

## FFBH Vostok

April 2017

Data as per 28 April 2017

NAV	
NAV	BGN 823,915
NAV per share	BGN 0.7172

Return (%)	
Monthly (MoM)*	-1.12%
Annual (YoY)*	25.45%
Year-to-date*	-2.27%
Since Inception (annualized)*	-4.61%

Statistics (%)	
Standard Deviation*	19.83%
Monthly alpha – MSCI Russia *	1.02%
Beta (β) – MSCI Russia *	0.554
R <sup>2</sup> – MSCI Russia *	76.24%
Sharpe Ratio (0%)*	n.m.

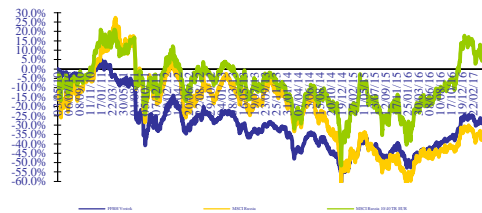
\* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

### 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 2017 – stock picking state independent "blue-chip" companies.

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

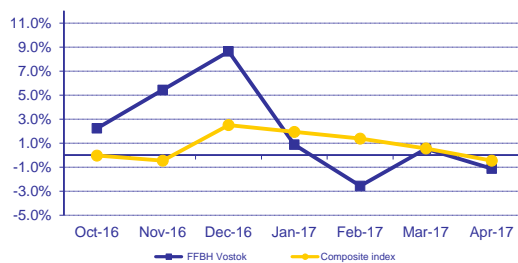


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

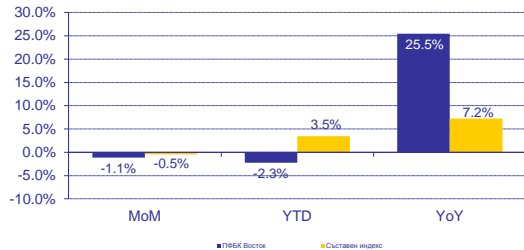
### Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
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)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

### MoM return comparison to composite index\*

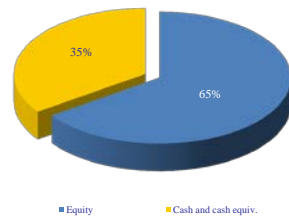


### MoM, YoY and YtD return to composite index\*



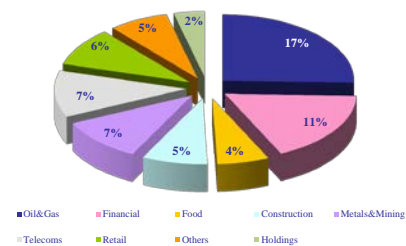
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Avangard

April 2017

Data as per 28 April 2017

NAV	
NAV	BGN 1,590,173
NAV per share	BGN 0.6461

Return (%)	
Monthly (MoM)*	2.27%
Annual (YoY)*	27.96%
Year-to-date*	6.78%
Since Inception (annualized)	-4.52%

Statistics (%)	
Standard Deviation*	9.36%
Monthly alpha – MSCI World *	1.71%
Beta (β) – MSCI World *	- 0.050
R <sup>2</sup> – MSCI World *	0.78%
Sharpe Ratio (0%)*	0.58

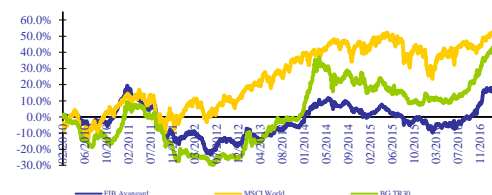
\* see notes

### Investment strategy

FIB Avangard is a high-yield, actively-managed, mutual fund, incepted 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 World equity with focus on Bulgarian 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 2017 includes 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 World

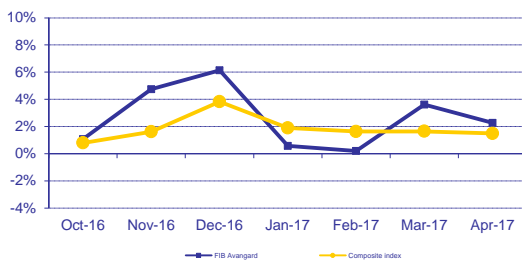


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

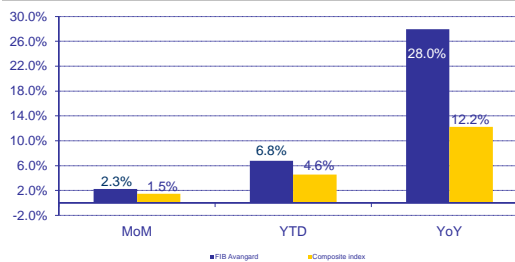
### Fact sheet and fee information

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\*

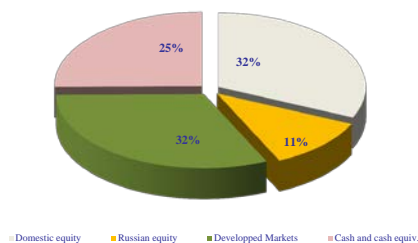


### MoM, YoY and YTD return to composite index\*



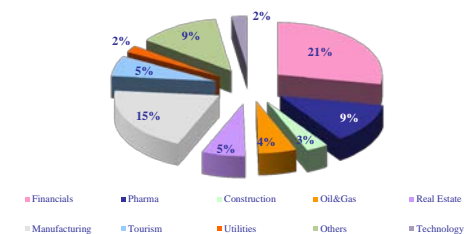
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Classic

April 2017

Data as per 28 April 2017

NAV	
NAV	BGN 1,523,946
NAV per share	BGN 0.9705

Return (%)	
Monthly (MoM)*	0.58%
Annual (YoY)	22.85%
Year-to-date	4.06%
Since Inception (annualized)	-0.32%

Statistics (%)	
Standard Deviation*	5.63%
Monthly alpha – MSCI World *	1.41%
Beta (β) – MSCI World *	-0.033
R2 – MSCI World *	0.92%
Sharpe Ratio (0%)*	0.96

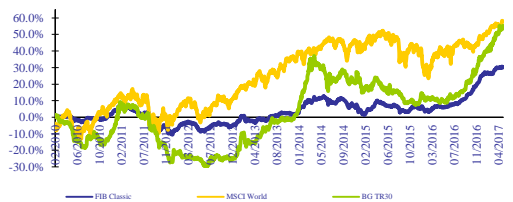
\* see notes

### Investment strategy

FIB Classic is a balanced mutual fund, inception 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 equities and bonds.

FIB Classic's investment strategy for 2017 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 acceptable 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 World



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

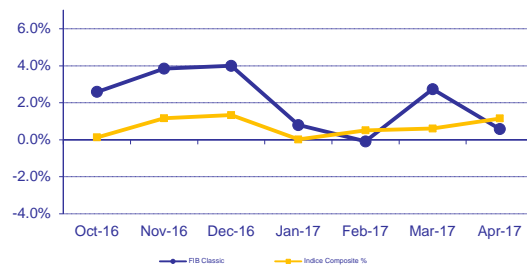
### Fact sheet and fee information

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

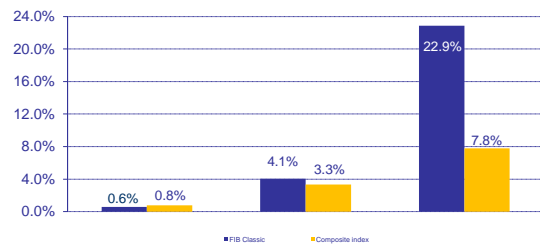
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

\* Minimum subscription is BGN 50

### MoM return comparison to composite index\*

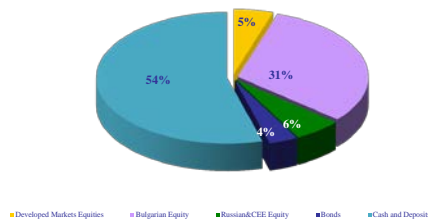


### MoM, YoY and YtD return to composite index\*



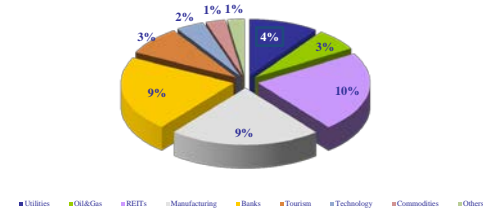
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



Source: FFBH Asset Management

### Equity Portfolio



Source: FFBH Asset Management

## FIB Garant

April 2017

Data as per 28 April 2017

NAV	
NAV	BGN 1,138,109
NAV per share	BGN 1.3320

\* see notes

Return (%)	
Monthly (MoM)*	0.76%
Annual (YoY)*	9.11%
Year-to-date*	2.80%
Since Inception (annualized)*	3.08%

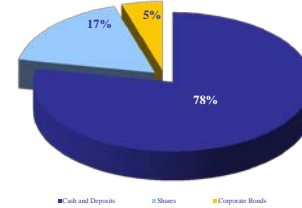
Statistics (%)	
Standard Deviation*	2.44%
Sharpe Ratio (0%)*	1.89
Interest rates (%)	
Sofibor (3 month)	0.10%
Sofibor (12 month)	0.79%

### Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.50%	09-07-17	EUR	-0.89%
Eurobond	4.25%	17-02-19	EUR	-0.10%
Eurobond	2.00%	26-03-22	EUR	0.75%
Eurobond	2.95%	03-09-24	EUR	1.52%
Eurobond	2.63%	26-03-27	EUR	2.12%
Eurobond	3.13%	26-03-35	EUR	3.15%

Source: Bloomberg

### Asset Allocation



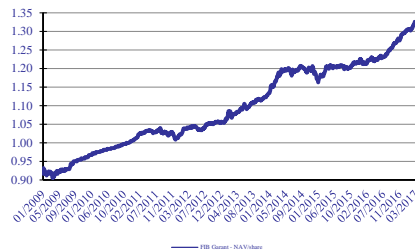
Source: FFBH Asset Management

### Investment objective

FIB Garant is a conservative balanced mutual fund, incepted 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 2017 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

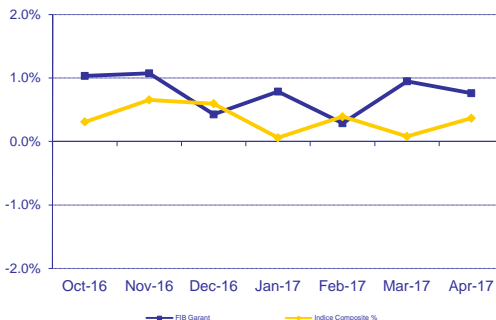


Source: FFBH Asset Management

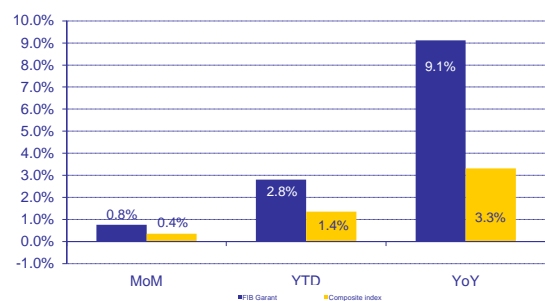
### Fact sheet and fee information

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 April 2017**

### **MARKET OVERVIEW, OUTLOOK & STRATEGY:**

- US stock ended the month up (DJIA 1.3% in April) with investors relieved by the outcome of the first round of the presidential election in France. The decline of oil (-8,4% YTD) has made energy the main underperformer while technology stocks continue to drive returns. Focus now turns to the rest of the Q1 reports and the incoming economic data which will shape the future path of monetary policy. Q1 US GDP growth came in at just 0.7% y/y with a pick-up in economic activity forecast for Q2.
- MSCI Europe was up 1.3% in April with the CAC40 up 3.2% following the French presidential election with the market consensus being strongly behind a Macron win in the second round. The ECB delivered no major change in monetary policy with further tapering of bond purchases likely to be delayed until after the French elections. Core inflation came in at 1.2%, while headline inflation was 1.9%. Despite the political uncertainty we are bullish on European stocks as we see inflation stabilising above 1%. Revenue growth is forecast at 2-3% with net income up between 7-10%. EU companies should benefit from US tax cuts as they have a 25% sales exposure to the region. Sector-wise we will focus on financials, autos, telecoms and healthcare given the attractive market multiples these sectors trade at. Business surveys show that job growth in Europe is expanding at its fastest pace since 2011 which should boost consumer confidence in the region.
- Russia's RTSI\$ was flat in April with the 0.5% rate cut by the Russian Central Bank helping offset losses incurred earlier in the month. Inflation came in at 4.3% and with economists' consensus that inflation will reach the Central Bank's 4% target by year-end 2017 more rate cuts will likely follow throughout the year. Russian financial assets remain attractive to foreigners due to the high real interest rates. Although oil lost 3% during the month the ruble remained stable with the dollar sliding against major currencies in April.
- The Bulgarian benchmark SOFIX gained 3.6% in April. The main news of the month was the approval by the central bank of the purchase of OBB by KBC. Focus now turns to the Q1 reports most of which will be released in early May.
- We expect volatility to return to the markets despite the VIX hovering around decade lows and given the recent pick-up in equity prices we have boosted our cash allocation. Forecasts for world economic growth in 2017 are 3.5%, up from 3.1% in 2016. We are closely watching market developments and if the opportunity arises we might increase developed Europe & US equities as we will focus on value companies and dividend paying stocks.

### **PORTFOLIO ALLOCATIONS:**

#### **FFBH Vostok**

- FFBH Vostok lost 1.12% during the last month. Equity allocation stood at 65.22%. In 2016 FFBH Vostok achieved a return of 37.65%, which made it the best performing mutual fund in Bulgaria.

#### **FIB Avangard**

- FIB Avangard finished the month up 2.27%. Equity allocation was 74.83%. In 2016 FIB Avangard achieved a return of 18.39%.

#### **FIB Classic**

- FIB Classic ended the month up by 0.58%. Equity allocation was 42.10%. In 2016 FIB Classic achieved a return of 18.02%, which made it the best performing mutual fund in Bulgaria in the balanced mutual fund category.

#### **FIB Garant**

- FIB Garant gained 0.76% during the last month. Equity allocation was 17.13%. In 2016 FIB Garant achieved a return of 5.73%, which made it the best performing mutual fund in Bulgaria in the conservative mutual fund category.

## 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 World is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI World Index.*

*FIB Classic: Monthly Alpha – MSCI World is the difference between the monthly return of NAV per share of FIB Classic and the monthly return of MSCI World 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 World has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI World Index over the last five years.*

*FIB Classic: Beta ( $\beta$ ) – MSCI World has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI World Index over the last five years.*

*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.*

*FIB Avangard: R2 – MSCI World has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI World Index over the last five years.*

*FIB Classic: R2 – MSCI World has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI World Index over the last five years.*

*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.*

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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WE NOTE THAT ANYONE WHO WANTS TO SUBSCRIBE UNITS IN FIB AVANGARD, FIB CLASSIC, FIB GARANT AND/OR FFBH VOSTOK SHOULD MAKE A DECISION BASED ON THE INFORMATION PUBLISHED IN THE MOST RECENT RESPECTIVE PROSPECTUSES. THE PROSPECTUSES AND BY-LAWS ARE AVAILABLE IN FFBH ASSET MANAGEMENT OFFICE - 2 ENOS STREET, 5TH FLOOR, SOFIA, 1408, BULGARIA, TEL: +359 (2) 460 6400, WWW.FFBHAM.BG AND FIBANK BRANCHES, EXPLICITLY LISTED AT WWW.FFBHAM.BG.