

FFBH Vostok

September 2020

Data as per 30 September 2020

NAV	
NAV	BGN 665,501
NAV per share	BGN 0.6215

Return (%)	
Monthly (MoM)*	-1.69%
Annual (YoY)*	-17.35%
Year-to-date 2020*	-20.27%
Since Inception (annualized)	-4.44%

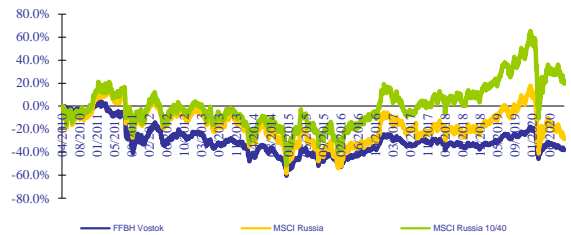
Statistics (%)	
Standard Deviation*	16.56%
Monthly Alpha – MSCI Russia*	2.00%
Beta (β) – MSCI Russia*	0.57
R ² – MSCI Russia*	37.06%
Sharpe Ratio (0%)*	0.29

* 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 2020, 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

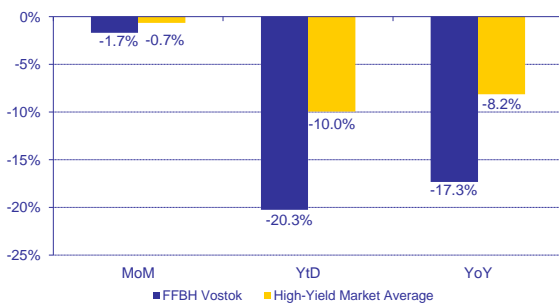
Fact sheet and fee information

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

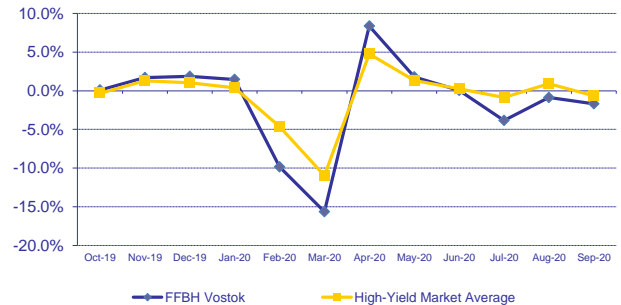
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

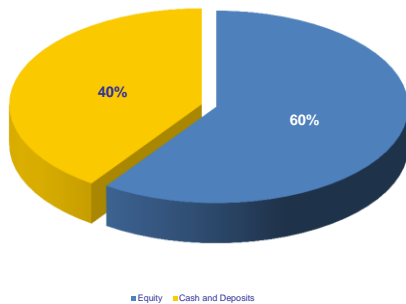


MoM return to HY market average*



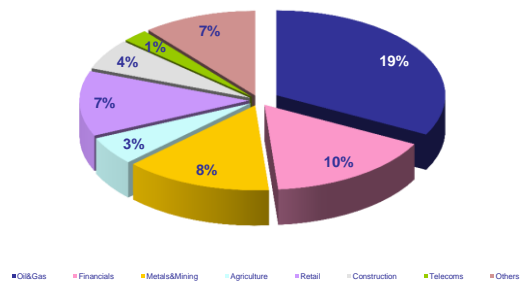
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Equity ■ Cash and Deposits

Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

September 2020

Data as per 30 September 2020

NAV	
NAV	BGN 1,030,680
NAV per share	BGN 0.4254

Return (%)	
Monthly (MoM)*	1.09%
Annual (YoY)*	-24.88%
Year-to-date 2020*	-25.25%
Since Inception (annualized)	-6.43%

Statistics (%)	
Standard Deviation*	11.76%
Monthly Alpha – MSCI ACWI*	2.63%
Beta (β) – MSCI ACWI*	0.46
R ² – MSCI ACWI*	47.12%
Sharpe Ratio (0%)*	-0.21

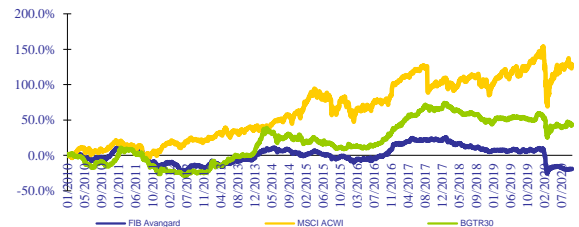
* see notes

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 2020 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

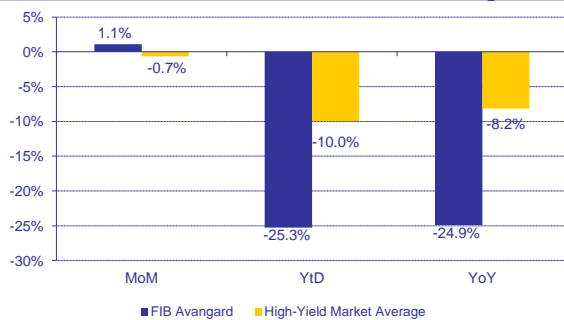
Fact sheet and fee information

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

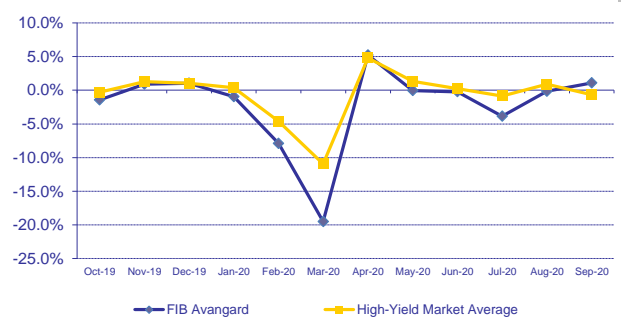
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

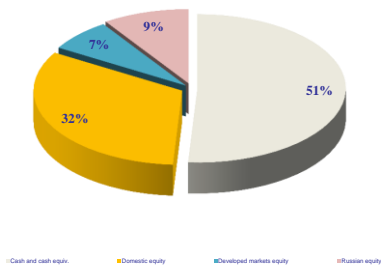


MoM return to HY market average*

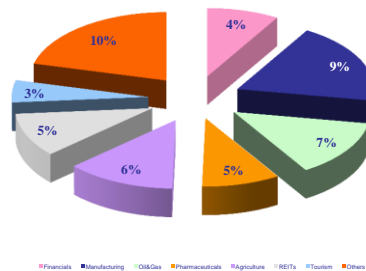


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

September 2020

Data as per 30 September 2020

NAV	
NAV	BGN 1,136,211
NAV per share	BGN 0.7705

Return (%)	
Monthly (MoM)*	-0.26%
Annual (YoY)	-13.74%
Year-to-date 2020*	-14.30%
Since Inception (annualized)	-2.01%

Statistics (%)	
Standard Deviation*	5.87%
Monthly Alpha – MSCI ACWI*	1.28%
Beta (β) – MSCI ACWI*	0.20
R ² – MSCI ACWI*	37.20%
Sharpe Ratio (0%)*	0.03

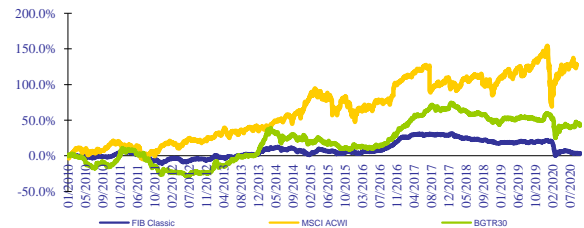
* see notes

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 2020 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

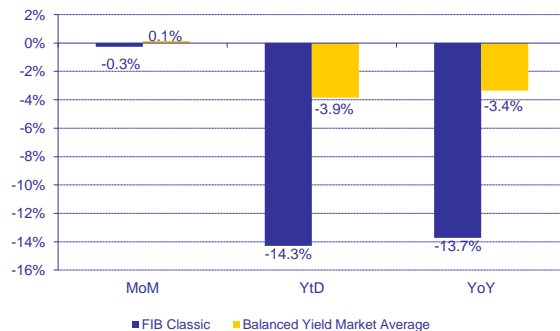
Fact sheet and fee information

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

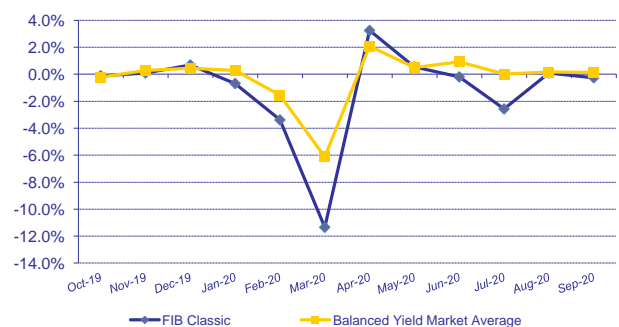
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

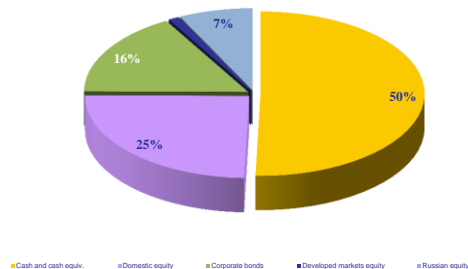


MoM return to BY market average*

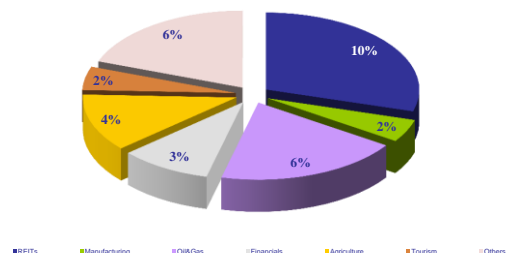


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

September 2020

Data as per 30 September 2020

NAV		Return (%)		Statistics (%)	
NAV	BGN 989,403	Monthly (MoM)*	0.32%	Standard Deviation*	2.59%
NAV per share	BGN 1.1858	Annual (YoY)*	-5.20%	Sharpe Ratio (0%)*	- 0.09
		Year-to-date 2020*	-4.92%	Interest rates (%)	
		Since Inception (annualized)*	1.33%	3 months	-0.15%
				12 months	0.03%

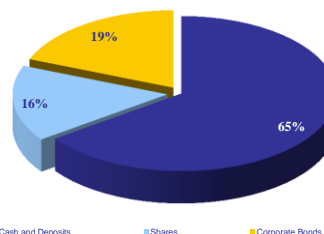
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.33%
Eurobond	2.000%	26/03/2022	EUR	-0.37%
Eurobond	1.875%	21/03/2023	EUR	-0.20%
Eurobond	2.950%	03/09/2024	EUR	-0.13%
Eurobond	3.000%	21/03/2028	EUR	0.16%
Eurobond	3.125%	26/03/2035	EUR	1.02%

Source: Bloomberg

Asset Allocation



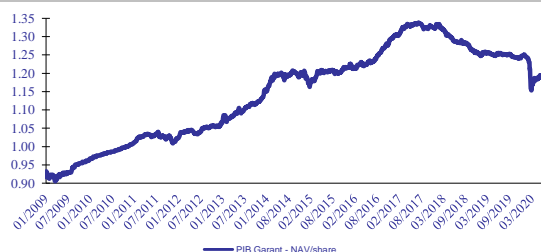
Source: FFBH Asset Management

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 2020 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

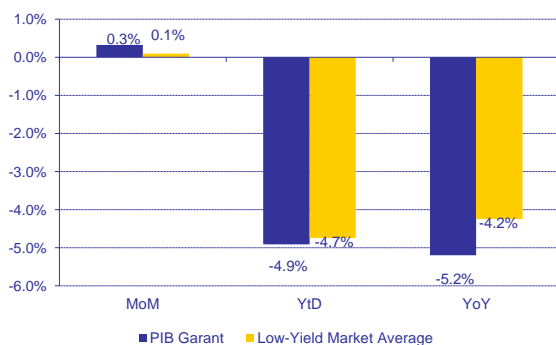


Source: FFBH Asset Management

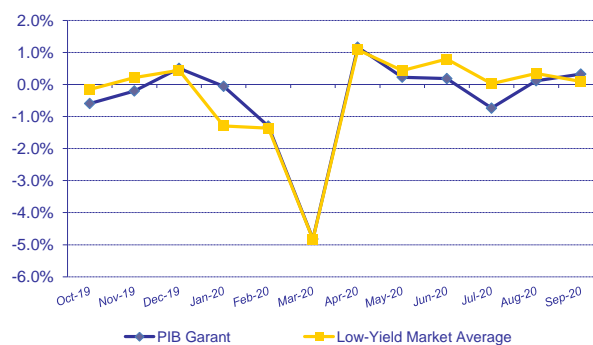
Fact sheet and fee information

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 September 2020

MARKET OVERVIEW:

In September 2020 the financial markets declined, led by the technology sector. The demand for risk assets decreased due to the rising number of infections worldwide and the re-introduction of restrictive measures in many countries. Despite the improving macroeconomic data the investors remain cautious regarding the expected economic recovery in Q3 and Q4. The OECD forecasted 4.5% decline in global economic growth for 2020 and reiterated the slow recovery of the most affected sectors such as travel and tourism as well as the differences between the recovery of the developed and emerging economies. The labor market slowed the pace of lost jobs recovery and many analysts expect a number of companies to have substantial closures and layoffs in the fourth quarter due to diminishing reserves. The lack of unity regarding the extension of the economic measures supporting the directly affected employees contributed to the negative investors' sentiment as well. In terms of politics the presidential race in the US remains undecided and the expectations for the market reaction depending on which party wins remain in a wide range.

The European economies continued to operate under partial restrictions. Many member-states delegated the decision on the form and scope of the restrictions to the local authorities in order to avoid total economic shut-down. In its state of the union address the President of the EC presented her vision for the EU's recovery from the pandemic emphasizing on preserving the health and wealth of the citizens, the implementation of the EU's Green Strategy, the digital transformation and the new approach towards migration, discrimination and racism. In addition she confirmed the intention to reduce by at least 55% the carbon emissions of the EU by 2030 as well as to finance 30% of the European Recovery Fund of 750 billion euro through issuance of "green bonds" and the funds raised to be invested in environment and climate change related projects.

US: S&P 500 and NASDAQ 100 decreased by 3.92% MoM and 5.72 % MoM in USD, respectively, with smaller decreases registered in EUR (3.46% MoM and 5.26% MoM, respectively). The GDP fell by 31.4% in Q2 2020; the core inflation increased to 1.7% YoY in August; the unemployment rate fell to 7.9% in September. The capital markets declined after months of increases. The reason was the lower risk appetite of the investors as well as the relatively high market multiples of the larger companies. The Federal Reserve kept its monetary policy unchanged at the FOMC meeting and released its quarterly economic projections. They showed expectations for zero policy rate at least through 2023. The Central Bank extended by another quarter the restrictions on share buy-backs and the size of dividend payments for the large banks. The government bond market recovered and the 10y Treasury yield fell to 0.68%. The US dollar appreciated against the major currencies and closed around 1.1721 against the euro.

EUROPE: MSCI Europe decreased by 1.47% MoM, whereas the economic growth in the Eurozone fell by 11.8% in Q2 2020. The unemployment rate increased to 8.1% in August and the core inflation decreased substantially to 0.2% YoY in September. The European capital markets outperformed due to the recovering economy and the better macroeconomic data. The ECB left its monetary policy unchanged and initiated an in-depth review of its emergency asset purchase program. Additionally it confirmed its readiness to increase the monetary stimulus as needed in view of the uncertain and incomplete economic recovery in the EU. The majority of economists expect broadening of the present programs in December when the quarterly economic projections of the ECB will be published. The Central Bank also confirmed its expectations for negative inflation in the coming months due to the low oil prices and the relatively strong euro. The demand for risk-free assets increased substantially and the 10y German Bund yield fell, closing around -0.52%.

RUSSIA: MSCI Russia decreased by 7.44% MoM in USD and decreased by 6.99% in EUR terms respectively. The Brent oil price declined closing at USD 42.30 per barrel (decrease of 7.36% MoM). The OPEC+ countries confirmed their intention to complete the agreed monthly production cuts and expect additional cuts in October and November. The CBR left the base rate unchanged at 4.25% in view of the rising inflation rate, caused by the weakening currency and recovering domestic consumption. The Central Bank confirmed its readiness to continue the rate decreases as needed due to the weak external demand and the economic recovery risks. The Russian capital market was affected by geopolitical factors as well, such as worsening relations with the EU and with Germany in particular. The macroeconomic data confirmed decrease in the economic growth in Q2 2020 by 1.9%, the inflation rate increased to 3.1% YoY in August and the unemployment rate rose to 6.4% in August. The Russian currency depreciated substantially and closed around 77.63 rubbles per dollar.

BULGARIA: SOFIX decreased by 1.53% and BGTR30 decreased by 1.45%. The capital market was relatively stable but still in the downward trend from the last months. The pandemic conditions affect the economic indicators and the results of the companies, but still some of them confirmed their dividend payments. The country tapped the international markets for the first time since 2016 with the issuance of 5 billion leva worth of 10 and 30 year bonds. The funds will be used for refinancing of existing obligations, increase of the fiscal reserves and financing of the social and economic measures, introduced by the government. The macroeconomic data confirmed Q2 2020 GDP decline of 10.01%. The HICP August inflation rate increased to 0.6% YoY. The unemployment on a seasonally-adjusted basis increased to 6.2% in August.

OUTLOOK:

The expectations of investment analysts for the global economic development in 2020 are turning more cautious in view of the second wave of the pandemic and the re-introduction of restrictive measures in many countries, affecting the economic activity. The labour market recovery is slowing and the direct financial support for the affected is becoming more crucial. The upcoming earnings season will reveal the degree of companies' adaptation to the changing conditions as well as which sectors manage to achieve earnings growth. The investors are reducing their exposure to risk assets in an environment of economic uncertainty.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-1.69%	59.68%	No significant changes
FIB Avangard	1.09%	48.84%	Increased equity exposure to the construction services sector, reduced equity exposure to the basic materials sector
FIB Classic	-0.26%	32.82%	No significant changes
FIB Garant	0.32%	15.8844%	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.

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