

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 September 2020

Fund Manager's Comment

Stock market activity in Sofia and Bucharest in September was affected by a number of events including stock exchange indices restructuring, as well as the entry of the Romanian market into the emerging markets indices of the global index provider FTSE Russell. On September 21 the Romanian capital market officially entered the "secondary emerging market" category and three companies from the Bucharest market were included in FTSE Russell's emerging market indices. Banca Transilvania (TLV), Nuclearelectrica (SNN) are the first two Romanian companies to be included in the FTSE Global All Cap Index, while TeraPlast (TRP) will be the first Romanian company to be included in the FTSE Micro-Cap Global Index. The shares of TeraPlast (TRP) gained 11.96% in September following the news about the inclusion of the building materials manufacturer's stocks in a FTSE index.

At the end of the month, local elections were held in Romania as these had been postponed since June due to the Covid-19 pandemic. Romania's right-wing candidate Nikusor Dan won the mayoral election in Bucharest. The results of the local elections were a test for political sentiments ahead of the December 6 parliamentary elections.

In September the BET-TR index, reflecting the total euro-denominated return on the Bucharest Stock Exchange, fell 0.5%. The news about Romanian parliament's decision to revise the budget, with 40% increase in pensions envisaged, resulted in uncertainty among market participants. This decision, in turn, poses a risk to the country's macro framework, and according to estimates by the National Bank of Romania, a 40% increase in pensions will lead to a budget deficit above 11% of GDP in 2021. This excessive deficit puts at risk the country's long-term investment grade credit rating, which has now been placed "under review" by leading credit agencies.

The major Bulgarian index SOFIX registered a monthly decline of 1.5% ending the month at 427.55 points. For the last year the leading stock index has lost almost a quarter of its value. The monthly performance of shares included in the index was dominated by its rebalancing. The new additions to SOFIX are "Eurohold Bulgaria", "Trace Group Hold" and "Sirma Group Holding", as they replace "Industrial Holding Bulgaria", "M+S Hydraulic" and "Albena". During the month we increased our exposure to the Romanian market, which reduced the cash level to 10.2%. The stocks that contribute to the strong performance of the fund were Eleven Capital (11C), SIF Transilvania (SIF3) and TeraPlast (TRP).

In September the value of the fund's units gained 0.2%. At the same time, MSCI EFM Europe + CIS ex RU fell by 5.4%. The fund has maintained its strong outperformance against the benchmark both from the beginning of the year and in the long run.

Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 7.37 M
NAV/share	BGN 1,1874
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	0.22%	-5.41%
1 year	-8.37%	-28.67%
Year to Date	-10.70%	-31.22%
Since Launch (annualized)	1.05%	-0.53%

Fund performance vs Benchmark

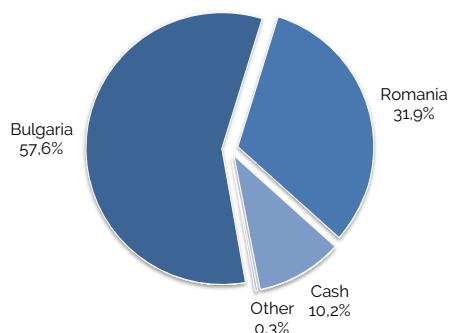


Annual Performance

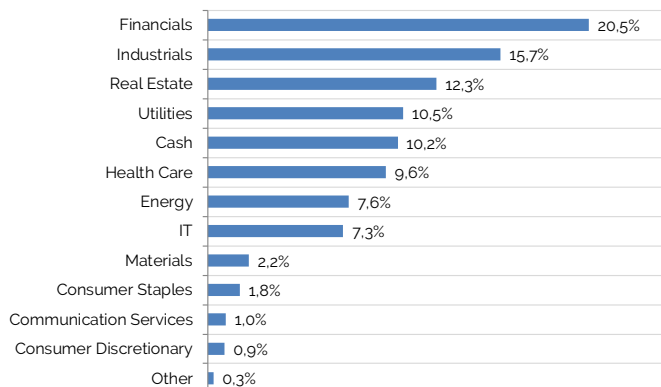
Year	Fund	Benchmark
2019	7.62%	6.91%
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%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

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest holdings

CEZ AD (Bulgaria), Utilities

ELEVEN CAPITAL (Bulgaria), Information technology

SOPHARMA AD (Bulgaria), Health Care

FONDUL PROPRIETATEA SA (Romania), Financials

Advance Terrafund REIT (Bulgaria), Real Estate