

FIB Avangard

December 2023

Data as per 29 December 2023

NAV	
NAV	BGN 3 070 891
NAV per share	BGN 0,5026

Return (%) / Statistics (%)	
Monthly (MoM)*	1,27%
Annual (YoY)*	13,80%
Year-to-date 2023*	13,80%
Since Inception (annualized)	-4,18%
Standard Deviation*	11,98%

TOP 5 POSITIONS	
NVIDIA CORP	4,56%
ADVANCED MICRO DEVICES, INC.	3,56%
ADOBE INC	3,43%
FIB BONDS	3,16%
SALESFORCE.COM INC	3,03%

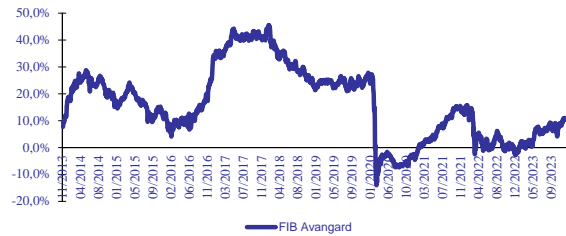
* see notes

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

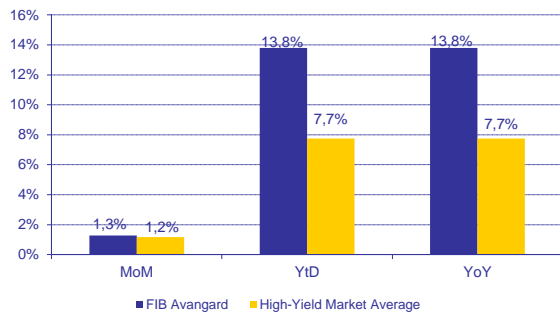
Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

Subscription*	
Entry fee	0,00%

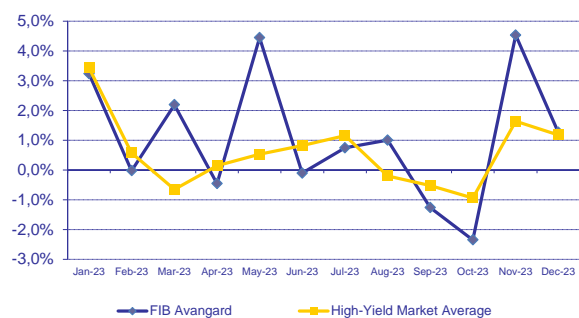
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

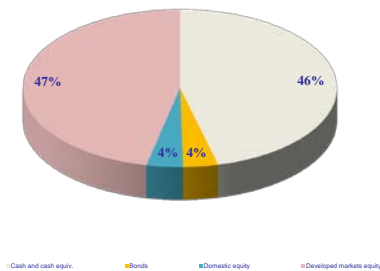


MoM return to HY market average*

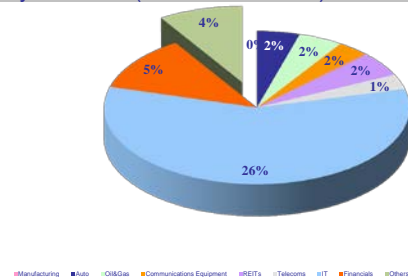


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

December 2023

Data as per 29 December 2023

NAV	
NAV	BGN 5 033 472
NAV per share	BGN 0,8208

Return (%) / Statistics (%)	
Monthly (MoM)*	1,49%
Annual (YoY)	8,85%
Year-to-date 2023*	8,85%
Since Inception (annualized)	-1,22%
Standard Deviation*	7,43%

TOP 5 POSITIONS	
REPUBLIC OF BULGARIA	8,35%
REPUBLIC OF ROMANIA	4,20%
FIB BONDS	3,08%
ELI LILLY & CO	2,87%
ADVANCED MICRO DEVICES, INC.	2,85%

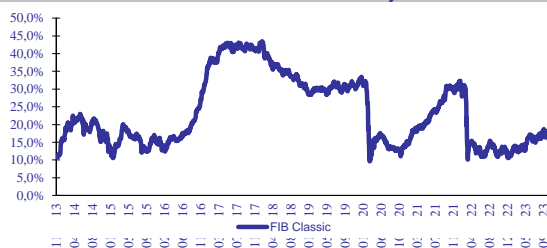
* see notes

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 Cummulative Return 10y



Source: FFBH Asset Management

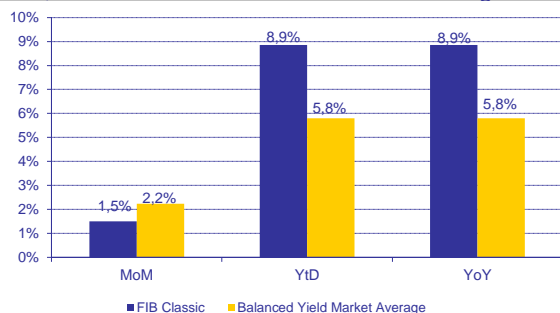
Fact sheet and fee information

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

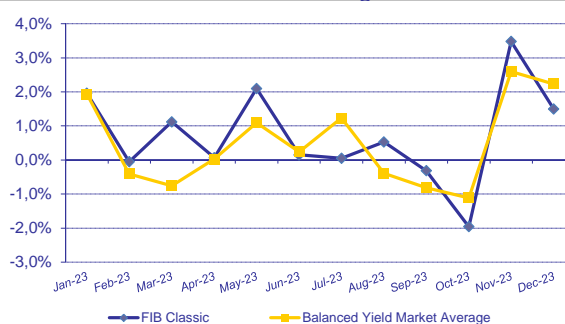
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,50%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

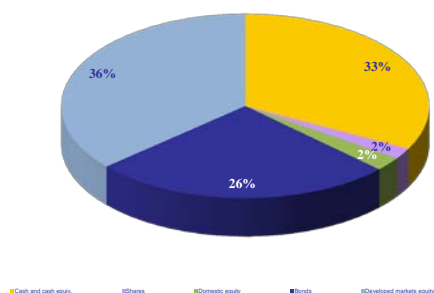


MoM return to BY market average*

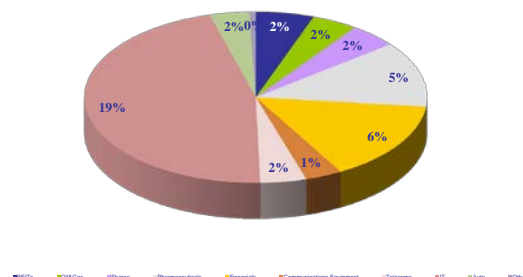


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

December 2023

Data as per 29 December 2023

NAV	
NAV	BGN 4 952 470
NAV per share	BGN 1,1568

Return (%) / Statistics (%)	
Monthly (MoM)*	1,22%
Annual (YoY)*	2,86%
Year-to-date 2023*	2,86%
Since Inception (annualized)*	0,91%
Standard Deviation*	3,47%

TOP 5 POSITIONS	
REPUBLIC OF BULGARIA 36	8,49%
REPUBLIC OF ROMANIA 29	4,27%
REPUBLIC OF ROMANIA 26	3,95%
REPUBLIC OF CROATIA 31	3,56%
REPUBLIC OF BULGARIA 30	3,19%

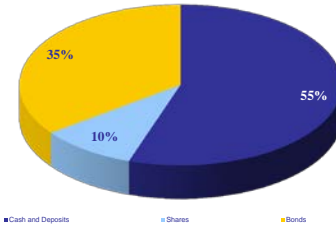
* see notes

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

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	2,950%	03/09/2024	EUR	3,70%
Eurobond	2,625%	26/03/2027	EUR	3,08%
Eurobond	3,000%	21/03/2028	EUR	3,22%
Eurobond	4,125%	23/09/2029	EUR	3,52%
Eurobond	4,500%	27/01/2033	EUR	3,81%
Eurobond	1,375%	23/09/2050	EUR	3,69%
3 months			BGN	4,57%
12 months			BGN	4,16%

Source: Bloomberg

Asset Allocation



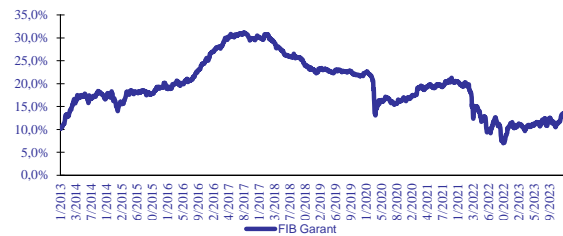
Source: FFBH Asset Management

Investment objective

FIB Garant is a conservative mutual fund, incepted 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

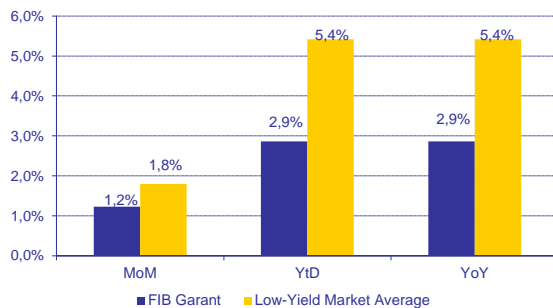
Fact sheet and fee information

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

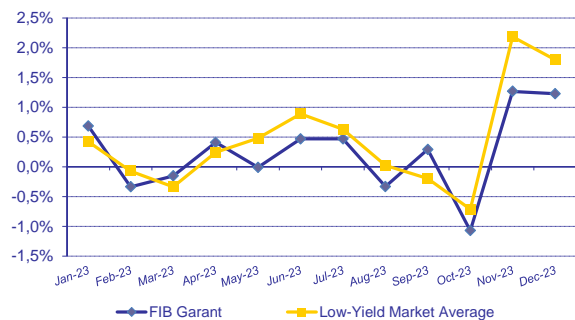
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	1,00%

* 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

December 2023

Data as per 29 December 2023

NAV	
NAV	BGN 437 075
NAV per share	BGN 0,4251

Return (%) / Statistics (%)	
Monthly (MoM)*	0,99%
Annual (YoY)*	4,51%
Year-to-date 2023*	4,51%
Since Inception (annualized)	-6,05%
Standard Deviation*	20,56%

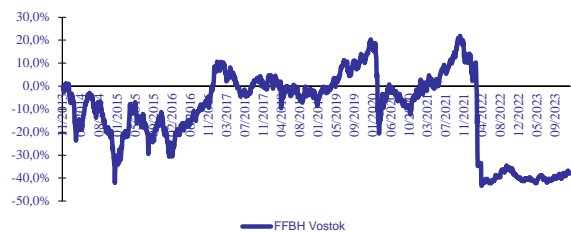
TOP 5 POSITIONS	
CROWDSTRIKE HOLDINGS INC - A	7,22%
ADVANCED MICRO DEVICES, INC.	7,15%
ASML HOLDING N.V.	4,87%
ADOBE INC	4,82%
ELI LILLY & CO	4,71%

* 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

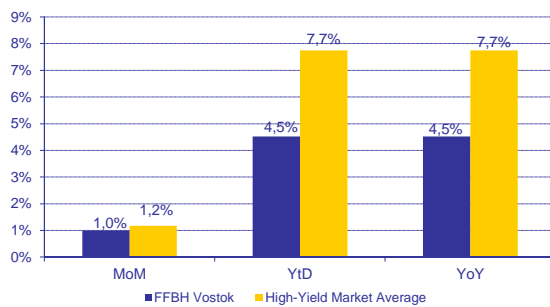
Fact sheet and fee information

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

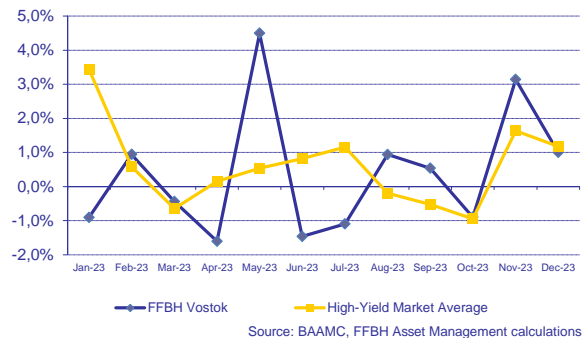
Subscription*	
Entry fee	0,00%
Redemption fee	0,00%
Management fee (annual % of average AUM)	2,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

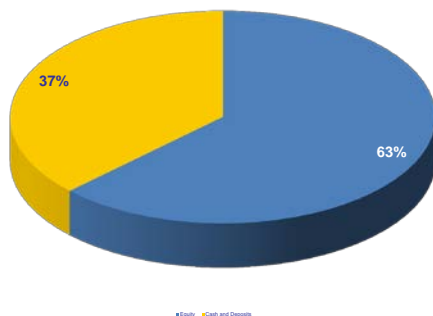


MoM return to HY market average*

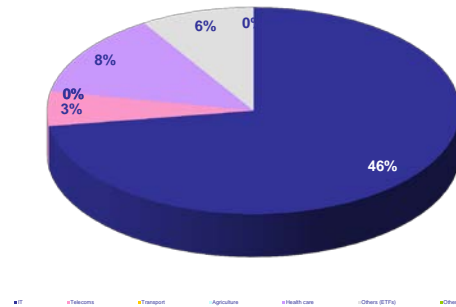


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

#Marketing Communication

Targeted Markets' Key Statistics - December 2023

Table 1

USA	Previous	Prev. Value	Current	Curr.Value	Change
SP 500	Nov-23	4,567.8	Dec-23	4,769.8	4.4%
Nasdaq 100	Nov-23	15,947.9	Dec-23	16,825.9	5.5%
2Y US Treasury Yield	Nov-23	5.138	Dec-23	4.250	-0.89
10Y US Treasury Note Yield	Nov-23	4.330	Dec-23	3.866	-0.46
USD index (DX)	Nov-23	103.43	Dec-23	101.03	-2.3%
Consumer Sentiment	Nov-23	61.3	Dec-23	69.7	8.4
GDP (QoQ)	Q2	2.1%	Q3	4.9%	2.8%
Core CPI (MoM)	Oct-23	0.2%	Nov-23	0.3%	0.1%
Core PPI (MoM)	Oct-23	0.0%	Nov-23	0.0%	0.0%
Unemployment	Oct-23	3.9%	Nov-23	3.7%	-0.2%
Core Retail Sales (MoM)	Oct-23	0.0%	Nov-23	0.2%	0.2%
S&P Global Manufacturing PMI	Oct-23	50	Nov-23	49.4	-0.6
ISM Non Manufacturing	Oct-23	51.8	Nov-23	52.7	0.9

Table 2

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Nov-23	461.6	Dec-23	479.0	3.8%
DAX	Nov-23	16,215.4	Dec-23	16,751.6	3.3%
2Y German Bund Yield	Nov-23	2.817	Dec-23	2.400	-0.42
10Y German Bund Yield	Nov-23	2.449	Dec-23	2.028	-0.42
EUR.USD	Nov-23	1.0886	Dec-23	1.1037	1.4%
ZEW Economic Sentiment	Nov-23	13.8	Dec-23	23	9.2
GDP (QoQ)	Q2 (P)	0.1%	Q3 (P)	-0.1%	-0.2%
CPI (MoM)	Nov-23	-0.6%	Dec-23	0.4%	1.0%
PPI (MoM)	Oct-23	0.3%	Nov-23	-0.3%	-0.6%
Unemployment	Oct-23	6.5%	Nov-23	6.4%	-0.1%
Retail Sales (MoM)	Oct-23	0.4%	Nov-23	-0.3%	-0.7%
HCOB Eurozone Manufacturing PMI	Nov-23	44.2	Dec-23	44.4	0.2
Industrial Production (MoM)	Sep-23	-1.0%	Oct-23	-0.7%	0.3%

December 2023 / Q4 : 'Almost everything rally' mood closes an amazing year, full of U turns.

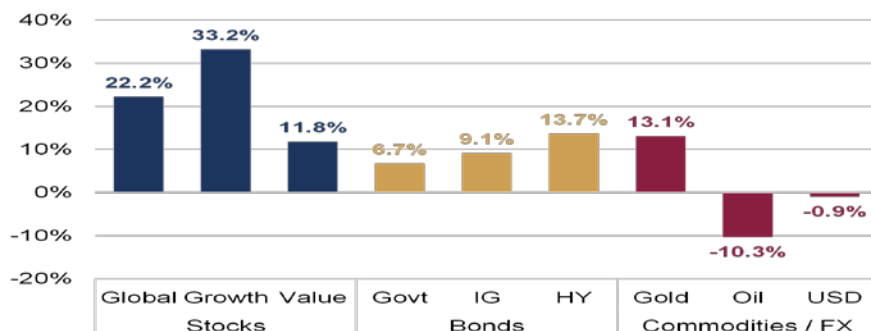
After the slight reality check in the third quarter, the last three months of the year saw strong returns across most major asset classes. Growing excitement that central banks will cut interest rates sooner in 2024 than previously expected resulted in an 'almost everything rally'. The end of 'higher for longer' rates fears boosted growth stocks which delivered 13.4% over the quarter, but value stocks also delivered a very respectable 9.5%. The policy pivot narrative moved into focus in December, with money markets discounting more aggressive rate cuts in 2024. Global stocks rose to a fresh year-to-date high and market participation broadened into the year-end, while benchmark 10-year government bond yields declined further – concluding 2023 at or below where they started it.

Market sentiment was even more mercurial than normal over 2023, bouncing from recession worries at the start of the year, to resilient growth over the summer, to higher for longer in the autumn, and ending the year focused on future rate cuts. Falling inflation and dovish messaging out of the Federal Reserve reversed the worries of the prior quarter. Positive stock-bond correlation worked in investors' favour, with stocks and bonds rising together.

Table 3

Targeted Markets - Performance Statistics	1M	3M	6M	YTD	12M
S&P 500 (1)	4.4%	11.2%	7.2%	24.1%	24.1%
NASDAQ 100 (2)	5.5%	14.3%	10.8%	53.8%	53.8%
STOXX 600 (3)	3.8%	6.4%	3.7%	12.7%	12.7%
S&P GSCI Index (4)	-3.6%	-12.1%	-0.9%	-12.3%	-12.3%
S&P 500® Investment Grade Corporate Bond Index (5)	4.1%	8.0%	4.9%	8.2%	8.2%
S&P Eurozone Investment Grade Corporate Bond Index (6)	2.4%	5.0%	5.4%	7.7%	7.7%

2023 Cross Asset class Returns in USD terms (%)



Source: Bloomberg, Rothschild & Co., 31/12/2022 – 29/12/2023

Equity Markets

US /Table 3, (1)&(2)/

The S&P 500, was the best performing major equity index over the quarter delivering 11.7% total return, its best quarterly performance for three years. Returns for the full year were dominated by the 'magnificent seven' tech and AI stocks, which contributed around 80% of the index returns. But over the quarter, **the rally broadened with 33% of the index reaching new 52-week highs in December**. Buoyed by expectations that interest rate cuts may be approaching, the S&P 500 index ended the year just short of its record high set in early 2022.

The macro-data releases reinforced market expectations that the Fed has finished its rate hiking cycle.

Fed chair Jerome Powell indicated that the central bank was aware of the risk of keeping rates at restrictive levels for too long.

In politics, the Colorado Supreme Court disqualified former President Trump from the state's primary ballots next year – as did Maine – and the House backed an impeachment inquiry into President Biden.

Europe /Table 3, (3)/

European equities also delivered strong returns in December. The final quarter of the year was a strong one for eurozone shares, boosted by **expectations that there may be no further interest rate rises**. Shares were supported by softer inflation figures from both the eurozone and the US, which raised hopes that interest rates may not only have peaked, but that cuts could soon be on the way in 2024. **Euro area annual inflation fell to 2.4% in November from 2.9% in October. A year previously, the annual inflation rate was 10.1%.**

Higher interest rates have weighed on the eurozone economy. Eurozone GDP fell by 0.1% quarter-on-quarter in Q3, Eurostat data showed. The HCOB flash eurozone purchasing managers' index (PMI) fell to 47.0 in December. This suggests that the region's economy is likely to have contracted in Q4 as well.

Fixed Income /Table 3, (5)&(6)/

The final quarter of the year was a very positive one for fixed income markets, marking their best quarterly performance in over two decades, according to the Bloomberg Global Aggregate indices. The major driver of this performance was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts.

Government bond yields fell sharply, and credit markets rallied, outperforming government bonds.

The US Federal Reserve (Fed) kept rates unchanged throughout the quarter, with a much **clearer shift to a more dovish tone in December accelerating the market rally**. The revised dot plot – a chart plotting Federal Open Market Committee (FOMC) projections for the federal funds rate - indicated that **three rate cuts are now anticipated for 2024**, up from the previously expected two. With more encouraging news on PCE inflation (the Fed's most watched measure), the **FOMC appears more comfortable with the progress made in bringing inflation back towards the target**.

Other major central banks held steady rates, although they appeared more cautious about inflation. The European Central Bank (ECB) made progress in its plan to unwind some of its Pandemic Emergency Purchase Programme support, while highlighting concerns about domestic inflation. However, the market priced in several rate cuts for next year.

Despite a slowing growth outlook, the corporate bond market staged an impressive rally on hopes that a deep recession could be averted as financial conditions eased. **High yield markets outperformed investment grade in both the US and Europe**, with a tightening of spreads also marking significant outperformance over government bonds.

Commodities /Table 3, (4)/

The S&P GSCI Index declined in the fourth quarter, with price gains for precious metals and industrial metals failing to offset weaker prices for agriculture and energy. **Energy was the worst performing component**, with sharply lower prices for natural gas, crude oil, and gas oil. Oil prices fell despite output cuts from Opec+. In industrial metals, nickel and lead prices fell in the quarter, while zinc, copper, and aluminium achieved gains.

January / Q1 / H1 2024 outlook: Interesting twists, much more volatility, sector rotation and revived dominance of the Technology.

No doubt, the run of the global markets during the final two months of Q4 was impressive.

The FOMO "have eaten" at least a 30% of the expected 2024 performance of stocks and maybe 30-40% of the benchmark fixed income securities!

Bulls swept the board, leaving no sectors /ex energy/, industries or asset classes unaffected. The logic behind the numbers is telling us, both **stocks and fixed income are strongly overbought**. So, will a correction bring us back to reality in the beginning of 2024?

First, let us formulate what is the reality right now? It is very different from the one persisted in Q3, and no match to the beginning of 2023, by any means! The paradigm is shifted for good. **All three issues /FED, Inflation and Recession in 1H 2024/,** put into heavy discussions in 2023, seemed to be **partially resolved**, or at least on the way there. Sort of silver linings are formed. A tailwind for stocks and bonds.

Secondly, tons of cash are waiting on the sidelines or parked in Money market funds /falling ST yields!/. All of the above, combined with FOMO, may fuel more future gains for global indexes in Q1/H1.

FFBH AM considers a shallow correction is imminent in January /some 3-5%/.

We'd closely watch the trader's reaction to the Q4 corporate season announcements /kicking off in the later part of the month/. It wouldn't be a make or break game, but rather a soothing, mean reverting readjustment of the trend.

FFBH AM believes the up-trend is here to stay. Maybe we are in the first leg of a 3-4 years bull market.

We consider, bulls will buy every weakness till March FED meeting /some 3-5% gains for SPX and STOXX are possible!/. Then, if FED maintains its rate policy in March 20th /we believe so/, more cautious, sobering approach would run the markets till Q1 earnings season /ends May 2024/.

Simultaneously, we do not agree FED would cut 6 or 7 times /0.25%/ in 2024 /as CBOT futures imply/.

As mentioned above, **we'd rather go for a pause in March 20th and two ½ % rate cuts in the late spring.**

Than three or four 0.25% rate cuts /by January 2025/.

Why is that? FFBH AM considers, FED would go for a more cautious assessment of the upcoming inflation and surprisingly strong economic readings.

In summary, we think the FED rate policy would be reminiscent of the 2023 rate hikes cycle, in reverse /aggressive cuts in the beginning, that wait and see/.

That policy and the FED officials' rhetoric would affect heavily Markets in H1 2024.

So, brace yourselves for interesting twists, much more volatility, sector rotation and revived dominance of the Technology.

FFBH AM Mutual Funds Key Figures:

Portfolio Performance, Portfolio composition

Table 6

	YTD, %	Equity %	Fixed Income %	Cash, %
<i>FIB Avangard</i>	13.80%	50.2%	3.6%	46.0%
<i>FIB Classic</i>	8.86%	39.6%	27.6%	32.7%
<i>FIB Garant</i>	2.86%	9.6%	35.2%	55.1%
<i>FFBH Vostok</i>	4.52%	62.8%	-	37.1%

Regional Diversification

Table 7

	US, Canada %	Eurozone %	BG %	Other %
<i>FIB Avangard</i>	41.8%	15.1%	42.6%	0.4%
<i>FIB Classic</i>	30.9%	20.7%	33.2%	15.1%
<i>FIB Garant</i>	6.6%	16.1%	56.5%	20.7%
<i>FFBH Vostok</i>	89.5%	7.6%	2.9%	-

Risk Diversification by Asset class /ex cash/

Table 8

	Equity /Value/	Equity /Growth/	Equity /Speculative/	Fixed Income Gov Non-Eurozone	Fixed Income Gov. BG/Eurozone	Other Fixed Income
<i>FIB Avangard</i>	22.0%	22.6%	5.7%	0.4%	-	3.2%
<i>FIB Classic</i>	20.8%	17.5%	1.3%	10.1%	8.4%	9.1%
<i>FIB Garant</i>	9.6%	-	-	12.2%	15.2%	7.8%
<i>FFBH Vostok</i>	13.1%	34.0%	15.6%	-	-	-

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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