

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.



31 March 2020

Fund Manager's Comment

The pandemic situation that erupted in March shook the global financial markets and hit all major asset classes. Sudden restrictions and quarantine measures have caused serious problems for the functioning of the real economy on a global scale, with world stock market indices reporting their weakest quarter since 2008. Stock markets in Sofia and Bucharest followed the dramatic declines in global stock markets. The uncertainty hit most significantly the sectors of financial services, oil & gas, and industrials.

The combination of strong selling pressure and low liquidity led to a sharp monthly drop of 23.8% in the value of SOFIX, which ended the month at 419 points. The declines in the shares of Doverie United Holding (-44.44%), Eurohold Bulgaria (-46.15%), First Investment Bank (-35.51%), Monbat (-33.87%) and Chimimport (-29.96%) affected the index the most. As part of the planned semi-annual rebalancing of SOFIX, Stara Planina Hold and M+S Hydraulics were added to index constituents, replacing EuroHold Bulgaria and Sirma Group Holding.

In March, the BET index fell to 7625 points - a monthly drop of 16.4%. The biggest contributors to the decline were Banca Transilvania (-22.39%), OMV Petrom SA (-18.31%) and BRD-Groupe Societe Generale (-18.70%). The highest performance among the index components was recorded by Teraplast (+15.4%), Societatea Nationala Nuclearealecrica (-1.14%) and Bursa de Valori Bucuresti (-1.69%). As part of the rebalancing of the BET index, industrial materials producer Teraplast SA was added to its structure.

In line with the continued uncertainty, we have taken a number of measures to limit the negative impact - rotation towards defensive sectors such as medical services and pharmaceuticals, increasing the weight of cash in the fund's portfolio by selling shares of affected companies. Our strategy for the next few months will be to reduce the exposure to industrials and real estate.

Despite the heavily deteriorated investment environment Advance Invest suffered a significantly smaller decline than its benchmark MSCI EFM Europe + CIS ex RU as a result of the fund's low volatility exposure and defensive allocation. The fund outperforms on a YTD basis as well as over all other periods.

Fund Facts

| | |
|---------------------|-----------------------------|
| Fund type | open-end |
| Fund Manager | Tihomir Kaundzhiev |
| Fund size | BGN 6.50 M |
| NAV/share | BGN 1.0455 |
| 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 | BG9000014134 |
| Reuters Lipper | 68417296 |
| Код в Bloomberg | ADVIMFD BU |

Fund Results

| | Fund | Benchmark |
|---------------------------|---------|-----------|
| 1 month | -17.99% | -21.67% |
| 1 year | -15.57% | -31.65% |
| Year to Date | -21.37% | -34.27% |
| Since Launch (annualized) | 0.28% | -0.83% |

Fund performance vs Benchmark

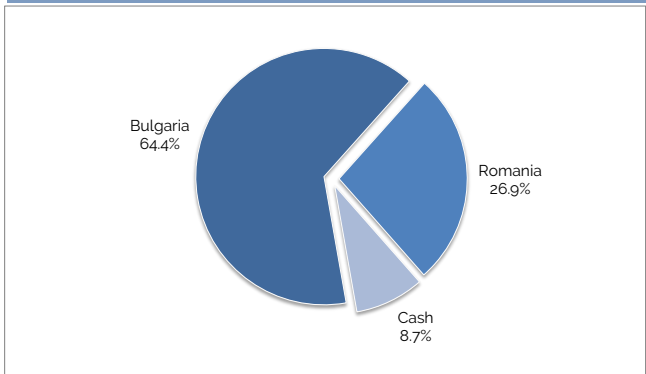


Annual Performance

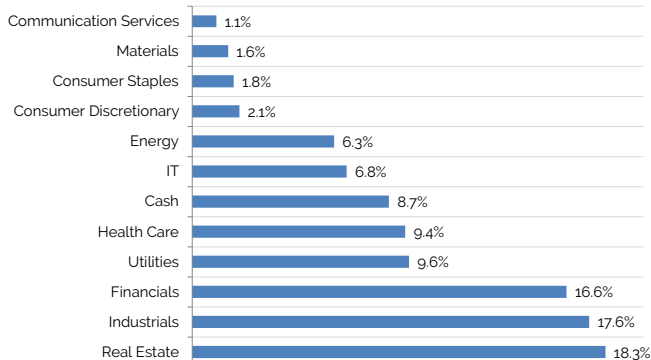
| | Fund | Benchmark |
|------|---------|-----------|
| 2019 | 7.62% | 6.91% |
| 2018 | -8.79% | -20.91% |
| 2017 | 21.56% | 22.39% |
| 2016 | 10.02% | -1.29% |
| 2015 | -6.26% | -22.13% |
| 2014 | 5.61% | 2.24% |
| 2013 | 18.95% | -16.81% |
| 2012 | -5.02% | 34.08% |
| 2011 | -17.02% | -29.75% |
| 2010 | -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

ACTIVE PROPERTIES (Bulgaria), Real Estate

CEZ AD (Bulgaria), Utilities

SOPHARMA AD (Bulgaria), Health Care

ELEVEN CAPITAL (Bulgaria), Information technology

ADVANCE TERRAFUND REIT (Bulgaria), Real Estate