

FIB Avangard

May 2023

Data as per 31 May 2023

NAV	
NAV	BGN 2 005 245
NAV per share	BGN 0,4844

Return (%) / Statistics (%)	
Monthly (MoM)*	4,45%
Annual (YoY)*	3,84%
Year-to-date 2023*	9,67%
Since Inception (annualized)	-4,56%
Standard Deviation*	11,91%

TOP 5 POSITIONS	
NVIDIA CORP	5,52%
FIB BONDS	5,01%
ADVANCED MICRO DEVICES, INC.	4,52%
SALESFORCE.COM INC	4,07%
MICROSOFT CORP	3,59%

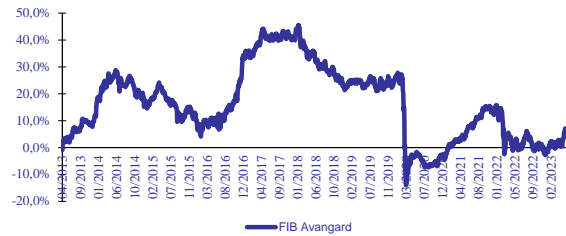
* see notes

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

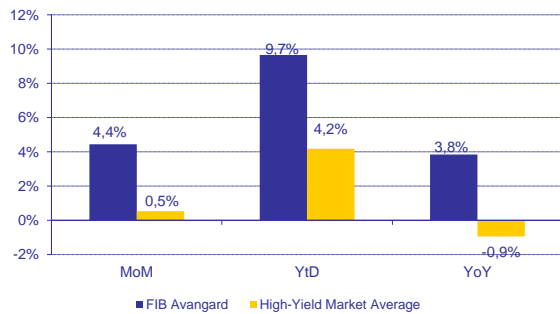
Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

Subscription*	0,00%
Entry fee	0,00%

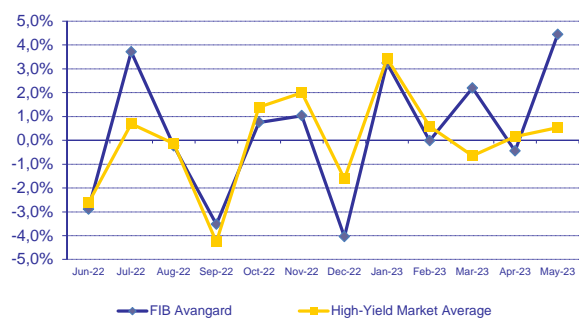
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

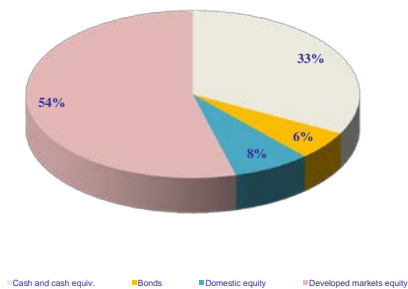


MoM return to HY market average*

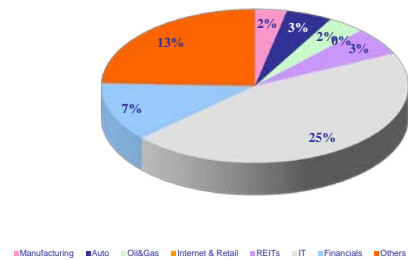


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

May 2023

Data as per 31 May 2023

NAV	
NAV	BGN 3 469 077
NAV per share	BGN 0,7938

Return (%) / Statistics (%)	
Monthly (MoM)*	2,10%
Annual (YoY)	2,56%
Year-to-date 2023*	5,27%
Since Inception (annualized)	-1,48%
Standard Deviation*	7,23%

TOP 5 POSITIONS	
FIB BONDS	4,63%
ADVANCED MICRO DEVICES, INC.	3,43%
APPLE INC	3,27%
ELI LILLY & CO	3,17%
SALESFORCE.COM INC	2,94%

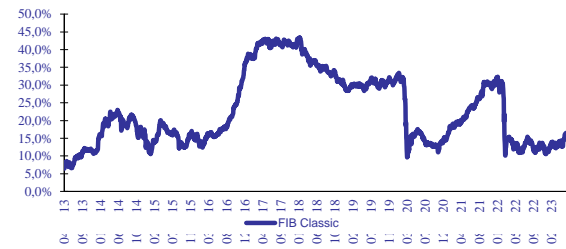
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, incepted 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 Cummulative Return 10y



Source: FFBH Asset Management

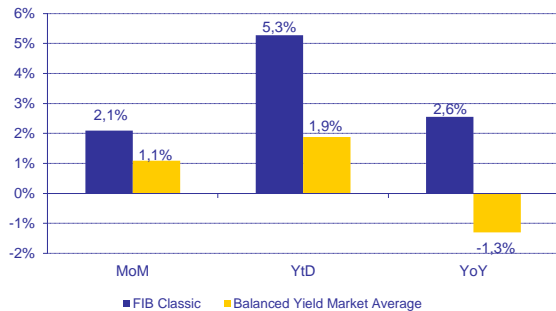
Fact sheet and fee information

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

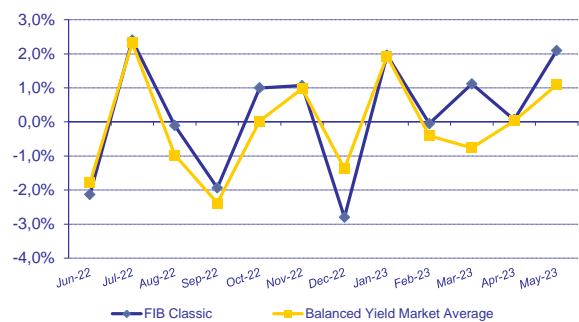
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,50%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

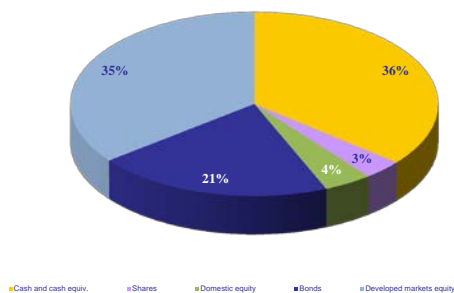


MoM return to BY market average*

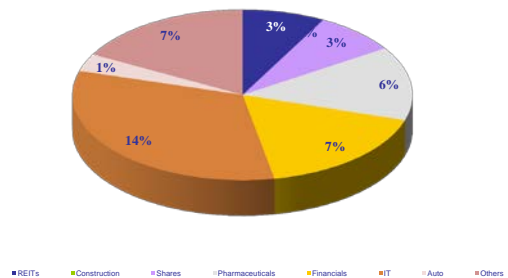


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

May 2023

Data as per 31 May 2023

NAV

NAV	BGN 2 402 163
NAV per share	BGN 1,1313

* see notes

Return (%) / Statistics (%)

Monthly (MoM)*	-0,01%
Annual (YoY)*	-1,65%
Year-to-date 2023*	0,59%
Since Inception (annualized)*	0,80%
Standard Deviation*	3,30%

TOP 5 POSITIONS

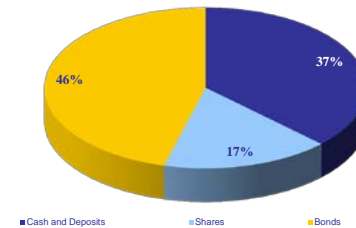
REPUBLIC OF ROMANIA	7,75%
REPUBLIC OF CROATIA	6,97%
REPUBLIC OF BULGARIA	6,14%
FIB BONDS	5,86%
ENERGO-PRO AS	3,96%

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

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	2,950%	03/09/2024	EUR	3,63%
Eurobond	2,625%	26/03/2027	EUR	3,68%
Eurobond	3,000%	21/03/2028	EUR	3,79%
Eurobond	4,125%	23/09/2029	EUR	4,43%
Eurobond	4,500%	27/01/2033	EUR	4,75%
Eurobond	1,375%	23/09/2050	EUR	4,36%
3 months			BGN	0,51%
12 months			BGN	4,55%

Source: Bloomberg

Asset Allocation



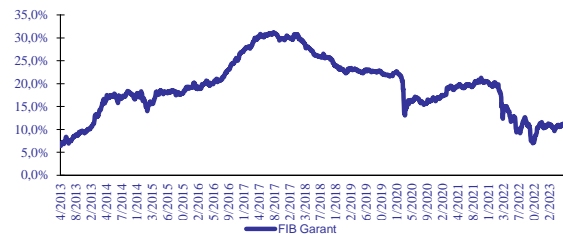
Source: FFBH Asset Management

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 Cummulative Return 10y



Source: FFBH Asset Management

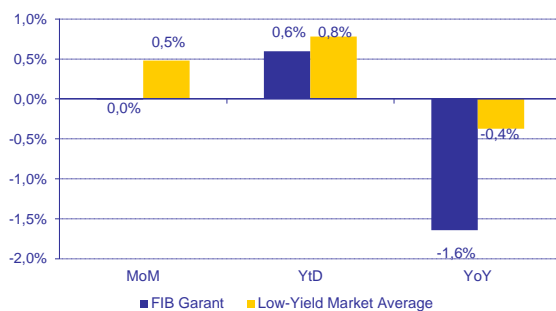
Fact sheet and fee information

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

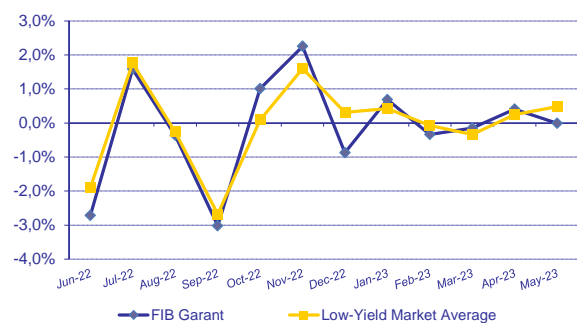
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,00%

* 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

May 2023

Data as per 31 May 2023

NAV	
NAV	BGN 440 277
NAV per share	BGN 0,4164

Return (%) / Statistics (%)	
Monthly (MoM)*	4,49%
Annual (YoY)*	4,97%
Year-to-date 2023*	2,37%
Since Inception (annualized)	-6,45%
Standard Deviation*	20,67%

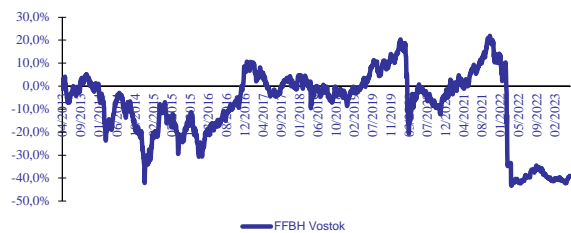
TOP 5 POSITIONS	
ADVANCED MICRO DEVICES, INC.	5,89%
APPLE INC	3,68%
ELI LILLY & CO	3,56%
NOKIA OYJ	3,37%
CROWDSTRIKE HOLDINGS INC - A	3,32%

* 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

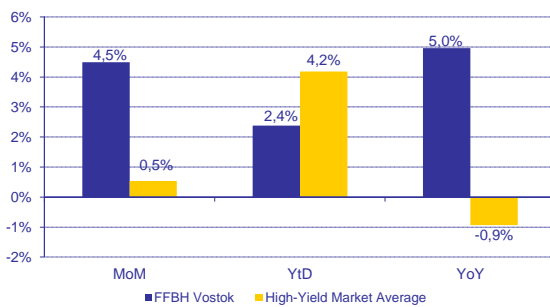
Fact sheet and fee information

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

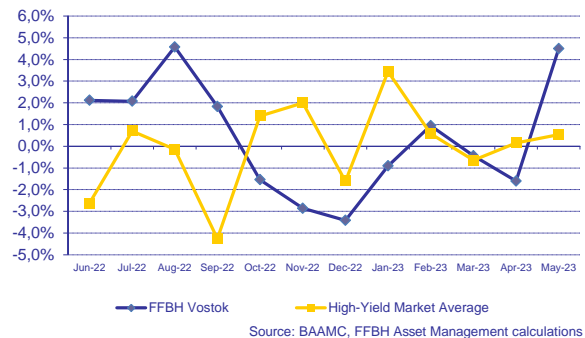
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

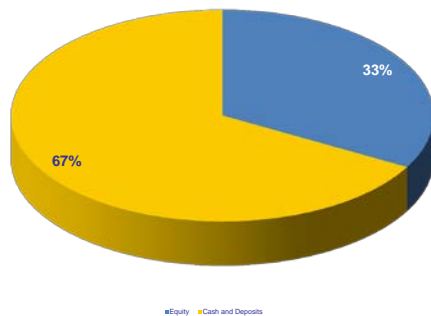


MoM return to HY market average*

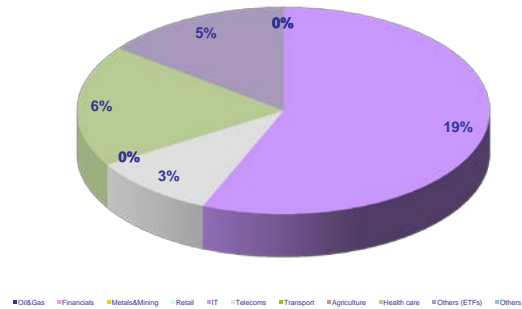


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

#Marketing Communication

Targeted Markets' Key Statistics - May 2023

USA	Previous	Prev. Value	Current	Curr.Value	Change
SP 500	Apr-23	4 169,5	May-23	4 179,8	0,2%
Nasdaq 100	Apr-23	13 246,0	May-23	14 254,1	7,6%
2Y US Treasury Yield	Apr-23	4,021	May-23	4,409	0,39
10Y US Treasury Note Yield	Apr-23	3,433	May-23	3,646	0,21
USD index (DX)	Apr-23	101,40	May-23	104,25	2,8%
Consumer Sentiment	Apr-23	63,5	May-23	59,2	-4,3
GDP (QoQ)	Q4	2,6%	Q1 (P)	1,3%	-1,3%
Core CPI (MoM)	Mar-23	0,4%	Apr-23	0,4%	0,0%
Core PPI (MoM)	Mar-23	0,0%	Apr-23	0,2%	0,2%
Unemployment	Mar-23	3,5%	Apr-23	3,4%	-0,1%
Core Retail Sales (MoM)	Mar-23	-0,7%	Apr-23	0,4%	1,1%
Manufacturing PMI	Mar-23	49,2	Apr-23	50,2	1,0
ISM Non Manufacturing	Mar-23	51,2	Apr-23	51,9	0,7

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Apr-23	466,6	May-23	451,8	-3,2%
DAX	Apr-23	15 922,4	May-23	15 664,0	-1,6%
2Y German Bund Yield	Apr-23	2,729	May-23	2,733	0,00
10Y German Bund Yield	Apr-23	2,314	May-23	2,284	-0,03
EUR.USD	Apr-23	1,102	May-23	1,0688	-3,0%
ZEW Economic Sentiment	Apr-23	6,4	May-23	-9,4	-15,8
GDP (QoQ)	Q4	0,0%	Q1 (P)	0,1%	0,1%
CPI (MoM)	Apr-23	0,6%	May-23	0,0%	-0,6%
PPI (MoM)	Apr-23	-1,3%	May-23	-3,2%	-1,9%
Unemployment	Mar-23	6,6%	Apr-23	6,5%	-0,1%
Retail Sales (MoM)	Apr-23	-0,4%	May-23	0,0%	0,4%
Manufacturing PMI	Apr-23	45,8	May-23	44,8	-1,0
Industrial Production (MoM)	Mar-23	-4,1%	Apr-23	1,5%	5,6%

Bulgaria / BSE	Previous	Prev. Value	Current	Curr.Value	Change
SOFIX	Apr-23	607,0	May-23	666,6	9,8%

No one “went away in May”, but redirect “value money” to work in NASDAQ100.

NASDAQ 100 /large cap tech benchmark/ is up 30.3% YTD.

Semiconductor index SOXX is an ultimate outperformer /+37% YTD/. Artificial Intelligence is the new El Dorado.

Despite the US large-cap tech stock rally, ignited by the AI mania, in May, global equities fell by 1.1% and global government bonds declined by 2.2%.

Banking risk stabilises. Following the failure of First Republic, financial distress faded in May as stress measures receded.

Major central banks continue to raise interest rates amid sticky core inflation.

US debt ceiling suspended for two years following a last-minute deal.

Europe

Eurozone shares were weaker in May after a generally positive year so far. All sectors fell aside from information technology which was boosted by semiconductor stocks. Economic momentum decelerated in both the euro area and UK. Revised figures showed that the German economy did not in fact escape recession over the winter. After GDP for Q4 2022 fell -0.5% quarter-on-quarter (q/q), there was another decline of -0.3% (q/q) in Q1 2023. Eurostat data showed euro area annual inflation rate was 7.0% in April 2023, up from 6.9% in March. The European Central Bank (ECB) raised all three of its key interest rates by a further 0.25%.

US

US equities struggled to make headway overall in May, in a month of highly varied sector returns. While economic data remained broadly supportive, the looming prospect of a government default made investors jittery. The Federal Reserve (Fed) enacted

another rate rise of 25 basis points, as expected. Discussions around the debt ceiling were the focal point for much of the month. With Democrats and Republicans having found a compromise, a deal was agreed on the final weekend of the month. The performance of the broader equity market contrasted starkly with the stocks in the technology sector. Fervour around artificial intelligence and the potential for a boom in related technology drove chipmakers, in particular, higher.

Big tech has enjoyed a resurgence this year. Large US companies (**Apple, AMD, Broadcom, Microsoft, Alphabet, Amazon, Tesla, Netflix and Nvidia**) have led NASDAQ100 to an unprecedented YTD performance. The Big tech stocks were “pandemic winners” in 2020 and 2021 amid strong demand for their products. They then experienced a difficult 2022 amid concerns over rising inflation and higher interest rates. That’s because higher rates mean their future profits and cash flows are worth less today!

Inflation is still elevated though, and rates have been rising so far this year, so what’s behind the renewed rally for US big tech? **The better performance can, to some extent, be explained by improving fundamentals**, although it is a complex picture. Companies like *Microsoft, Nvidia and AMD* are enjoying very strong business trends. Those three companies are also thought likely to be clear winners of the generative AI revolution. **Apple** has also recently reported very resilient quarterly earnings, showing it is proving more robust than other more commoditised companies in the consumer electronics sector.

What’s more, following the pressures experienced last year, some of the other members of this group – **Amazon, Alphabet, Meta and Netflix – have now discovered the merits of cost-cutting.**

So, fundamentals have been improving with regards to either the top line (i.e. sales/revenue) or bottom line (i.e. improving operating efficiency/cost-cutting to enhance profitability) for members of this big tech cohort. However, that’s not necessarily the whole story. **Part of what’s going on in markets is a growth rotation. The banking sector stress we have seen this year has been a catalyst for a rotation away from value parts of the market and back into growth stocks.** That’s because the bank stress is contributing to tighter lending conditions, alongside interest rate rises.

If the Federal Reserve were to pause its rate hikes, that would reduce a headwind for growth stocks like technology!

Fixed Income

Government bond yields generally climbed during May but there was divergence between markets, with weaker data across the eurozone leading to the market’s outperformance. The month kicked off with the US Federal Reserve (Fed) announcing its 10th interest rate hike in just a little over a year. The 0.25% increase brought the Fed funds rate to a target range of 5% to 5.25% - **the highest since August 2007**. Both the Bank of England (BoE) and European Central Bank (ECB) followed suit by raising interest rates 0.25% each. The ECB also announced that it expects to end reinvestments under its Asset Purchase Programme (APP) from July 2023, while acknowledging significant risks to inflation.

Global growth concerns re-emerged, with activity data in China showing a marked slowdown. Manufacturing activity was weak across all major economies, but was most **notable in the eurozone, where the purchasing manager index showed a deep contraction** and was significantly below expectations. Service sectors across major economies showed continued resilience. It was this resilience, particularly in light of continuing wage pressures, that prompted a hawkish response by a number of Fed members as the month progressed. Towards month end, it appeared that a deal on the US debt ceiling would be reached. This assuaged market concerns and dampened volatility.

The performance of credit markets was mixed over the month, with the US underperforming the European market in both investment grade and high yield. European high yield performed well, with both positive total returns and excess returns over government bonds, while total returns were negative in the US.

FYI: Investment grade bonds are the highest quality bonds as determined by a credit rating agency; high yield bonds are more speculative, with a credit rating below investment grade.

Commodities

The S&P GSCI Index recorded a negative performance in May with **all components of the index ending the month in negative territory**. Energy was the worst-performing component of the index, with sharp falls in the price of natural gas and crude oil. Within industrial metals, nickel and zinc prices were sharply lower, while price falls for aluminium, copper and lead were more muted.

June outlook: Sustainable or not AI boom is here to stay. The question is: could it be the only reason markets to go up?

Another market craze is taking shape. Artificial Intelligence is the name. A huge divergence cliff suddenly has appeared. STOXX600 /+6.3%/ and S&P500/+8.7%/ barely inching higher, close to a double digit YTD performance, as NASDAQ100 trumped them all with 31% “resurgence”. Is it sustainable? Could the price appreciation spread, between the value and the growth stocks, reach 30-40% by the year end? We do not think so. We believe the AI propelled rally is running out of steam and a correction is imminent.

It is just the PEG /3Y price/earnings growth ratio/ valuations have gone too far.

So, be extra careful with these markets right now.

FFBH AM Mutual Funds Key Figures:

Portfolio Performance, Portfolio composition

	MoM, %	Equity Allocation, %	FI Allocation, %	Cash, %
<i>FIB Avangard</i>	4,45%	61,7%	5,6%	32,7%
<i>FIB Classic</i>	2,10%	41,6%	22,4%	36,0%
<i>FIB Garant</i>	-0,01%	16,8%	45,8%	37,4%
<i>FFBH Vostok</i>	4,49%	33,1%	-	66,9%

Regional Diversification

	US, Canada %	Eurozone %	BG %	Other %
<i>FIB Avangard</i>	44,6%	22,1%	32,9%	0,6%
<i>FIB Classic</i>	33,7%	11,9%	40,0%	15,1%
<i>FIB Garant</i>	8,2%	16,1%	45,9%	28,9%
<i>FFBH Vostok</i>	85,6%	3,4%	11,0%	0,0%

Risk Diversification by Asset class /ex cash/

	Equity /Value/	Equity /Growth/	Equity /Speculative/	Fixed Income Gov Non-Eurozone	Fixed Income Gov. BG/Eurozone	Other Fixed Income
<i>FIB Avangard</i>	30,8%	22,7%	8,3%	0,6%	-	5,0%
<i>FIB Classic</i>	25,6%	12,5%	3,5%	9,7%	-	12,7%
<i>FIB Garant</i>	16,8%	-	-	24,5%	6,1%	15,3%
<i>FFBH Vostok</i>	9,4%	15,6%	8,2%	-	-	-

Sector portfolio allocation changes /regional/

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

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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