

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 May 2019

Fund Manager's Comment

In May we witnessed mixed trading in the CEE region. Bulgaria and Romania ended the month with a rise, the Bucharest Stock Exchange staging better performance. The main reason for this was the political news and the three consecutive "slaps" received by the ruling party in Romania. First, the Social Democratic Party (PSD) recorded its worst voting result in the EP elections, secondly, the government was defeated in the referendum on corruption, and thirdly, the PSD leader, Liviu Dragnya, was finally convicted with an effective sentence of 3.5 years in prison.

The stock index BET-TR, which reflects the dividends paid by constituent companies of BET index, posted a 4.7% rise in the month. The last week of May was extremely positive, based on the result of the EP elections, the reduction of the additional capital requirements for the private pension funds, the bill for abolishing the 5% shareholding limit in the capital of the privatization funds and the rebalancing of the MSCI constituents. Investors focused on the shares of Nuclearelectrica (+9.8%), Fondul Property (+5.8%) and Digi Communications (+5.0%).

The leading index of the Bulgarian Stock Exchange (SOFIX) reported an increase of 1.3%. Traditionally for the period, investors' attention was focused on the companies' proposals for distribution of the annual financial result of the previous year. Unfortunately, the issuers, such as Trace Group Hold AD, Agria Group Holding AD, Sirma Group Holding AD, CEZ Distribution Bulgaria AD, Yuri Gagarin AD do not plan to pay out dividends despite the realized profits. At the same time, others (Advance Terrafund REIT, Sopharma Trading, Monbat) offer equal or lower amount dividends compared to 2018. At the end of the month the BSE participants focused on the results of the public companies for Q1 2019. The relatively good results in some of the companies (Sopharma, Gradus, Monbat) contributed to the positive performance of their shares in the last days of the month.

In May, Advance Invest increased by 0.75%, while its benchmark MSCI EFM Europe + CIS ex RU lost 2.17%. The return of the fund for the past year, as well as for longer historical periods, continues to outperform its benchmark.

Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 7.78 M
NAV/share	BGN 1.2275
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	0.75%	-2.17%
1 year	-4.31%	-4.64%
Year to Date	-0.58%	1.16%
Since Launch (annualized)	1.37%	1.56%

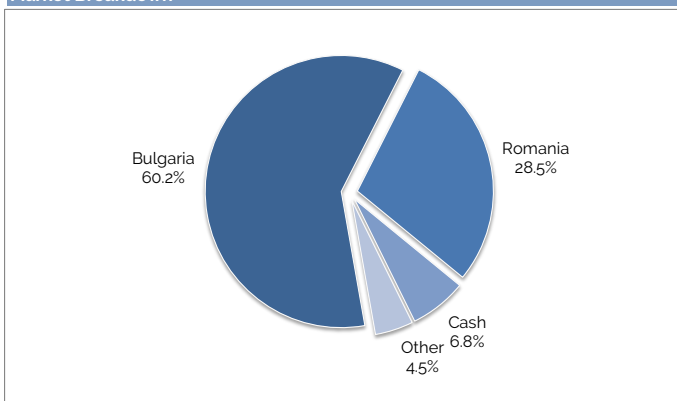
Fund performance vs Benchmark



Annual Performance

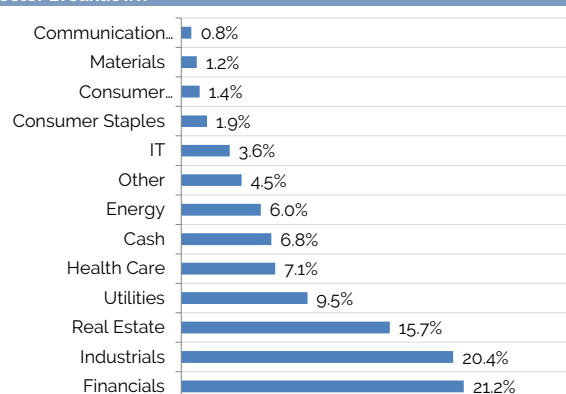
Year	Fund	Benchmark
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%
2004	38.00%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

Market Breakdown



Portfolio Breakdown

Sector Breakdown



5 Largest holdings

CEZ (Bulgaria), Utilities	CHIMIMPORT AD (Bulgaria), Industrials	SOPHARMA AD (Bulgaria), Health Care	ADVANCE TERAFUND (Bulgaria), Real Estate	MONBAT AD (Bulgaria), Industrials
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