

FFBH Vostok

October 2017

Data as per 31 October 2017

NAV	
NAV	BGN 797,953
NAV per share	BGN 0.7010

Return (%)	
Monthly (MoM)*	0.41%
Annual (YoY)*	9.41%
Year-to-date*	-4.48%
Since Inception (annualized)	-4.60%

Statistics (%)	
Standard Deviation*	18.65%
Monthly Alpha – MSCI Russia*	2.09%
Beta (β) – MSCI Russia*	0.602
R ² – MSCI Russia*	85.43%
Sharpe Ratio (0%)*	0.04

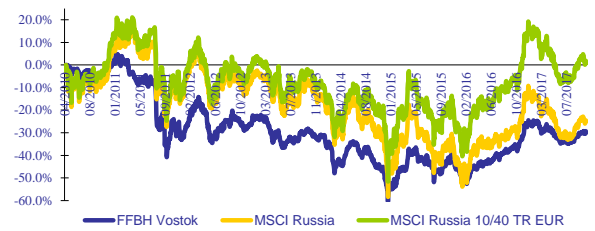
* see notes

Investment objective overview

FFBH Vostok is a high-yield, actively managed, open-end mutual fund with regional focus on Russia & CIS, incepted 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 of state independent "blue-chip" companies.

FFBH Vostok vs. MSCI Russia 10/40 EUR



Source: Bloomberg, FFBH Asset Management

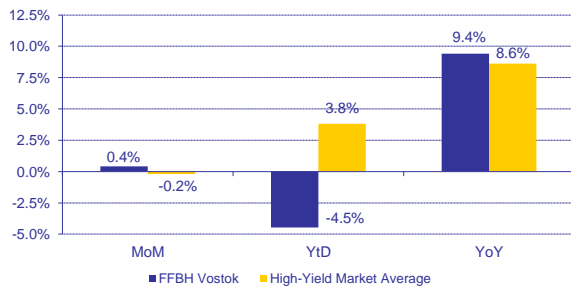
Fact sheet and fee information

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

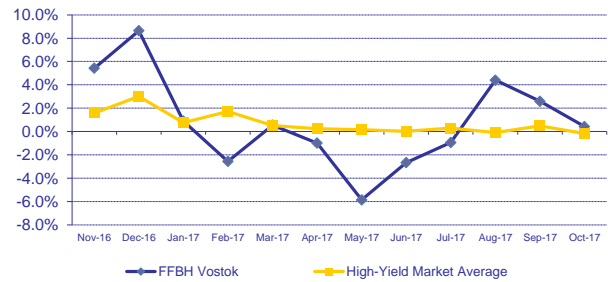
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

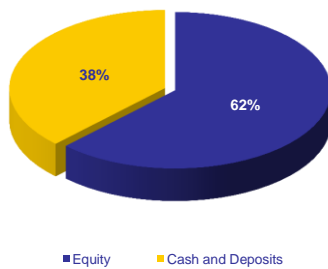


MoM return to HY market average*

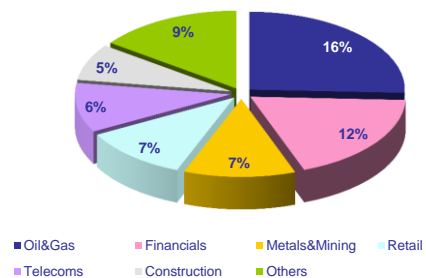


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

October 2017

Data as per 31 October 2017

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,767,746	Monthly (MoM)*	-0.90%	Standard Deviation*	8.67%
NAV per share	BGN 0.6440	Annual (YoY)*	18.33%	Monthly Alpha – MSCI ACWI*	-4.25%
		Year-to-date*	6.44%	Beta (β) – MSCI ACWI*	0.313
		Since Inception (annualized)	-4.33%	R ² – MSCI ACWI*	25.29%
				Sharpe Ratio (0%)*	0.89

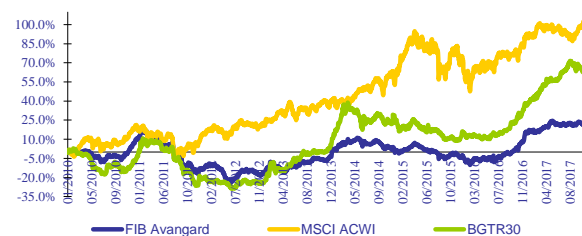
* see notes

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 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 and allocation to developed markets blue chips based on valuations and favorable monetary policy.

FIB Avangard vs. MSCI ACWI

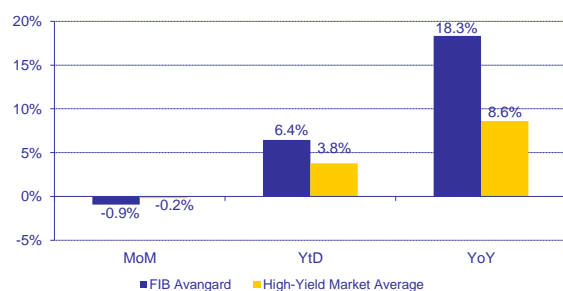


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

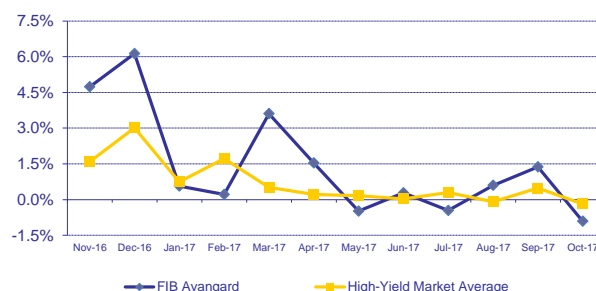
Fact sheet and fee information

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, YoY and YtD return to HY market average*

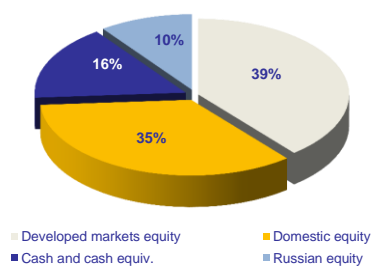


MoM return to HY market average*

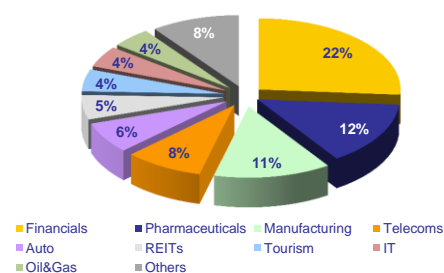


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

October 2017

Data as per 31 October 2017

NAV	
NAV	BGN 1,732,234
NAV per share	BGN 0.9697

Return (%)	
Monthly (MoM)*	-0.45%
Annual (YoY)	12.29%
Year-to-date	3.98%
Since Inception (annualized)	-0.31%

Statistics (%)	
Standard Deviation*	5.49%
Monthly Alpha – MSCI ACWI*	-3.81%
Beta (β) – MSCI ACWI*	0.126
R ² – MSCI ACWI*	10.20%
Sharpe Ratio (0%)*	1.15

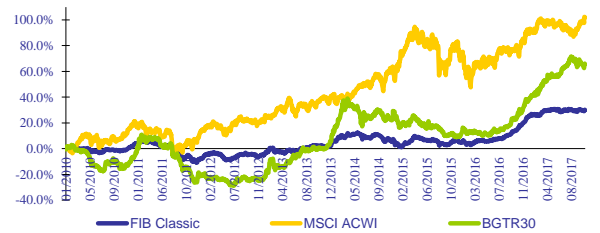
* see notes

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 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 ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

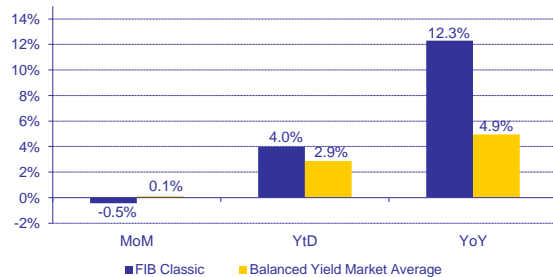
Fact sheet and fee information

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

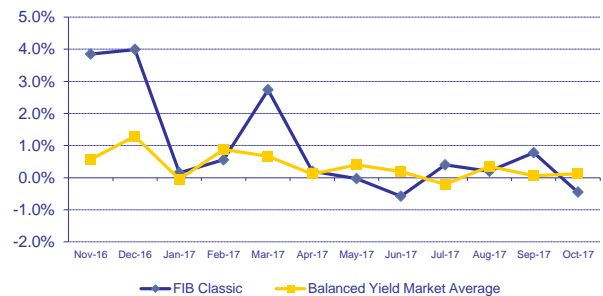
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

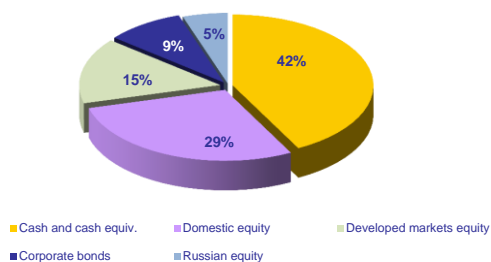


MoM return to BY market average*

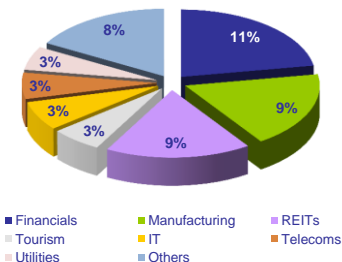


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

October 2017

Data as per 31 October 2017

NAV	
NAV	BGN 1,245,411
NAV per share	BGN 1.3251

Return (%)	
Monthly (MoM)*	-0.03%
Annual (YoY)*	3.81%
Year-to-date*	2.27%
Since Inception (annualized)*	2.87%

Statistics (%)	
Standard Deviation*	2.44%
Sharpe Ratio (0%)*	1.85
Interest rates (%)	
Sofibor (3 month)	0.08%
Sofibor (12 month)	0.66%

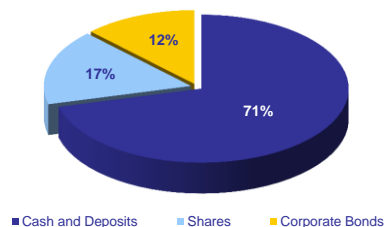
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	1.10%	28/01/18	BGN	-0.47%
Treasury	0.50%	17/02/19	BGN	-0.24%
Eurobond	2.00%	26/03/22	EUR	0.06%
Eurobond	2.95%	03/09/24	EUR	0.70%
Eurobond	2.63%	03/26/27	EUR	1.31%
Eurobond	3.13%	26/03/35	EUR	2.39%

Source: Bloomberg

Asset Allocation



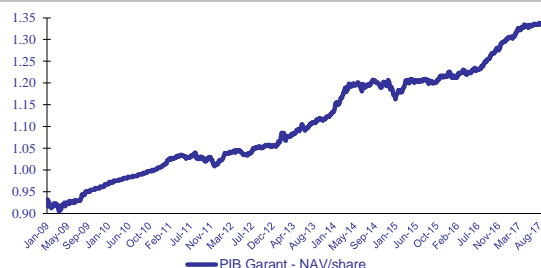
Source: FFBH Asset Management

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 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

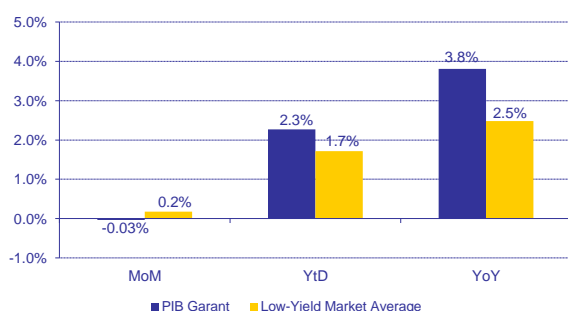
Fact sheet and fee information

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

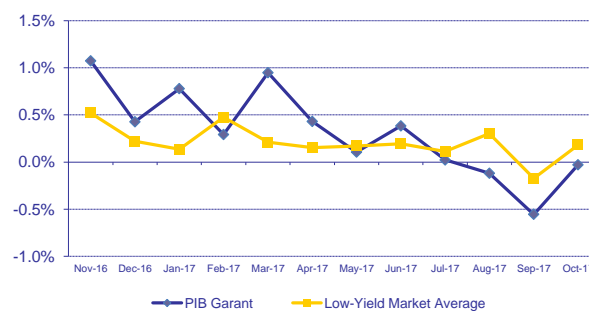
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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

PORTFOLIO MANAGER'S COMMENT October 2017

MARKET OVERVIEW, OUTLOOK & STRATEGY:

In Oct'17 global capital market was positively impacted by prevailing favourable macroeconomic data, upgraded growth forecasts on both developed and emerging markets, no surprises in monetary policy developments and improved financial performance of most companies, visible from the Q3 reports released in the second half of the month.

USA: American stocks performed best during the month, with **S&P 500 climbing by 2.2% in USD and 3.6% in EUR MoM** and **NASDAQ 100 advancing by 4.5% in USD and 5.9% in EUR MoM**. Investors' focus in the USA was moved from the war of words between the American president and the North Korea's leader to the proposed tax reform progress. The Senate approved a USD 4T budget in a step toward their goal of passing tax reform this year. Market expectations are that a resolution on the latter would probably happen in 2018. Macroeconomic data showed accelerated advance GDP growth of 2.3% YoY for Q3 (vs 2.2% for Q2) and decreased MoM unemployment for Sept (to 4.2% from 4.4% in Aug), while Sept core inflation remained at Aug level of 1.7% YoY (lower than forecasted). The US 10Y government bond yield rose by only 2% MoM to 2.4%, after the jump of more than 10% in the previous month, following the FED confirmation of monetary stimuli limitation. The US dollar strengthened further, rising 1.5% MoM against the euro and 1.5% MoM against the ruble.

EUROPE: European developed countries' stocks also registered upward but smaller movements (**MSCI Europe, +1.9% MoM**), slowed by the intensifying of Catalan crisis and the difficult negotiations for new German government formation, while Q3 company reports were mostly positive. Spain forecasted its 2017 GDP growth at 3% YoY, but lowered its 2018 growth estimate amid growing tensions after the referendum for Catalonia independence held on 1 Oct. In Germany the potential coalition partners' stance on many major issues varied widely, which posed uncertainty on the future of key economic sectors. Despite political uncertainty, 2017 forecasts for the Eurozone economy were revised upward and subsequent GDP advance data backed the revision with higher than expected YoY growth of 2.5% for Q3 vs 2.3% for Q2. Eurozone Sept unemployment rate was 8.9%, down from 9.1% in Aug. Core inflation remained significantly below 2% target (1.1% YoY for Sept, 0.9% YoY for Oct), which was broadly in line with the ECB forecasts. As expected, the bank halved the monthly bond purchases to EUR 30bn starting from Jan'18, but left its benchmark interest rate unchanged at a record-low 0% and announced that it would extend its QE program by at least 9 months till the end of Sept'18. The latter two points supported the European bond market and the euro weakened against the dollar (-1.4% MoM).

RUSSIA: During the last month **MSCI Russia retreated by 2.3% in USD and by 1% in EUR MoM** on the back of company-specific factors. The main reason for the decline was the 30% MoM drop in the price of the largest Russian retailer and the 4th largest MSCI Russia constituent Magnit [MGNT LI], whose Q3 revenue and EBITDA missed estimates, leading to lower 2017 revenue guidance. At the same time the top 3 largest MSCI Russia constituents – Sberbank (SBER LI, +2.2% MoM in EUR), Gazprom (OGZD LI, +3.9% MoM in EUR) and Lukoil (LKOD LI, +1.7% MoM in EUR) – registered price increases. Russian economy was supported by a further 0.25% cut of the key rate to 8.25% and a 6.7% additional MoM increase of the Brent price to USD 61.37 per barrel (mostly on the news of overfulfilment of the oil supplies cuts agreement by 120%). After reaching a 3-year low of 4.9% in Aug, unemployment rate was higher than expected in Sept (5.0%), while Oct core inflation was lower than expected and decelerated to 2.5% (vs 2.8% in Sept). On corporate level we saw mainly neutral to positive developments in the Q3 financial reports released till now (most of them are expected in Nov).

BULGARIA: After reaching an almost 9-year record high of 730 points in the middle of Aug'17 (ahead of its rebalancing), **SOFIX registered a third month of retreat in Oct and finished at 671 points (-2.4% MoM)**, and **BGTR30 declined by 2.2% MoM to 547 points**. The trade with the largest SOFIX constituent Sopharma (3JR, -3.3% MoM) again accounted for a large part of Oct turnover within SOFIX and the price was depressed by the news of a planned exit of a major non-controlling shareholder. Chimimport shares [6C4] also dropped further by 2% MoM. The top gainer within SOFIX was CB First Investment Bank (5F4, +1.7% MoM), which published positive Q3 financial results, while the deepest decliner was Doverie United Holding (5DOV, -11.6% MoM). Macroeconomic data for the country was favourable with Q1'17 and Q2'17 GDP growth numbers revised upward to 3.7% for each of the quarters, Sept unemployment down to 6.5% from 6.65% in Aug and Sept HICP inflation of 1.3% YoY vs 0.7% YoY in Aug. Bulgaria's 2017 GDP growth forecast was raised from c.3.0% to 3.6%, 3.8% and 4.0% by the International Monetary Fund (IMF), the World Bank and the Ministry of Finance, respectively.

OUTLOOK: Globally, the combination of accelerating GDP growth, solid earnings, accommodative monetary policies and excess liquidity remain supportive and the uptrend for riskier assets stays intact, despite full valuations of most public companies. In the short run we expect global investment activity to be mostly driven by the central banks' decisions regarding their monetary policies and/or company-specific factors. In the USA a more/less accommodative than expected monetary policy would have a positive/negative impact, though we see positive development on the tax reform. Some of the leading international institutions (such as the IMF) expect slowing growth in Europe and Central Asia in 2018 and weakening inflation, which could trigger another QE extension next year. Russia is expected to increase monetary stimulus and provide for more stable economic recovery in the next quarters, depending on inflation dynamics. In Bulgaria investment activity may be positively influenced by the start of the trade with government bonds since 1 Nov and potential country rating upgrade. Excluding a black swan event, we think only North Korea and Catalonia (snap regional elections scheduled for 21 Dec) have the ability to cause a more significant double-digit short-term correction in global indices.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	0.41%	62.09%	No significant changes
FIB Avangard	-0.90%	83.90%	No significant changes
FIB Classic	-0.45%	48.65%	No significant changes
FIB Garant	-0.03%	16.50%	Increase in pharma sector exposure

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 ACWI is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI All Country World Index.

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

FIB Classic: Beta (β) – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country World Index over the last five years.

FFBH Vostok: Beta (β) – 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 ACWI has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI All Country World Index over the last five years.

FIB Classic: R2 – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country 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.

Returns of all indices presented in the bulletin or used in the calculations above are converted in BGN.

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: 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.

The market average points 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.

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