

FFBH Vostok

March 2018

Data as per 31 March 2018

NAV	
NAV	BGN 723,202
NAV per share	BGN 0.6855

Return (%)	
Monthly (MoM)*	-2.91%
Annual (YoY)*	-5.48%
Year-to-date*	1.60%
Since Inception (annualized)	-4.63%

Statistics (%)	
Standard Deviation*	18.68%
Monthly Alpha – MSCI Russia*	1.08%
Beta (β) – MSCI Russia*	0.599
R ² – MSCI Russia*	86.13%
Sharpe Ratio (0%)*	0.02

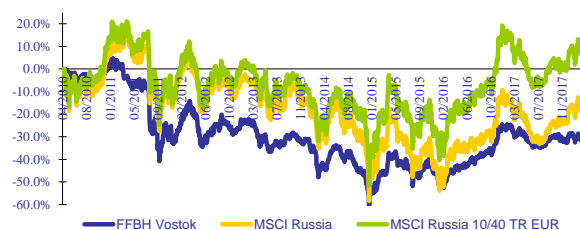
* see notes

Investment objective overview

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

We assume further recovery of the Russian economy in 2018, supported by several key rate cuts and relatively stable oil prices, and prefer higher allocation to equities and cyclical sectors. The portfolio remains comprised mainly of blue chip companies with leading and stable market positions.

FFBH Vostok vs. MSCI Russia 10/40 EUR

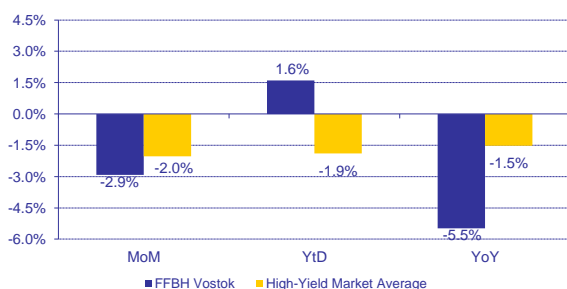


Source: Bloomberg, FFBH Asset Management

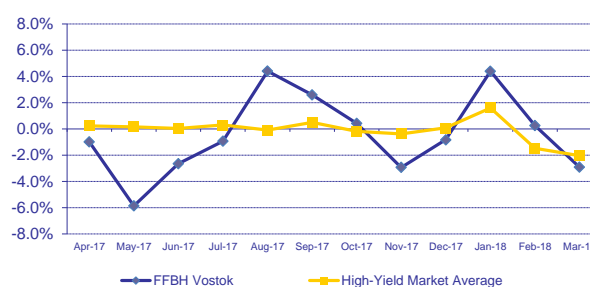
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	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)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM, YoY and YtD return to HY market average*

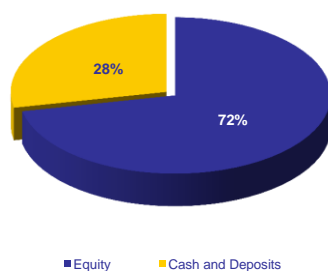


MoM return to HY market average*

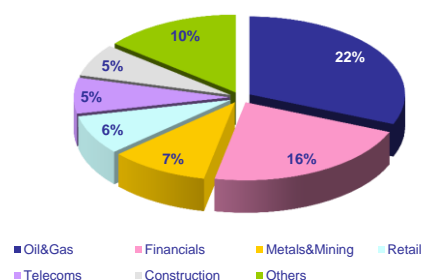


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

March 2018

Data as per 31 March 2018

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,829,931	Monthly (MoM)*	-3.59%	Standard Deviation*	8.57%
NAV per share	BGN 0.6110	Annual (YoY)*	-3.28%	Monthly Alpha – MSCI ACWI*	-0.29%
		Year-to-date*	-3.85%	Beta (β) – MSCI ACWI*	0.344
		Since Inception (annualized)	-4.64%	R ² – MSCI ACWI*	32.71%
				Sharpe Ratio (0%)*	0.72

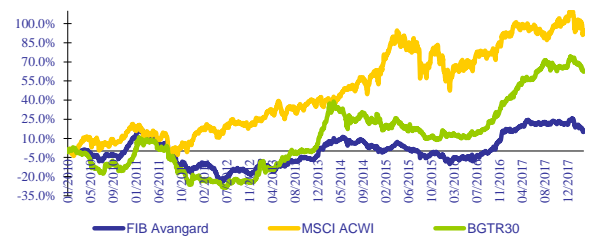
* see notes

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 level of risk. Its portfolio is allocated into global equity with regional focus on Bulgaria. Tactically, most of its funds might be invested in capital markets outside Bulgaria that are expected to be among top performing world regions.

FIB Avangard's investment strategy for 2018 includes allocation to export-oriented, financially stable and dividend-paying Bulgarian companies and allocation to developed markets blue chips based on favourable macroeconomic conditions and attractive valuations. We will increase exposure to companies with competitive positions in disruptive industries. The overall risk of the portfolio will be mitigated through sector and company diversification.

FIB Avangard vs. MSCI ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

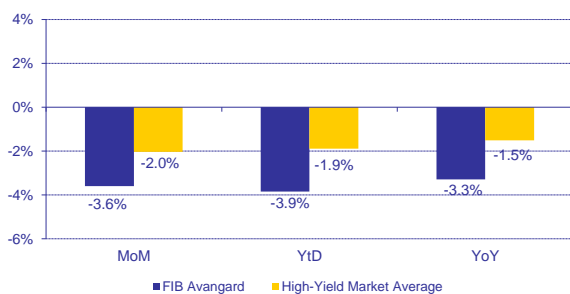
Fact sheet and fee information

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

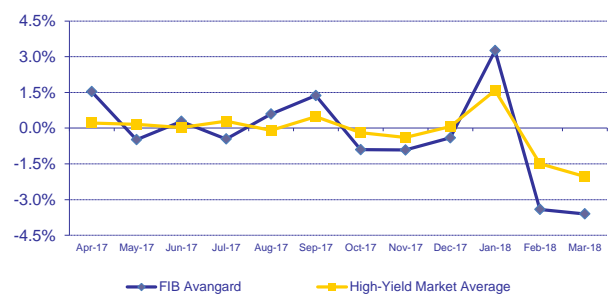
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		3.00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

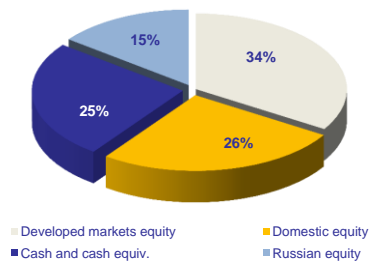


MoM return to HY market average*

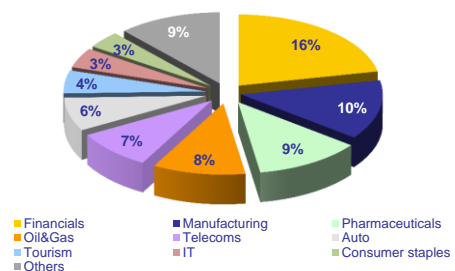


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

March 2018

Data as per 31 March 2018

NAV	
NAV	BGN 1,662,192
NAV per share	BGN 0.9341

Return (%)	
Monthly (MoM)*	-2.25%
Annual (YoY)	-3.19%
Year-to-date	-2.60%
Since Inception (annualized)	-0.66%

Statistics (%)	
Standard Deviation*	5.39%
Monthly Alpha – MSCI ACWI*	1.06%
Beta (β) – MSCI ACWI*	0.143
R ² – MSCI ACWI*	14.27%
Sharpe Ratio (0%)*	0.94

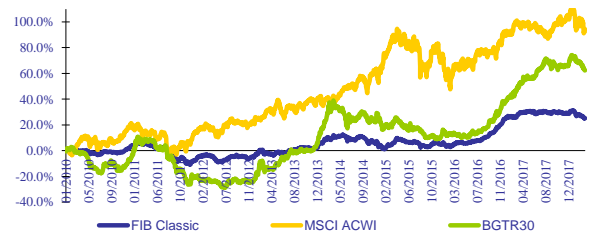
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve medium to high long-term growth of its assets, bearing medium level of risk. The Fund invests in equities and bonds, as the equity-bond proportion depends on the stage of the economic cycle and macro conditions in covered regions and the expected central banks' monetary policy decisions.

FIB Classic's investment strategy for 2018 remains equity-focused, which includes holding equity allocation close to the fund's limits. Equities will be concentrated in Bulgaria and Western Europe with preference to dividend-paying value companies. Bond portfolio would comprise of domestic and foreign corporate bonds.

FIB Classic vs. MSCI ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

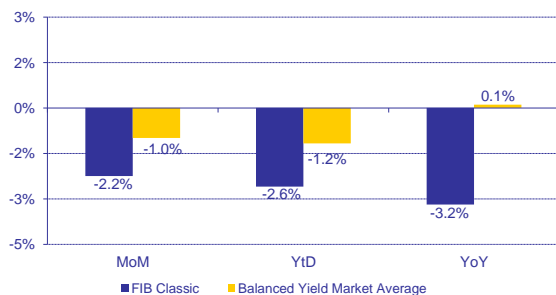
Fact sheet and fee information

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

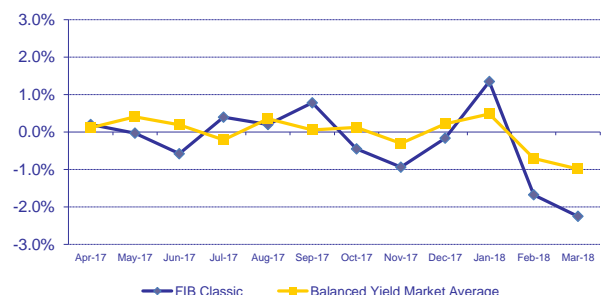
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

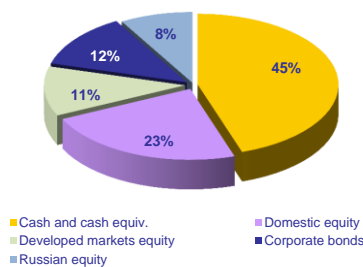


MoM return to BY market average*

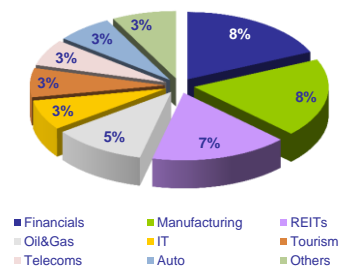


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

March 2018

Data as per 31 March 2018

NAV	
NAV	BGN 1,345,664
NAV per share	BGN 1.3029

Return (%)	
Monthly (MoM)*	-1.42%
Annual (YoY)*	-1.44%
Year-to-date*	-1.70%
Since Inception (annualized)*	2.59%

Statistics (%)	
Standard Deviation*	2.36%
Sharpe Ratio (0%)*	1.61
Interest rates (%)	
Sofibor (3 month)	0.00%
Sofibor (12 month)	0.56%

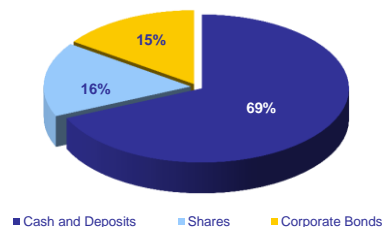
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	0.50%	17/02/19	BGN	-0.26%
Eurobond	2.00%	26/03/22	EUR	0.15%
Eurobond	1.88%	21/03/23	EUR	0.36%
Eurobond	2.95%	03/09/24	EUR	0.77%
Eurobond	3.00%	21/03/28	EUR	1.65%
Eurobond	3.13%	26/03/35	EUR	2.45%

Source: Bloomberg

Asset Allocation



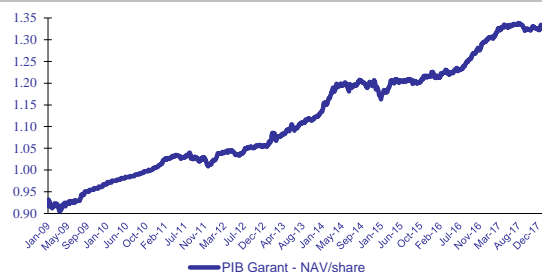
Source: FFBH Asset Management

Investment objective

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

FIB Garant's 2018 investment strategy includes significant allocation to Bulgarian equities on valuations and sentiment improvement on the BSE. At certain points investments in foreign large cap dividend-paying blue chips can be made but currency risk should be controlled. Low local deposit rates would also lead to an increase in the Fund's exposure to foreign corporate and sovereign bonds.

FIB Garant



PORTFOLIO MANAGER'S COMMENT March 2018

MARKET OVERVIEW:

Global indices dropped in Mar mostly due to rising geopolitical risks and concerns over possible global trade war.

USA: American stock indices registered further MoM declines in Mar, mostly influenced by increased trade tensions following the beginning-of-month implementation of tariffs on steel and aluminum imports in the USA (effective since 23 Mar). Shipments from the EU and several other countries into the US have been temporarily exempted from tariffs through 30 Apr 2018, and all of those US trade partners are currently engaged in broader negotiations to obtain a permanent exemption. Additionally, tech-based **NASDAQ 100 (down 4.0% MoM in USD and down 4.6% MoM in EUR)** underperformed broad-market **S&P 500 (down 2.7% MoM in USD and down 3.3% MoM in EUR)** on escalation of technology-related disputes between the USA and China and political pressure on Facebook (-10.4% MoM in USD) and Amazon (-4.3% MoM in USD) business. In the same time macroeconomic indicators were positive with final Q4'17 GDP growth of 2.6% YoY (upward revised from 2.5%), stable Feb core inflation of 1.8% YoY and Feb unemployment rate of 4.1% accompanied by solid job creation numbers and lower-than-expected wage growth. As expected, FED increased target interest rates to 1.50-1.75% and also revised upward its 2018 and 2019 economic forecasts, while projecting two more rate hikes this year and a steeper interest rate path in 2019 and 2020. US 10y Treasury yield fell by 12 bps MoM to 2.74%, after reaching a 4-year high of 2.95% in Feb.

EUROPE: MSCI Europe was down 2.4% MoM, reflecting trade uncertainty for European exporters to the USA, escalation of countermeasures against Russia and higher probability of a ruling populist-only coalition in Italy. Macroeconomic data for the Eurozone were mixed with rising YoY Jan construction output, but lower-than-expected Germany and France manufacturing PMIs for Mar (down MoM for a third month in a row). Feb core inflation was confirmed at 1.0% YoY and earlier in the month the ECB's President Mario Draghi commented that underlying price pressures had remained subdued and without convincing signs of a sustained upward trend.

RUSSIA: The extension of the EU sanctions against Russia until 15 Sept and the implementation of new sanctions against Russia during the month impacted negatively investors' outlook for Russian equities and **MSCI Russia declined by 3.8% MoM in USD and 4.7% MoM in EUR (compared to a 2.9% MoM decline in EUR/BGN for FFBH Vostok)**. The largest MSCI Russia constituent - Sberbank (SBER LI, -8.9% in USD and -9.5% in EUR MoM) - underperformed the index after eight consecutive monthly price increases on negative market sentiment and delay of 2017 dividend decision. Otherwise, macroeconomic developments in the country were better-than-expected with Feb core inflation of 1.9% YoY and Feb unemployment rate of 5.0%, followed by an additional 25 bps key rate cut to 7.25% and the central bank's projection for faster shift to lower rates in the coming months. Brent price rose by 6.8% MoM to USD 70.27, as signs of stronger fuel demand balanced OPEC's higher shale supply forecast. As polls predicted, Vladimir Putin won a fourth 6-year mandate in the Mar'18 presidential elections, and now investors are mainly interested in what the new government will look like (to become clear in the next weeks).

BULGARIA: SOFIX and BGTR30 continued falling in Mar – down by 5.4% and 3.9% MoM, respectively. Most of the names were on the negative side, with Eurohold Bulgaria (4EH, +6.3% MoM) and First Investment Bank (5F4, -19.3% MoM) being the top gainer and the top loser within both of the indices on the back of relatively small volumes. The most traded index member (ahead of the possible conversion of its corporate bonds into shares in Apr) was Industrial Holding Bulgaria (4ID, -2.9% MoM), which accounted for 36% of SOFIX turnover and c. 20% of BGTR30 turnover, while M+S Hydraulic (5MH, -10.8% MoM) went through sell-off after the announcement for its dropping out of SOFIX. Macroeconomic situation remained stable with Jan'18 seasonally-adjusted unemployment rate declining to 5.9% (from 6.1% in Dec'17) and Feb'18 HICP inflation rising to 1.5% YoY.

OUTLOOK:

Capital markets are expected to remain under pressure in the short term as trade tensions between the USA and China, the unclear outcome of tariff exemption negotiations between the USA and the EU and fears of global trade war raise uncertainty. China's economic outlook remains robust despite tariffs and global trade war may be unlikely, as it would not benefit anyone, but currently it is impossible to have a strong conviction in such views. Beyond that, 2018 still offers a favourable environment for investments in risky assets – mostly positive economic news and supportive policies. We will follow closely the central banks' indications regarding their monetary policies and/or changes in political/geopolitical situations. Q1'18 earnings season may provide some support for the markets in Apr-May.

In the USA a more/less accommodative than expected monetary policy would have a positive/negative impact on the economy and equity demand. Currently two more rate hikes are expected in 2018, but this could change, especially if inflation continues gathering pace. The tax reform should contribute positively to the economic growth, but political stability and confidence in the President Trump's policy remain unsatisfactory and the latter would continue to weigh on US equities.

In Europe we forecast continuing economic revival, though the growth may slow down after the strong rebound in 2017 and following the shrinkage of the QE stimulus, starting from Jan'18, as well as under the weight of the strong euro. Investors' focus is expected to be on inflation trends and the ECB decisions and intentions with regard to its QE program. Main sources of uncertainty on the political front are new German government decisions, new Italian government formation and BREXIT.

Russia is expected to provide for more stable economic recovery in the next months, with the key rate expected to decrease to c. 6% by the year-end. We assume relatively stable oil prices, as the positive effects from the OPEC+ production cut deal extension until end-2018 and increasing global demand would compensate for the expected increase in the US shale production. The short-term focus will be on the sanctions and the new government composition (status quo or reforms). In this sense, the market may experience some pressure in H1'18, but then it would most probably return to growth in H2'18.

In Bulgaria capital market should be positively influenced by the favourable regional macroeconomic environment, the solid expected GDP growth for 2018, the recent country rating upgrade and the prevailing positive or neutral company earnings for 2017. Government policy remains supportive towards Bulgarian capital markets. There are plans for the introduction of a voucher program to finance listings of SMEs on the BSE with first IPOs, supported by it, expected in end-2018. Otherwise, no major elections are scheduled in 2018 in Bulgaria but political outlook remains delicate and some volatility might be expected after the end of Bulgaria's EU Presidency in end-June.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-2.91%	71.75%	Decrease in equity exposure to oil & gas sector
FIB Avangard	-3.59%	74.69%	Increase in equity exposure to financials
FIB Classic	-2.25%	42.75%	No significant changes
FIB Garant	-1.42%	16.30%	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.

Returns are calculated using the net asset values of the mutual funds reported on the web site of BAAMC on the first working day of the month, following the month of performance presentation.

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.

DISCLAIMER

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WE NOTE THAT ANYONE WHO WANTS TO SUBSCRIBE UNITS IN FIB AVANGARD, FIB CLASSIC, FIB GARANT AND/OR FFBH VOSTOK SHOULD MAKE A DECISION BASED ON THE INFORMATION PUBLISHED IN THE MOST RECENT RESPECTIVE PROSPECTUSES. THE PROSPECTUSES AND BY-LAWS ARE AVAILABLE IN FFBH ASSET MANAGEMENT OFFICE - 2 ENOS STREET, 5TH FLOOR, SOFIA, 1408, BULGARIA, TEL: +359 (2) 460 6400, WWW.FFBHAM.BG AND FIBANK BRANCHES, EXPLICITLY LISTED AT WWW.FFBHAM.BG.