

## FIB Avangard

August 2022

Data as per 31 August 2022

NAV	
NAV	BGN 1 363 666
NAV per share	BGN 0,4687

Return (%) / Statistics (%)	
Monthly (MoM)*	-0,24%
Annual (YoY)*	-6,93%
Year-to-date 2022*	-10,19%
Since Inception (annualized)	-5,00%
Standard Deviation*	11,97%

TOP 5 POSITIONS	
FIB BONDS	7,27%
BULGARIAN REAL ESTATE FUND REIT	5,24%
SHELL PLC	4,54%
APPLE INC	4,05%
MICROSOFT CORP	3,74%

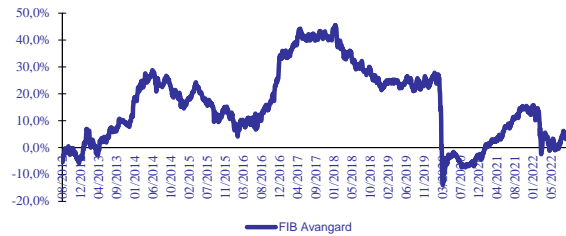
\* see notes

### 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 2022 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 Cummulative Return 10y



Source: FFBH Asset Management

### Fact sheet and fee information

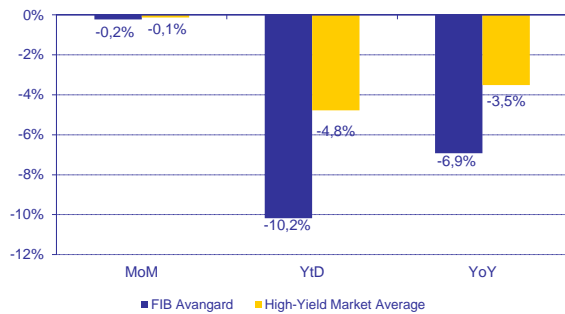
Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

Subscription*	
Entry fee	0,00%

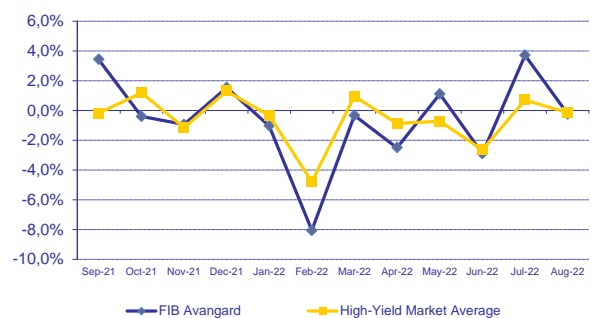
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

\* Minimum subscription is BGN 50

### MoM, YoY and YtD return to HY market average\*

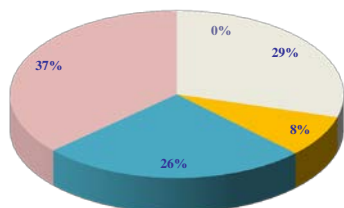


### MoM return to HY market average\*



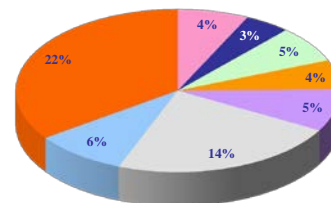
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Cash and cash equiv. ■ Bonds ■ Domestic equity ■ Developed markets equity ■ Russian equity

### Equity Portfolio (% of total assets)



■ Manufacturing ■ Auto ■ Oil&Gas ■ Internet & Retail ■ REITs ■ IT ■ Financials ■ Others

## FIB Classic

August 2022

Data as per 31 August 2022

NAV	
NAV	BGN 2 362 083
NAV per share	BGN 0,7749

Return (%) / Statistics (%)	
Monthly (MoM)*	-0,11%
Annual (YoY)	-9,90%
Year-to-date 2022*	-13,71%
Since Inception (annualized)	-1,71%
Standard Deviation*	7,29%

TOP 5 POSITIONS	
FIB BONDS	6,72%
REPUBLIC OF HUNGARY	4,25%
ENERGO-PRO AS	3,96%
REPUBLIC OF ALBANIA	3,81%
FOUR FINANCE SA	3,26%

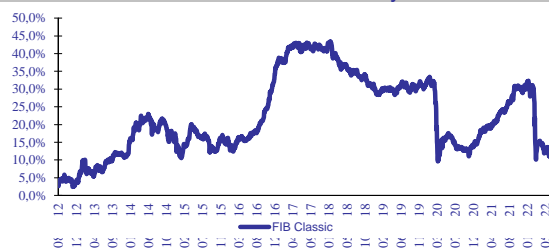
\* see notes

### 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 2022 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 government and corporate bonds.

### FIB Classic Cumulative Return 10y



Source: FFBH Asset Management

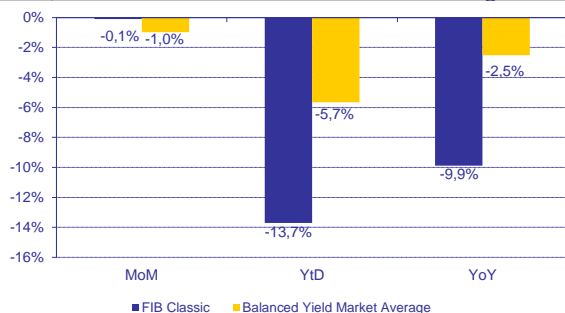
### Fact sheet and fee information

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

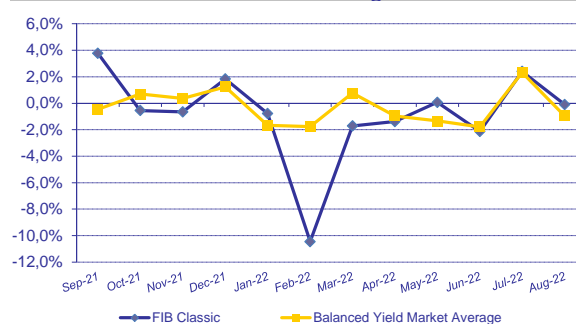
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,50%

\* Minimum subscription is BGN 50

### MoM, YoY and YtD return to BY market average\*

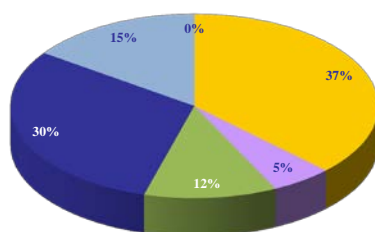


### MoM return to BY market average\*



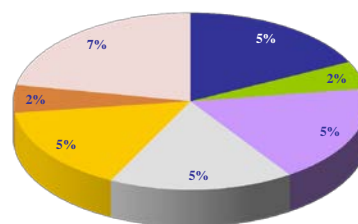
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Cash and cash equiv. ■ Shares ■ Domestic equity ■ Bonds ■ Developed markets equity ■ Russian equity

### Equity Portfolio (% of total assets)



■ REITs ■ Construction ■ Shares ■ Financials ■ IT ■ Auto ■ Others

## FIB Garant

August 2022

Data as per 31 August 2022

NAV	
NAV	BGN 2 004 678
NAV per share	BGN 1,1326

\* see notes

Return (%) / Statistics (%)	
Monthly (MoM)*	-0,36%
Annual (YoY)*	-7,65%
Year-to-date 2021*	-7,49%
Since Inception (annualized)*	0,85%
Standard Deviation*	3,11%

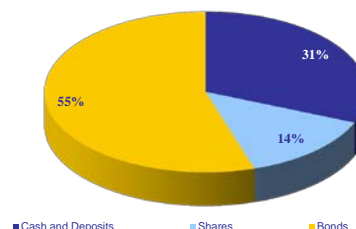
TOP 5 POSITIONS	
REPUBLIC OF ROMANIA	9,45%
REPUBLIC OF CROATIA	8,46%
REPUBLIC OF BULGARIA	7,72%
FIB BONDS	6,93%
ENERGO-PRO AS	4,67%

Yield on selected Bulgarian treasuries (%) / Interest rates (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	1,875%	21/03/2023	EUR	1,27%
Eurobond	2,950%	03/09/2024	EUR	1,98%
Eurobond	2,625%	26/03/2027	EUR	2,53%
Eurobond	0,375%	23/09/2030	EUR	3,42%
Eurobond	1,375%	23/09/2050	EUR	3,19%
3 months			BGN	0,59%
12 months			BGN	1,24%

Source: Bloomberg

Asset Allocation



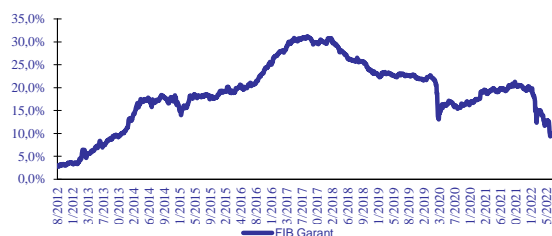
Source: FFBH Asset Management

### 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 2022 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 Cummulative Return 10y



Source: FFBH Asset Management

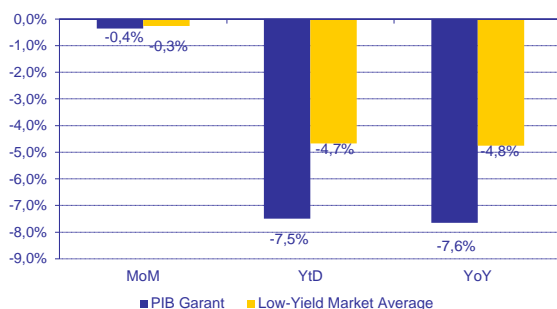
### Fact sheet and fee information

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

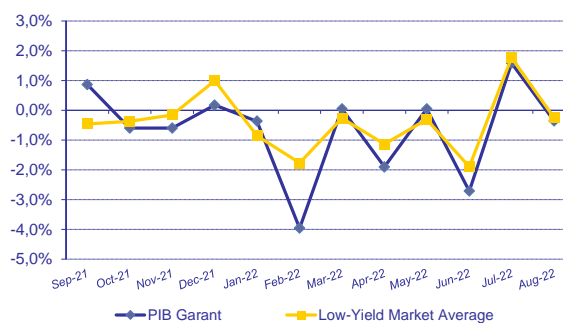
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,00%

\* 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

## FFBH Vostok

August 2022

Data as per 31 August 2022

NAV	
NAV	BGN 479 034
NAV per share	BGN 0,4324

Return (%) / Statistics (%)	
Monthly (MoM)*	4,57%
Annual (YoY)*	-42,92%
Year-to-date 2022*	-44,17%
Since Inception (annualized)	-6,55%
Standard Deviation*	21,53%

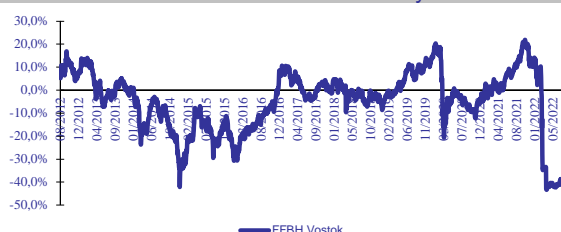
TOP 5 POSITIONS	
GRADUS AD	2,90%
0	0,00%
0	0,00%
0	0,00%
0	0,00%

\* 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 90% in equities and up to 50% invested in bonds. We assume further recovery of the Russian economy in 2022, supported by rising 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 Cummulative Return 10y



Source: FFBH Asset Management

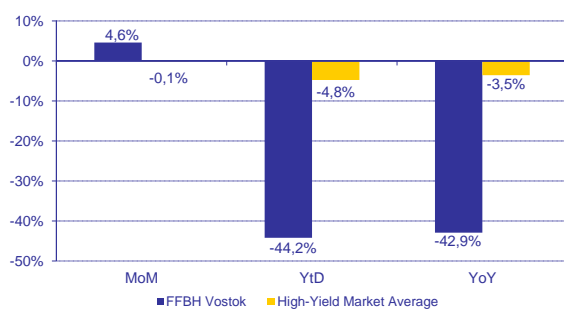
### Fact sheet and fee information

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

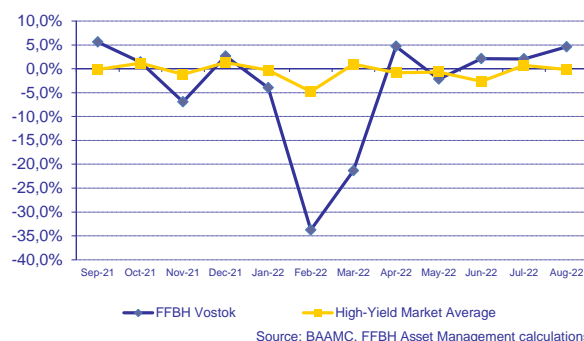
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

\* Minimum subscription is BGN 50

### MoM, YoY and YtD return to HY market average\*

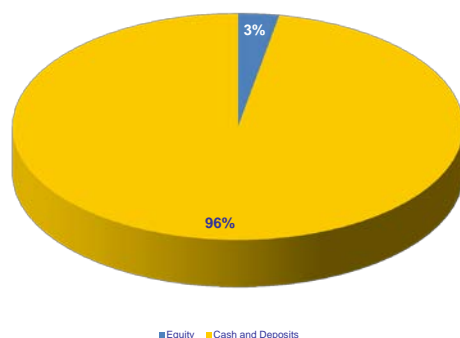


### MoM return to HY market average\*



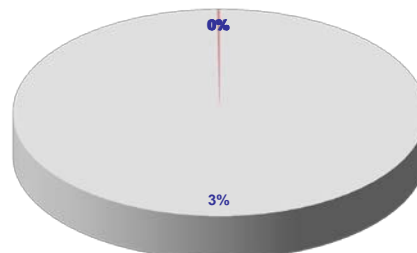
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Equity ■ Cash and Deposits

### Equity Portfolio (% of total assets)



■ Oil&Gas ■ Financials ■ Metals&Mining ■ Retail ■ Transport ■ Agriculture ■ Others (ETFs) ■ Others

Source: FFBH Asset Management

## #MarketingCommunication

### Targeted Markets Key Statistics - August 2022

US	Previous	Prev. Value	Current	Curr.Value	Change
SP 500	Jul	4 130,3	Aug	3 934,4	-4,7%
Nasdaq 100	Jul	12 948,0	Aug	12 272,0	-5,2%
2Y US Treasury Yield	Jul	2,921	Aug	3,495	0,57
10Y US Treasury Note Yield	Jul	2,658	Aug	3,196	0,54
GDP (QoQ)	Q1	-1,6%	Q2 (P)	-0,6%	1,0%
Core CPI (MoM)	Jun	0,7%	Jul	0,3%	-0,4%
Core PPI (MoM)	Jun	0,4%	Jul	0,2%	-0,2%
Unemployment	Jun	3,6%	Jul	3,5%	-0,1%
USD index (DX)	Jul	105,78	Aug	108,67	2,7%
Core Retail Sales (MoM)	Jun	0,9%	Jul	0,4%	-0,5%
PMI	Jul	52,2	Aug	51,3	-90,0%
ISM Non Manufacturing	Jun	55,3	Jul	56,7	1,4
Consumer Sentiment	Jul	51,5	Aug	55,1	3,6

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Jul	438,3	Aug	415,1	-5,3%
DAX	Jul	13 472,0	Aug	12 847,0	-4,6%
2Y German Bund Yield	Jul	0,264	Aug	1,198	0,93
10Y German Bund Yield	Jul	0,825	Aug	1,536	0,71
GDP (YoY)	Q1	5,4%	Q2 (P)	3,9%	-1,5%
Core CPI (MoM)	Jul	0,1%	Aug	0,5%	0,4%
PPI (MoM)	Jun	0,5%	Jul	1,1%	0,6%
Unemployment	May	6,6%	Jun	6,6%	0,0%
EUR.USD	Jul	1,0218	Aug	1,0057	-1,6%
Retail Sales (MoM)	Jun	0,4%	Jul	-1,2%	-1,6%
PMI	Jul	49,8	Aug	49,7	-0,1
Industrial Production	May	2,1%	Jun	0,7%	-1,4%
Zex Economic Sentiment	Jul	-51,1	Aug	-54,9	-3,8

Bulgaria / BSE	Previous	Prev. Value	Current	Curr.Value	Change
SOFIX	Jul	599,7	Aug	612,3	2,1%

Russia	Previous	Prev. Value	Current	Curr.Value	Change
RTSI	Jul	1 129,2	Aug	1 258,5	11,4%

### What Moved the Targeted Markets in August:

Three words mark the bumpy ride in August.  
 War, Inflation and Jackson Hole Symposium.

**War in Ukraine** escalated to a new level. Gas supply cuts, Nuclear blackmailing and Russian oil price cap lingered, sending the markets back into the deep correction territory.  
 Prospective – strictly negative. Russian president Vladimir Putin still holds the higher bid, at least till Q2 2023.

**Inflation**, although somehow inching lower from its highs, is still elevated.  
 No signs of relief till the energy supply bottlenecks, especially in Europe, are resolved.  
 Endless Covid related restrictions in China weigh on the supply side, feeding the inflation basics too.

**Jackson Hole Symposium.** This is what the markets expected the most till Sep 21 regular FOMC meeting. FED chair J.Powell delivered short, eleven minutes, unusually hawkish speech. The toughest, unanimously supported stance of FED voting members in years, sent stocks back to mid-July levels. The so called bear market rally was slashed half ways.

Reasons:

- FED would accept short term pain in the labor market
- Standing firmly on the premise of a series of big Rate hikes /being data dependent/ to fight the Inflation
- Sacrificing the growth of the economy for 2-3 quarters.

The asset class that reacted the most was fixed income.

US yield curve extended the gap between 2Y and 10Y maturities by as much as +25bp.

Bond and FX traders now price +70% chance of 75bp rate hike in September. The whole narrative has changed for “eleven” minutes.

Technology, recently recognized as a bear market rally darling, was sold off sharply. Investors may need some time to reassess the new IR hikes’ odds and implement them in the DCF models. Those Investors, who led the market bullish reversal, started on June 17<sup>th</sup> were among the most active sellers. Being on the wrong side, prematurely inflating expectations of a smooth recovery and shallow recession, eventually costs.

Europe also have monstrous rates hikes dilemma, but Gazprom may seem worse market headwind in a short while. Similarly, YoY inflation in the Eurozone block is stabilizing /at 9%/, but any level close to 4-4.5% is poorly accepted by the markets. News of upcoming energy spending cuts, and extraordinary measures are everywhere. Germany, UK, Italy and the rest of the leading European nations mull special programs to save and support local utilities. We believe the winter season would be a big test for ECB. Pushing IRs well above 1.25-1.50% level may overthrow fragile, mostly fragmented local energy markets and the Eurozone economy.

### Short Term Outlook:

Seasonality matters. September is a notoriously bad month. Then comes the Q3 earnings season. What is the proper level of ST earnings growth expectations? Was the multiple contraction in August enough to match analysts’ revised DCF assumptions? Will the companies, from both sides of the Atlantic, manage to keep the pace, or succumb net proceeds visibility, under the margin, supply chain mess and inflation pressure? And ultimately, what FED and ECB have to tell about overshooting the IR hikes race?

European energy crisis – hopefully EU politicians will find a solution to stabilize the CFs of the local utilities and temper the markets’ fears of a Siberian winter /a region much further geographically though/.

The War in Ukraine – no sign of compromise or truce by now. As already stated in the first section, Mr. Putin is in charge, for now.

### FFBH AM Mutual Funds Key Figures:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	4.57%	2.96%	Decreased Russian equity exposure.
FIB Avangard	-0.24%	62.6%	Decrease of BSE equity exposure.
FIB Classic	-0.11%	28.4%	Slight decrease of BSE equity exposure.
FIB Garant	-0.36%	10.4%	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*: 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 using the MoM, YoY and YtD returns of each fund ( $R_i$ ,  $i=1$  to  $n$ ), based on formula:  $\sum (R_i)/n$ , where  $n$  is the number of mutual funds.

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