

# 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 May 2024

### Fund Manager's Comment

Emerging Europe had another positive month in May, with the fund's unit value soaring 2.8% amid encouraging Q1 earnings reports and positive surprises among the vast majority of the stocks within our coverage. In addition, there was continued investor interest in the region, confirmed by our meetings with both local and foreign investors, and sustained inflows into the fund. Based on balance of payments data, net foreign inflows into Polish equities surpassed EUR 1.0bn in Q1, nearly double the total for the entire year of 2023 and marking a notable improvement in the net balance since the elections in October. Investor perception of Turkey, which is not part of the fund's strategy, has markedly changed in recent months as well. May saw foreign investments in Turkish government bonds reach USD 6.6bn, marking the highest monthly inflow on record.

The rest of the emerging markets fared less impressively in May, driven by softer performance in Asia and Latin America, leading to -1.2% decline in EUR terms for MSCI EM. That said, the outlook for risk assets remained supportive, backed by encouraging economic data. As a result, Developed Markets regained momentum, with MSCI World advancing 2.7% in EUR.

The risk-on environment provided tailwind also to the Central European currencies. Against the backdrop of cooling expectations for interest rate cuts, the Czech koruna (+1.9%) and the zloty (+1.4%) appreciated the most vs. euro. Meanwhile, the Hungarian forint saw a more modest increase of 0.5%.

Sector-wise, Consumer Discretionary (+11.4% in EUR) appreciated the most in the fund, driven predominantly by the Polish retailers. Among them, Pepco Group (+27.6% in EUR) and the e-commerce giant Allegro (+12.4% in EUR) posted higher than expected Q1 figures. Shares of LPP (+11.6% in EUR) followed suit. As anticipated, GDP data in Central Europe revealed that private consumption was the primary driver of growth in Q1. Looking ahead, we expect household consumption to accelerate for the remainder of the year, buoyed by declining inflation and robust wage growth. This is poised to provide further support for the stocks within the sector, which are still trading at undemanding levels. The rest of our Polish positions had more mixed performance, appreciating on average by 2.4%. In comparison, the main index WIG20 – was up by 0.2% (in EUR).

In Hungary, the fund continued to benefit from strong selection effect, with our positions gaining 3.4% vs. +0.4% (EUR) for the BUX index. The primary contributor was the shares of ANY Security Printing (+16.4% in EUR), whose YTD increase approached 70%. The company, a global provider of security documents such as IDs, passports, once again delivered remarkable results, with net profit more than quadrupling (+316% YoY), boosted by substantial projects in Africa. Shares of Central European banks recorded strong performance, with Erste Bank (+9%) – the largest position in the fund – and the deeply undervalued NLB (+13.9%), outshining the rest. At the other extreme were the Real Estate (-5.4%) and Health Care (-0.8%) sectors. The higher-than-usual cash balance is due to a larger inflow at the end of the month and unsettled trades.

### Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, CFA, Konstantin Prodanov
Fund size	EUR 19.66 M
NAV/share	EUR 1.3182
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

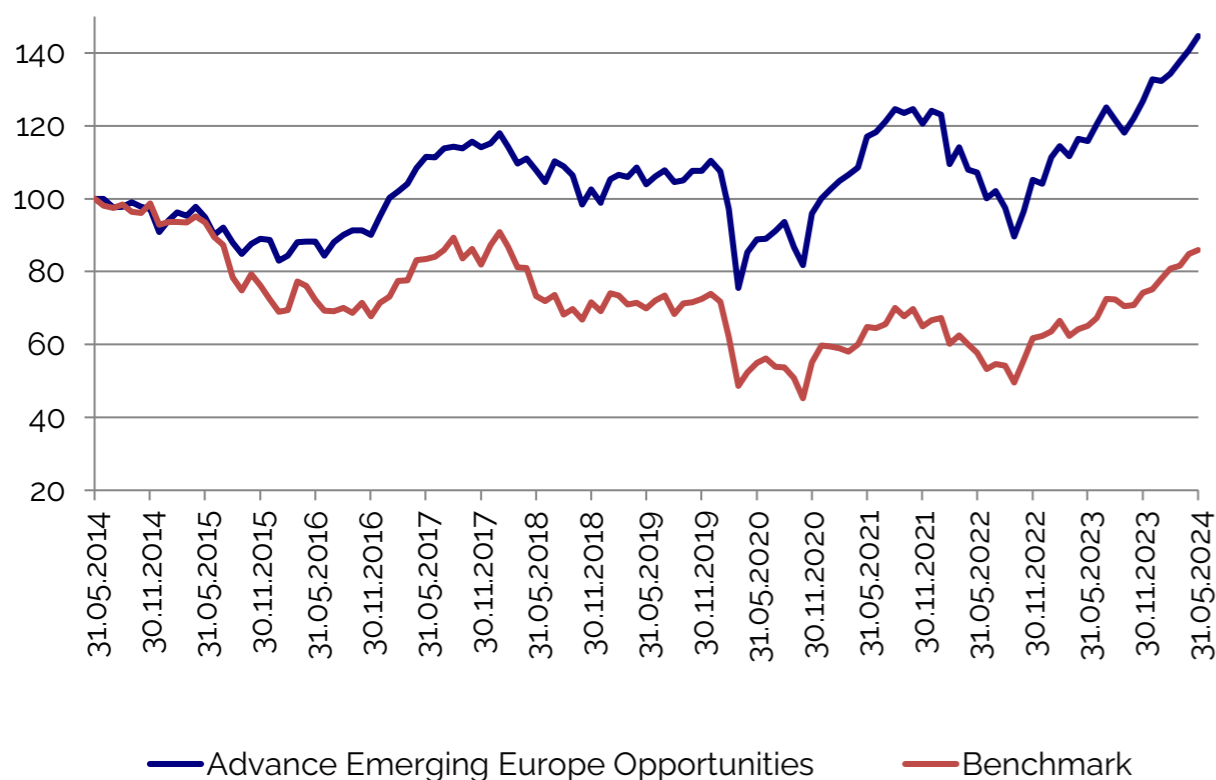
### Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

### Fund Results

	Fund	Benchmark
1 month	2.77%	1.35%
1 year	24.95%	32.15%
Year to Date	8.92%	14.38%
Since Launch (annualized)	1.69%	-3.24%

### Fund Performance 10Y

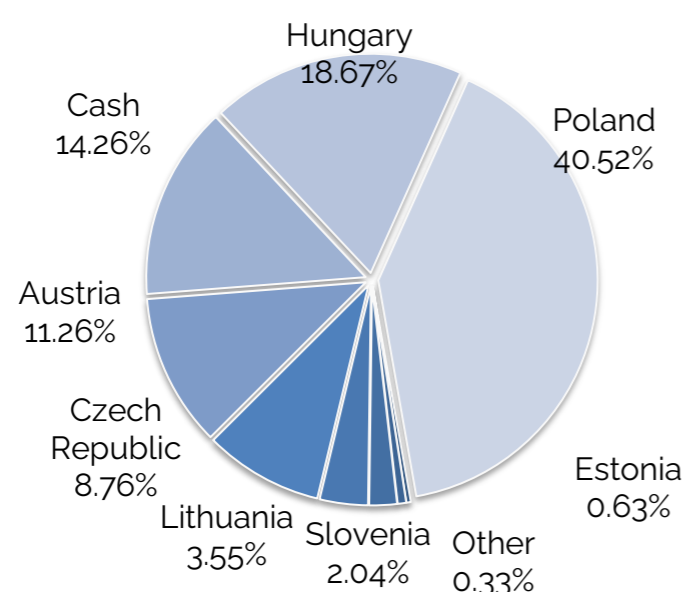


### Annual Performance

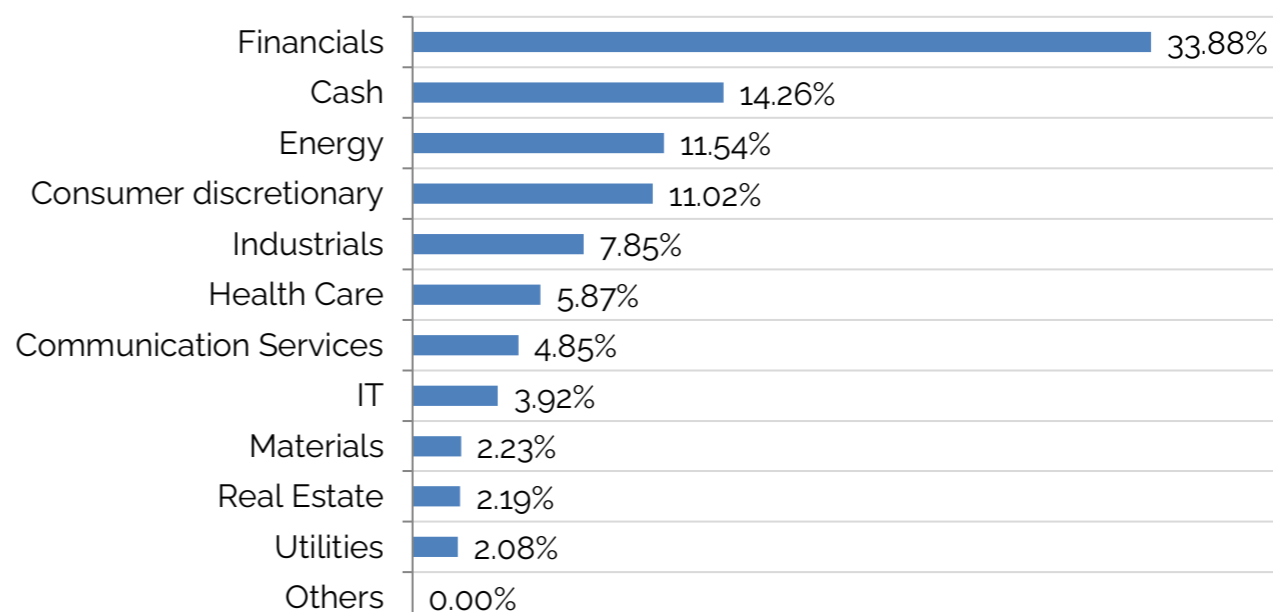
Year	Fund (%)	Benchmark (%)
2023	27.62%	20.55%
2022	-16.20%	-6.49%
2021	24.13%	11.71%
2020	-9.35%	-19.20%
2019	11.31%	6.91%
2018	-13.89%	-20.91%
2017	20.96%	22.39%
2016	7.76%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	2.24%
2013	3.47%	-16.81%
2012	17.55%	34.08%
2011	-23.26%	-29.75%
2010	21.98%	16.29%
2009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

### Portfolio Breakdown

#### Market Breakdown



#### Sector Breakdown



### 5 Largest Holdings

ERSTE GROUP BANK AG, Austria, Financials	BANK PEKAO SA / PZU, Poland, Financials	LPP SA, Poland, Consumer discretionary	ORLEN, Poland, Energy	KOMERCNI BANKA, Czech Republic, Financials
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