

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 July 2020

Fund Manager's Comment

The month of July brought a new series of market downturns in Central and Eastern Europe, reflecting the ongoing pandemic-related crisis. The economies in the CEE region, like those in Europe, contracted by record levels, while the economic activity is recovering timidly against the background of gradual re-opening and second wave fears.

The pessimism of the market participants on BSE-Sofia didn't change even after the Bulgaria's admission into the euro-zone's currency mechanism and the banking union. The news came amid a series of political scandals and daily protests demanding the resignation of Prime Minister Boyko Borissov's government as well as the Chief Prosecutor. The Bulgarian stock market index (SOFIX) registered a decline of 3.7%, ending the month at 436.45 points. The decrease was led by the share prices of Sopharma (-6.33%), First Investment Bank (-13.95%) and Albena (-12.00%).

The Romanian blue-chips price index BET reached 8377.89 at the end of July, down 3.3% for the month. The blue-chips total return index (BET-TR) decreased by 2.7%. The biggest contributors were the shares of Banca Transilvania SA (-4.99%), OMV Petrom SA (-4.32%) and Romgaz (-6.07%). The winning stocks that supported the performance of the indices were TeraPlast (+ 39.3%), Transelectrica (+ 6.90%), Nuclearelectrica (+ 6.15%) and Med Life (+ 7.31%).

Positive attitudes were generated by the meeting of EU leaders and the decision that the long-term EU budget envisages in the period 2021-2027 for Romania to receive 80 billion euros and Bulgaria - 29 billion euros for economic recovery and infrastructure development. Romanian President Klaus Johannes said the funds would be used to build hospitals and schools and modernize public systems. The Bulgarian Prime Minister announced that the EU grant will aim to stimulate economic growth, competitiveness and jobs.

In July the value of the fund's units decreased by 2.2%. At the same time, MSCI EFM Europe + CIS ex RU lost 4.1%. The fund maintained its strong outperformance against the benchmark both YTD and in the long run.

Fund Facts

| | |
|---------------------|-----------------------------|
| Fund type | open-end |
| Fund Manager | Tihomir Kaundzhiev |
| Fund size | BGN 7.01 M |
| NAV/share | BGN 1,1245 |
| Launch date | 10/05/2004 |
| Benchmark | MSCI EFM Europe + CIS ex RU |
| Currency of account | BGN (1EUR = BGN 1.95583) |
| Subscription fee | up to 150% |
| 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 | -2.17% | -4.05% |
| 1 year | -11.40% | -26.57% |
| Year to Date | -15.43% | -27.05% |
| Since Launch (annualized) | 0.73% | -0.17% |

Fund performance vs Benchmark

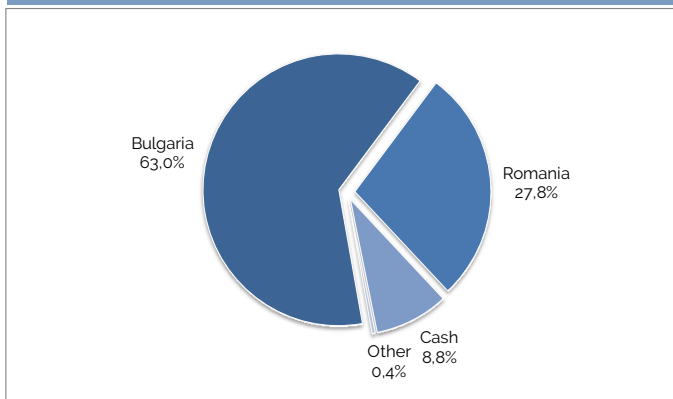


Annual Performance

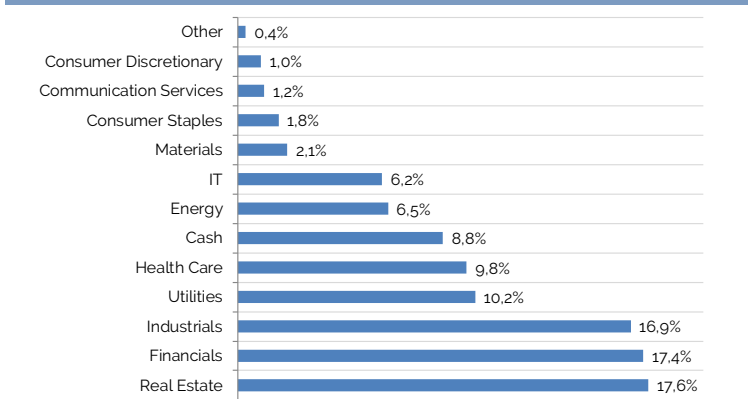
| Year | Fund | Benchmark |
|------|---------|-----------|
| 2019 | 7.62% | 6.91% |
| 2018 | -8.79% | -20.91% |
| 2017 | 21.56% | 22.39% |
| 2016 | 10.02% | -1.29% |
| 2015 | -6.26% | -22.13% |
| 2014 | 5.61% | 2.24% |
| 2013 | 18.95% | -16.81% |
| 2012 | -5.02% | 34.08% |
| 2011 | -17.02% | -29.75% |
| 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

| | | | | |
|------------------------------|---|-------------------------------------|--|---|
| CEZ AD (Bulgaria), Utilities | ACTIVE PROPERTIES (Bulgaria), Real Estate | SOPHARMA AD (Bulgaria), Health Care | Advance Terrafund REIT (Bulgaria), Real Estate | ELEVEN CAPITAL (Bulgaria), Information technology |
|------------------------------|---|-------------------------------------|--|---|