

ADVANCE EMERGING EUROPE OPPORTUNITIES

Investment Objective

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



31 December 2019

Fund Manager's Comment

December proved to be another good risk-on month for global equities. MSCI World advanced by 1.1% (in EUR terms), buoyed by a de-escalation of trade tensions between US and China. Fed's decision to leave interest rates unchanged and the expectations to keep them steady in 2020 also gave investors confidence that the US economy remains solid. This resulted in new highs for the US stock market, with MSCI North America finishing the year +31.2% higher. Amid the pick-up in risk sentiment and a weaker US dollar, MSCI Emerging markets (+17.5% YTD) added 5.3% in Dec, but still lagged behind the developed markets for the full year. Up by 6.9% in 2019, the performance of the CEE region, as measured by MSCI EFM Europe + CIS ex RU, remained subdued mainly due to the weaker Polish market.

Polish index WIG20 (-5.4% YTD), which completely missed the global stock rally in 2019, lost another 0.4% in Dec as local factors continued to weigh on its performance. Changes in the management boards of some state-owned companies and PKN Orlen's surprising bid for the state-controlled utility Energa, ignited investors' fears regarding minority shareholders interests. This led to a sell-off in the shares of state-owned companies at the start of December. Driven by the positive developments abroad, however, most losses were recouped. Our Polish positions outperformed the index, with shares of the video game developed CD Projekt (CDR) (+6.5% MoM) and Livechat Software (LVCP) (+9.5% MoM) contributing the most to the fund's performance. Meanwhile, Polish zloty appreciated by 1.4% vs. the euro.

In the Czech Republic, banking stocks recorded solid appreciation and pushed the PX index 3.2% higher. Moneta Money Bank (MONET) shares rose 10.4% on news that the lender is in talks to acquire the Czech assets of Wuestenrot & Wuertembergische AG. Czech koruna appreciated vs. the euro by 0.5%.

Rising by 5.4% in December, Hungarian BUX index became the best-performing market within our portfolio in 2019 (+17.7%). Baltic indices had mixed performance in December.

In 2019 the fund gained 11.3%, besting its benchmark by 440 bps, and continues to strongly outperform over the long run.

In December, Karoll Capital's investment team attended the annual WOOD's Winter Wonderland EME conference in Prague - the largest Emerging and Frontier Europe event with over 200 companies and investors participating. There we met with representatives of many of the companies we cover.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 10.83 M
NAV/share	EUR 1.0056
Launch date	23.11.2007
Currency of account	Euro
Subscription fee	up to 150%
Management fee	1.5 % NAV p.a.
Redemption fee	none
Minimum investment	none
Benchmark	MSCI EFM Europe + CIS ex RU

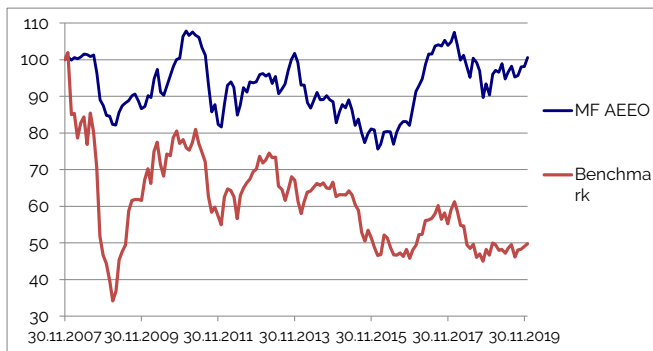
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	2.46%	1.77%
1 year	11.31%	6.91%
Year to Date	11.31%	6.91%
Since Launch (annualized)	0.05%	-5.59%

Fund Performance

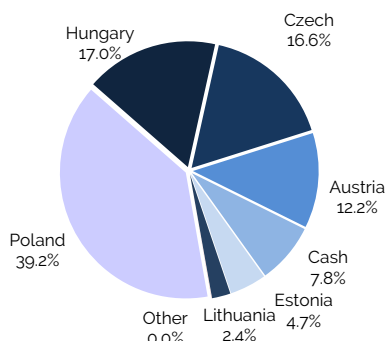


Annual Performance

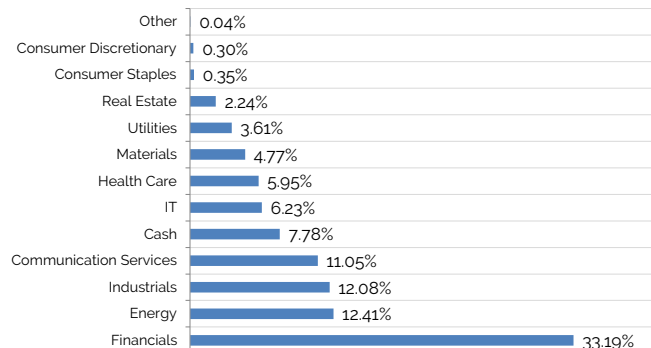
	Fund	Benchmark
2019	11.31%	6.91%
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CD PROJEKT SA (Poland), Communication Services	WIZZ AIR HOLDINGS PLC (Great Britain), Industrials	MOL HUNGARIAN OIL AND GAS PL (Hungary), Energy	MONETA MONEY BANK (Czech), Financials	KOMERCNI BANKA (Czech), Financials
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