

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.



*This is marketing material

31 August 2024

Fund Manager's Comment

The stock indices of Bulgaria and Romania once again demonstrated resilience amid increased global markets volatility. SOFIX was only modestly down by 0.3%, while the Romanian BET declined by 2.6%. Trading activity on both exchanges was seasonally weak, with equity turnover on the Bulgarian Stock Exchange down by 31% MoM, and the average daily liquidity in Bucharest 13% lower than the previous month.

Among SOFIX constituents, BREF registered the highest growth, rising by 17.4% amid increased trading volumes following the release of its 1H2024 financial report. Rental income and profits for the first six months grew by 30% and 65% YoY, respectively. The REIT's management announced that further negotiations are underway to lease additional office space in "Synergy Tower," which currently has an occupancy rate of 59%. Expectations are that rental income will continue to grow in 2H2024. Strong performance was also recorded by the financial sector, with BSE (+7.9%), CCB (+3.7%), and FIB (+2.6%) all recording gains. The largest underperformers were the industrials MSH (-8.3%) and AGH (-7.2%), whose 1H2024 reports disappointed investors. M+S results suffered due to the slowdown in the European economy, while Agria was burdened by the rising interest costs associated with the holding's ambitious investment programme. Despite continued strong financial performance in 1H2024 (excluding FCF) and consistently high margins, SLYG was more sensitive to global volatility, declining by 6.9%. Smart Organic also made a positive impression during the earnings season, with its shares contending for inclusion in the SOFIX index during the upcoming September rebalancing.

Among the index-heavy sectors in Romania, energy (-0.7%) and financials (-1.3%) outperformed the broader market, while utilities lagged (-2.8%). Banks' financial reports for 2Q2024 confirmed the ongoing trend of double-digit growth in loan portfolios, with both publicly traded names outperforming the sector, with net loans up 13.4% YoY for TLV and 13.9% YoY for BRD.

The fund's NAV per share declined by 0.8%. Given the relatively high level of cash and considering the liquidity constraints and upside potential of the fund's two key markets, a tactical allocation to Greek equities (ca. 5%) was added last month. Sector-wise, real estate, health care and both consumer discretionary and staples had positive contribution to return in August. On the other hand, tech and utilities were the main drag.

Fund Facts

Fund type	open-end
Fund Manager	Georgi Georgiev
Fund size	BGN 18.53 M
NAV/share	BGN 2.3916
Launch date	10/05/2004
Benchmark	MSCI EFM Europe + CIS ex RU
Currency of account	BGN (1EUR = BGN 1.95583)
Subscription fee	up to 1.50%
Management fee	2.5 % NAV p.a.
Redemption fee	none
Minimum investment	none

Fund Identifiers

ISIN	BGg000014134
Reuters Lipper	68417296
Код в Bloomberg	ADVIMFD BU

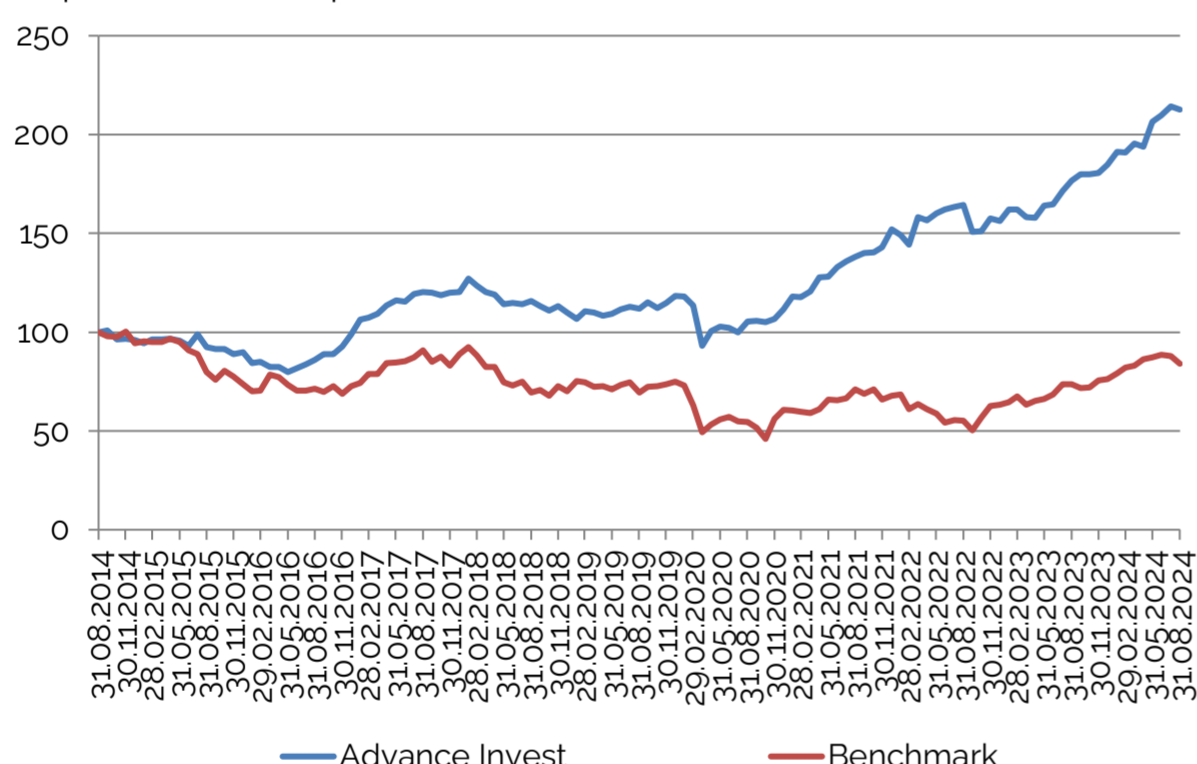
Past performance does not predict future returns.

Fund Results (31.08.2024)

	Fund	Benchmark
1 month	-0.76%	-4.26%
1 year	20.30%	14.38%
Year to Date	15.09%	10.17%
Since Launch (annualized)	4.48%	2.04%

Fund performance vs Benchmark

Past performance does not predict future returns.



Annual Performance

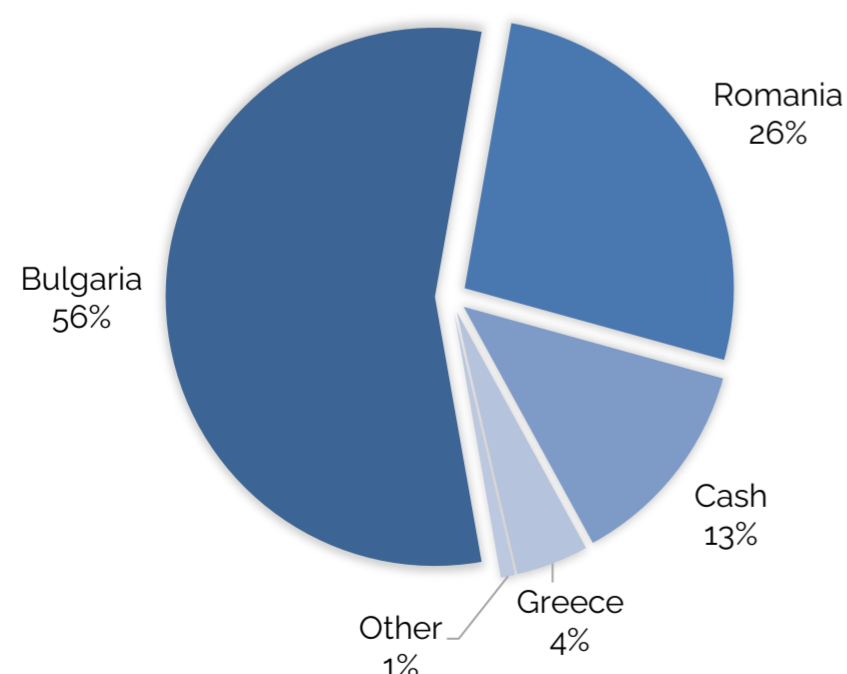
Year	Fund	Benchmark
2023	18.25%	20.55%
2022	2.84%	-6.49%
2021	36.06%	11.71%
2020	-5.56%	-19.20%
2019	7.62%	6.91%
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%

Source: The calculated yield is based on net asset value per unit and does not include issuance and redemption costs, according to the Fund's Rules and Prospectus. *Benchmark information is based on official data from www.msci.com

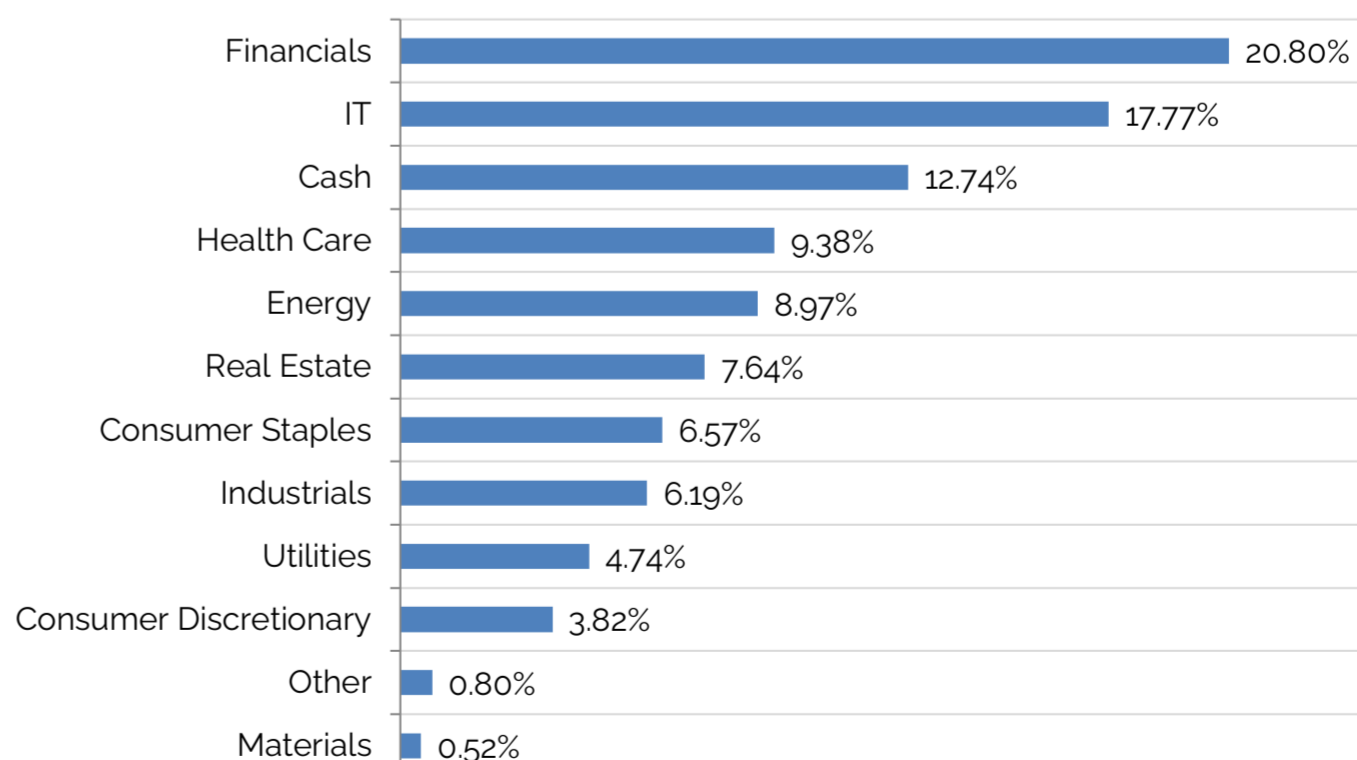
The risks of investing in shares of the contract fund are market, interest, liquidity, currency, operational, settlement risk, legislative, concentration risk, etc. More information about the risks can be found in the fund's prospectus.

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest holdings

Shelly Group, Bulgaria, IT	Sopharma, Bulgaria, Health Care	OMV PETROM, Romania, Energy	Sirma Group Ad, Bulgaria, IT	S.P.E.E.H. HIDROELECTRICA S.A., Romania, Utilities
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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