.6%. Magyar Telekom (+12.8%), which was added to the portfolio in early 2023, continued its exceptional run, buoyed by an announcement that the company will introduce a new 15% CPI-indexation plan in 2024. Shares of Richter Gedeon (+9.5%) soared as well as the company announced that it will acquire a 9.1% stake in biosimilars developer. Meanwhile, Wizz Air (-10%) disappointed.

Austrian Erste Bank, which is currently the largest position in the fund, appreciated 9.0%. Shares of Slovenian NLB (+9.4%) also outperformed and as a result Financials contributed the most to the return. Consumer Discretionary, on the other hand, detracted the most.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 13.84 M
NAV/share	EUR 1.206
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

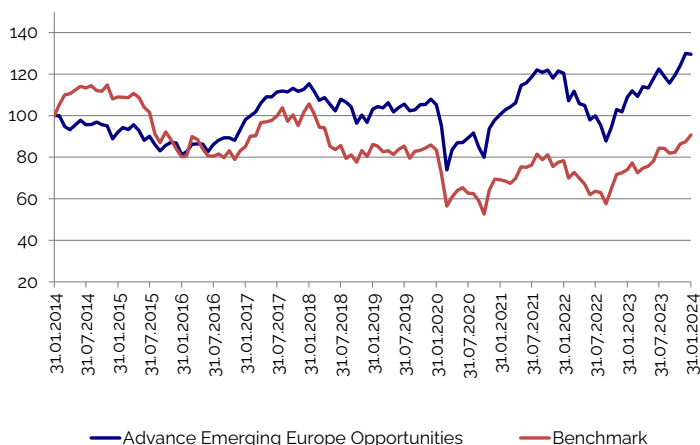
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	-0.35%	3.79%
1 year	18.88%	22.73%
Year to Date	-0.35%	3.79%
Since Launch (annualized)	1.16%	-3.88%

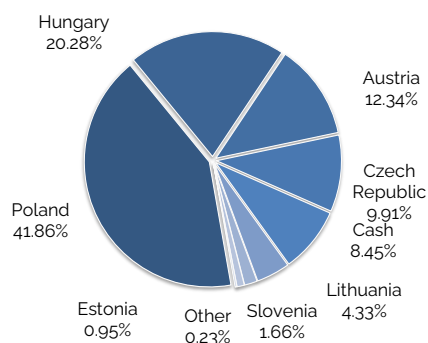
Fund Performance 10Y



Annual Performance

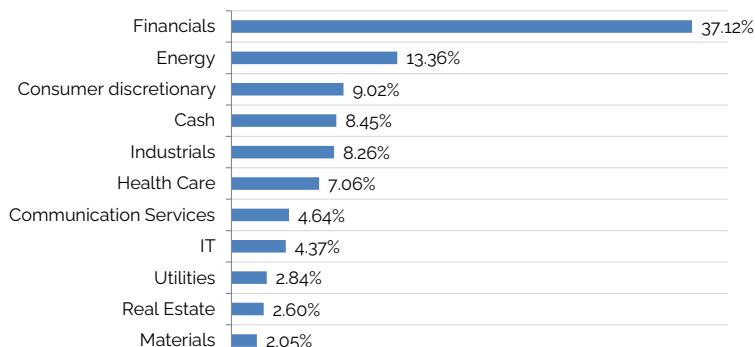
Year	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%	51.49%
2008	-15.88%	-56.45%

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

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