



FUND OBJECTIVE

Advance European Infrastructure is an actively managed, sector-focused open-end mutual fund, created and managed by Karoll Capital Management. The fund aims for long-term capital appreciation through strategic investments in shares of European publicly traded companies that own, manage and derive income from infrastructure assets across Europe. The fund invests in infrastructure sectors such as transport, energy, construction, utilities, digital and social infrastructure, and defense. The fund also invests in shares of companies with business in Central and Eastern Europe, based on the long-term expertise of our team in this region. The investment horizon is long-term, while maintaining strict discipline to effectively manage concentration and liquidity risks.

FUND MANAGER'S COMMENT

August was a positive month for financial markets, with global equities, as represented by the MSCI ACWI Index, gaining 1.6% in euro terms. On a regional basis, emerging markets rebounded more strongly than developed markets from July's declines (+2.2% for MSCI EM versus +1.5% for MSCI World). The broad European STOXX 600 Index rose 0.3%, supported by resilient corporate earnings.

On the macro front in the eurozone August was marked by an acceleration in inflation to 3.3%, driven primarily by higher energy prices, which reinforced expectations for further ECB policy tightening. At the same time, the manufacturing PMI showed a strong increase to 51.9 points, supported by a solid recovery in the manufacturing sector. As a result, there was a classic rotation from defensive into cyclical sectors. The industrials sector advanced more moderately, up 0.9%, though performance beneath the surface was mixed. Investor interest turned toward European steel producers, as they stand to benefit not only from higher defense spending but also from protectionist measures such as the CBAM that entered into force at the start of the year. Consequently, German steelmaker ThyssenKrupp gained 19.9%. Its strong performance was further underpinned by its majority stake in TKMS (+7.3%), the well-performing naval platform manufacturer, which also ranks among the fund's leading positions within the European defense industry. Shareholders of German diesel-engine manufacturer Deutz approved the acquisition of FFG, a leader in MRO of tanks and other armored platforms, driving its shares up more than 30%. Conversely, some larger defense contractors, such as Leonardo and Dassault Aviation, ended the month down 6.2% and 4.8%, respectively, following a strong rally into mid-August. Meanwhile, the Czech defense prime CSG caught up with its underperformance relative to the defense index, with its shares appreciating 9.8% in August.

Political and fiscal uncertainty in France remained an additional risk factor for European bond markets. Higher yields were a drag for equities in the real estate (-4.4%) and utilities (-2.1%) sectors, as well as construction and concession stocks, especially French names. The Telecom sector, however, performed steadily, supported by the AI-related investment theme. German Deutsche Telekom was again among the top performers, up 6.1%, although its shares remain significantly undervalued on a relative basis given its growth potential in the US and Europe. Industrial stocks focused on power generation and electrification remained highly volatile due to their exposure to the global AI data center infrastructure theme, with major names such as Siemens Energy and Nordex down by 3.6% and 1.8%, respectively, and Prysmian flat over the month.

Units of Advance European Infrastructure gained 1.5% in August, compared with a 0.1% rise in the fund's benchmark. The most positive contribution to fund performance during the month came from positions in the Industrials and Telecommunication Services sectors, while positions in the Utilities sector had the most significant negative impact. In August, we continued to add companies along the defense industry supply chain, as we see long-term potential given their strongly competitive positioning. A case in point is Deutz, in which we have been building a position since the fund's inception and which is becoming an increasingly important name within the European defense supply chain.

THEMATIC STRUCTURE

Cash	33.51%
Defense	23.12%
Energy	19.71%
Construction & Concessions	13.86%
Digitalization	7.18%
Transportation	2.56%
Other	0.06%

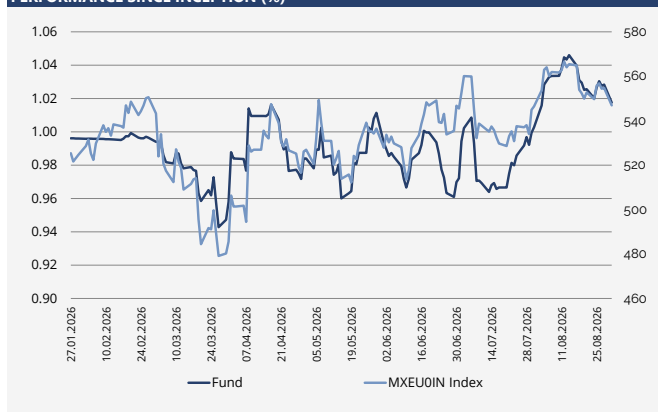
FUND FACTS

Fund Type	open-end
Fund Manager	Georgi Raykov
Fund Size	EUR 38.72 M
NAV per Share	EUR 1.0175
Fund Launch Date	27.01.2026
Benchmark	MXEU0IN Index
Currency	EUR
Subscription Fee	up to 0.90%
Management Fee	1.5% NAV p.a.
Redemption Fee	none
Minimum Investment	none

FUND IDENTIFIERS

ISIN	BG9000005256
Bloomberg Code	ADVERIE BU

PERFORMANCE SINCE INCEPTION (%)*



Past performance is not a guarantee of future results.

*The calculation is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus.

The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

TOP 5 HOLDINGS

Holding name	Sector	Country
SHELLY GROUP AD	IT	Bulgaria
THALES SA	Industrials	France
VINCI SA	Industrials	France
LEONARDO SPA	Industrials	Italy
EIFFAGE	Industrials	France

COUNTRY ALLOCATION

Cash	33.51%
France	21.19%
Germany	15.92%
Greece	5.86%
Italy	4.37%
Austria	3.63%
Bulgaria	3.60%
UK	3.27%
Spain	2.92%
Ireland	1.77%
Switzerland	1.44%
Czech Republic	1.12%
Portugal	0.86%
Romania	0.48%
Other	0.06%

SECTOR ALLOCATION

Industrials	47.28%
Cash	33.51%
Utilities	5.84%
IT	5.64%
Energy	3.79%
Materials	2.74%
Communication Services	1.13%
Other	0.06%

Disclaimer: This is a marketing message. Please review the prospectus and key information document of the relevant fund before making an investment decision. The information is valid at the date of issue of the marketing material and may change in the future. The information provided does not constitute investment advice, advice, investment research or investment recommendation and should not be construed as such. The value of the Fund's units and the income from them may decline, profit is not guaranteed and investors bear the risk of not recovering their investment in full. Investments in funds are not guaranteed by a guarantee fund created by the state or by any other type of guarantee. Previous results of the activity have no connection with the future results of an investment company. Future results are subject to taxation depending on the personal circumstances of each investor and may change in future periods. The documents are available in Bulgarian on the website www.karollcapital.bg, and upon request they can be obtained free of charge in paper form at the office of the Management Company. The fund is actively managed and does not follow an index.

A summary of shareholder rights is available at https://karollcapital.bg/uploads/2023/Prava_na_pritejatelite.pdf

For further information visit: <https://karollcapital.bg/en/funds/6-advance-european-infrastructure>