

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.



30 September 2019

Fund Manager's Comment

Following a softer performance in August, global equity markets rebounded in September as trade tensions cooled a bit. Meanwhile, the Fed cut rates by additional 25bps and met market expectations. The CEE region ranked among the top performers globally, with MSCI EFM Europe + CIS ex. Russia index climbing 4.24%.

Despite gaining 1.8% in Sept, the Polish equity index WIG20 lagged behind, as the looming crisis with the FX mortgages upset investors. Ahead of a European Court of Justice ruling on the treatment of abusive clauses in such loans, September saw increased volatility, especially banks. Against this backdrop, WIG-banks index, still managed to recoup a small part of previous month's losses, adding 1.8%. The cost of a negative decision could amount to 60bn zloty, which in our view seems highly unlikely to happen. If this risk does materialize, though, the potential damage for the sector would equal - 4x the bank industry's annual profit. If the event of a positive ruling, however, we believe not only banks, but also the broader market would rise. Despite the FX-mortgages issue the zloty appreciated by 0.2% vs. the euro in September.

Czech PX index recorded a minor 0.4% gain in September. Our positions in the fund showed mixed performance, as we benefited from the appreciation of Avast (AVST), but at the same time, our overweight positions in the banking stocks led to a small underperformance compared to the benchmark index.

Hungarian equity index - BUX - slightly outperformed the two main indices in Central Europe, adding 2.0%. The index gains were led by OTP Bank, whose shares jumped by 6.5% in September. The positive contribution from our investments in OTP offset the negative impact from the 2.0% decline of oil & gas company MOL (MOLB). Hence we managed to best the BUX index by a small margin. The risk-off sentiment globally, as well as the dovish policy of the Hungarian central bank continued to weigh on the forint, which reached new record-low levels vs. the euro, depreciating by some 2.0%.

Among Baltic equity indices, Lithuania and Latvia recorded minor gains: +0.3% and +0.6%, respectively; while Estonian OMX Tallinn fell by 0.9%.

Because of the strong performance of Turkey, which is not part of our strategy, the benchmark rose higher than the fund in September. YTD and over the longer term the fund continues to strongly outperform.

Fund Facts

Fund type	open-end
Fund Manager	Emil Yanchev, Konstantin Prodanov
Fund size	EUR 4.22 M
NAV/share	EUR 0.9572
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

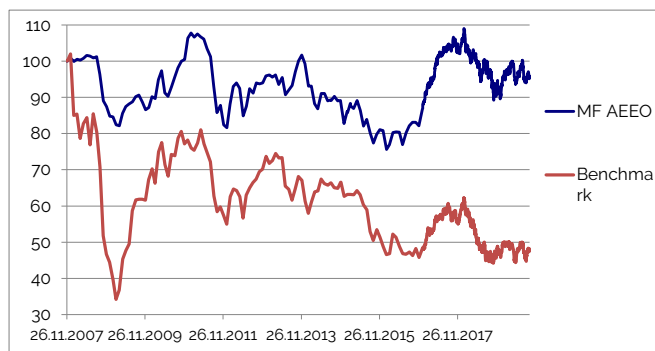
Fund Identifiers

ISIN	BG9000023077
Bloomberg Code	ADVIPOF.BU
Reuters Lipper	68417298

Fund Results

	Fund	Benchmark
1 month	0.45%	4.24%
1 year	-1.35%	2.16%
Year to Date	6.20%	3.10%
Since Launch (annualized)	-0.37%	-5.99%

Fund Performance

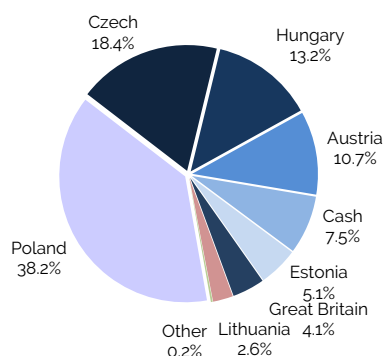


Annual Performance

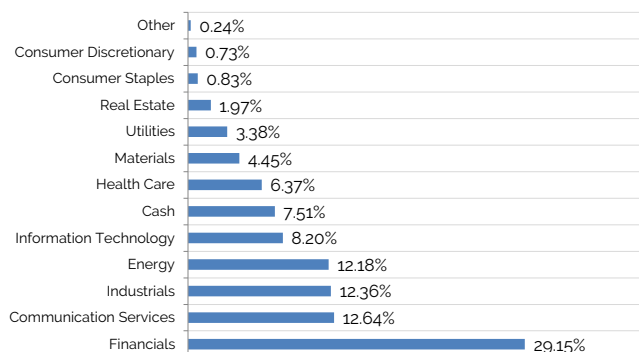
Year	Fund	Benchmark
2018	-14.09%	-20.91%
2017	20.96%	22.39%
2016	7.26%	-1.29%
2015	-2.27%	-22.13%
2014	-16.68%	-22.13%
2013	3.47%	2.24%
2012	17.55%	-16.81%
2011	-23.26%	34.08%
2010	21.98%	-29.75%
2009	2.85%	16.29%
2008	-15.88%	51.49%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest Holdings

CD PROJEKT SA (Poland), Communication Services	AVAST PLC ORD (Czech), Information Technology	OTP BANK (Hungary), Financials	WIZZ AIR HOLDINGS PLC (Great Britain), Industrials	MOL HUNGARIAN OIL AND GAS PL (Hungary), Energy
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