

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 2019

Fund Manager's Comment

In March a number of events related to the economic and political instability in the region continued to negatively affect the sentiment of investors in Bulgarian and Romania.

At the end of March, the Romanian benchmark index (BET) reached 8045.38 points, which corresponds to a monthly gain of 4.8% and +9.0% for Q1. The rebound in Romanian rendered a positive effect. The market recovered after governments' decisions for amendments of the disputed new extraordinary taxes. After a series of talks with the National Bank and a threat of lowering the credit rating, Romania's government alleviated the widely criticised tax on banks' financial assets to 0.2-0.4% based on market share. In the first three months, Nuclearelectrica (+52.4%), Romgaz (+19.9%) and OMV Petrom (+16.9%) saw the strongest appreciation. Energy companies' shares gained as a result of a 2% rebate on turnover and the expectations of market participants that the tax burden would be passed on to end-customers.

Trading sessions on BSE-Sofia were devoid of strong emotions, while the SOFIX main index saw an attempt to break above the 600 point-level. Yet, it dipped back to 583 points at the end of the month. The monthly change of -0.3% was accompanied by a decline in trading activity, although there were some movements related to the SOFIX restructuring. The new additions were 'Gradus' (-3.30% MoM), 'Industrial Holding Bulgaria' (-9.91% MoM), 'Doverie United Holding' (-3.04% MoM).

The corporate season delivered relatively positive annual reports, without much strong surprises. The strongest price momentum was reported by shares of financial sector companies. The most significant Q1 price increases were by 'Doverie United Holding' as a result of the announced intentions to acquire a bank in Moldova. The shares of 'Eurohold Bulgaria' gained well too, based on its insurance subsidiary acquiring insurance companies in three European countries - Romania, the Czech Republic and Belarus. Banking shares - 'Central Cooperative Bank' and 'First Investment Bank' - were also subject to increased buying interest, probably on the basis of expectations that the country is on the path to enter the Eurozone currency mechanism (ERM 2).

In March Advance Invest reported a slight decline of 0.3%, while its benchmark MSCI EFM Europe + CIS ex RU saw a 3.2% drop. The return of the fund for the past year as well as 5 years back continues to outperform its benchmark.

Fund Facts

Fund type	open-end
Fund Manager	Tihomir Kaundzhiev
Fund size	BGN 7.93 M
NAV/share	BGN 12383
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	-0.35%	-3.16%
1 year	-8.50%	-12.47%
Year to Date	0.30%	2.82%
Since Launch (annualized)	1.44%	1.68%

Fund performance vs Benchmark

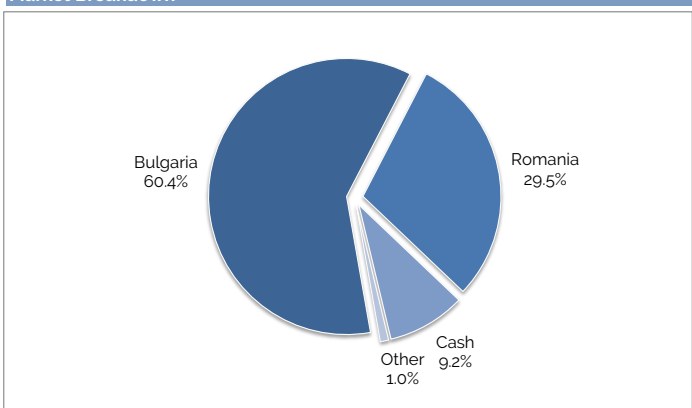


Annual Performance

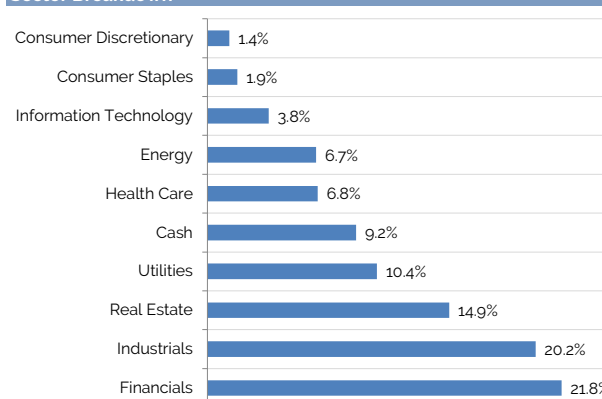
	Fund	Benchmark
2018	-8.79%	-20.91%
2017	21.56%	22.39%
2016	10.02%	-1.29%
2015	-6.26%	-22.13%
2014	5.61%	2.24%
2013	18.95%	-16.81%
2012	-5.02%	34.08%
2011	-17.02%	-29.75%
2010	-11.73%	16.29%
2009	2.20%	51.49%
2008	-66.57%	-56.45%
2007	55.37%	20.71%
2006	31.20%	9.97%
2005	32.60%	51.04%
2004	38.00%	-17.05%

Portfolio Breakdown

Market Breakdown



Sector Breakdown



5 Largest holdings

CHIMIMPORT AD (Bulgaria),
Industrials

CEZ AD (Bulgaria), Utilities

SOPHARMA AD (Bulgaria), Health
Care

ADVANCE TERAFFUND (Bulgaria),
Real Estate

ACTIV PROPERTIES (Bulgaria),
Real Estate