

FFBH Vostok

August 2017

Data as per 31 August 2017

NAV	
NAV	BGN 778,669
NAV per share	BGN 0.6805

Return (%)	
Monthly (MoM)*	4.40%
Annual (YoY)*	10.88%
Year-to-date*	-7.27%
Since Inception (annualized)	-5.08%

Statistics (%)	
Standard Deviation*	18.83%
Monthly Alpha – MSCI Russia*	-2.41%
Beta (β) – MSCI Russia*	0.872
R ² – MSCI Russia*	41.47%
Sharpe Ratio (0%)*	0.02

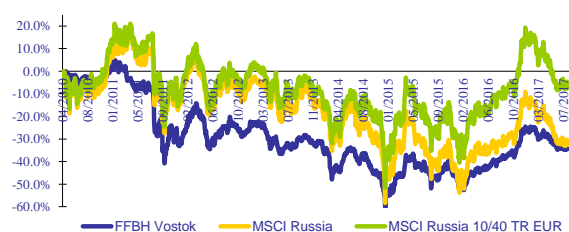
* see notes

Investment objective overview

FFBH Vostok is a high-yield, actively managed, open-end mutual fund with regional focus on Russia & CIS, inception on Apr 16, 2010. The Fund's investment objective is to achieve high long-term growth, outperforming MSCI Russia Index and bearing medium to high levels of risk. The Fund may have up to 95% in equities and up to 50% invested in bonds.

FFBH Vostok's targets conservative allocation to equities in 2017 – stock picking state independent "blue-chip" companies.

FFBH Vostok vs. MSCI Russia 10/40 EUR



Source: Bloomberg, FFBH Asset Management

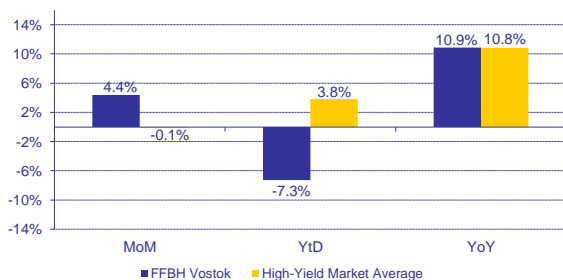
Fact sheet and fee information

Type	Open-end equity fund
Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

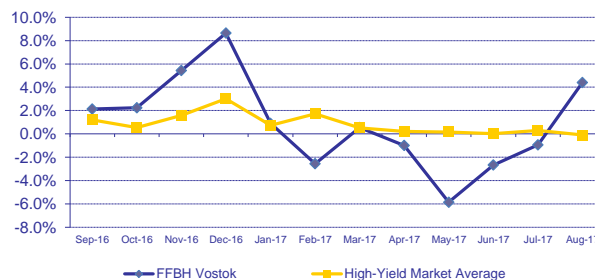
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

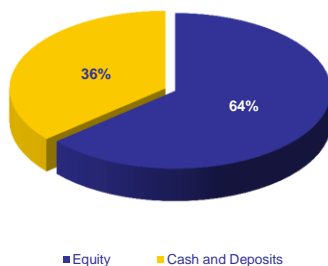


MoM return to HY market average*

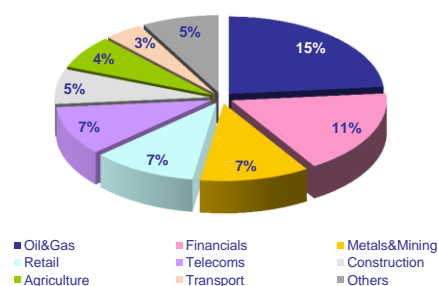


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

August 2017

Data as per 31 August 2017

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,773,898	Monthly (MoM)*	0.60%	Standard Deviation*	8.73%
NAV per share	BGN 0.6411	Annual (YoY)*	23.27%	Monthly Alpha – MSCI ACWI*	1.02%
		Year-to-date*	5.96%	Beta (β) – MSCI ACWI*	0.317
		Since Inception (annualized)	-4.44%	R ² – MSCI ACWI*	25.55%
				Sharpe Ratio (0%)*	0.87

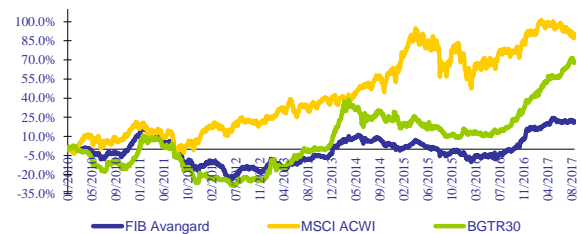
* see notes

Investment strategy

FIB Avangard is a high-yield, actively-managed, mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve high long-term growth, bearing medium to high levels of risk. Its portfolio is allocated in World equity with focus on Bulgarian companies. Tactically, part of its portfolio might be allocated in capital markets that are expected to be among top-performing global regions.

FIB Avangard's investment strategy for 2017 includes allocation to liquid and financially stable Bulgarian companies and allocation to developed markets blue chips based on valuations and favorable global monetary policy.

FIB Avangard vs. MSCI ACWI



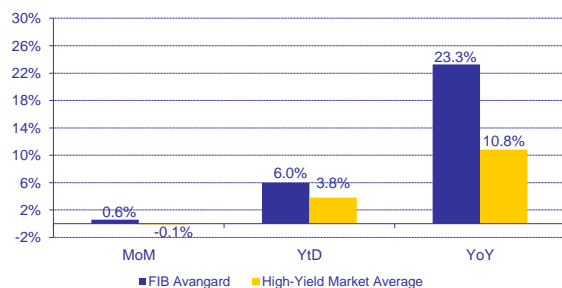
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

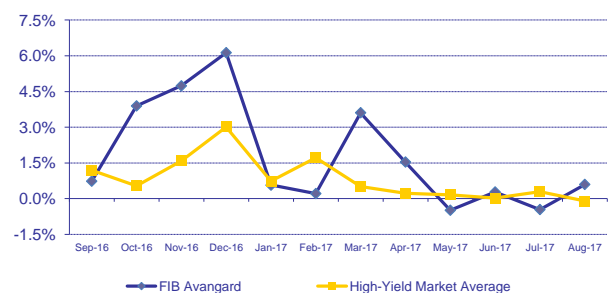
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
FSC Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		3.00%
Incorporation	Bulgaria			

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

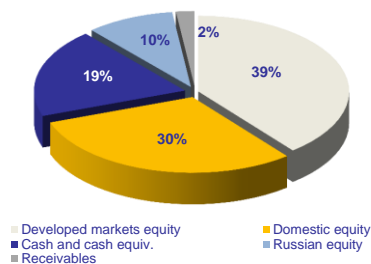


MoM return to HY market average*

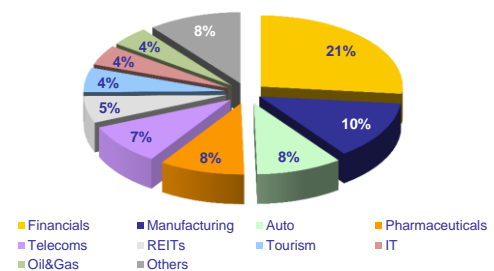


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

August 2017

Data as per 31 August 2017

NAV	
NAV	BGN 1,712,719
NAV per share	BGN 0.9666

Return (%)	
Monthly (MoM)*	0.19%
Annual (YoY)	17.87%
Year-to-date	3.64%
Since Inception (annualized)	-0.35%

Statistics (%)	
Standard Deviation*	5.50%
Monthly Alpha – MSCI ACWI*	0.61%
Beta (β) – MSCI ACWI*	0.128
R ² – MSCI ACWI*	10.44%
Sharpe Ratio (0%)*	1.14

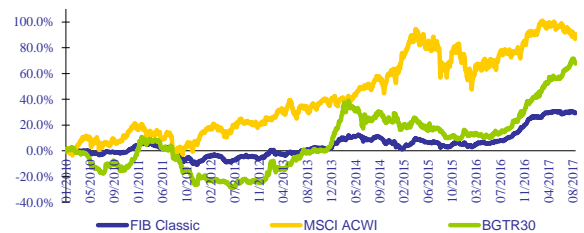
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve long-term growth of Fund's assets, bearing medium levels of risk to its investors. The Fund invests in equities and bonds.

FIB Classic's investment strategy for 2017 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in Bulgaria on fundamental and sentiment improvement. Some European allocation is acceptable in high-yield dividend "blue chips". Bond portfolio is allocated both in emerging market sovereign debt and domestic and foreign corporate bonds.

FIB Classic vs. MSCI ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

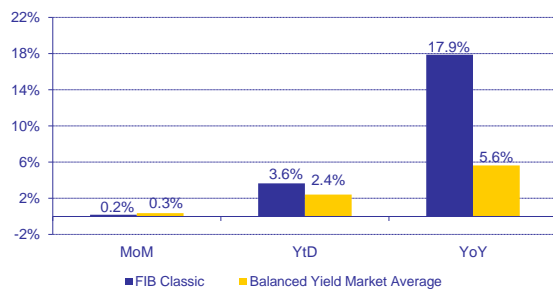
Fact sheet and fee information

Type	Open-end equity fund
Classification	Balanced fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

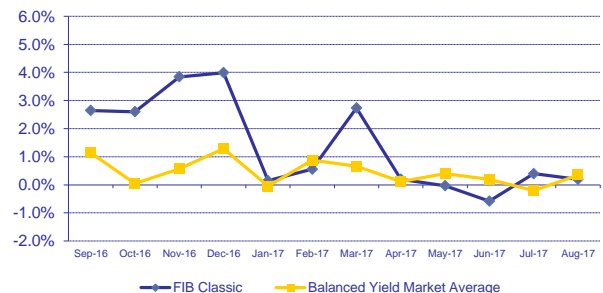
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)		2.50%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

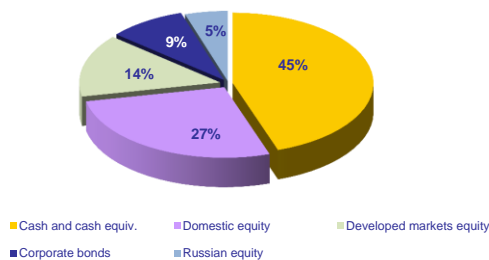


MoM return to BY market average*

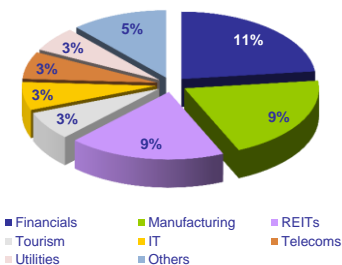


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

August 2017

Data as per 31 August 2017

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,261,128	Monthly (MoM)*	-0.12%	Standard Deviation*	2.43%
NAV per share	BGN 1.3329	Annual (YoY)*	6.60%	Sharpe Ratio (0%)*	1.94
		Year-to-date*	2.87%	Interest rates (%)	
		Since Inception (annualized)*	2.98%	Sofibor (3 month)	0.10%
				Sofibor (12 month)	0.70%

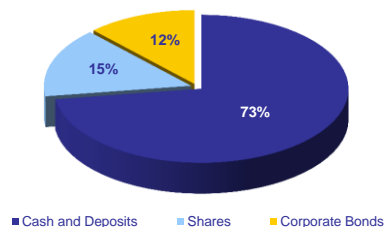
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	1.10%	28/01/2018	BGN	-0.26%
Treasury	0.50%	17/02/2019	BGN	-0.11%
Eurobond	2.00%	26/03/2022	EUR	0.19%
Eurobond	2.95%	03/09/2024	EUR	0.98%
Eurobond	2.63%	26/03/2027	EUR	1.57%
Eurobond	3.13%	26/03/2035	EUR	2.67%

Source: Bloomberg

Asset Allocation



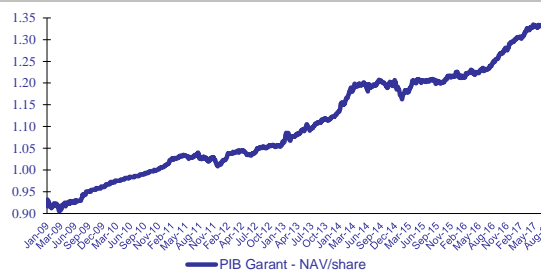
Source: FFBH Asset Management

Investment objective

FIB Garant is a conservative balanced mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve medium long-term growth of assets, bearing low level of risk. The Fund invests mainly in fixed-income instruments, but it may have up to 20% exposure to equity used to improve its risk-return profile.

FIB Garant's 2017 investment strategy includes significant allocation to equities on valuations and sentiment improvement on BSE. At certain points investments in foreign large cap blue chips can be made but currency risk should be controlled. The decrease in local deposit rates would also lead to an increase the Fund's exposure to foreign corporate and sovereign bonds.

FIB Garant

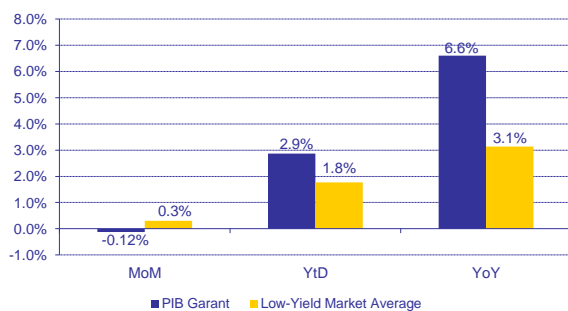


Source: FFBH Asset Management

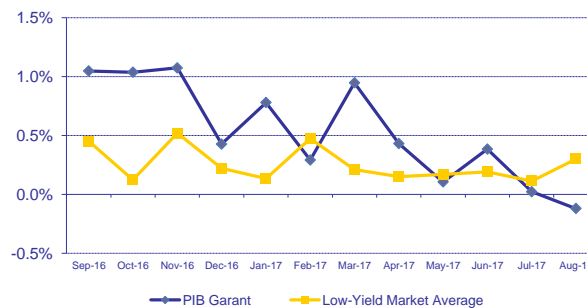
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced-conservative	Entry fee	0.15%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.15%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	1.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM, YoY and YtD return to LY market average*



MoM return to LY market average*



Source: BAAMC, FFBH Asset Management calculations

PORTFOLIO MANAGER'S COMMENT August 2017

MARKET OVERVIEW, OUTLOOK & STRATEGY:

USA: Volatility on capital markets increased in August mostly driven by political instability in Washington and geopolitical pressure. The month passed under uncertainty about the future of President Trump's economic plans, war of words between USA and North Korea and expectations for huge damages caused by the hurricane Harvey. Almost a third of US oil refineries were affected by the storm, and the largest of them were temporarily shut down, which supported stabilization of oil prices during the month and put additional pressure on the US dollar (-0.5% MoM against the euro). Main indices registered divergent movements over the last weeks, but finally touched new record highs and recorded small positive MoM returns in USD, with **NASDAQ 100 (+1.8% MoM)** again outperforming **S&P 500 (+0.05% MoM)**. Q2 US GDP growth was revised upward to 2.2% YoY (from 2.1% YoY) and consumer confidence for August continued to improve MoM, but August unemployment rate was above estimations (4.4%, vs 4.3% for July) and July core inflation remained low (at its June level of 1.7% YoY with forecasted deceleration to 1.6% YoY in August). Bloomberg consensus is that there is no substantial probability of hikes in target policy rate range until Dec'17. FOMC explicit rate decision is expected on 20 Sept.

EUROPE: After the drop of European auto stocks in July following the allegations for a two-decade cartel between German automakers, we saw them recovering in August, with **STOXX Europe 600 Auto&Parts rising 1.4% MoM** after falling 1.6% MoM previously. Stronger euro began to weigh on the export activity of European companies and **MSCI Europe fell 1.1% MoM**, in spite of the still positive economic data released during the month and the broader recovery of the Euro-area economy. Q2 Euro-zone GDP growth was revised upward to 2.3% YoY (from 2.1% initially) in the first days of September. MoM improvement of economic and consumer confidence and unexpected increase of manufacturing activity were reported in August. Unemployment rate remained stable at 9.1% for July and June, while August core inflation kept its July level of 1.2% YoY. Most recent update of ECB base interest rate and monthly asset purchase target in the beginning of September did not provide for changes in stimulus package.

RUSSIA: Russian stocks continued their recovery at faster pace, as **MSCI Russia in USD climbed by 8.1% MoM** in the last month (+7.5% MoM in EUR and BGN), supported by the release of prevailing positive or neutral/mixed Q2 corporate results, the announcement of strong macroeconomic data and the stabilization of Brent price above \$50/bbl (\$52/bbl at end-August, -0.5% MoM). After weakening in June and July, the ruble strengthened against the dollar in August and almost reached its level at end-May. This was fundamentally backed by surprising advance Q2 GDP growth of 2.5% YoY (vs est. 1.7% and vs 0.5% for Q1), stable MoM July unemployment rate of 5.1% and lower-than-expected August core inflation of 3.0% YoY. Next CBR's meeting has been scheduled on 15 Sept, when an update of the bank's macro forecasts and a key rate cut are expected. The main headline on corporate level was probably the court ruling that ordered Sistema (SSA LI, +3.1% MoM in EUR) to pay RUB 136bn (USD 2.3bn) to Rosneft (ROSN LI, +0.8% MoM in EUR) with the dispute expected to be settled out-of-court. Sistema's main subsidiary Mobile Telesystems (MBT US, +15.9% MoM in EUR) reported healthy Q2 IFRS results and improved its cash flow outlook, and the parent company confirmed it had no intent to sell MTS shares to satisfy the claim. Russia's largest bank, Sberbank (SBER LI, +16.5% MoM in EUR), reported Q2 ROE of 24.8% that bet the highest analyst estimate. The results of some of the major Russian energy companies were negatively impacted by FX losses, but they are considered to have one-off impact on profitability.

BULGARIA: August was a month of unusually high turnover on the BSE – BGN 206m, 6x higher YoY, compared to a total of BGN 563m for 8m'17. We attribute this mainly to restructuring of institutional investors' portfolios ahead of the SOFIX rebalancing in September and less to the Q2 corporate results, as the top monthly losers within the index were stocks that were expected to be excluded from the index calculation – Alcomet (6AM, -13.4% MoM), Industrial Capital Holding (4I8, -12.6% MoM) and Neochim (3NB, -7% MoM). Top gainers were companies from the Chimimport Group – Chimimport (6C4, +10.1% MoM) and Central Cooperative Bank (4CF, +9.3% MoM). Positive returns were not enough to offset the declines and eventually **SOFIX dropped by 1.4% MoM**. At the same time, **BGTR30 rose by 1.3% MoM** on additional 31.1% MoM increase in the BSE's price (following the received government approval for the acquisition of IBEX for the amount of BGN 5.2m) and on further 15.8% MoM price appreciation of Doverie United Holding (a new SOFIX member as of 18 Sept). The price of Trace Group Hold (T57, +11.3% MoM), one of BGTR30 constituents, also increased substantially in August, as the stock had chances to become part of the new SOFIX calculation, but finally did not manage to replace Neochim. On macro level Bulgaria reported accelerated Q2 preliminary GDP growth of 3.6% YoY (vs 3.5% YoY in Q1), declining July unemployment of 6.7% and improved July consumer confidence. July HICP inflation slowed down to 0.6% YoY (1.1% in June), close to the average interest rate of 0.5-0.6% p.a. accrued on new 1-2y deposits in leva of households and non-financial institutions according to the July statistics of BNB.

OUTLOOK: In the short run we expect a slowdown on Bulgarian and foreign markets, based on the strong first half of the year and the approaching limitation of monetary policy stimulus in 2018. As September is the first active month for businesses after the summer season, we may see some increased trading activity, but no financial reports are expected to influence it. Start of the trade with government bonds as an alternative to other types of investments could have some impact on Bulgarian capital market. Potential catalysts for moves on foreign markets could be German parliamentary elections on 24 Sept (no changes in the leading political party expected for now), as well as any clarity on tax reform in the United States. We remain upbeat on Russian equities given the stabilization of oil prices and the strengthening economy. A decision for key rate cut below 9% of the CBR in September could further support the Russian economy and stocks.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	4.40%	63.65%	No significant changes
FIB Avangard	0.60%	79.01%	Increase in telecom sector exposure
FIB Classic	0.19%	46.11%	Increase in telecom sector exposure
FIB Garant	-0.12%	15.15%	No significant changes

NOTES

Monthly return /MoM/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous month.

Annual return /YoY/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the same month a year ago.

Year-to-date return /YtD/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous year.

Standard deviation is the annualized standard deviation of the weekly return over the last five years or since inception, whichever is smaller.

FIB Avangard: Monthly Alpha – MSCI ACWI is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI All Country World Index.

FIB Classic: Monthly Alpha – MSCI ACWI is the difference between the monthly return of NAV per share of FIB Classic and the monthly return of MSCI All Country World Index.

FFBH Vostok: Monthly Alpha – MSCI Russia is the difference between the monthly return of NAV per share of FFBH Vostok and the monthly return of MSCI Russia 10/40 Total Return EUR Index.

FIB Avangard: Beta (β) – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI All Country World Index over the last five years.

FIB Classic: Beta (β) – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country World Index over the last five years.

FFBH Vostok: Beta (β) – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years.

FIB Avangard: R2 – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI All Country World Index over the last five years.

FIB Classic: R2 – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country World Index over the last five years.

FFBH Vostok: R2 – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years.

Returns of all indices presented in the bulletin or used in the calculations above are converted in BGN.

Sharpe Ratio for all funds has been calculated using the weekly returns of NAV per share of each fund over the last five years or since the inception of the fund, whichever is smaller, and using 0% as risk-free return.

FIB Avangard: High-yield market average is calculated through equal weighting of the returns of all high-yield mutual funds, offered on the Bulgarian market by asset management companies - members of the Bulgarian Association of Asset Management Companies (BAAMC).

FIB Classic: Balanced yield market average is calculated through equal weighting of the returns of all balanced mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC.

FIB Garant: Low-yield market average is calculated through equal weighting of the returns of all conservative mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC. Money market funds are not included in the calculation.

FFBH Vostok: High-yield market average is calculated through equal weighting of the returns of all high-yield mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC.

The market average points are calculated in a standardized way, using the MoM, YoY and YtD returns of each fund (R_i , $i=1$ to n), based on formula: $\sum (1/n \cdot R_i)$, where n is the number of mutual funds.

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