

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.

31 March 2024

Fund Manager's Comment

The CEE region maintained its strong YTD performance (+8.6%, measured through MSCI EFM Europe + CIS ex RU in EUR), despite experiencing more moderate growth in March (+1% in EUR) as compared to global markets. The region lagged only behind the US, where MSCI North America rose 12.2% in EUR in Q1. Central Europe, which is the cornerstone of the fund's strategy, recorded slightly softer performance, leading to a 3.6% increase in the fund's unit value. In March, the fund managed to narrow the gap with the benchmark index - partly due to slightly stronger returns in the portfolio countries (the fund has no exposure to Turkey and Greece, which lagged behind), but mainly due to positive selection effect, as the fund's positions in Poland and Hungary significantly outperformed the market. During the month, the fund's NAV increased by over EUR 4mn to EUR 18.4mn, primarily driven by large client inflows. The rekindling of investor interest in the CEE region was confirmed during our meetings with numerous institutional investors from Scandinavia and Switzerland.

We used the new inflows primarily to increase proportionally our current equity positions. The high level of cash towards the end of the month is due to unsettled trades. In March, we increased the weight of some of the banks in the portfolio - Erste Bank, Komercni Banka, Moneta, Nova Ljubljanska Banka, as well as the Polish insurer PZU. We believe these positions will continue to benefit in the current environment of high interest rates and the gradual normalization of monetary policies. At the same time, we slightly reduced the weight of the insurer UNIQA and the Polish debt collector - KRUK.

We increased our exposure to the Consumer Discretionary sector as well. Wage growth dynamics and retail sales volumes in February came stronger than expected, reaffirming our expectations for improving household finances. The annual wage growth in February reached 10.1% in real terms, a record for the past 10 years. Within the sector, we mainly increased our position in the fashion retailer LPP. The company's shares experienced a temporary decline of over 35% following the news that Hindenburg Research had taken a short position, accusing the company of continuing to sell goods in Russia. After a detailed analysis of the situation, and under the worst case assumption - that the information in Hindenburg's report is true (and 10-15% of sales are generated in Russia), we concluded that the declines were vastly exaggerated. For that reason, we decided to capitalize on the market's temporary inefficiency by significantly increasing our position in the company. The decision positively influenced the fund's return, as the shares partially recovered afterward when, as expected, the company refuted the main allegations in the report.

In March, Consumer Discretionary weighted the most on the return (-0.2 p.p). This was offset by Financials (+1.2 pp) and Industrials (+0.6 pp), which contributed the most. Currency fluctuations had no significant impact. The Polish zloty (+0.5%) and the Czech koruna (+0.4%) slightly appreciated against the euro, while the Hungarian forint lost 0.3%.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 18.46 M
NAV/share	EUR 1.2541
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 0.9%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

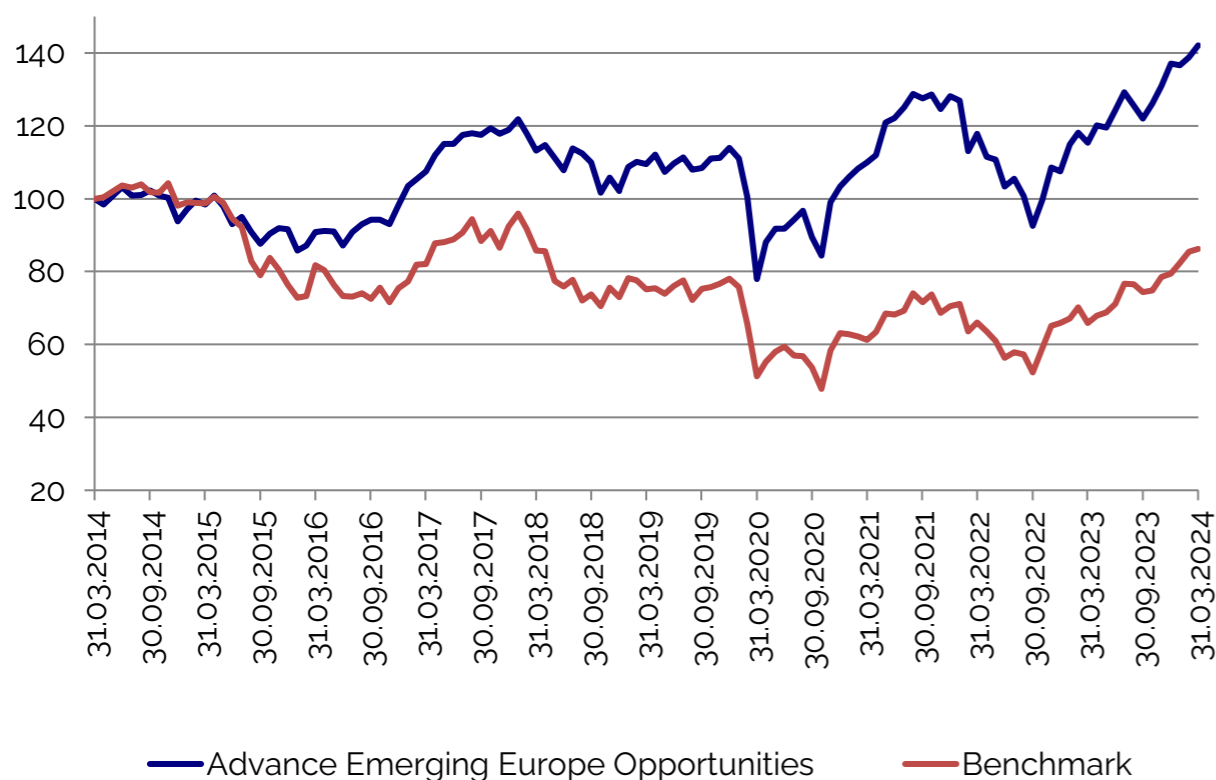
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	2.42%	0.97%
1 year	23.24%	30.98%
Year to Date	3.63%	8.60%
Since Launch (annualized)	1.39%	-3.58%

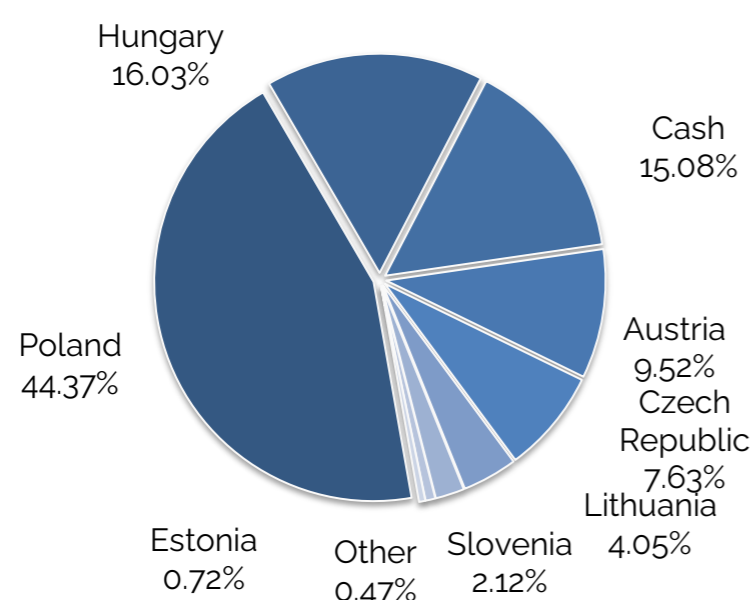
Fund Performance 10Y



Annual Performance

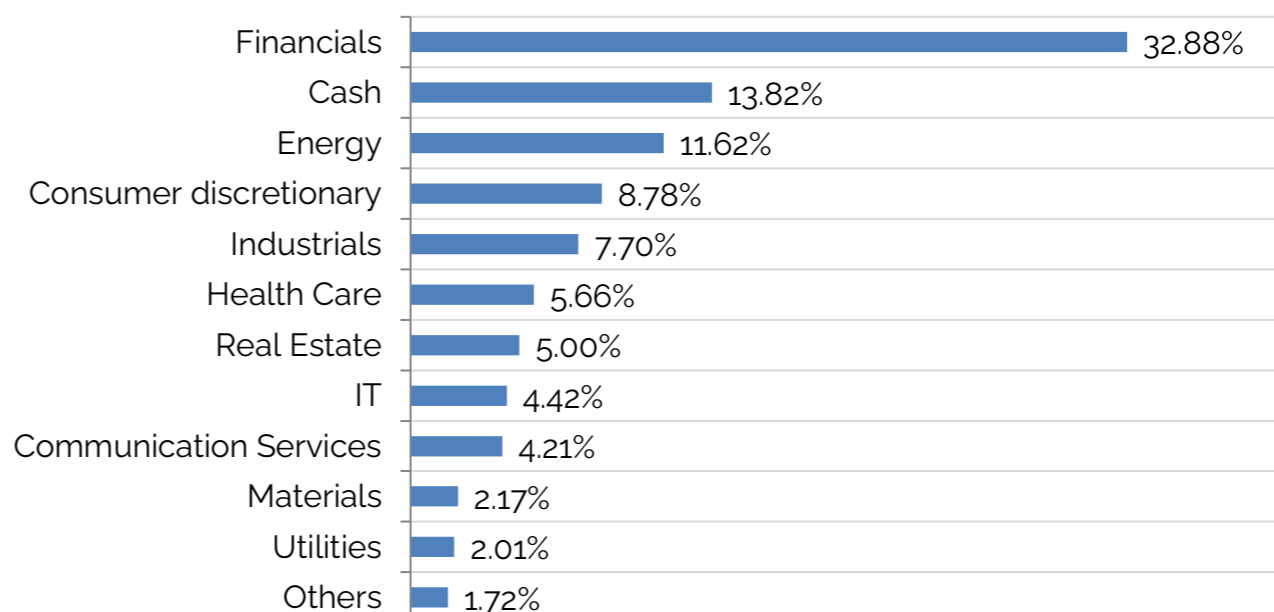
Year	Fund	Benchmark
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009	2.85%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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest Holdings

BANK PEKAO SA / PZU, Poland, Financials	ORLEN, Poland, Energy	ERSTE GROUP BANK AG, Austria, Financials	LPP SA, Poland, Consumer discretionary	KRUK S.A., Poland, Financials
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