

FFBH Vostok

June 2019

Data as per 28 June 2019

NAV	
NAV	BGN 742,627
NAV per share	BGN 0.7391

Return (%)	
Monthly (MoM)*	4.57%
Annual (YoY)*	10.93%
Year-to-date*	17.80%
Since Inception (annualized)	-3.23%

Statistics (%)	
Standard Deviation*	17.72%
Monthly Alpha – MSCI Russia*	-2.07%
Beta (β) – MSCI Russia*	0.59
R ² – MSCI Russia*	29.71%
Sharpe Ratio (0%)*	0.23

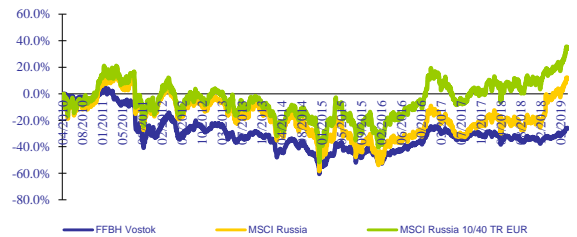
* see notes

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 2019, 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

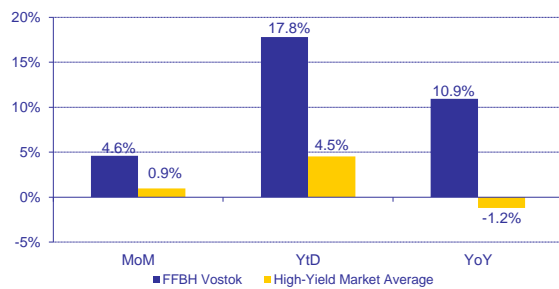
Fact sheet and fee information

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

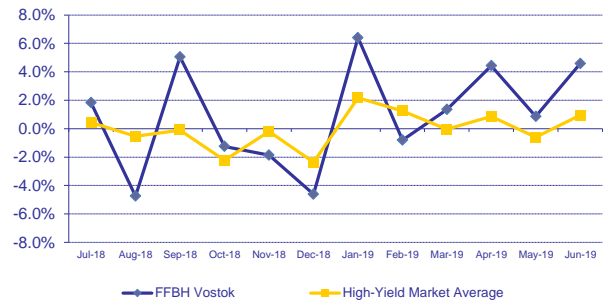
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

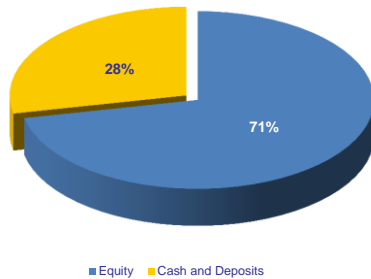


MoM return to HY market average*



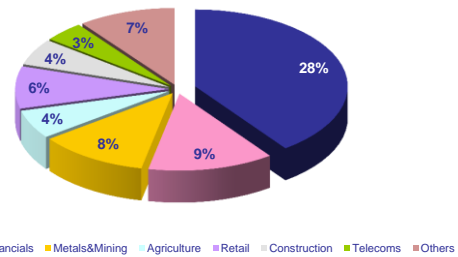
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Equity ■ Cash and Deposits

Equity Portfolio (% of total assets)



■ Oil&Gas ■ Financials ■ Metals&Mining ■ Agriculture ■ Retail ■ Construction ■ Telecoms ■ Others

Source: FFBH Asset Management

FIB Avangard

June 2019

Data as per 28 June 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,649,075	Monthly (MoM)*	1.88%	Standard Deviation*	7.70%
NAV per share	BGN 0.5709	Annual (YoY)*	-3.93%	Monthly Alpha – MSCI ACWI*	-4.49%
		Year-to-date*	3.20%	Beta (β) – MSCI ACWI*	0.27
		Since Inception (annualized)	-4.71%	R ² – MSCI ACWI*	31.58%
				Sharpe Ratio (0%)*	0.14

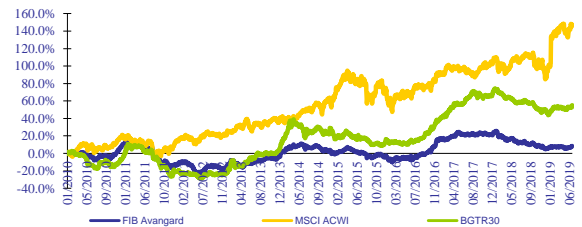
* see notes

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 2019 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

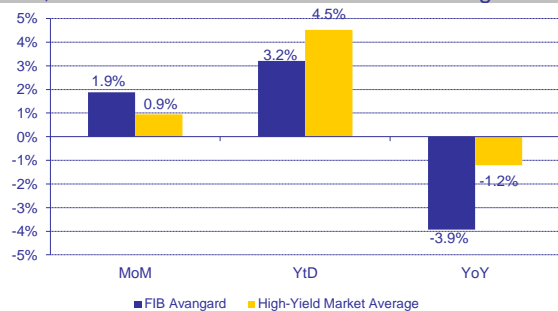


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

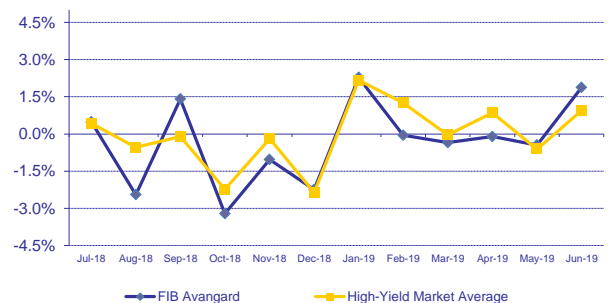
Fact sheet and fee information

Type	Open-end equity fund	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*

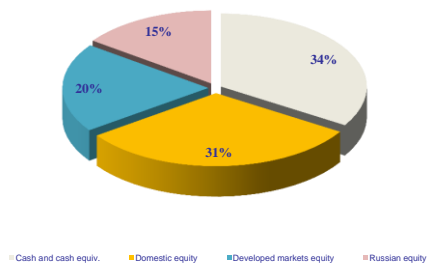


MoM return to HY market average*

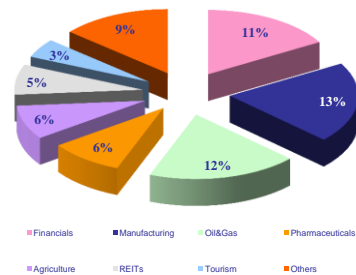


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

June 2019

Data as per 28 June 2019

NAV	
NAV	BGN 1,439,263
NAV per share	BGN 0.8956

Return (%)	
Monthly (MoM)*	1.03%
Annual (YoY)	-2.83%
Year-to-date	2.16%
Since Inception (annualized)	-0.95%

Statistics (%)	
Standard Deviation*	4.81%
Monthly Alpha – MSCI ACWI*	-5.34%
Beta (β) – MSCI ACWI*	0.11
R ² – MSCI ACWI*	13.02%
Sharpe Ratio (0%)*	0.50

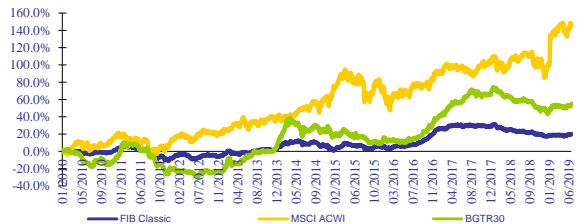
* see notes

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 2019 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

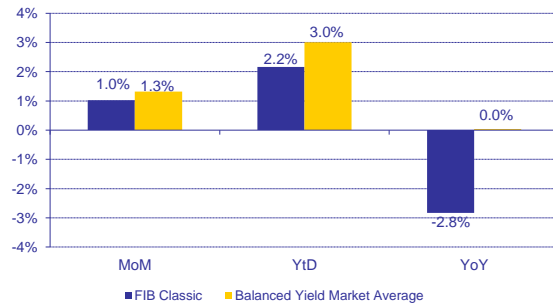
Fact sheet and fee information

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

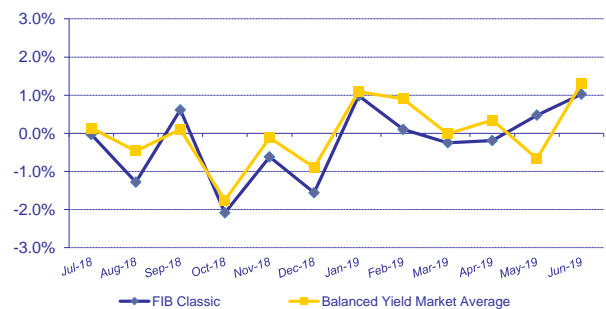
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

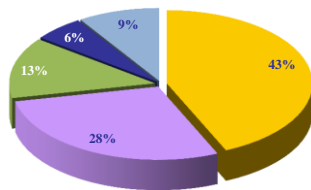


MoM return to BY market average*



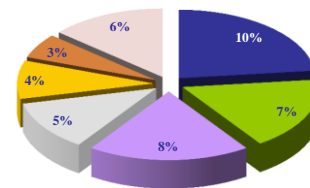
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Cash and cash equiv. ■ Domestic equity ■ Corporate bonds ■ Developed markets equity ■ Russian equity

Equity Portfolio (% of total assets)



■ REITs ■ Manufacturing ■ Oil&Gas ■ Financials ■ Agriculture ■ Tourism ■ Others

Source: FFBH Asset Management

FIB Garant

June 2019

Data as per 28 June 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,084,386	Monthly (MoM)*	0.11%	Standard Deviation*	2.12%
NAV per share	BGN 1.2534	Annual (YoY)*	-2.46%	Sharpe Ratio (0%)*	0.58
		Year-to-date*	-0.14%	Interest rates (%)	
		Since Inception (annualized)*	1.96%	3 months	-0.28%
				12 months	0.65%

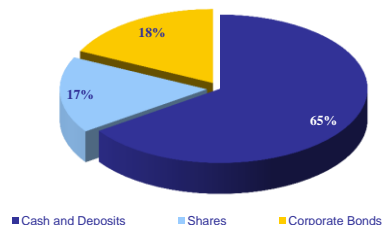
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.22%
Eurobond	2.000%	26/03/2022	EUR	-0.20%
Eurobond	1.875%	21/03/2023	EUR	-0.03%
Eurobond	2.950%	03/09/2024	EUR	0.04%
Eurobond	3.000%	21/03/2028	EUR	0.55%
Eurobond	3.125%	26/03/2035	EUR	1.60%

Source: Bloomberg

Asset Allocation



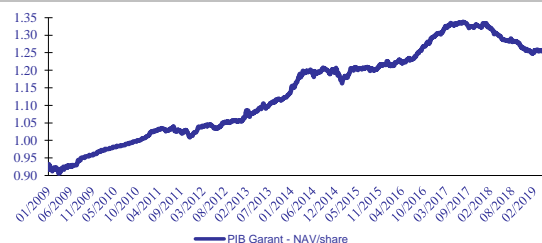
Source: FFBH Asset Management

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 2019 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

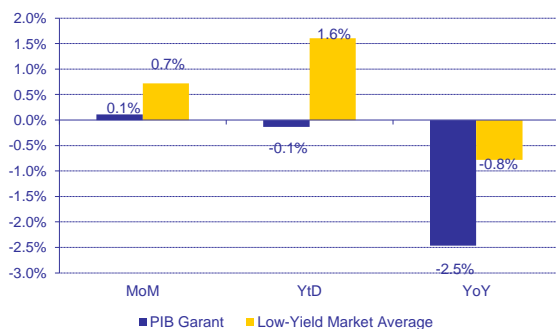


Source: FFBH Asset Management

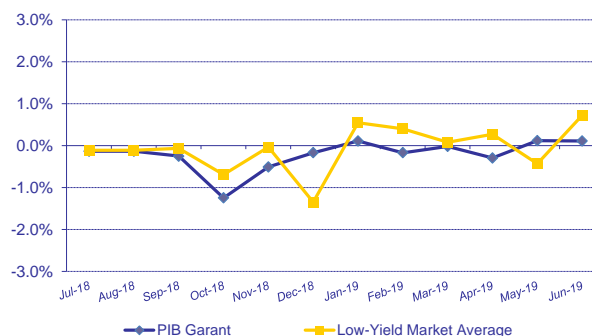
Fact sheet and fee information

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 June 2019

MARKET OVERVIEW:

In June 2019 the tensions between the US and Iran deepened after a couple of incidents in the Persian Gulf resulting in sanctions against Iranian officials as well as military strikes decision by the US President, cancelled in the last minute. Trade negotiations between the US and China resumed at the end of the month and at the G20 summit in Osaka both leaders confirmed their progress, agreed not to impose further tariffs and to lift some of the sanctions imposed in trading with leading Chinese technology companies. In the UK the governing Conservative party started the new leadership election process and the EU continued consultations regarding the selection of candidates for the key executive positions within the Union.

Economic news flow was dominated by emerging changes in central banks' policies in response to worsening economic data and expected global economic slowdown. The ECB unexpectedly announced its willingness to lower the benchmark deposit facility rate this year if necessary giving further way to declines in yields of European government bonds. The Federal Reserve also amended its current economic assessment and as a consequence interest rate markets started to discount interest rate cuts for 2019. Following these developments investors increased their demand for risk free government bonds but there was no massive outflow from capital markets and they recovered further in expectation of monetary stimulus.

US: S&P 500 and NASDAQ 100 increased by 6.89% MoM and 7.62 % MoM in USD, respectively, with similar increases registered in EUR (4.98% MoM and 5.69% MoM, respectively). US economic growth was confirmed at 3.1% in the first quarter of 2019, core inflation stabilized around to 2.0% YoY in May, unemployment rate was stable at 3.6% in May. After the correction in May US capital markets recovered in June reflecting increased expectations for interest rate cuts. Fixed income markets showed similar developments and the 10y Treasury yield fell to 2.00%. The US dollar appreciated despite falling yields reflecting the willingness of the ECB to cut interest rates and the poor performance of the British Pound. Monetary policy expectations are for future cuts and interest rate markets discount two cuts in 2019 which seems to be too optimistic according to the majority of analysts. Investors will be closely watching second quarter earnings as well as incoming economic information in order to assess economic slowdown and future monetary policy.

EUROPE: MSCI Europe increased by 4.26% MoM, whereas economic growth in the Eurozone was stable at 1.2% in the first quarter of 2019. Unemployment rate fell to 7.5% in May and core inflation was stable at 1.1% YoY in June. The ECB unexpectedly announced its willingness to lower the benchmark deposit facility rate in response to increased economic slowdown expectations resulting to renewed decline in 10y German Bund yield to record negative value of -0.33%. European interest rate markets are discounting one interest rate cut for 2019 by 0.10%. European capital markets followed the general direction and recovered the losses from May opening the way to retesting their 2018 highs.

RUSSIA: MSCI Russia increased by 6.92%/5.01% MoM in USD; EUR terms respectively supported by better than expected first quarter earnings and substantial dividend increases by financial and energy companies. The Russian capital market continued to outperform developed and other emerging markets. Brent oil price increased to USD 64.74 (increase of 5.85% MoM). Oil prices were mainly influenced by the tensions between the US and Iran as well as the expected outcome of the OPEC+ meeting in early July. Analysts are expecting confirmation of oil production cuts agreed in December 2018 to at least 2020. The CBR cut its key rate to 7.50% in June, entering an easing cycle based on stable inflation and slowing growth. Economic growth slowed significantly in Q1 to 0.5%, inflation increased to 4.7% in May and the unemployment fell to 4.5% in May.

BULGARIA: SOFIX increased by 0.92% and BGTR30 increased by 1.26%, significantly less than the broad recovery in world capital markets. Relatively good news was the high amount of dividends approved by the AGM's of major local companies. In general stock indices stay within a tight range of 5% - 6% this year and there is no significant investors' demand. Macroeconomic situation remained stable, with Q1'19 GDP growth of 3.50% YoY, HICP May inflation (2.9% YoY) and unemployment continuing to decline on a seasonally-adjusted basis (to 4.5% in May).

OUTLOOK:

International capital markets are reacting positively to expected global monetary policy stimulus, prospects of trade conflicts and geopolitical tensions resolution. Equities and high-yield bonds remain attractive asset classes compared to low-yielding government bonds used by investors mainly as capital protection tools. The Russian economy remains influenced by geopolitical factors with low economic growth, strong dependency on oil prices and exports, but with sound fiscal and monetary policies. Bulgarian capital market remains in narrow range and is unable to synchronise with global financial markets suffering from low liquidity.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	4.57%	71.16%	Decrease in equity exposure to oil&gas
FIB Avangard	1.88%	65.76%	Decrease in exchange traded instruments exposure to financials
FIB Classic	1.03%	42.86%	Decrease in exchange traded instruments exposure to financials
FIB Garant	0.11%	16.67%	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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