

ADVANCE INVEST

Investment Objective

To seek long term capital appreciation through investments in stocks listed on the Bulgarian & Romanian markets. The fund is actively managed through bottom-up selection of undervalued stocks with high growth potential as determined by fundamental measures.



31 January 2020

Fund Manager's Comment

Against the background of uncertainty in the global markets, Bulgaria and Romania remained virtually unaffected. Expectations for economic growth figures, forward earnings and upcoming dividend payments remained the main drivers of share prices in the Balkans.

The BSE-Sofia blue-chip index rose by 1.4% to 576 points in January. The increase of the market index was led by the gains of Doverie United Holding (+40.9%), Advance Terrafund REIT (+6.0%) and Real Estate Fund Bulgaria REIT (+5.1%). The rise in the shares of Doverie United Holding was related to the financial results of the recently acquired bank in Moldova. The REITs were positively influenced by the announced annual results, which in turn will be the basis for the distribution of dividend payments over the coming months. A total of 7 of the SOFIX components ended with decreases, while the shares of Eurohold Bulgaria (-13.6%) and First Investment Bank (-9.0%) registered the sharpest declines. A worrying fact about the prospects of the BSE-Sofia market was the postponement of the long-awaited secondary offering of shares of Telelink Business Services Group, which was to start on January 27.

The Bucharest Stock Exchange BET index ended the first month of 2020 with a slight increase of 0.5%. Within the month, we saw strong growth of the shares of regional fund (SIFs), which achieved a monthly return of 8%. The reason for the appreciation was the final decision to lift the administrative threshold for limiting shareholding up to 5%, which limited the interest of many investors. The 5% threshold removal will enter into force in July this year and is expected to improve stock liquidity, which will also lead to new shareholders. On the other hand, the energy shares, such as Petrom, Romgaz, and Transgaz saw the steepest declines. The downturn was driven by the collapse in the price of oil, affecting the profitability of Petrom and Romgaz, and the termination of Transgaz's contract with Gazprom reduced its expected profit for 2020 by 65%, leading to a rapid decline in Transgaz's price.

In January, Advance Invest's value slightly decreased by 0.3%, while its benchmark recorded a significant decline of 2.9%. The fund's return for the last year is 10.4%, whereas the benchmark index reported a negative change of 3.1%. The fund continues to solidly outperform over longer historical periods.

Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 8.36 M
NAV/share	BGN 1.3259
Launch date	10/05/2004
Benchmark	MSCI EFM Europe + CIS ex RU
Currency of account	BGN (1EUR = BGN 1.95583)
Subscription fee	up to 1.50%
Management fee	2.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

Fund Identifiers

ISIN	BG9000014134
Reuters Lipper	68417296
Код в Bloomberg	ADVIMFD BU

Fund Results

	Fund	Benchmark
1 month	-0.29%	-2.90%
1 year	10.36%	-3.12%
Year to Date	-0.29%	-2.90%
Since Launch (annualized)	1.81%	1.66%

Fund performance vs Benchmark

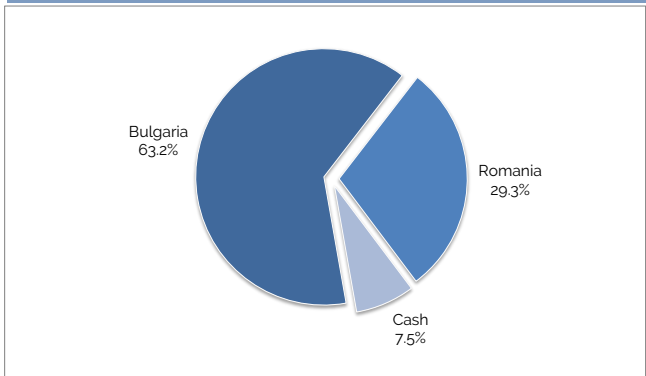


Annual Performance

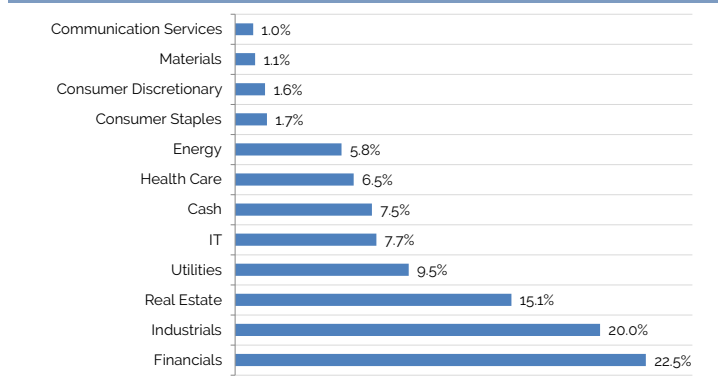
Year	Fund	Benchmark
2019	7.62%	6.91%
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%
2004	38.00%	-17.05%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest holdings

ЧЕЗ Разпределение България АД (Bulgaria), Utilities	ХИМИМПОРТ АД (Bulgaria), Industrials	АКТИВ ПРОПЪРТИС АД СИЦ (Bulgaria), Real Estate	СОФАРМА АД (Bulgaria), Health Care	ФОНД ЗА НЕДВИЖИМИ ИМОТИ БЪЛГАРИЯ АДСИЦ (Bulgaria), Real Estate
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