

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.



28 February 2019

Fund Manager's Comment

The past month brought some tranquillity to the markets in Bulgaria and Romania, and the moods changed from neutral to optimistic. The improvement in market sentiment was aided by the corporate season as companies announced their 2018 preliminary results. Positive surprises were mostly related to companies' higher-than-expected revenues, and not so much the net profits.

After the 5.9% drop in January, the Bucharest Stock Exchange ranked among the most profitable last month in Central and Eastern Europe. The main benchmark (BET) gained 10.5% in February, reaching 11322 points at the end of the month. Although in February nothing related to the new taxes introduced by the government regulation was clarified, investors expect discussions between the government and the private sector to weaken the negative effects on companies. Government officials' statements that the tax on bank assets would be lower than initially announced have produced strong positivism. Of course, banking stocks benefitted the most - BRD - Groupe Societe Generale jumped 18.8%, and Banka Transilvania: +17.4%. We also witnessed a positive reaction across energy and telecom companies, whereby the government signaled a review of its initial revenue taxation plans. As a result, Nuclearelectrica (+17.2%) and Electrica (+10.3%) ranked among the leaders in the rally.

The main index of BSE-Sofia ended the month at a level of 585 points - close to its January levels. Shares of Central Cooperative Bank (+19.5%) and First Investment Bank (+9.4%) saw an increased demand. Chimimport (+8.6%) was also gained along with its subsidiaries. A negative impact on the sentiment came from the failed capital increase procedure of Sirma Group Holding (-5.5%). The expectations associated with upcoming restructuring of the SOFIX index impacted the trade too. Shares of Doverie United Holding (+58.6%) and Gradus (+5.5%) gained upon expected to be included in the index, and sporadic sales affected the shares of companies expectation for inclusion into the index in March, while Albena (-10.7%) and Trace Group Hold (-5.2%) lost based on the opposite.

In February, Advance Invest gained 3.43%, while its benchmark MSCI EFM Europe + CIS ex RU declined by 0.92%. The return of the fund for the past year as well as over the previous 5 years beats that of the benchmark.

Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 7.95 M
NAV/share	BGN 1.2426
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	3.43%	-0.92%
1 year	-10.66%	-15.54%
Year to Date	0.65%	6.18%
Since Launch (annualized)	1.48%	1.91%

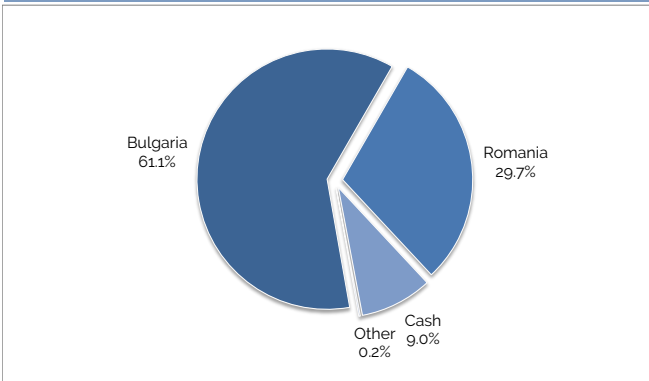
Fund performance vs Benchmark



Annual Performance

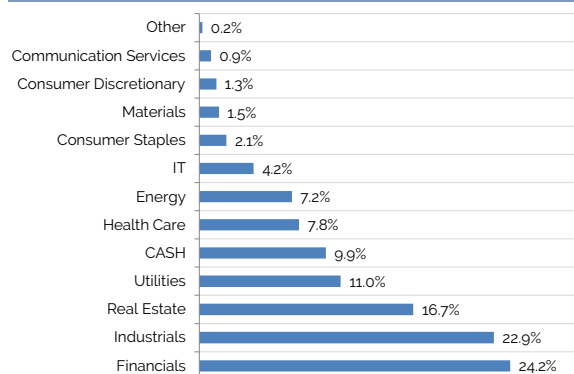
Year	Fund	Benchmark
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%
2004	38.00%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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest holdings

CHIMIMPORT AD (Bulgaria), Industrials	CEZ AD (Bulgaria), Utilities	SOPHARMA AD (Bulgaria), Health Care	MONBAT AD (Bulgaria), Industrials	ACTIV PROPERTIES (Bulgaria), Real Estate
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