

## FIB Avangard

October 2022

Data as per 31 October 2022

NAV	
NAV	BGN 1 809 683
NAV per share	BGN 0,4556

Return (%) / Statistics (%)	
Monthly (MoM)*	0,76%
Annual (YoY)*	-12,17%
Year-to-date 2022*	-12,68%
Since Inception (annualized)	-5,12%
Standard Deviation*	12,02%

TOP 5 POSITIONS	
FIB BONDS	5,52%
BULGARIAN REAL ESTATE FUND REIT	3,31%
MICROSOFT CORP	3,03%
APPLE INC	3,00%
NOKIA OYJ	2,92%

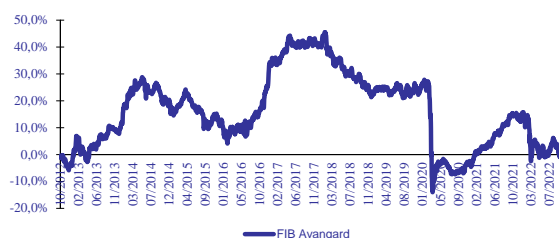
\* see notes

### 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

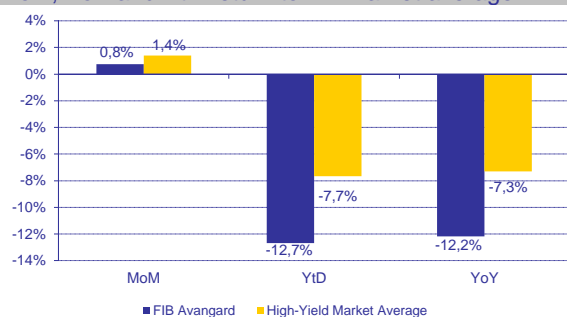
Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

Subscription*	
Entry fee	0,00%

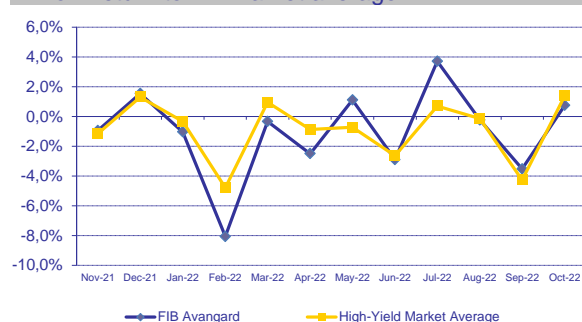
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

\* Minimum subscription is BGN 50

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

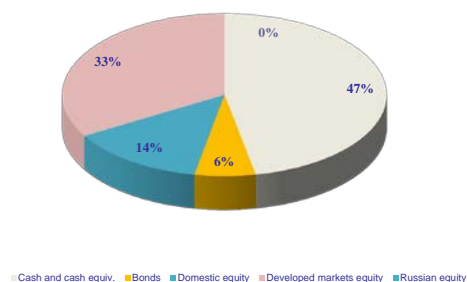


### MoM return to HY market average\*

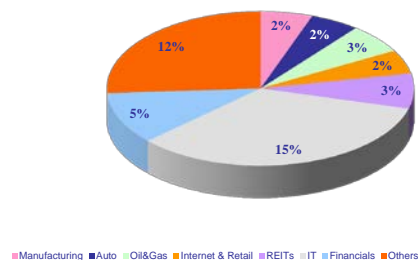


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Classic

October 2022

Data as per 31 October 2022

NAV	
NAV	BGN 3 356 979
NAV per share	BGN 0,7675

Return (%) / Statistics (%)	
Monthly (MoM)*	1,00%
Annual (YoY)	-13,54%
Year-to-date 2022*	-14,54%
Since Inception (annualized)	-1,75%
Standard Deviation*	7,32%

TOP 5 POSITIONS	
FIB BONDS	4,76%
AT&T INC	3,05%
REPUBLIC OF HUNGARY	2,93%
ENERGO-PRO AS	2,78%
NOKIA OYJ	2,64%

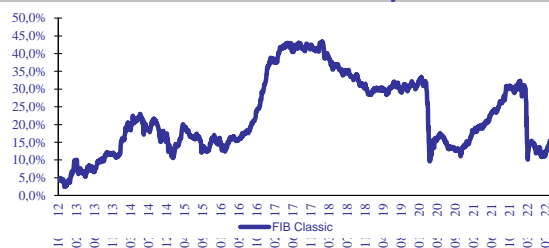
\* see notes

### 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

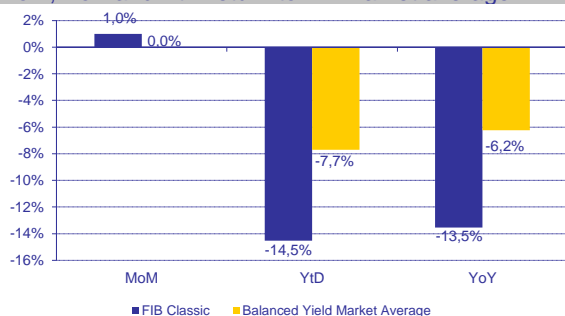
### Fact sheet and fee information

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

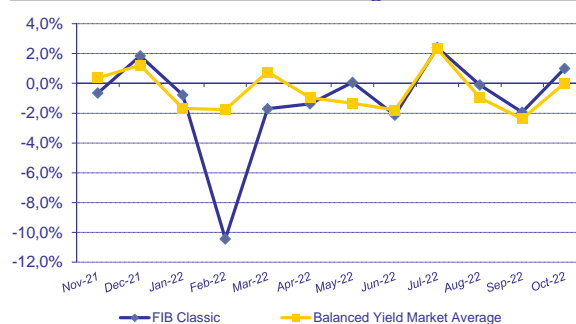
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,50%

\* Minimum subscription is BGN 50

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

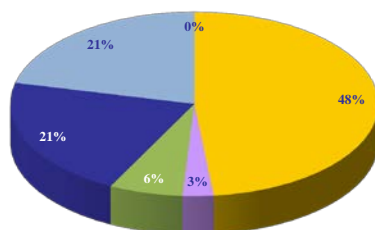


### MoM return to BY market average\*



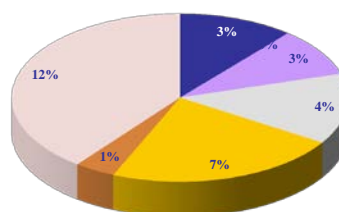
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



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

### Equity Portfolio (% of total assets)



■ Недвижими имоти ■ Строителство ■ Дялове ■ Финанси ■ ИТ ■ Автомобилостроене ■ Други

Source: FFBH Asset Management

## FIB Garant

October 2022

Data as per 31 October 2022

NAV	
NAV	BGN 2 387 292
NAV per share	BGN 1,1095

\* see notes

Return (%) / Statistics (%)	
Monthly (MoM)*	1,02%
Annual (YoY)*	-9,77%
Year-to-date 2021*	-9,38%
Since Inception (annualized)*	0,70%
Standard Deviation*	3,27%

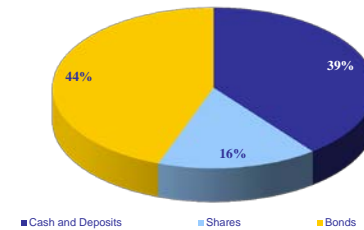
TOP 5 POSITIONS	
REPUBLIC OF ROMANIA	7,60%
REPUBLIC OF CROATIA	6,69%
FIB BONDS	5,86%
REPUBLIC OF BULGARIA	5,71%
ENERGO-PRO AS	3,91%

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

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	1,875%	21/03/2023	EUR	2,08%
Eurobond	2,950%	03/09/2024	EUR	2,77%
Eurobond	2,625%	26/03/2027	EUR	3,93%
Eurobond	0,375%	23/09/2030	EUR	5,15%
Eurobond	1,375%	23/09/2050	EUR	4,70%
3 months			BGN	0,02%
12 months			BGN	0,03%

Source: Bloomberg

Asset Allocation



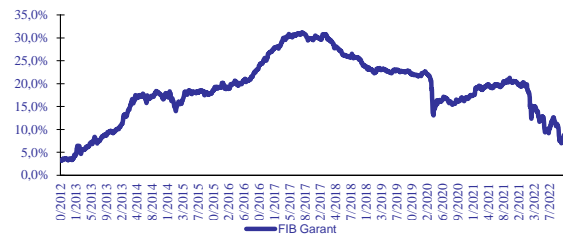
Source: FFBH Asset Management

### 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 Cumulative Return 10y



Source: FFBH Asset Management

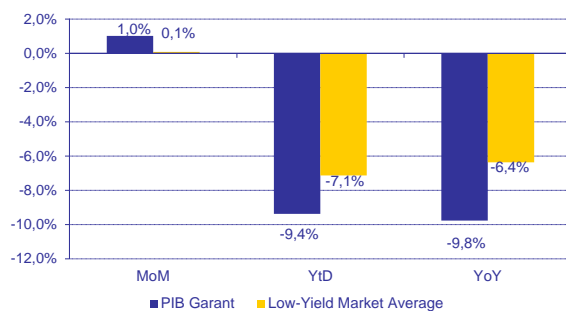
### Fact sheet and fee information

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

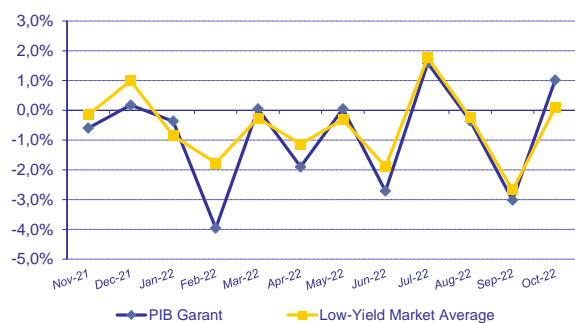
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,00%

\* 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

October 2022

Data as per 31 October 2022

NAV	
NAV	BGN 480 138
NAV per share	BGN 0,4335

Return (%) / Statistics (%)	
Monthly (MoM)*	-1,56%
Annual (YoY)*	-46,55%
Year-to-date 2022*	-44,03%
Since Inception (annualized)	-6,44%
Standard Deviation*	21,52%

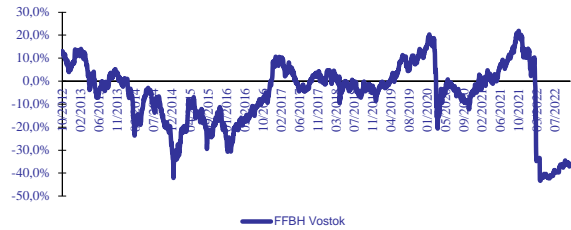
TOP 5 POSITIONS	
	0,00%
	0,00%
	0,00%
	0,00%
	0,00%

\* 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.

### FFBH Vostok Cummulative Return 10y



Source: FFBH Asset Management

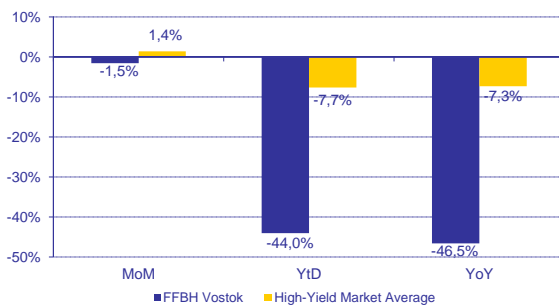
### Fact sheet and fee information

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

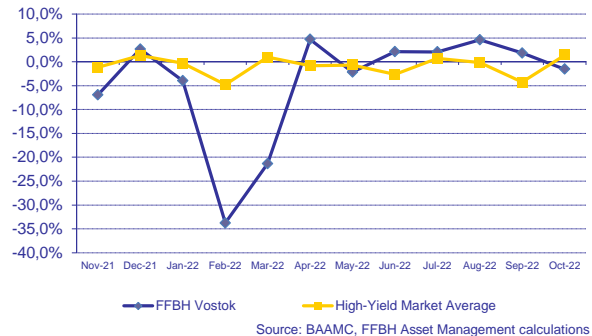
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

\* Minimum subscription is BGN 50

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

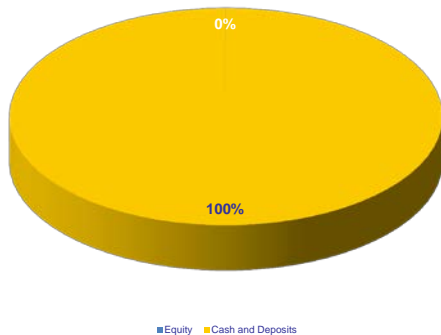


### MoM return to HY market average\*



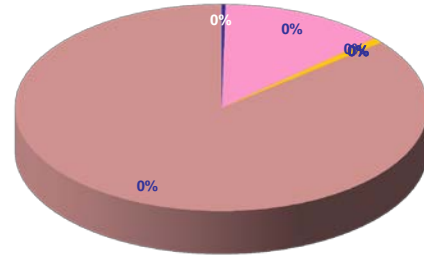
Source: BAAMC, FFBH Asset Management calculations

### 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

## #Marketing Communication

### Targeted Markets' Key Statistics - October 2022

USA	Previous	Prev. Value	Current	Curr.Value	Change
SP 500	Sep	3,585.6	Oct	3,872.0	8.0%
Nasdaq 100	Sep	10,971.2	Oct	11,405.6	4.0%
2Y US Treasury Yield	Sep	4.273	Oct	4.487	0.21
10Y US Treasury Note Yield	Sep	3.829	Oct	4.050	0.22
GDP (QoQ)	Q2	-0.6%	Q3 (P)	2.6%	3.2%
Core CPI (MoM)	Aug	0.6%	Sep	0.6%	0.0%
Core PPI (MoM)	Aug	0.3%	Sep	0.3%	0.0%
Unemployment	Aug	3.7%	Sep	3.5%	-0.2%
USD index (DX)	Sep	112.084	Oct	111.42	-0.6%
Core Retail Sales (MoM)	Aug	-0.1%	Sep	0.1%	0.2%
Manufacturing PMI	Sep	52	Oct	49.9	-2.1
ISM Non Manufacturing	Aug	56.9	Sep	56.7	-0.2
Consumer Sentiment	Sep	59.8	Oct	59.9	0.1

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Sep	387.9	Oct	412.2	6.3%
DAX	Sep	12,114.4	Oct	13,253.7	9.4%
2Y German Bund Yield	Sep	1.778	Oct	1.949	0.17
10Y German Bund Yield	Sep	2.109	Oct	2.150	0.04
GDP (YoY)	Q2	4.3%	Q3 (P)	2.1%	-2.2%
CPI (MoM)	Sep	1.2%	Oct	1.5%	0.3%
PPI (MoM)	Aug	5.0%	Sep	0.6%	-4.4%
Unemployment	Aug	6.7%	Sep	6.6%	-0.1%
EUR.USD	Sep	0.9799	Oct	0.9883	0.9%
Retail Sales (MoM)	Aug	0.0%	Sep	0.4%	0.4%
Manufacturing PMI	Sep	48.4	Oct	46.4	-2.0
Industrial Production (MoM)	Jul	-2.3%	Aug	1.5%	3.8%
Zex Economic Sentiment	Sep	-60.7	Oct	-59.7	1.0

Bulgaria / BSE	Previous	Prev. Value	Current	Curr.Value	Change
SOFIX	Sep	587.2	Oct	589.5	0.4%

### Bucking the historical patterns:

October may be famous for historically horrifying stock market crashes like the ones in 1929, 1987 and 2008. Not this time.

It was a month of mixed fortunes for global equity markets. While Europe, the UK and the US enjoyed a recovery, Asia and Emerging markets lagged. High inflation and central bank interest rate hikes continue to make headlines, with real fears growing around the potential for recession in many regions. The cost-of-living crisis continues to impact consumer spending in many regions, with high prices showing few signs of letting up in the short term.

European shares ended higher in October despite continued high inflation and data showing an economic slowdown. From a sector perspective, all were in positive territory, with energy and industrials leading the gains.

The European Central Bank (ECB) raised interest rates by 75 basis points to the highest level since 2009, 1.5%. The ECB indicated further increases were likely to tackle inflation but at a slower rate, despite signs of an upcoming recession in the area. In attempt to

reduce 8.8 Trillion balance sheet, the ECB also announced the scheme of ultra-cheap loans (TLTRO III) to be less attractive to incentivise banks to repay early. Economists expect the eurozone to fall into recession at the start of next year as rising cost of living forces households to cut spending, while energy costs force industrial groups to scale back or shut production.

US equities rebounded from last month's market lows. This was supported by a better-than-expected quarter three earnings season, with almost 75% of the companies in the S&P 500 beating estimates. This led to a high single-digit rise in the nation's 500 large cap companies. Of the three major US indices, the Dow Jones Industrials Average index was the strongest, enjoying its best monthly gain since 1976. There was a rally in the cheaper 'value' equities that make up a large part of the index which contributed. Meanwhile the technology-heavy NASDAQ composite rallied at a more moderate pace, as 'growth' stocks continued to feel the pinch of higher interest rates.

Amidst a solid earnings season, it's so far seen disappointment for the large US technology stocks. Alphabet, Google's parent company, reported a 27% decline in profits, while Meta announced a drop of more than 50%. Microsoft experienced its slowest revenue growth in five years and Amazon reported deceleration in key business lines. Apple's results stood out in that they were mixed, although a recent Covid-19 outbreak in one of its iPhone production factories is a short-term concern.

## Prospective

FED comes to play again on Nov 2<sup>nd</sup>. We expect 0.75% rate hike and another 0.50% in Decembers' FOMC meeting. Than FED would take a breather /0,25% steps/, or at least share its view about the pace and speed of tightening /if any/. As we stated previously, it takes time for the full effects of higher interest rates to filter through the economy, affecting the behavior of businesses and consumers.

Meaning, FED needs time and ton of data processing to assess the effects of nearly 4%, 6M crusade against inflation.

Otherwise, overshooting on the restrictive side would cause economic slowdown /even recession/ and dent corporate earnings further.

This is a major risk. This is the reason why we believe Feb 2023s' meeting would be a turning point for FOMC.

Of course, time and incoming data will tell.

## FFBH AM Mutual Funds Key Figures:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-1,56%	6,9%	USD ▲
FIB Avangard	0,76%	47,1%	BSE NMT*, USD ▲, EUR ▼.
FIB Classic	1%	30,5%	BSE NMT*, USD ▲, EUR ▼.
FIB Garant	1,02%	16,1%	USD ▲

\*(NMT) – no material change

## 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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