

# 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.



30 June 2020

### Fund Manager's Comment

In June, stock exchange trading in Romania and Bulgaria remained on the sidelines of the significant recovery trend in the emerging markets.

The Romanian market extended its recovery, but at the end of the month the price-weighted benchmark BET fell 0.5% to 8659.55 points. The BET-TR index, which reflects the evolution of BET index dividend yields, recorded a modest gain of 1.4%, based on the dividend payments during the month. Within the second quarter the main stock exchange index rose by 13.6%. A manifestation of political risk has made market investors more cautious after the Chamber of Deputies passed a law initiated by the PSD that bans the sale of shares in state-owned companies for a period of two years. The next step is for the law to be passed by the president or returned for revision. In the event of the adoption of this law, the government's intentions to sell shares of the capital of the state-owned company Hidroelectrica, for which a procedure for listing on the Bucharest Stock Exchange has been being prepared for the last six months, will once again be thwarted. Alro (+ 7.68% MoM), Fondul (+ 7.2% MoM), MedLife (+ 6.1% MoM), Romgaz (+ 4.6% MoM) and Banca Transilvania (+4.4% MoM) were the top gainers in June.

The Bulgarian capital market continues to lag significantly behind the general recovery trend with a slow growth rate compared to regional indices. SOFIX added merely 0.1% to the level of 453.26 points, and the broader benchmark index BGTR30 rose by 0.2% to 466.98 points. After the collapse in March, in the second quarter, the blue-chips SOFIX index recovered by 8.1% compared to Q1-end. Market participants remain cautious, after the political situation in the country increases the level of uncertainty. The data of the national statistics show that the recovery of the business climate in the country is slow, and the companies from the services sector are the most affected by the health restrictions. An improvement is observed in the condition of companies in industry, construction and retail trade. Among the best performing shares traded on the BSE in June were "M+S Hydraulic" (+11.1% MoM), "Sopharma" (+9.8% MoM) and "Gradus" (+2.9% MoM).

In June the value of the fund's units decreased by 1.1%. At the same time, MSCI EFM Europe + CIS ex RU increased by 2.2%. The fund maintained its outperformance against the benchmark both YTD and in the long run.

### Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 7.17 M
NAV/share	BGN 1.1495
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	-0.62%	2.16%
1 year	-8.27%	-22.01%
Year to Date	-13.55%	-23.97%
Since Launch (annualized)	0.87%	0.09%

### Fund performance vs Benchmark

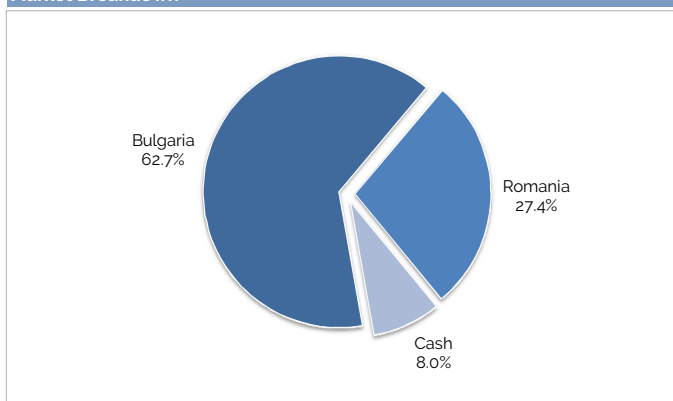


### Annual Performance

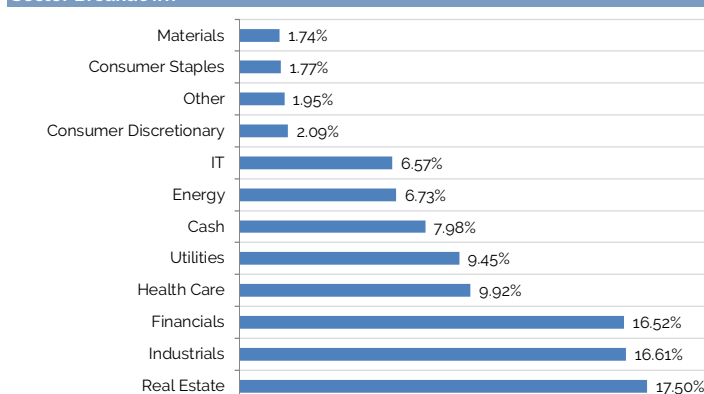
Year	Fund	Benchmark
2019	7.62%	6.91%
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%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