



FUND OBJECTIVE

Advance European Infrastructure is an actively managed, sector-focused open-end mutual fund, created and managed by Karoll Capital Management. The fund aims for long-term capital appreciation through strategic investments in shares of European publicly traded companies that own, manage and derive income from infrastructure assets across Europe. The fund invests in infrastructure sectors such as transport, energy, construction, utilities, digital and social infrastructure, and defense. The fund also invests in shares of companies with business in Central and Eastern Europe, based on the long-term expertise of our team in this region. The investment horizon is long-term, while maintaining strict discipline to effectively manage concentration and liquidity risks.

FUND MANAGER'S COMMENT

March was marked by elevated volatility across financial markets, with global equities (MSCI ACWI) declining by 5.1% in euro terms. The escalation of the conflict in the Middle East, including an effective blockade of the Strait of Hormuz, disrupted key global energy and commodity flows, amplifying stagflation risks. Europe was disproportionately affected due to its higher dependence on energy imports.

The broad European Stoxx 600 index fell by 8.0%, with broad-based declines across sectors due to supply chain disruptions and inflation fears. Industrials led the downturn (-11.9%), reflecting their cyclical exposure, while performance diverged within the sector. Companies exposed to civilian end-markets were more heavily impacted than defense-related names. Among major defense contractors, BAE Systems (+4.2%) and Leonardo (+2.2%) outperformed on their exposure to air systems and US military spending. In contrast, electrification-linked names like Schneider Electric (-17.2%) and construction companies and building materials producers (-12.3%) came under significant pressure, despite disciplined energy hedging. The sell-off created selective opportunities in companies exposed to Europe's long-term infrastructure modernization theme, e.g. Saint-Gobain, Kingspan and Heidelberg Materials, Vinci and Eiffage.

Defensive sectors proved more resilient, with telecoms (-3.6%) and utilities (-3.3%) outperforming the broader market, as the HALO (Heavy Assets, Low Obsolescence) trade continued. The correction, particularly in utilities, created opportunities to gain exposure to a sector that remains a key beneficiary of rising long-term electricity demand in Europe. Renewable energy producers also performed relatively better due to their fixed cost structures.

Despite ongoing concerns around AI, the theme of Europe's digital autonomy continues to support investment in cybersecurity and cloud infrastructure. Companies such as Deutsche Telekom (-4.8%), Thales (-0.1%) and Capgemini (-6.0%) remain well positioned to benefit from increased digitalization and cybersafety. The energy crisis further reinforces the need for smart energy management solutions, highlighting the potential of Bulgaria-based IoT company Shelly (-13.7%).

Overall, the Middle East conflict temporarily reversed the positive investment sentiment toward European equities, favored among DM prior to the war. A sharp sell-off was observed even in defense contractors, which are direct beneficiaries of the escalation. We view shifting geopolitical dynamics, including WH's signals regarding future US role in NATO, as accelerating Europe's push toward greater energy, defense, and technological independence—reinforcing the long-term "autonomous Europe" investment thesis. Therefore, we were active buyers of core strategy positions during the multiple episodes of broad market volatility last month.

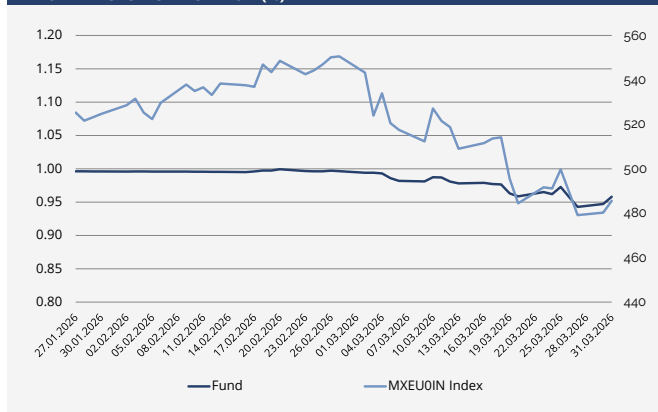
FUND FACTS

Fund Type	open-end
Fund Manager	Georgi Raykov
Fund Size	EUR 20.2 M
NAV per Share	EUR 0.958
Fund Launch Date	27.01.2026
Benchmark	MXEU0IN Index
Currency	EUR
Subscription Fee	up to 0.90%
Management Fee	1.5% NAV p.a.
Redemption Fee	none
Minimum Investment	none

FUND IDENTIFIERS

ISIN	BG9000005256
Bloomberg Code	ADVERIE BU

PERFORMANCE SINCE INCEPTION (%)*



Past performance is not a guarantee of future results.

*The calculation is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus.

The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

TOP 5 HOLDINGS

Holding name	Sector	Country
Schneider Electric S.A.	Industrials	France
VINCI SA	Industrials	France
THALES SA	Industrials	France
EIFFAGE	Industrials	France
RHEINMETALL AG	Industrials	Germany

COUNTRY ALLOCATION

France	28.73%
Cash	28.56%
Germany	12.58%
Greece	7.11%
Italy	5.45%
UK	3.71%
Bulgaria	3.56%
Spain	2.71%
Ireland	1.96%
Czech Republic	1.67%
Austria	1.66%
Portugal	1.59%
Romania	0.70%

SECTOR ALLOCATION

Industrials	53.32%
Cash	28.56%
Utilities	7.48%
IT	4.14%
Materials	3.53%
Energy	2.96%

THEMATIC STRUCTURE

Cash	28.56%
Defense	22.76%
Energy	19.87%
Construction & Concessions	17.37%
Digitalization	6.68%
Transportation	4.75%

Disclaimer: This is a marketing message. Please review the prospectus and key information document of the relevant fund before making an investment decision. The information is valid at the date of issue of the marketing material and may change in the future. The information provided does not constitute investment advice, advice, investment research or investment recommendation and should not be construed as such. The value of the Fund's units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investment in full. Investments in funds are not guaranteed by a guarantee fund created by the state or by any other type of guarantee. Previous results of the activity have no connection with the future results of an investment company. Future results are subject to taxation depending on the personal circumstances of each investor and may change in future periods. The documents are available in Bulgarian on the website www.karollcapital.bg, and upon request they can be obtained free of charge in paper form at the office of the Management Company. The fund is actively managed and does not follow an index.

A summary of shareholder rights is available at https://karollcapital.bg/uploads/2023/Prava_na_pritejatelitel.pdf

For further information visit: <https://karollcapital.bg/en/funds/6-advance-european-infrastructure>