# Advance European Infrastructure

**MONTHLY FACTSHEET:** 30 September 2026

*This is marketing material

## 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

September was a mixed month for financial markets. Global equities, as represented by the MSCI ACWI Index, gained 1.3% in euro terms, with emerging markets once again outperforming developed markets (+1.9% for MSCI EM versus +1.2% for MSCI World). Against this backdrop, European equities lagged significantly – the broad STOXX 600 Index fell 2.4%, interrupting the positive momentum of the previous months.

The macroeconomic picture in September was marked by a renewed wave of inflation. The escalation in the Middle East and attacks on the region's oil infrastructure once again drove energy prices higher. As a result, eurozone flash inflation accelerated to 3.8% – its highest level in three years – with price pressures no longer confined to energy but spreading to services as well. The ECB responded with its second rate hike of the year and signaled that inflation will remain well above target for an extended period. This intensified the sell-off in bond markets, pushing German government bond yields to their highest levels since 2009. Despite resilient economic activity, higher financing costs weighed on the valuations of rate-sensitive and capital-intensive sectors such as real estate and construction & materials (-5.9%). The picture in construction remains two-sided – markets are already pricing in the future benefits of Germany's infrastructure programs, but current activity continues to contract, with the Construction PMI remaining deep below the 50-point mark. Investors sought protection in the energy sector, one of the few to post gains during the month.

The defense sector went through a sharp correction. Rising sovereign yields and renewed US efforts to mediate Russia-Ukraine peace talks once again raised questions about how much of the announced defense spending will translate into actual revenue for companies. Sentiment deteriorated further after Rheinmetall lowered its 2026 revenue guidance, with shares of Germany's largest defense contractor falling 14.3% and the pressure spilling over to its supply chain. Despite the correction, the company's order backlog remains close to record levels, which in our view shows that the sector's main risk is no longer demand, but the ability to execute contracts on time. Against this backdrop, smaller specialized suppliers such as Steyr Motors and Cicor Technologies ended the month in positive territory, supporting our thesis on the potential of second-tier supply chain companies.

In construction & materials, the combination of higher rates and energy costs weighed on cement and building materials producers such as Heidelberg Materials, whose shares approached their lowest levels of the past year. The exception was Austrian construction group Strabag (+10.7%). The electrification theme remained resilient, led by cable manufacturers such as Prysmian, while among utilities, integrated renewable energy producers EDP and RWE outperformed the sector. The decline in telecommunications also hit Deutsche Telekom, without changing its long-term investment case. The fund's best-performing position was Athens International Airport (+23.7%), while the largest decline was recorded by the German defense transmission manufacturer Renk (-19.8%). In our view, the company's long-term prospects remain positive, backed by recent developments in the sector—namely, Italy's initiation of a procurement procedure for new main battle tanks. This not only dispels doubts regarding the role of land platforms in the new military paradigm, but also directly benefits RENK as a supplier and supports the company's ambitions to expand its aftermarket business.

Units of Advance European Infrastructure outperformed the fund's benchmark by 0.9% in September. During the month, we added companies from the digitalization, construction and electrification themes. One example is Austrian crane and lifting equipment manufacturer Palfinger, which we see as a potential indirect beneficiary of Europe's infrastructure programs – as a supplier of cranes and lifting equipment to the construction and industrial companies that actually carry out the projects.

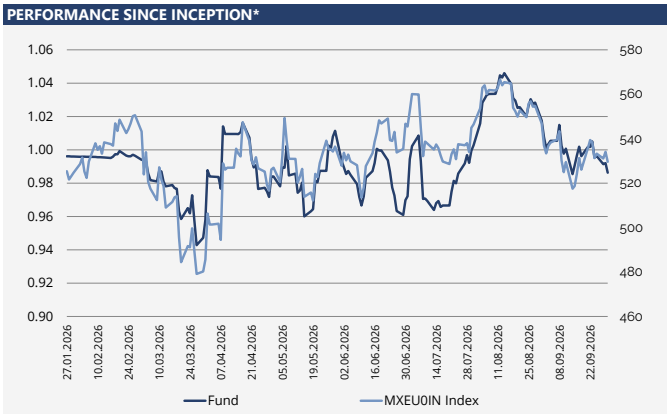
## FUND FACTS

| | |
|---|---|
| **Fund Type** | open-end |
| **Fund Manager** | Georgi Raykov |
| **Fund Size** | EUR 45.12 M |
| **NAV per Share** | EUR 0.9863 |
| **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 |
|---|---|---|
| THALES SA | Industrials | France |
| SIEMENS ENERGY AG | Industrials | Germany |
| LEONARDO SPA | Industrials | Italy |
| VINCI SA | Industrials | France |
| EIFFAGE | Industrials | France |

## COUNTRY ALLOCATION

| | |
|---|---|
| Cash | 25.15% |
| France | 22.57% |
| Germany | 18.57% |
| Italy | 6.33% |
| Greece | 5.91% |
| Austria | 4.42% |
| Bulgaria | 3.43% |
| Spain | 3.16% |
| UK | 2.91% |
| Switzerland | 2.08% |
| Ireland | 1.51% |
| Czech Republic | 1.51% |
| Portugal | 0.76% |
| Romania | 0.44% |
| Other | 0.03% |

## THEMATIC STRUCTURE

| | |
|---|---|
| Defense | 26.02% |
| Cash | 25.15% |
| Energy | 23.21% |
| Construction & Concessions | 15.47% |
| Digitalization | 7.85% |
| Transportation | 2.27% |
| Other | 0.03% |

## SECTOR ALLOCATION

| | |
|---|---|
| Industrials | 55.44% |
| Cash | 25.15% |
| IT | 5.82% |
| Utilities | 5.27% |
| Energy | 4.78% |
| Materials | 2.61% |
| Communication Services | 0.90% |
| Other | 0.03% |

**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