

FFBH Vostok

December 2022

Data as per 30 December 2022

NAV	
NAV	BGN 439 737
NAV per share	BGN 0,4067

Return (%) / Statistics (%)	
Monthly (MoM)*	-3,40%
Annual (YoY)*	-47,48%
Year-to-date 2022*	-47,48%
Since Inception (annualized)	-6,83%
Standard Deviation*	21,48%

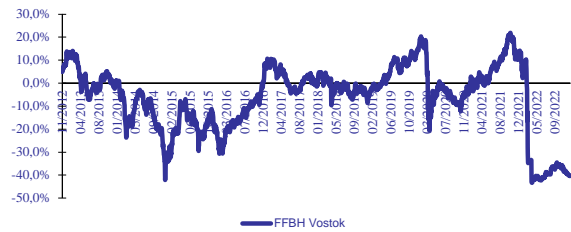
TOP 5 POSITIONS	
ADVANCED MICRO DEVICES, INC.	3,23%
APPLE INC	2,70%
0	0,00%
0	0,00%
0	0,00%

* see notes

Investment objective overview

FFBH Vostok is a Technology oriented investment vehicle. The fund targets NASDAQ100/NDX/ components, as well as other global IT and Biotechnology non NDX members. 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

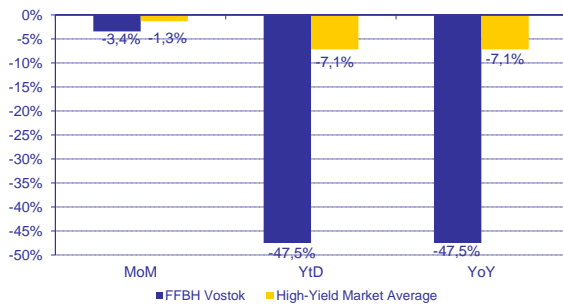
Fact sheet and fee information

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

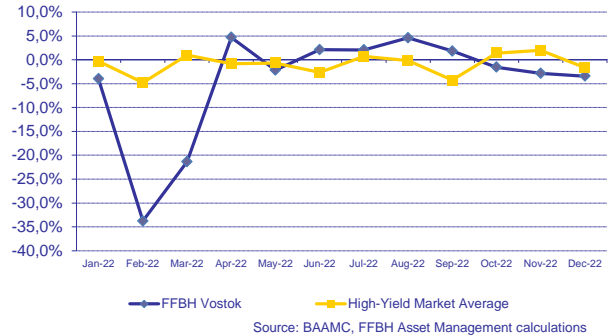
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

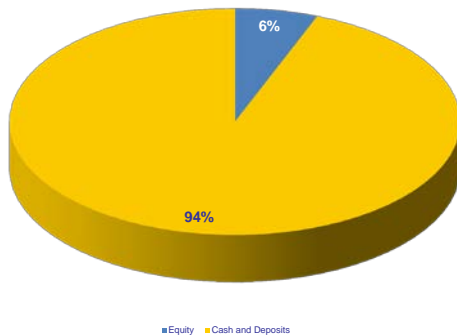


MoM return to HY market average*



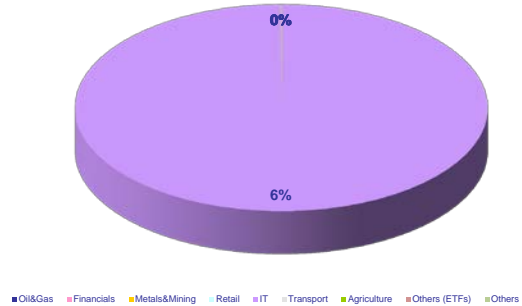
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Cash and Deposits

Equity Portfolio (% of total assets)



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

Source: FFBH Asset Management

FIB Avangard

December 2022

Data as per 30 December 2022

NAV	
NAV	BGN 1 753 458
NAV per share	BGN 0,4417

Return (%) / Statistics (%)	
Monthly (MoM)*	-4,05%
Annual (YoY)*	-15,36%
Year-to-date 2022*	-15,36%
Since Inception (annualized)	-5,26%
Standard Deviation*	12,03%

TOP 5 POSITIONS	
FIB BONDS	5,41%
BULGARIAN REAL ESTATE FUND REIT	3,45%
MICROSOFT CORP	3,00%
NOKIA OYJ	2,89%
ADVANCED MICRO DEVICES, INC.	2,84%

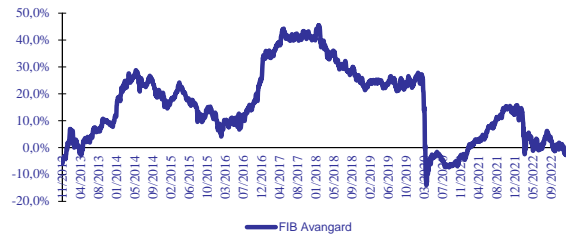
* see notes

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 2023 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

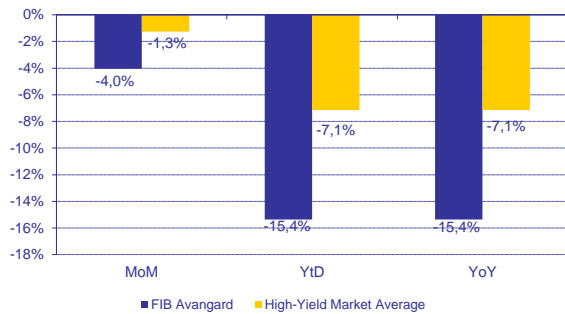
Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

Subscription*	
Entry fee	0,00%

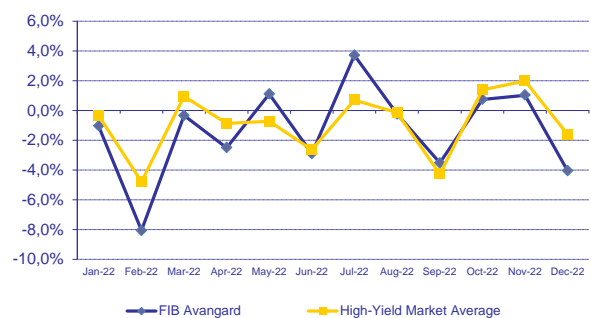
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

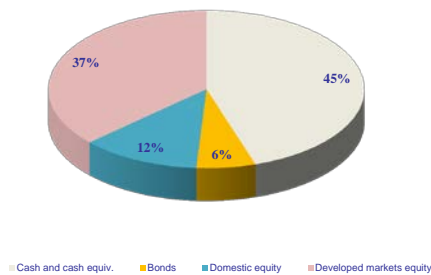


MoM return to HY market average*

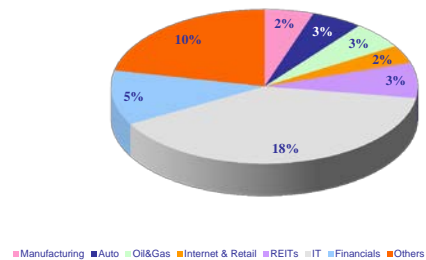


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

December 2022

Data as per 30 December 2022

NAV	
NAV	BGN 3 298 270
NAV per share	BGN 0,7540

Return (%) / Statistics (%)	
Monthly (MoM)*	-2,79%
Annual (YoY)	-16,03%
Year-to-date 2022*	-16,03%
Since Inception (annualized)	-1,85%
Standard Deviation*	7,33%

TOP 5 POSITIONS	
FIB BONDS	4,61%
AT&T INC	2,91%
ENERGO-PRO AS	2,87%
REPUBLIC OF HUNGARY	2,82%
REPUBLIC OF ALBANIA	2,71%

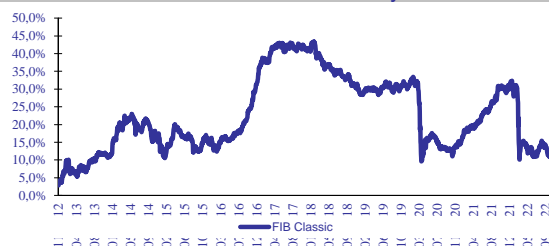
* see notes

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 2023 remains equity-focused, which includes holding equity allocation close to the fund's limits. Equities will be concentrated in Bulgaria, Western Europe and USA 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

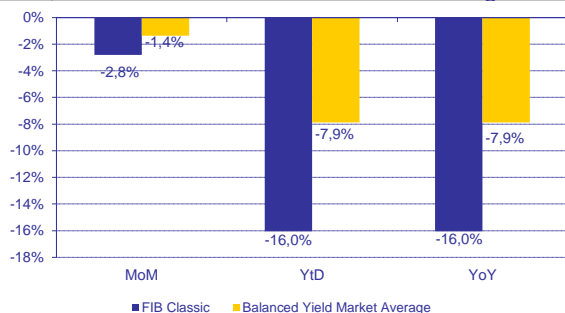
Fact sheet and fee information

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

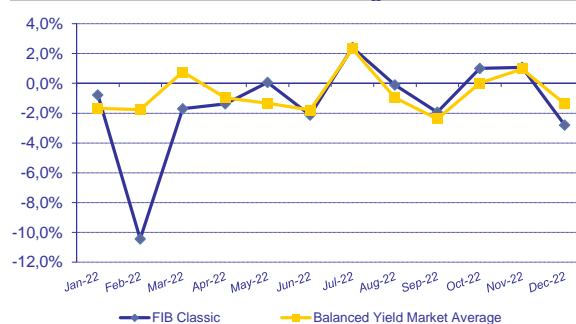
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,50%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

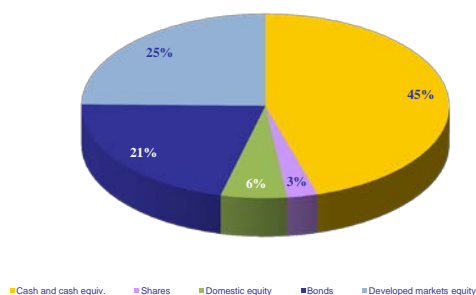


MoM return to BY market average*

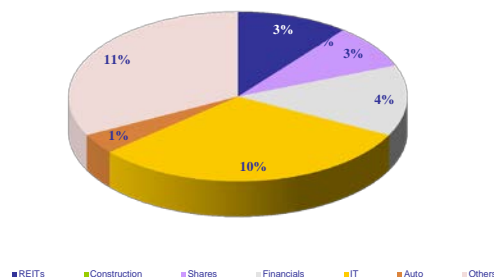


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

December 2022

Data as per 30 December 2022

NAV	
NAV	BGN 2 420 361
NAV per share	BGN 1,1246

Return (%) / Statistics (%)	
Monthly (MoM)*	-0,87%
Annual (YoY)*	-8,15%
Year-to-date 2021*	-8,15%
Since Inception (annualized)*	0,78%
Standard Deviation*	3,32%

TOP 5 POSITIONS	
REPUBLIC OF ROMANIA	7,83%
REPUBLIC OF CROATIA	6,78%
REPUBLIC OF BULGARIA	6,08%
FIB BONDS	5,49%
ENERGO-PRO AS	3,92%

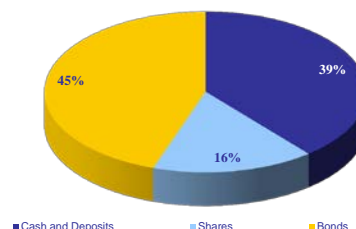
* see notes

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

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	1,875%	21/03/2023	EUR	2,27%
Eurobond	2,950%	03/09/2024	EUR	3,03%
Eurobond	2,625%	26/03/2027	EUR	3,39%
Eurobond	0,375%	23/09/2030	EUR	4,20%
Eurobond	1,375%	23/09/2050	EUR	3,95%
3 months			BGN	2,97%
12 months			BGN	3,95%

Source: Bloomberg

Asset Allocation



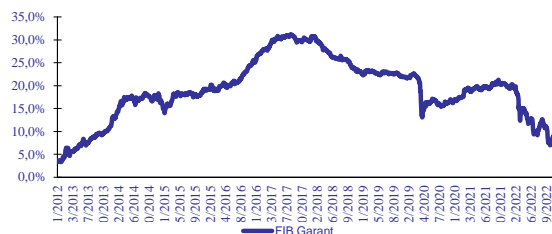
Source: FFBH Asset Management

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 2023 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. 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

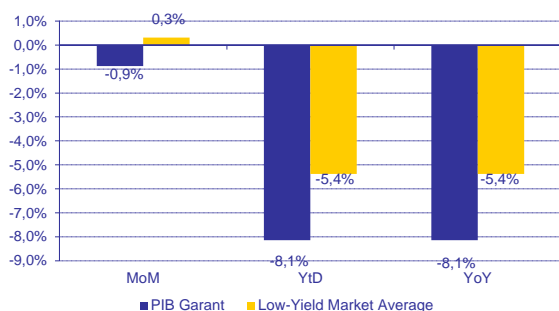
Fact sheet and fee information

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

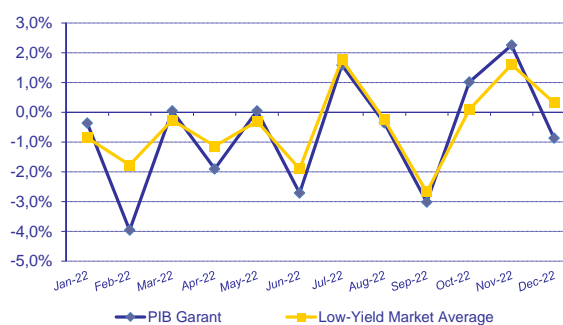
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,00%

* 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

#Marketing Communication

Targeted Markets' Key Statistics - December 2022

USA	Previous	Prev. Value	Current	Curr.Value	Change
SP 500	Nov-22	4 080,1	Dec-22	3 844,9	-5,8%
Nasdaq 100	Nov-22	12 030,1	Dec-22	10 939,8	-9,1%
2Y US Treasury Yield	Nov-22	4,329	Dec-22	4,428	0,10
10Y US Treasury Note Yield	Nov-22	3,611	Dec-22	3,879	0,27
USD index (DX)	Nov-22	105,9	Dec-22	103,3	-2,5%
Consumer Sentiment	Nov-22	56,8	Dec-22	59,7	2,9
GDP (QoQ)	Q2	-0,6%	Q3 (P)	3,2%	3,8%
Core CPI (MoM)	Oct-22	0,3%	Nov-22	0,2%	-0,1%
Core PPI (MoM)	Oct-22	0,1%	Nov-22	0,4%	0,3%
Unemployment	Oct-22	3,7%	Nov-22	3,7%	0,0%
Core Retail Sales (MoM)	Oct-22	1,2%	Nov-22	-0,2%	-1,4%
Manufacturing PMI	Oct-22	49,9	Nov-22	47,6	-2,3
ISM Non Manufacturing	Oct-22	54,4	Nov-22	56,5	2,1

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Nov-22	440,0	Dec-22	424,9	-3,4%
DAX	Nov-22	14 298,8	Dec-22	13 923,6	-2,6%
2Y German Bund Yield	Nov-22	2,075	Dec-22	2,731	0,66
10Y German Bund Yield	Nov-22	1,886	Dec-22	2,563	0,68
EUR.USD	Nov-22	1,0423	Dec-22	1,0702	2,7%
ZEW Economic Sentiment	Nov-22	-38,7	Dec-22	-23,6	15,1
GDP (QoQ)	Q2	0,2%	Q3 (P)	0,3%	0,1%
CPI (MoM)	Oct-22	1,5%	Nov-22	-0,1%	-1,6%
PPI (MoM)	Oct-22	-3,0%	Nov-22	-0,9%	2,1%
Unemployment	Oct-22	6,6%	Nov-22	6,5%	-0,1%
Retail Sales (MoM)	Oct-22	-1,5%	Nov-22	0,8%	2,3%
Manufacturing PMI	Nov-22	47,1	Dec-22	47,8	0,7
Industrial Production (MoM)	Sep-22	0,8%	Oct-22	-2,0%	-2,8%

Bulgaria / BSE	Previous	Prev. Value	Current	Curr.Value	Change
SOFIX	Nov-22	603,4	Dec-22	601,5	-0,3%

2022 - an Anti-Goldilocks havoc.

In the "sell everything" environment, traditional barbell approach scored the worst year in a century.

This year was a total bust for markets. The "sell-everything" mode is confounding big and small investors alike. 60/40 barbell yields minus 30%. The worst return in 100 years. There was no place to hide.

Stocks tumbled in US, as all three indexes logged their biggest declines since 2008, the year Lehman Brothers collapsed.

The S&P 500 tumbled 19.4% in 2022, while the Nasdaq Composite wiped out one third of its value, dropping 33% and closing out its first four-quarter decline since the 2000 dot-com bubble.

In Europe, the pan-continental Stoxx Europe 600 ended the year with a roughly 13% decline.

Almost everyone on Wall Street, Washington and Eurozone Economists got 2022 wrong.

From The Fed's insistence that inflation would be transitory to top Wall Street analysts who projected a banal year of growth for stock and bond prices. Just before the Ukrainian disaster, ECB echoed the call and assured markets of a loose, small steps, and delicate approach. As far as we remember, there were dot plot sending rate hikes into 2024, in that period!

But, the 60/40 conundrum has its name – Bonds!

60/40 Barbell approach employs 60% stocks and 40% bonds. Common view is that such a portfolio is balanced. Whilst stocks decline, fixed income is a safe heaven. **Not this time.**

Bonds were hit by their worst selloff ever.

This is the fact that rout 60/40 and brought a century old record down.

In 2022, the yield of the benchmark 10-year note surged from around 1.5% at the beginning of the year to settle at 3.88%!

The yield of the benchmark 10-year Bund in Europe, skyrocketed from -0,179% to 2,563%!

Apparently, central banks totally lost control. No further comments needed.

2023 – Investment Outlook

Stocks US

The average outlook targets have the S&P 500 about 5% higher than its current level at the end of 2023. A few are calling for the S&P to fall from its current level by the end of 2023, including Barclay's and Societe Generale. Equities look very rich according to the majority of market strategists. In this case, it's an easy call to allocate out of equities, into bonds. **But, how much pain left to the bottom?**

Bonds US

Fed Chairman Jerome Powell has signaled that he doesn't view the fight against inflation as anywhere near done. Markets are pricing in something entirely different. Bond traders are betting on the Fed pivoting from raising rates to cutting them as early as next year, according to FactSet data on the interest-rate derivatives market.

Stocks Europe

The consensus view is that Europe would have a recession because of the catastrophic rise in energy cost. The Q4 of 2022 is going to be negative growth, that's the general perception. The first part of next year we would see a weakness, given the size of the energy shock that the continent had to deal with, and the substantial rise of the cost of living.

The ECB needs to maintain a hawkish stance on inflation, but shouldn't overdo it.

We believe valuation multiples will remain the driver of European equities in 2023

High inflation and an economic recession mean corporate earnings are expected to decline in 2023, due to slower sales growth and lower margins.

The big unknown is how severe the recession will be in Europe (the same question goes for the US).

Nevertheless, at the end of 2021, European equities were trading at 16.2 times expected earnings for the next 12 months, according to Factset, a data provider. At the end of September 2022, they were trading at 10.9x, and 2022 closing was at 12.4x.

Our thesis has its proof as we've already seen a spectacular rebound in stock prices since late September, when inflation numbers started to slow down. **By the way, in the final lap of the 2022 race, EU equities did much better than the US.**

But the direction of inflation and government bond yields next year will be key for the ability of European stock markets to outperform other regions of the world.

We consider European stocks fair-priced, and an upswing seems logical, shall the risks are partially-addressed at least partially.

We believe European stocks are a better place to put money to work in 2023. **The big exception is Technology.**

Hi-tech sector is definitely an US privilege, taking 33% decline /2022/ in consideration.

The War in Ukraine is away from resolution

The invasion of Ukraine by Russia has pushed investors out of European equities.

Energy and commodities prices reached record levels and forced already heavily indebted governments (France, Italy) to raise more debt to protect both consumers and corporations.

Nobody knows what's on Mr. Putin's mind. We think we have to brace for a prolonged conflict, sustained constantly by Russian provocations and instigations in the occupied territories. **No change in the game's objective: to undermine the growth in western countries, to cause as much damage as it can /long recession/ and to open widely room for the Chinese expansion. This "strategy" may cause many months of extended market volatility.**

Bonds Europe

The same impression is given by an approximate of the equity risk premium, represented as the spread between earnings yields and bond yields in Europe, which has just come back to its historical average. This could make sense if there were no further risks in the economy both in Europe and outside, but looking at the situation on a global scale shows that's not the case and markets are probably too optimistic about the future, even if things have stopped deteriorating (which they have not at the moment).

ECB is well behind the curve. At least another 150bp.rate hikes are on the table.

We believe ECB won't overshoot to the upside.

Respectively, the bond prices could continue to go higher in tandem with the IR hiking cycles' final accords.

FFBH AM Mutual Funds Key Figures:

Portfolio Performance, Portfolio composition

	MoM, %	Equity Allocation, %	FI Allocation, %	Cash, %
<i>FIB Avangard</i>	-4,05%	49,0%	6,0%	45,0%
<i>FIB Classic</i>	-2,79%	33,2%	21,4%	45,4%
<i>FIB Garant</i>	-0,87%	16,3%	39,0%	44,7%
<i>FFBH Vostok</i>	-3,40%	5,9%		94,1%

Regional Diversification /ex cash/

	US, Canada %	Eurozone %	BGN %	Other %
<i>FIB Avangard</i>	27,2%	9,6%	18,2%	-
<i>FIB Classic</i>	19,7%	11,8%	13,3%	9,8%
<i>FIB Garant</i>	4,3%	22,0%	17,9%	11,1%
<i>FFBH Vostok</i>	5,9%	-	-	-

Sector portfolio allocation changes /regional/

	<i>FIB Avangard</i>	<i>FIB Classic</i>	<i>FIB Garant</i>	<i>FFBH Vostok</i>
Technology	▲ US	▲ US	-	-
Discretionary	-	-	-	-
Industrials	-	-	-	-
Financials	-	-	-	-
Energy	-	-	-	-
Telecoms	-	-	-	-
Pharmaceuticals	-	-	-	-
REITs	-	-	-	-
Staples	-	-	-	-
Utility	-	-	-	-

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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