

FFBH Vostok Mutual Fund

Monthly Bulletin | December 2025

Data as per 29 December 2025

Fund Facts

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

Risk Profile

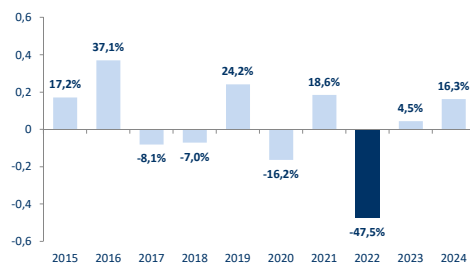


Net Assets and Subscription*

NAV	BGN 709 464
NAV per share	BGN 0,4951
Entry fee	0,0%
Redemption fee	0,0%
Management fee (annual % of average AUM)	2,0%

* Minimum subscription is BGN 50

FFBH Vostok Performance over 10 years (%)



*In 2022, due to the start of hostilities in Ukraine and the introduction of trade restrictions on the Russian Federation, FFBH Vostok changed its investment strategy, which substantially affected the fund's performance.

TOP 10 POSITIONS

ELI LILLY & CO	6,31%
ADVANCED MICRO DEVICES, INC.	6,05%
ALPHABET INC	5,88%
NVIDIA CORP	5,72%
BROADCOM INC	4,90%
ASML HOLDING N.V.	3,99%
ISHARES NSDQ US BIOTECH UCIT	3,93%
CROWDSTRIKE HOLDINGS INC - A	3,90%
INVESCO QQQ TRUST SERIES 1	3,63%
MICROSOFT CORP	3,42%

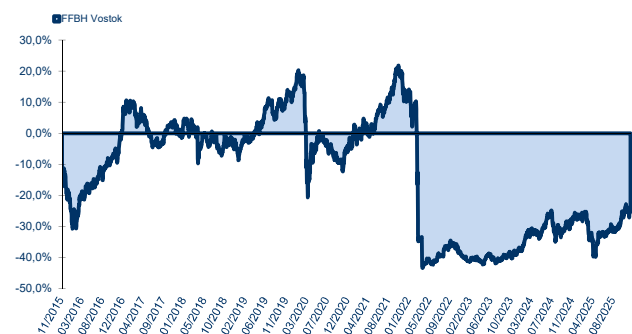
Investment Objective and Policy Overview

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.

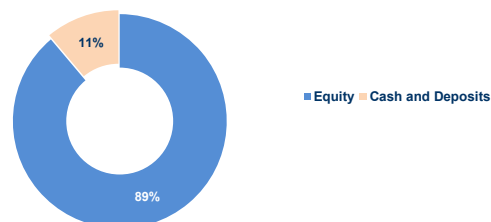
Return Statistics

Monthly (MoM)*	-3,26%
Annual (YoY)*	0,18%
Year-to-date 2025*	0,18%
3-year (annualized)	6,73%
Since Inception (annualized)	-4,37%
Standard Deviation*	19,53%

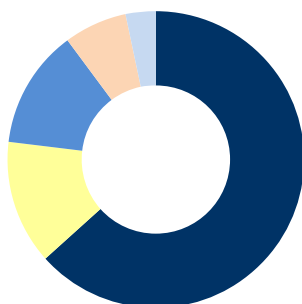
Cummulative Return over 10 years (%)



Asset allocation



Portfolio sector diversification



Information Tehcnology	56,3%
Health care	12,0%
Others (ETFs)	11,5%
Industrials	6,1%
Telecoms	2,9%

FIB Avangard Mutual Fund

Monthly Bulletin | December 2025

Data as per 29 December 2025

Fund Facts

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

Risk Profile

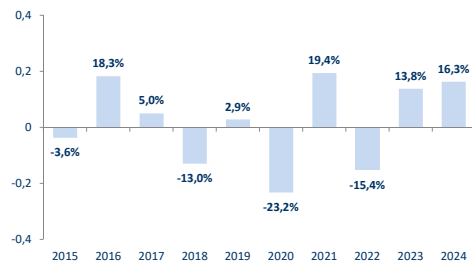


Net Assets and Subscription*

NAV	BGN 3 661 888
NAV per share	BGN 0,6027
Entry fee	0,0%
Redemption fee	0,0%
Management fee (annual % of average AUM)	2,0%

* Minimum subscription is BGN 50

FFBH Vostok Performance over 10 years (%)



TOP 10 POSITIONS

ADVANCED MICRO DEVICES, INC.	5,86%
NVIDIA CORP	5,54%
ELI LILLY & CO	5,38%
ASML HOLDING N.V.	4,83%
ALPHABET INC	4,27%
SERVICENOW INC	3,50%
BROADCOM INC	3,48%
ASTRAZENECA PLC	3,36%
CROWDSTRIKE HOLDINGS INC - A	3,23%
ING GROEP N.V.	3,17%

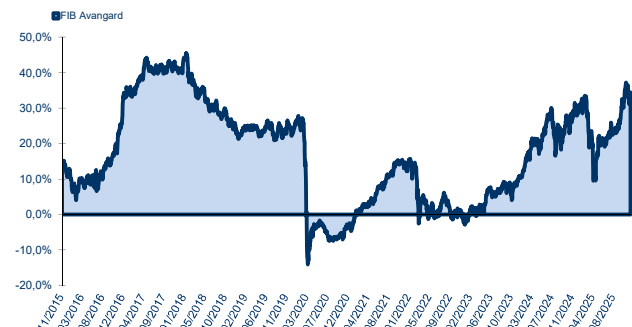
Investment Objective and Policy Overview

FIB Avangard is an equity mutual fund, inception on Nov 11,2007. The investment objective of the Fund is to achieve high long-term growth, taking medium to high level of risk. Targeted markets are Europe and USA. FIB Avangard's 2025 investment strategy is focused on early cycle, interest rate sensitive sectors /overweight - technology, communication services and healthcare/.

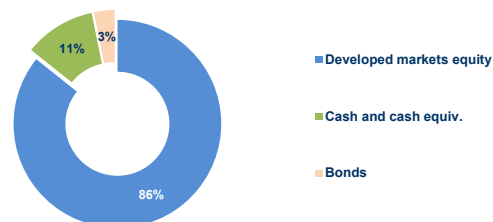
Return Statistics

Monthly (MoM)*	-1,37%
Annual (YoY)*	3,08%
Year-to-date 2025*	3,08%
3-year (annualized)	10,82%
Since Inception (annualized)	-2,76%
Standard Deviation*	10,76%

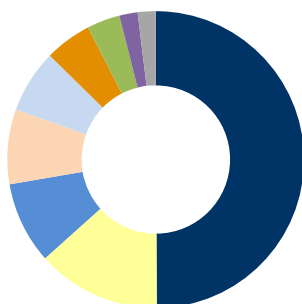
Cummulative Return over 10 years (%)



Asset allocation



Portfolio sector diversification



Information Tehcnology	42,7%
Pharmaceuticals	11,6%
Financials	7,6%
Industrials	7,0%
Other	5,9%
Oil&Gas	4,4%
Metals&Mining	3,1%
Telecoms	1,7%
Consumer Cyclicals	1,7%

FIB Classic Mutual Fund

Monthly Bulletin | December 2025

Data as per 29 December 2025

Fund Facts

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

Risk Profile

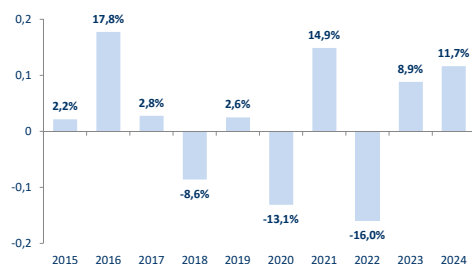


Net Assets and Subscription*

NAV	BGN 5 432 478
NAV per share	BGN 0,9395
Entry fee	0,0%
Redemption fee	0,0%
Management fee (annual % of average AUM)	1,50%

* Minimum subscription is BGN 50

FFBH Vostok Performance over 10 years (%)



TOP 10 POSITIONS

BGARIA 4 7/8 05/13/36	8,06%
ELI LILLY & CO	4,61%
NVIDIA CORP	4,03%
ROMANI 6 5/8 09/27/29	3,98%
BGARIA 4 1/8 09/23/29	3,81%
FOUR FINANCE 10 3/4 10/26/26	3,69%
ROLLS-ROYCE PLC	3,66%
TBI BANK EAD	3,65%
ADVANCED MICRO DEVICES, INC.	3,62%
ROMANI 3.624 05/26/30	3,61%

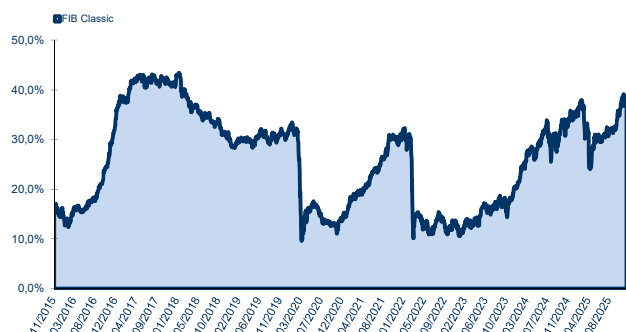
Investment Objective and Policy Overview

FIB Classic is a balanced mutual fund, inception on Nov 11,2007. Its investment objective is to achieve medium to high long-term growth, taking medium level of risk. The Fund invests in equities and fixed income. Targeted markets are Europe and USA. The equity-bond proportion depends on the stage of the economic cycle, macro-conditions and the central banks' monetary policy. FIB Classic's 2025 investment strategy remains equity-focused /overweight stocks, underweight bonds/.

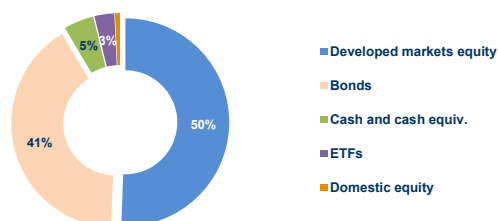
Return Statistics

Monthly (MoM)*	-0,51%
Annual (YoY)*	2,52%
Year-to-date 2025*	2,52%
3-year (annualized)	7,52%
Since Inception (annualized)	-0,34%
Standard Deviation*	7,39%

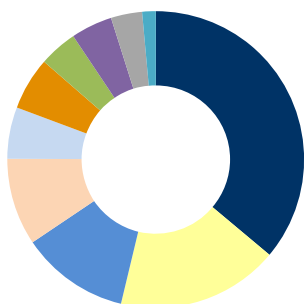
Cummulative Return over 10 years (%)



Asset allocation



Sector diversification of the Equity portfolio



Information Tehcnology	19,7%
Pharmaceuticals	9,6%
Financials	6,4%
Industrials	5,2%
ETFs	3,1%
Oil&Gas	3,1%
Telecoms	2,3%
Metal&Mining	2,5%
Consumer Cyclicals	1,8%
REITs	0,8%

FIB Garant Mutual Fund

Monthly Bulletin | December 2025

Data as per 29 December 2025

Fund Facts

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

Risk Profile

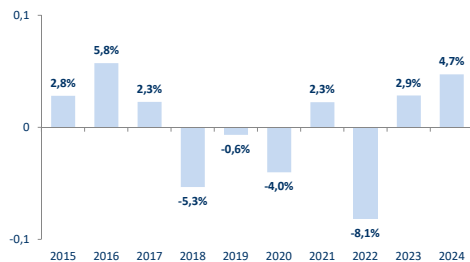


Net Assets and Subscription*

NAV	BGN 4 577 260
NAV per share	BGN 1,2717
Entry fee	0,0%
Redemption fee	0,0%
Management fee (annual % of average AUM)	1,0%

* Minimum subscription is BGN 50

FFBH Vostok Performance over 10 years (%)



TOP 10 POSITIONS

BGARIA 4 7/8 05/13/36	9,57%
ROMANI 6 5/8 09/27/29	9,46%
BGARIA 4 3/8 05/13/31	4,68%
BGARIA 4 1/8 09/23/29	4,52%
VW 3 7/8 03/29/26	4,41%
FOUR FINANCE 10 3/4 10/26/26	4,38%
ROLLS-ROYCE PLC	4,34%
TBI BANK EAD	4,33%
ROMANI 3.624 05/26/30	4,28%
CROATI 1 1/2 06/17/31	4,01%

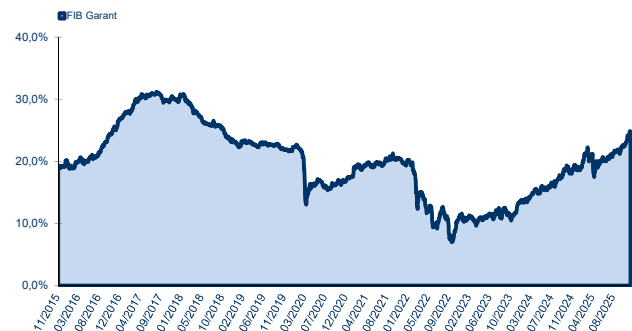
Investment Objective and Policy Overview

FIB Garant is a conservative mutual fund, inception on Nov 11,2007. Its investment objective is to achieve medium long-term growth, taking low level of risk. The Fund invests predominantly in fixed-income and money market securities. It may also have, up to 20% equity exposure in value stocks, listed in targeted markets /USA and Europe/. FIB Garant's 2025 investment strategy is focused on the early cycle, dividend value stocks and government bonds. Corporate credit of stable, well diversified businesses is also considered an option.

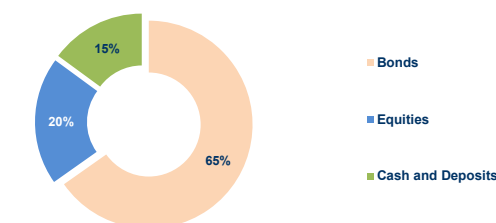
Return Statistics

Monthly (MoM)*	-0,09%
Annual (YoY)*	4,96%
Year-to-date 2025*	4,96%
3-year (annualized)	4,11%
Since Inception (annualized)	1,34%
Standard Deviation*	3,34%

Cummulative Return over 10 years (%)



Asset allocation



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

Type	Coupon	Maturity	Currency	Price	Yield
Eurobond	2,625	26/03/2027	EUR	100,46	2,24
Eurobond	3,000	21/03/2028	EUR	101,25	2,41
Eurobond	4,125	23/09/2029	EUR	105,04	2,68
Eurobond	0,375	23/09/2030	EUR	89,25	2,84
Eurobond	4,5	27/01/2033	EUR	107,39	3,31
Eurobond	3,125	26/03/2035	EUR	96,78	3,54
Eurobond	4,875	13/05/2036	EUR	109,34	3,77
Eurobond	1,375	23/09/2050	EUR	56,37	4,26
3 months			BGN		0,81
12 months			BGN		2,10

#Marketing Communication

Targeted Markets' Key Statistics – December / Q4 2025

Table 1

USA	Previous	Prev. Value	Current	Curr.Value	Change
S&P 500	Nov-25	6,849.1	Dec-25	6,845.5	-0.1%
Nasdaq 100	Nov-25	25,434.9	Dec-25	25,249.9	-0.7%
2Y US Treasury Yield	Nov-25	3.491	Dec-25	3.469	-0.02
10Y US Treasury Note Yield	Nov-25	4.019	Dec-25	4.153	0.13
USD index (DX)	Nov-25	99.41	Dec-25	98.05	-1.4%
Consumer Sentiment	Nov-25	51	Dec-25	52.9	1.9
GDP (QoQ)	Q2	-0.5%	Q3 (P)	4.3%	4.8%
Core PCE Price Index(YoY)	Oct-25	2.9%	Nov-25	2.8%	-0.1%
Core PPI (YoY)	Oct-25	2.6%	Nov-25	0.0%	-2.6%
Unemployment	Oct-25	4.4%	Nov-25	4.6%	0.2%
Core Retail Sales (MoM)	Oct-25	0.4%	Nov-25	0.1%	-0.3%
S&P Global Manufacturing PMI	Nov-25	52.2	Dec-25	51.8	-0.4
ISM Non Manufacturing	Oct-25	52.4	Nov-25	52.6	0.2

Table 2

Eurozone	Previous	Prev. Value	Current	Curr.Value	Change
STOXX 600	Nov-25	576.4	Dec-25	592.8	2.8%
DAX	Nov-25	23,836.8	Dec-25	24,490.4	2.7%
2Y German Bund Yield	Nov-25	2.030	Dec-25	2.123	0.09
10Y German Bund Yield	Nov-25	2.691	Dec-25	2.862	0.17
EUR.USD	Nov-25	1.1596	Dec-25	1.1746	1.3%
ZEW Economic Sentiment	Nov-25	25	Dec-25	33.7	8.7
GDP (QoQ)	Q2 (F)	0.1%	Q3 (F)	0.3%	0.2%
CPI (YoY) Core	Nov-25	2.4%	Dec-25	2.3%	-0.1%
PPI (YoY)	Oct-25	-0.5%	Nov-25	-1.7%	-1.2%
Unemployment	Oct-25	6.4%	Nov-25	6.3%	-0.1%
Retail Sales (YoY)	Oct-25	1.9%	Nov-25	2.3%	0.4%
HCOB Eurozone Manufacturing PMI (F)	Nov-25	49.6	Dec-25	48.8	-0.8
Industrial Production (MoM)	Sep-25	1.2%	Oct-25	2.0%	0.8%

December / Q4 2025: In the fourth quarter of 2025, many markets posted strong returns. Signs of broadening beyond technology stocks /mostly related to AI/ and communication services persist. In general, risk-on sentiment prevails through the better part of 2025 and “everything rally” status propels indices to new highs in many developed markets.

- solid Q4 performance for European equities, modest returns in US
- Sector rotation from high growth names to healthcare and staples continues
- Government shutdown in US was resolved, but fails to produce market enthusiasm
- Silver and Gold shine, but not bright enough to offset weak performance of the oil
- Q3 earnings season outlines solid growth trend both in US and Eurozone
- Inflation stabilizes well above 2% targeted level of FED and ECB
- EUR closes 2025 with 13.65% gain against USD

Q4 2025

Global markets posted steady gains during the fourth quarter of 2025, with several equity indices finishing the year near record or multi-year highs and capping a strong period for risk assets overall. For the first time in several years, non-US equities outperformed the US market /2025/, as SOXX600 /+16.8%/, beat S&P500/+16.4%/ by a thin margin. Factors drove that break from American market leadership, are as follows: predominantly US dollar depreciation against major currencies, lower valuations of brick and mortar industries outside the US and taking profits by some investors from US AI technology stocks /in Q4/. Equity markets were also supported by easing inflationary pressures and expectations that major central banks—led by the US Federal Reserve (Fed)—would continue to lower interest rates in 2026.

Overall, investor sentiment remained broadly positive. Solid aggregate earnings growth supported that optimism, along with the continued enthusiasm for companies benefitting from the capabilities of artificial intelligence (AI) revolution.

a few words about 2025

The first half of the year was dominated by trade concerns as the US raised tariff rates to levels not seen since the 1930s. Developed market equities fell sharply in early April but ultimately shrugged off the impact and ended the year with solid returns. In the second half, markets focused on the positive implications of fiscal and monetary stimulus. Risk-on sentiment drove an “everything rally,” and 2025 was the first year since the pandemic where all major asset classes delivered positive returns /JPMorgan estimates/.

Growth stocks outperformed in the US, but value stocks outperformed in most other developed markets.

Precious metals were the standout asset class of 2025. The Bloomberg precious metals index returned 80.2% over the year. Gold exchange-traded funds saw strong inflows, however, silver outperformed with returns of 149.1%. Strong performance from precious metals fails to offset falling oil prices /energy sector/.

In Equities, Artificial Intelligence (AI) remained the dominant theme driving US markets. The communication services and information technology sectors significantly outperformed the broader market with returns of 33.0% and 23.6%, respectively. Consumer-facing sectors struggled as sluggish job growth weighed on consumer confidence. Concerns about softening demand meant that companies were nervous about passing on tariff costs /and decided to absorb the levies, affecting operating margins/. This helped avoid an inflation spike but dampened returns from these sectors. Eurozone equities underperformed in local currency terms in a year of strong returns for equities. However, currency moves played an outsized role. The euro was a major beneficiary, rising 13.65% against the US dollar. The trade-weighted US dollar fell by 7.0%, the steepest decline since 2009 /JPM estimates/. Bonds post solid gains in all aspects of the fixed markets universe. Spreads are tight /record lows/. US Treasuries /+6.3%/, beat EUR Government bonds/0.6% /. Investment grade and High Yield /both in US and Eurozone/ outpace Government bonds by a wide margin.

Table 3

Targeted Markets - Performance Statistics	1M	3M	6M	YTD	12M
S&P 500 (1)	-0.1%	2.3%	10.3%	16.4%	16.4%
NASDAQ 100 (2)	-0.7%	2.3%	11.3%	20.2%	20.2%
STOXX 600 (3)	2.8%	6.2%	9.5%	16.8%	16.8%
S&P GSCI Index (4)	-1.2%	-0.3%	1.0%	-0.2%	-0.2%
S&P 500® Investment Grade Corporate Bond Index (5)	-0.2%	0.7%	3.3%	7.4%	7.4%
Markit iBoxx EUR Investment Grade (6)	-0.2%	0.3%	1.6%	3.7%	3.7%

Equity Markets

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

Over the fourth quarter of 2025, US equities registered a gain, even amid the longest government shutdown on record and rising job cuts. That quarterly gain helped the market to deliver a double-digit return for the third straight year. Even after the steep selloff in April, following the Trump Administration's tariff announcements, the S&P 500 Index posted a nearly 16.4% increase for the year, and yields NASDAQ +20.2%. The market did fail to deliver a “Santa Claus” rally as it experienced volatility at year-end, as some investors took profits /mostly in AI hottest names/, not affecting the overall positive market sentiment. Market leadership during the quarter remained concentrated in the communication services and technology sectors, but there were signs of market broadening. Industrials, financials, healthcare and utilities—posted strong, double-digit gains for the year. Two members of the “Magnificent 7” delivered stellar returns for the year as Google /Alphabet/ rose by 65% and Nvidia increased by more than 39%. The other four tech stocks in that group ex Tesla /Apple, Amazon, Meta /Facebook/, and Microsoft/ did not outperform the broader market, however. The market reacted positively to the interest rate-cutting cycle the Fed continued in December, with indications that more cuts could be coming in 2026, especially if inflation continues to fall. The market also responded favorably to signs that the Trump Administration remains flexible with its imposition of tariffs. The new stance stands in stark contrast to the harsh line taken on “Liberation Day” in April.

Europe /Table 3, (3)/

Eurozone shares delivered positive performance during the fourth quarter of 2025. Markets showing resilience through year-end, and major benchmarks in Europe finished the period near multi-year highs, supported by broad-based equity strength across the region. Financials performed particularly well, benefiting from lower interest rates that improved lending prospects and asset quality. **Industrials are our favorite sector**, getting earnings momentum and FCF strength, despite shaky China industrial sentiment and tariff wars. Economic conditions across the eurozone remained mixed. Manufacturing activity, especially in Germany, continued to contract, and that negatively affected export-focused sectors. Services activity stayed strong, however, and that helped overall business activity expand modestly. Employment trends were generally stable, with hiring remaining strong. Inflation pressures eased, and the European Central Bank (ECB) kept policy rates unchanged in December, while vowing to maintain a careful watch on growth and price trends. The ECB's December 2025 projections revised the real GDP growth forecast for the eurozone to 1.4% for the full year 2025, up from its previous estimate of 1.2%. This improved outlook, coupled with resilient labor markets and slowly recovering bank lending, boosted investor confidence.

Nevertheless, HCOB Eurozone manufacturing index (PMI) /Preferred FFBH AM activity indicator/, is receding in Q4 to 48.8 from 50.0 in Q3 /pushing the index again in a recessionary level/.

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

Q4 Commentary

There was marked divergence across global government bond markets during the final quarter of 2025. Despite volatility, UK gilts were the notable outperformer. Returns were more muted in US Treasuries. The yield curve steepened, with yields rising in longer maturities, but falling in the shorter, interest-rate-sensitive part of the curve. The Federal Open Market Committee /FOMC/ cut interest rates by 25 basis points when they met in October and again in December, taking the federal funds rate to 3.5-3.75%. Total returns were positive across investment-grade credit markets in Europe and US.

Fixed Income in 2025

The rally in risk assets extended to fixed income, where spreads compressed across the board. Spreads in both European investment grade and high yield bonds compressed, as default rates in both US and European high yield continued to edge up but, corporate balance sheets generally remained robust.

Currency moves once again provided a tail wind with dollar weakness

Fiscal concerns continued to weigh on government bonds and curves steepened in all major markets. Despite concerns over the longer-term impact of the "One Big Beautiful Bill" on debt sustainability, US Treasuries were the top performing market in local currency terms, returning 6.3% over 2025. The feared tariff-driven inflation spike failed to materialise and growing nervousness about the labour market meant that the Federal Reserve lowered interest rates by 75 basis points (bps) in the second half of the year, supporting bond returns.

European peripheral country bonds outperformed core bonds. French bonds struggled amid domestic political turmoil. Attempts to reduce government spending led to the collapse of three governments over the year. The spread of French bonds over German Bunds ended the year wider than spreads for Italian, Spanish and Greek bonds. Germany took its foot off the fiscal brake after 15 years of consolidation. The country plans to increase spending on defence and infrastructure in the face of Russian aggression and pressure from the US on NATO partners, as well as seeking to boost an economy that is facing multiple headwinds. Markets reacted accordingly and German Bunds delivered negative returns over the year.

Commodities /Table 3, (4)/

In commodities, the overall spot index /S&P GSCI/, fell by -0.3% for the quarter.

Precious metals were the clear standout performers across the commodities complex in 2025. Gold rose by more than 60% for the year, while silver posted gains exceeding 140%. Both metals are considered "safe-haven" assets and benefited from investors' concerns about ongoing geopolitical uncertainty, a weaker US dollar, moderating but still elevated global inflation, and expectations of slower global growth. Silver's price gains were also driven by a tight supply of the metal and its critical role in the production of solar energy technologies, electric vehicles, and AI-related infrastructure such as data centres.

Industrial metals also had strong performance. Copper climbed to record highs and closed out a landmark year, supported by persistent supply constraints, a softer US dollar, and rising demand linked to electrification, grid investment and data-centre expansion, particularly in China. Lithium likewise ended the year higher, reflecting continued growth in battery storage and electric vehicle demand.

In contrast, energy markets underperformed. Oil prices declined steadily through the year. The weakness reflected a combination of global oversupply, expanding production from both OPEC and non-OPEC producers, and softer demand growth amid slowing economic momentum.

FFBH AM 2026 Projections

2026 would be quite a different year. Three years of excessive returns spell much more cautious approach, despite positive factors.

Gilded tailwinds may change in a dime but still remain in place. These are:

- 1/ ECB & FED neutral to dovish stance
- 2/ "Big Beautiful Bill" kicks off
- 3/ Mega infrastructure and defense projects about to start in Europe
- 4/ China economy is stabilizing

And the last but not least: recently US announced a global AI domination policy doctrine, which aim to keep US advantage in the revolutionary technology, supreme and being a global standard at all costs.

Well, these are impressive reasons to stay onboard for an year or two. We believe positive momentum still exists, but five very delicate issues worth mentioning. Their importance may cause deep corrections and change radically the path many investors consider bullet-prove.

1/ Political and Geopolitical.

US-China talks would not produce Peace. Nor supply chain predictability and settlement. The two mega-economies are de facto in trading war. The obvious two reasons are the AI dominance and political dominance in developing economies in Asia, Africa and Latin America.

In Europe, the right wings of political spectrum may cause chaos in any given moment. Recently a lot of social initiatives appeared, but the sources of funding of those, still unclear. More than EUR 1 trillion projected for defense /NATO members/. Where all this money coming from? No answer. Besides, Europe is notorious with its bureaucracy. What should be done to speed up that process?

Information technologies lack of progress and insufficient global presence of Europe, also becoming an acute problem.

Colossal investments are needed to get closer to China and US! There are vocal voices, warnings and extensive analysis aiming to provoke politicians to act. This is a dire, sharp string of problems, which must be addressed by European politicians as soon as possible. Staying behind the curve, may diminish Europe global influence. Innovations and development of AI are of paramount importance. France is trying to take the leadership /Thales, Mistral, special programs, Universities/. We consider UK is even in a better position to develop strong AI hi-tech industry. What bothers us is that both countries are relatively small and isolated, to go by their own, to try to compete with technological behemoths of China and US.

Germany is still shaky. Ten years of underperformance /anemic GDP growth/ and structural problems are quite a heavy burden to resolve. OK, in 2025, after 15 years of restrain and savings, Germany decided to make an U turn in state spending. Admirations! Markets await real stuff, which never comes by far. .

Local potential political issues are important, but Geopolitics is even hotter in 2026:

1/ Latin America /Panama channel US aspirations, Columbia, Venezuela, Cuba/ - all hot spots my escalate and get ugly in any given moment.

2/ Middle East – HAMAS is not defeated. Gaza is obliterated. Trump manage to provoke a local race of unfair political competition for US hi-tech and infrastructure investments. "Divide and concur" become a favorite approach of American diplomacy. Trying to win

US partnership and indulgence of Arabian nations put their local interest on the edge. We consider these political developments dangerous. A prerequisite for serious tension and even local political and economic confrontation.

3/ Iran regime would not be a problem for US to handle. Civil war or new air strikes may cause market volatility though.

4/ China – Taiwan relations is the hottest south Asian regional issue

5/ Ukraine – Trump-Putin peace proposal is not formulated transparently yet. Therefore, uncoordinated, unauthorized or unaccepted by the other side - EU and Ukraine itself. There is nothing resolved there yet. 2026 would be a breakthrough year, or may not.

In aggregate; a ton of political / geopolitical issues smolder. Ignoring them would be a great mistake.

2/ Debts are mounting

Spreads are tight. They are not a proxy for a risk assessment any more. Rather yield chasing phenomena persists. Inflation is not defeated yet. FFBH AM expects PCE to hover around 2.4-2.5%, both in US and Europe for another 12 months.

Debt issuance is at its peak, almost everywhere.

One word: Beware! Take extra vigilance on the fixed income markets.

3/ AI mania may escalate as ample IPO calendar and new projects in 2026 may take the investors' wild spirits to a crescendo

We believe the AI revolution has no alternative. As market does. The top investment theme in 2026 remains AI. We see a problem not in the AI itself, rather the ocean of new companies and the popping-up projects may be difficult to navigate or predict the market momentum change. The road would be quite bumpy, despite rosy picture painted by institutional analysts and strategists. There also could be a lot of political talk, threats, investigations, fines, NVDA like technology transfer restrictions. This is unavoidable. Failing "market darlings" and even crashes are possible. New names may rise to fame. New winners are waiting unattended. Unfortunately, all these aspects may inflate bubbles in some niches of the AI industry.

One must consider all the AIs' pros and threats accordingly

4/ Bank deregulations

Trillions of USD are waiting to be released from the bank reserves, once new banks' deregulation project passes all commissions and authorities. This means, more money for credits, investment banking, SPACs, M&A and eventually all "hot ideas" inflating financial bubbles /not easy to predict/. It is very important how the Eurozone reacts to the US banking initiative

5/ Trump, interim elections /USA/, FED chair appointment and SME business /direct impact of weak labor market conditions/.

We approaching lot of super important local /US/ events. President Trump would influence all of them at a great manner. Loosing elections, means flood of court investigations of Trumps' executive orders and authoritarianism. Trump administration landslided a lot of aspects in global trade, supply chains and political order. Weakening president's power is a long awaited opportunity for the enemies of the current US administration controversial policies. Replacing Powell at the helm of FED is an important task. Considering dovish candidate is an option, but not at the expense of the FED independence. The monetary policy of the institution is particularly important for the small and mid-sized /SME/ companies, being the backbone of US economy.

Whatever happens in US political and economic arena, Trump takes front and center!

In Essence:

We expect a positive, but selective 2026

AI may lead the markets to new highs, but that comes with a deep corrections option for the "trading multiples-inflated" parts of the AI ecosystem.

A great deal of confidence in ECB / FED dovish stance may evolve in neutral policy for a long time. That is a risk!

Should this happens, IR sensitive businesses /SMEs mostly/ may suffer, therefore stocks are vulnerable to investors' disappointment and exit. This may also cause volatility.

Special attention to the Debt markets. 2026 may happens to be the year with the greatest odds of breaking the three years lasting market enthusiasm

Considering the above, we enclose our predictions for the leading asset classes as follows:

- Stocks in US and Europe are equally attractive /at 10.0% - 12.5% projected net yield of both benchmarks S&P500 and STOXX600/
- Technology dominates the rest 10 sectors. We expect NASDAQ100 to yield some /12-15%/
- Government bonds in US may rise on average again, as the sharp move is less expected in the longer end /staying close to the current levels/, rather than the shorter maturities, where 2.75-3.0% seem viable for the benchmark 2YT.N.
- In Eurozone the yields are going down
- Yield curves in both regions would steepen a bit more
- Spreads would stay steady as HYBs would be the champion again /record tight spreads may stay the 2025 way for quite longer than expected/
- In commodities, Industrial metals and Energy would be a subject of volatility, with greater odds of the price of Oil going down. Copper, Aluminum and Iron ore may shine again
- FX currencies' development, in the context of political uncertainty and ton of issues described above, is unclear. US GDP growing above 3.0% for the next four quarters, together with an ample tariffs cash inflows, optimized budget expenses and attractive IRs may offset the effects of fiscal stimulus /Big Beautiful Bill/. Such a scenario becomes absolutely plausible as the economic cycle progresses. Should this happens, negative scenario /another 500-600bp.depreciation of USD/, may become too dark and less possible to materialize. FFBH AM takes the middle ground. We consider EUR/USD fluctuating in a wide range 1.1050- 1.1850 /weighted average - 1,1480/ in 2026. An incremental appreciation in the year end would be statistically viable and logical, should US continues its path of stabilization and S&P500 EPS growth deliver another 12-14% respectively.

FFBH AM Mutual Funds Key Figures:

Table 4 Portfolio Performance, Portfolio composition

	YTD, %	Equity %	Fixed Income %	Cash, %
<i>FIB Avangard</i>	3.1%	85.7%	3.2%	10.9%
<i>FIB Classic</i>	2.5%	54.5%	40.8%	4.5%
<i>FIB Garant</i>	5.0%	19.9%	65.2%	14.8%
<i>FFBH Vostok</i>	0.2%	88.8%	-	11.0%

Table 5 Regional Diversification

	US, Canada %	Eurozone %	BG %	Other %
<i>FIB Avangard</i>	63.7%	21.1%	8.2%	7.0%
<i>FIB Classic</i>	40.3%	22.8%	16.3%	20.6%
<i>FIB Garant</i>	16.3%	33.5%	22.4%	27.7%
<i>FFBH Vostok</i>	77.0%	10.1%	3.7%	9.2%

Table 6 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>	32.9%	47.9%	4.9%	0.5%	-	2.7%
<i>FIB Classic</i>	26.7%	26.9%	1.0%	8.3%	15.1%	17.3%
<i>FIB Garant</i>	19.9%	-	-	14.2%	26.5%	24.6%
<i>FFBH Vostok</i>	21.0%	59.3%	8.5%	-	-	-

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.

3-year annualized return is calculated as a geometrical mean of the past three years' return achieved by the fund per the report date.

Standard deviation is the annualized standard deviation of the weekly return over the last five years or since inception, whichever is smaller.

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