

## FFBH Vostok

November 2015

Data as per 30 November 2015

NAV	
NAV	BGN 577 691
NAV per share	BGN 0.5915

Return (%)	
Monthly (MoM)*	4.48%
Annual (YoY)*	14.79%
Year-to-date*	29.51%
Since Inception (annualized)*	-8.91%

Statistics (%)	
Standard Deviation*	22.20%
Monthly alpha – MSCI Russia *	-0.33%
Beta (β) – MSCI Russia *	0.656
R <sup>2</sup> – MSCI Russia *	76.34%
Sharpe Ratio (0%)*	n.m.

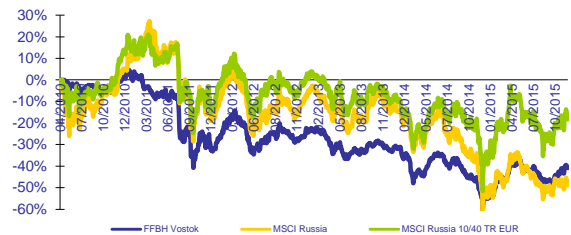
\* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

### Investment objective overview

FFBH Vostok is a high-yield, actively managed, open-end mutual fund with regional focus on Russia & CIS, inception on Apr 16, 2010. The Fund's investment objective is to achieve high long-term growth, outperforming MSCI Russia Index and bearing medium to high levels of risk. The Fund may have up to 95% in equities and up to 50% invested in bonds.

FFBH Vostok's targets conservative allocation to equities in start 2015 – stock picking state independent "blue-chip" companies, benefitting on cheap Russian ruble.

### FFBH Vostok vs. MSCI Russia 10/40 EUR



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

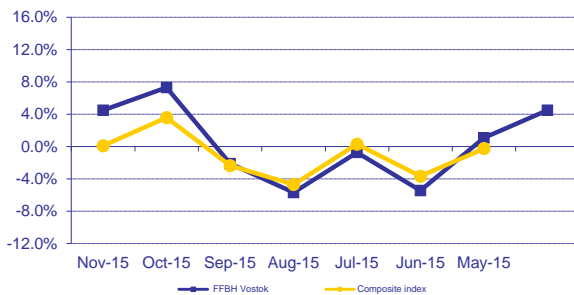
### Fact sheet and fee information

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

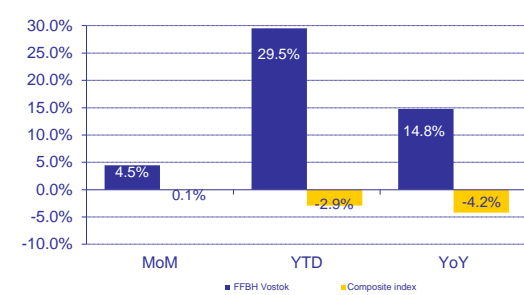
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

\* Minimum subscription is BGN 50

### MoM return comparison to composite index\*

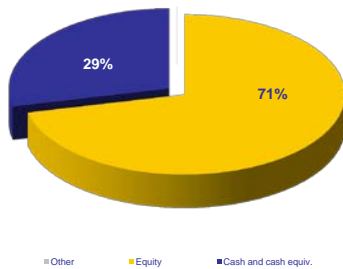


### MoM, YoY and YtD return to composite index\*



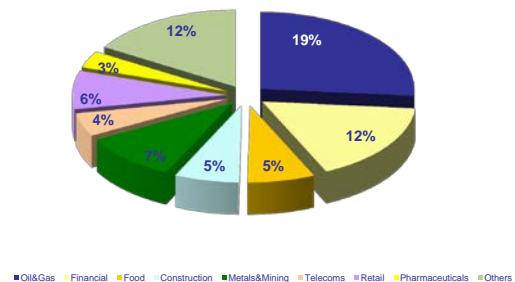
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Avangard

November 2015

Data as per 30 November 2015

NAV		Return (%)		Statistics (%)	
NAV	BGN 1 224 721	Monthly (MoM)*	0.74%	Standard Deviation*	10.68%
NAV per share	BGN 0.5187	Annual (YoY)*	-3.47%	Monthly alpha – MSCI EM EE *	-1.22%
		Year-to-date*	-2.26%	Beta (β) – MSCI EM EE *	0.224
		Since Inception (annualized)	-7.85%	R <sup>2</sup> – MSCI EM EE *	27.74%
				Sharpe Ratio (0%)*	-0.02

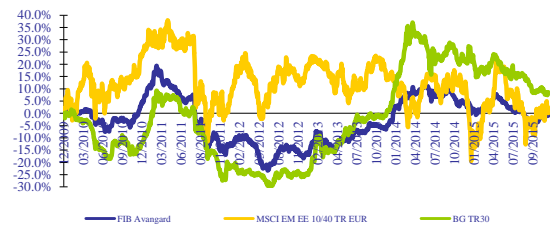
\* see notes

### 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 levels of risk. Its portfolio is allocated in Emerging Europe equity with focus on Bulgarian and Russian companies. Tactically, part of its portfolio might be allocated in capital markets that are expected to be among top-performing global regions.

FIB Avangard's investment strategy for 2015 includes high allocation to liquid and financially stable Bulgarian companies, some allocation to developed markets blue chips on valuations and easy global monetary policy.

### FIB Avangard vs. MSCI EM EE 10/40



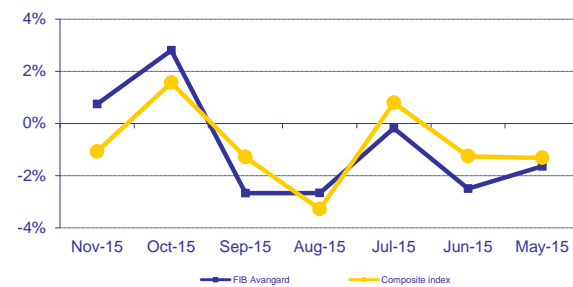
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

### Fact sheet and fee information

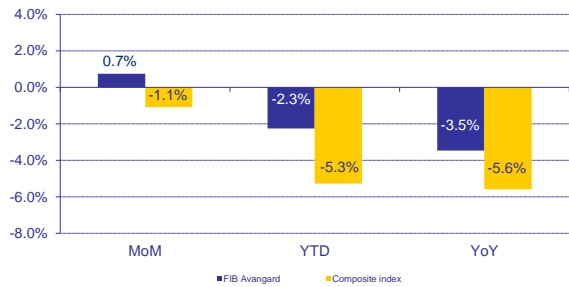
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
FSC Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		3.00%
Incorporation	Bulgaria			

\* Minimum subscription is BGN 50

### MoM return comparison to composite index\*

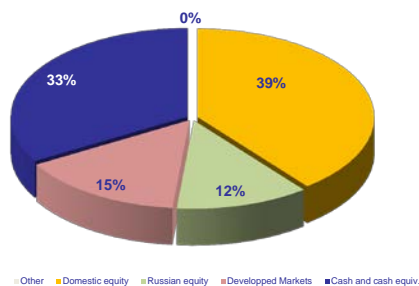


### MoM, YoY and YTD return to composite index\*



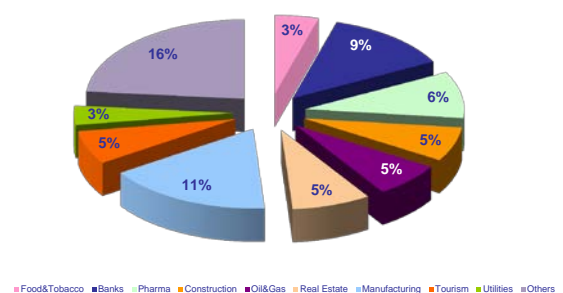
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Classic

November 2015

Data as per 30 November 2015

NAV	
NAV	BGN 919 122
NAV per share	BGN 0.7931

Return (%)	
Monthly (MoM)*	1.35%
Annual (YoY)	0.71%
Year-to-date	2.39%
Since Inception (annualized)	-2.85%

Statistics (%)	
Standard Deviation*	6.43%
Monthly alpha – MSCI EM EE *	-0.61%
Beta (β) – MSCI EM EE *	0.139
R <sup>2</sup> – MSCI EM EE *	29.23%
Sharpe Ratio (0%)*	0.21

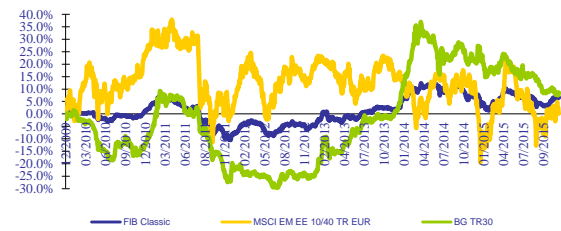
\* see notes

### Investment strategy

FIB Classic is a balanced mutual fund, incepted on Nov 11, 2007, whose investment objective is to achieve long-term growth of Fund's assets, bearing medium levels of risk to its investors. The Fund invests in Emerging Europe equities and bonds.

FIB Classic's investment strategy for 2015 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in both Bulgaria on fundamental and sentiment improvement. Some European allocation is accepted in high-yield dividend "blue chips". Bond portfolio is allocated both in emerging market sovereign debt and domestic and foreign corporate bonds.

### FIB Classic vs. MSCI EM EE 10/40



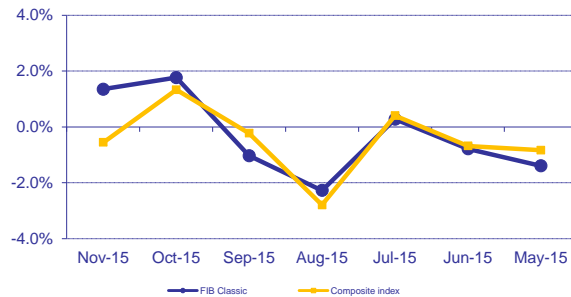
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

### Fact sheet and fee information

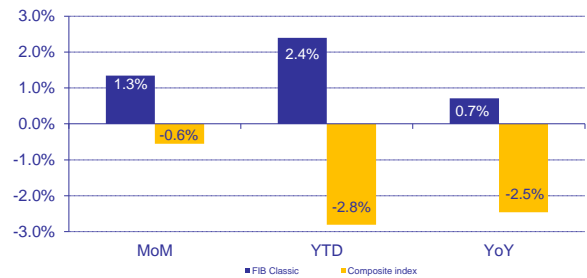
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions Incorporation	Every Business Day Bulgaria	Management fee (annual % of average AUM)	2.50%	

\* Minimum subscription is BGN 50

### MoM return comparison to composite index\*

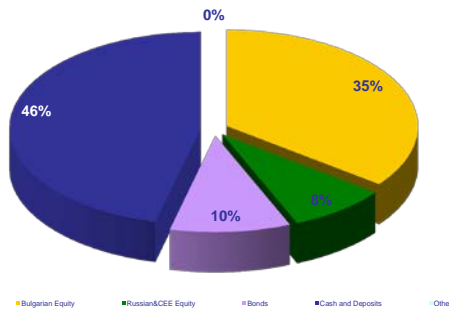


### MoM, YoY and YtD return to composite index\*



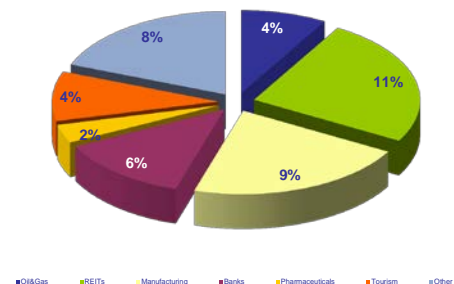
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Garant

November 2015

### Data as per 30 November 2015

NAV	
NAV	BGN 781 313
NAV per share	BGN 1.2163

\* see notes

Return (%)	
Monthly (MoM)*	0.64%
Annual (YoY)*	1.94%
Year-to-date*	2.10%
Since Inception (annualized)*	2.47%

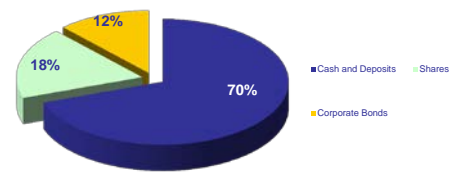
Statistics (%)	
Standard Deviation*	2.50%
Sharpe Ratio (0%)*	1.53
Interest rates (%)	
Sofibor (3 month)	0.49%
Sofibor (12 month)	1.47%

### Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.00%	30/03/2016	EUR	0.35%
Eurobond	4.25%	09/07/2017	EUR	0.22%
Eurobond	2.00%	26/03/2022	EUR	1.69%
Eurobond	2.95%	03/09/2024	EUR	2.35%
Eurobond	2.63%	26/03/2027	EUR	2.67%
Eurobond	3.13%	26/03/2035	EUR	3.65%

Source: Bloomberg

### Asset Allocation



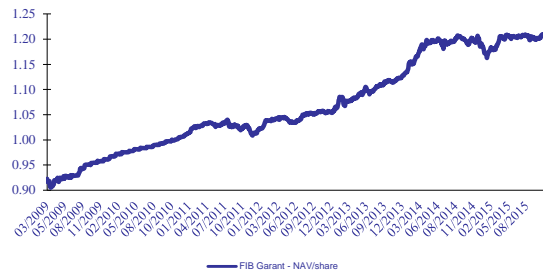
Source: FFBH Asset Management

### Investment objective

FIB Garant is a conservative balanced mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve medium long-term growth of assets, bearing low level of risk. The Fund invests mainly in fixed-income instruments, but it may have up to 20% exposure to equity used to improve its risk-return profile.

FIB Garant's 2015 investment strategy includes significant allocation to equities on valuations and sentiment improvement on BSE . At certain points investments in foreign large cap blue chips can be made but currency risk should be controlled. The decrease in local deposit rates would also lead to an increase the Fund's exposure to foreign corporate and sovereign bonds.

### FIB Garant

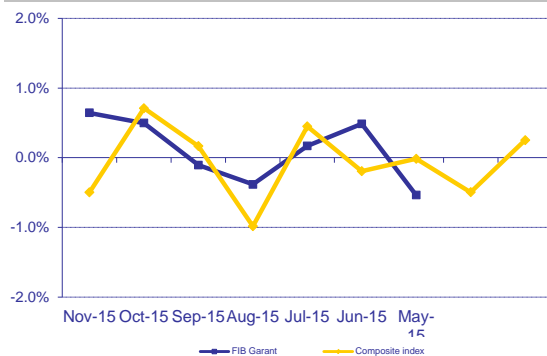


Source: FFBH Asset Management

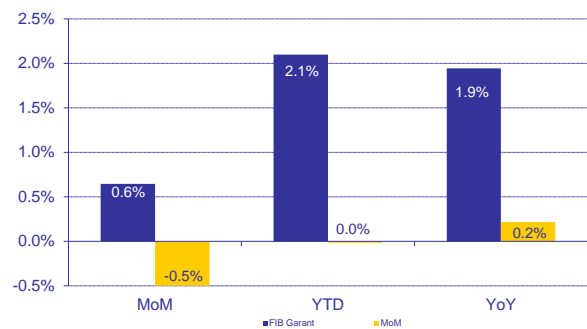
### Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced-conservative	Entry fee	0.15%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.15%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	1.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

### MoM return comparison to composite index\*



### MoM, YoY and YtD return to composite index\*



Source: BAAMC, FFBH Asset Management calculations

## **PORTFOLIO MANAGER'S COMMENT November 2015**

### **MARKET OVERVIEW:**

- Global equity markets were mixed in November. Developed Europe outperformed on cheaper EUR, US markets were flat while Asia and other emerging markets lost ground mainly on expected tightening in the US. Despite the solid performance in Western Europe (MSCI Europe, +2.7% MoM), Eastern parts underperformed (MSCI Eastern Europe ex Russia, -3.9% MoM). The main drag was the largest constituent of the index – Poland – which continued to perform poorly after disliked by capital markets Law and Justice party came to power in October.
- In November the most important corporate events on BSE were the release of Q3 consolidated reports. Despite the generally positive tone, unexpectedly, we saw full reversal of positive moves from October as sellers dominated. Sofix lost 2.5% MoM last month as 12 of 15 constituents were in the red zone.
- In November Brent oil (-11% MoM) moved sharply down on strong USD and supply-demand unbalance. Russian currency basket lost about 2% MoM on oil. Still, Russian indices lost only about 1% in USD as its foreign policy aligned closer to Western countries due to rising terrorism risk. This led market participants to price in sooner than previously expected lift-off of sanctions against the country. Among monthly gainers were companies, affected directly or indirectly by sanctions, while metal & mining companies lost ground due to weakening price environment.
- In November Q3 GDP was reported at -4.1% YoY (-4.6% YoY in Q2) showing signs that economy may have slowly started to bottom out. Industrial production continued to improve in October and was reported at -3.6% YoY up from -3.7% YoY in September. On the demand side investments also improved to negative 5.2% YoY in October from -5.6% YoY in September. However retail sales surprised on the downside, contracting by 11.7% YoY in October from -10.4% YoY in September, as real disposable income (-5.6% YoY in October) and real wages (-10.9% YoY) widened declines as compared to previous month.

### **PORTFOLIO ALLOCATIONS:**

#### **FFBH Vostok**

- FFBH Vostok performed in line with its benchmark in November and gained 4.5% MoM. The fund's equity allocation was at 71% of assets in end-month.

#### **FIB Avangard**

- FIB Avangard NAV/unit advanced by 0.7% MoM in November as weak performance of BSE withheld larger gains. Overall, equities remained little changed at 67% of assets in end-month.

#### **FIB Classic**

- FIB Classic gained 1.4% MoM in November on the positive performance by foreign equity allocation. Asset allocation was little changed in the end of the month.

#### **FIB Garant**

- FIB Garant NAV/unit was up by 0.6% MoM in November. There were no changes in assets during last month.

### **OUTLOOK & STRATEGY:**

- Year-end is usually a positive period for global markets. Still, before end we may see rise in volatility on the divergent monetary policy announcements that are expected from the oncoming ECB and FED meetings. We deem that, if monetary decision comes as expected, Eastern Europe ex Poland shall outperform on positive economic effects for the region and stronger calendar factor.
- We expect that BSE shall finish 2015 strong as usual. In base case we deem November declines as temporary and current levels might be an attractive entry point, if global markets uphold as expected. The most important capital market event is the ongoing IPO of Neo London Capital which aims to raise BGN 40m between 18/11 and 21/12.
- Except on developed countries' monetary policy, some sectors and companies such as Gazprom and the retailers shall depend on the development of Russia-Turkey relations after the aircraft shot-down. Overall, Russian market is in its best part of the year and we expect it to outperform other emerging markets, all else being equal.



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- We might decrease domestic allocation across funds, if BSE liquidity improves in December. At the same time we shall be watching closely monetary policy decisions. If favourable, we might increase developed European equity as we expect it shall remain the best performing region at the start of next year. On the opposite, we shall be conservative towards bond allocation on downside risks, related to UK and US monetary policies.

## 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*: Monthly Alpha – MSCI EM EE is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI EM Eastern Europe 10/40 Total Return EUR Index.

*FIB Classic*: Monthly Alpha – MSCI EM EE is the difference between the monthly return of NAV per share of FIB Classic and the monthly return of MSCI EM Eastern Europe 10/40 Total Return EUR Index.

*FFBH Vostok*: Monthly Alpha – MSCI Russia is the difference between the monthly return of NAV per share of FFBH Vostok and the monthly return of MSCI Russia 10/40 Total Return EUR Index.

*FIB Avangard*: Beta ( $\beta$ ) – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

*FIB Classic*: Beta ( $\beta$ ) – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

*FFBH Vostok*: Beta ( $\beta$ ) – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years or since inception, whichever is smaller.

*FIB Avangard*: R2 – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

*FIB Classic*: R2 – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

*FFBH Vostok*: R2 – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years or since inception, whichever is smaller.

Sharpe Ratio for all funds has been calculated using the weekly returns of NAV per share of each fund over the last five years or since the inception of the fund, whichever is smaller, and using 0% as risk-free return.

*FIB Avangard*: Composite Index is composed of 15 mutual funds that apply similar investment strategy to FIB Avangard and measures their equal-weighted return.

*FIB Classic*: Composite Index is composed of 18 mutual funds that apply similar investment strategy to FIB Classic and measures their equal-weighted return.

*FIB Garant*: Composite Index is composed of 7 mutual funds that apply similar investment strategy to FIB Garant and measures their equal-weighted return.

*FFBH Vostok*: Composite Index is composed of 8 mutual funds that apply similar investment strategy to FFBH Vostok and measures their equal-weighted return.

The Index are calculated in a standardized way, using the MoM, YoY and YtD returns of each fund ( $R_i, i=1$  to  $n$ ), based on formula:  $\sum (1/n \cdot R_i)$ , where  $n$  is the number of mutual funds, using similar strategies.

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