

FFBH Vostok

May 2018

Data as per 31 May 2018

NAV	
NAV	BGN 684 016
NAV per share	BGN 0,6733

Return (%)	
Monthly (MoM)*	2,06%
Annual (YoY)*	-0,41%
Year-to-date*	-0,21%
Since Inception (annualized)	-4,75%

Statistics (%)	
Standard Deviation*	18,90%
Monthly Alpha – MSCI Russia*	-2,00%
Beta (β) – MSCI Russia*	0,602
R ² – MSCI Russia*	86,35%
Sharpe Ratio (0%)*	0,08

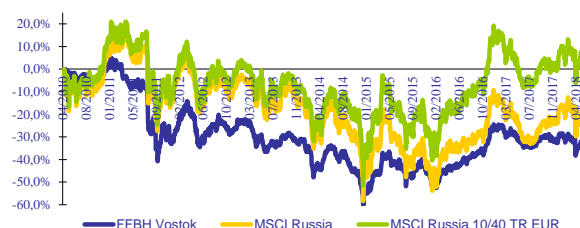
* see notes

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, bearing medium to high level of risk. The Fund may have up to 95% in equities and up to 50% invested in bonds.

We assume further recovery of the Russian economy in 2018, supported by several key rate cuts and relatively stable oil prices, and prefer higher allocation to equities and cyclical sectors. The portfolio remains comprised mainly of blue chip companies with leading and stable market positions.

FFBH Vostok vs. MSCI Russia 10/40 EUR

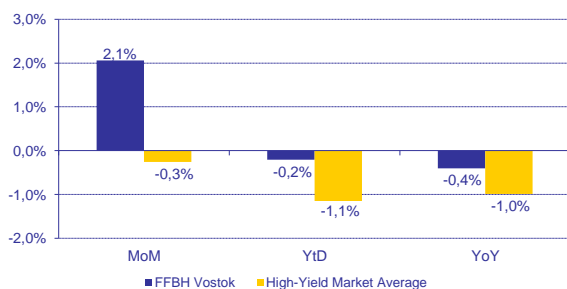


Source: Bloomberg, FFBH Asset Management

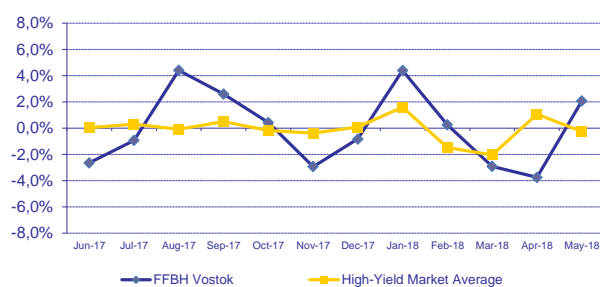
Fact sheet and fee information

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, YoY and YtD return to HY market average*

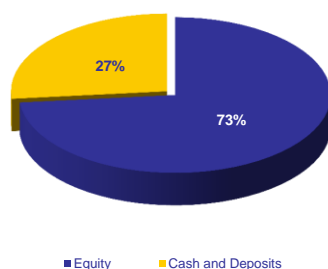


MoM return to HY market average*

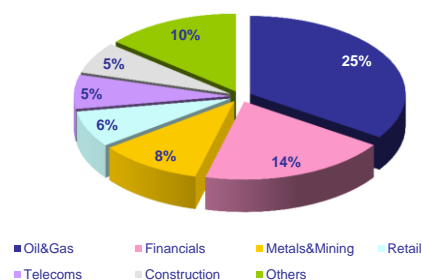


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

May 2018

Data as per 31 May 2018

NAV		Return (%)		Statistics (%)	
NAV	BGN 1 779 451	Monthly (MoM)*	-2,69%	Standard Deviation*	8,38%
NAV per share	BGN 0,5986	Annual (YoY)*	-6,24%	Monthly Alpha – MSCI ACWI*	-6,19%
		Year-to-date*	-5,81%	Beta (β) – MSCI ACWI*	0,332
		Since Inception (annualized)	-4,76%	R ² – MSCI ACWI*	30,91%
				Sharpe Ratio (0%)*	0,68

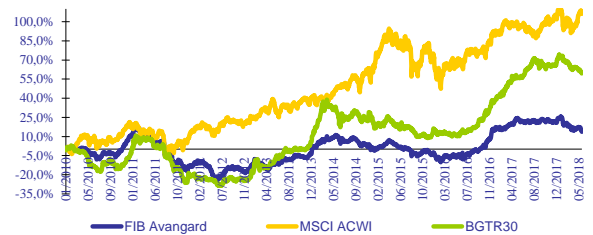
* see notes

Investment strategy

FIB Avangard is a high-yield, actively managed, mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve high long-term growth, bearing medium to high level of risk. Its portfolio is allocated into global equity with regional focus on Bulgaria. Tactically, most of its funds might be invested in capital markets outside Bulgaria that are expected to be among top performing world regions.

FIB Avangard's investment strategy for 2018 includes allocation to export-oriented, financially stable and dividend-paying Bulgarian companies and allocation to developed markets blue chips based on favourable macroeconomic conditions and attractive valuations. We will increase exposure to companies with competitive positions in disruptive industries. The overall risk of the portfolio will be mitigated through sector and company diversification.

FIB Avangard vs. MSCI ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

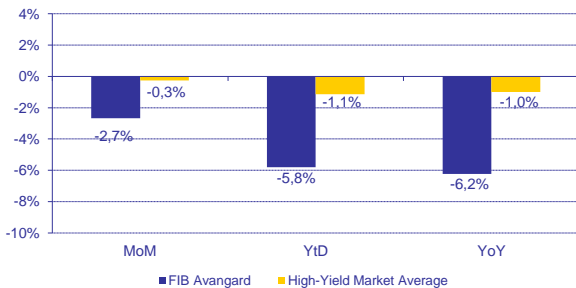
Fact sheet and fee information

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

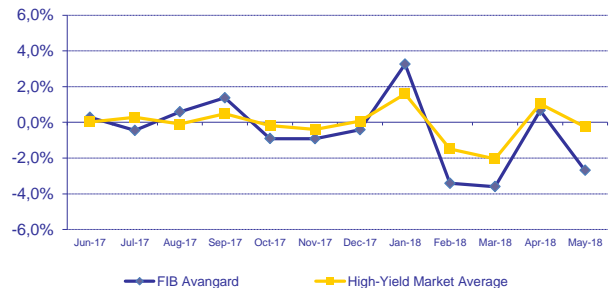
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0,50%	0,00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0,50%	0,00%
Management fee (annual % of average AUM)		3,00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

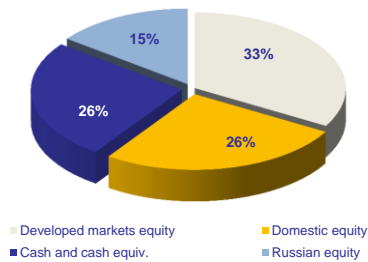


MoM return to HY market average*

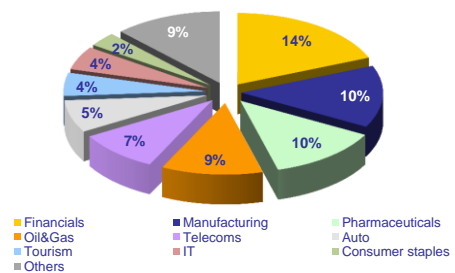


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

May 2018

Data as per 31 May 2018

NAV	
NAV	BGN 1 570 860
NAV per share	BGN 0,9235

Return (%)	
Monthly (MoM)*	-1,10%
Annual (YoY)	-4,45%
Year-to-date	-3,71%
Since Inception (annualized)	-0,75%

Statistics (%)	
Standard Deviation*	5,35%
Monthly Alpha – MSCI ACWI*	-4,59%
Beta (β) – MSCI ACWI*	0,137
R ² – MSCI ACWI*	12,95%
Sharpe Ratio (0%)*	0,91

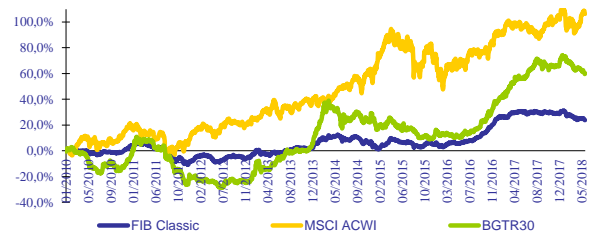
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve medium to high long-term growth of its assets, bearing medium level of risk. The Fund invests in equities and bonds, as the equity-bond proportion depends on the stage of the economic cycle and macro conditions in covered regions and the expected central banks' monetary policy decisions.

FIB Classic's investment strategy for 2018 remains equity-focused, which includes holding equity allocation close to the fund's limits. Equities will be concentrated in Bulgaria and Western Europe with preference to dividend-paying value companies. Bond portfolio would comprise of domestic and foreign corporate bonds.

FIB Classic vs. MSCI ACWI



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

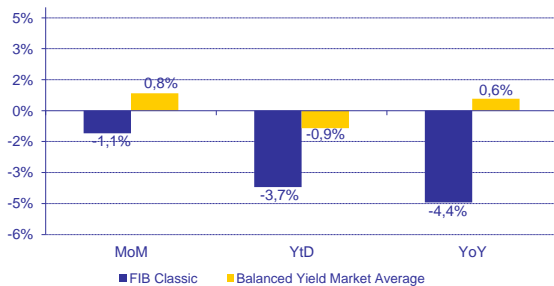
Fact sheet and fee information

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

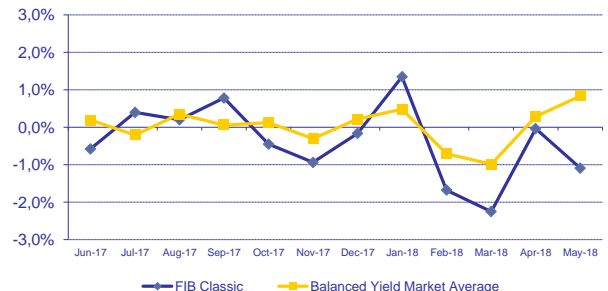
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0,35%	0,00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0,35%	0,00%
Management fee (annual % of average AUM)	2,50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

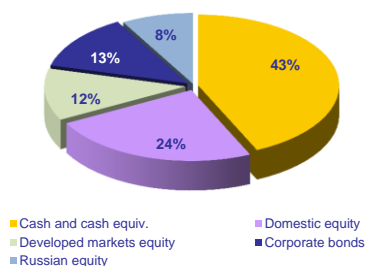


MoM return to BY market average*

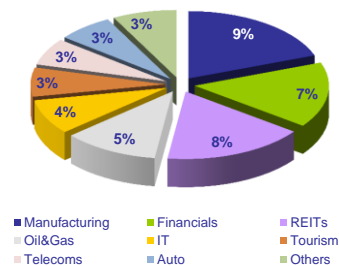


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

May 2018

Data as per 31 May 2018

NAV	
NAV	BGN 1 288 141
NAV per share	BGN 1,2889

Return (%)	
Monthly (MoM)*	-0,90%
Annual (YoY)*	-3,03%
Year-to-date*	-2,76%
Since Inception (annualized)*	2,44%

Statistics (%)	
Standard Deviation*	2,36%
Sharpe Ratio (0%)*	1,46
Interest rates (%)	
Sofibor (3 month)	-0,01%
Sofibor (12 month)	0,52%

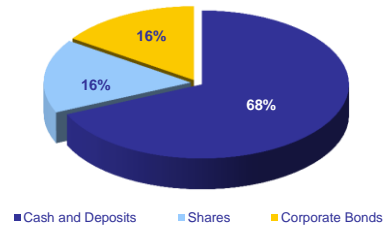
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	0,50%	17/02/19	BGN	-0,32%
Eurobond	2,00%	26/03/22	EUR	0,12%
Eurobond	1,88%	21/03/23	EUR	0,30%
Eurobond	2,95%	03/09/24	EUR	0,71%
Eurobond	3,00%	21/03/28	EUR	1,62%
Eurobond	3,13%	26/03/35	EUR	2,58%

Source: Bloomberg

Asset Allocation



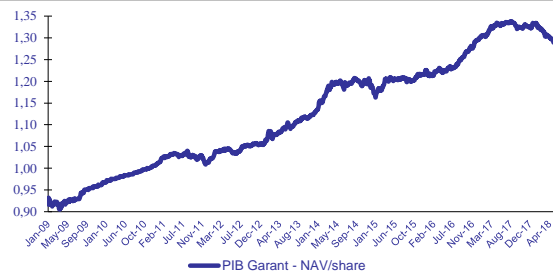
Source: FFBH Asset Management

Investment objective

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

FIB Garant's 2018 investment strategy includes significant allocation to Bulgarian equities on valuations and sentiment improvement on the BSE. At certain points investments in foreign large cap dividend-paying blue chips can be made but currency risk should be controlled. Low local deposit rates would also lead to an increase in the Fund's exposure to foreign corporate and sovereign bonds.

FIB Garant



Source: FFBH Asset Management

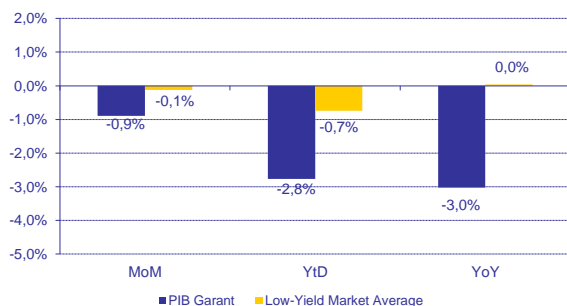
Fact sheet and fee information

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

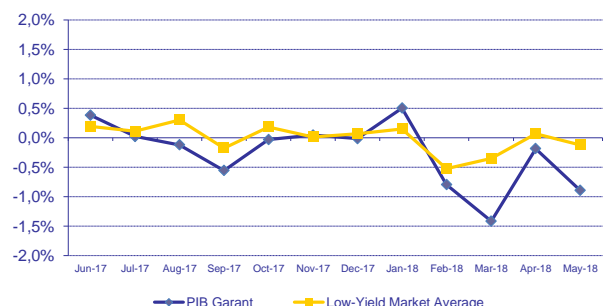
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0,15%	0,00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0,15%	0,00%
Management fee (annual % of average AUM)		1,50%

* 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 May 2018

MARKET OVERVIEW:

Global equity indices moved in different ways again reflecting divergent economic and political developments in the covered regions.

USA: American stock indices were the best performers within our geographical coverage in May, as expected positive effects from the President Trump's trade and fiscal policy for the US economy outweighed concerns over less stimulative monetary policy. **S&P 500 and NASDAQ 100 advanced by 2.2% MoM and 5.5% MoM in USD, respectively, while in EUR they were up by 5.9% MoM and 9.4% MoM** (we saw a further 3.3% monthly appreciation of the US dollar vs the euro). All this happened against the background of accelerating economy (revised Q1'18 GDP growth of 2.8% YoY vs 2.6% YoY for Q4'17), falling unemployment rate (3.8% for May) and lower-than-expected core inflation (2.1% YoY for Apr), but also escalating geopolitical and global trade uncertainty. In the beginning of the month the USA administration announced sanctions on Iran and Venezuela, while a few days ago it confirmed tariffs on steel and aluminium imports from EU, Canada and Mexico. The US-China trade talks did not also end with an agreement, prolonging trade tensions.

EUROPE: MSCI Europe was relatively flat MoM in May (-0.6% MoM) amid political turmoil in Italy and Spain, foreign trade uncertainties, decelerating Eurozone growth (to preliminary 2.5% YoY for Q1'18 vs 2.7% YoY for Q4'17), rising core inflation (1.1% YoY for May) and stable MoM unemployment rate (8.5% for Apr). The growth forecasts for the largest three European economies were revised downward. European banks were substantially hit, with STOXX Europe 600 Bank Price EUR Index down 9.0% MoM.

RUSSIA: MSCI Russia (+1.0%/+4.7% MoM in USD/EUR) slightly recovered from the previous month losses (in USD) on the back of no meaningful geopolitical or macroeconomic developments. The new government composition became clear during the month, but it did not change the overall market sentiment and the biggest index constituents registered MoM price decreases in USD. Advance Q1'18 GDP growth was lower-than-expected (1.3% YoY), and, despite the MoM fall in Apr unemployment rate to 4.9%, inflation speeded up in May (to 2.0% YoY), delaying further key interest rate cuts. No substantial future support is also expected from the Brent price (+3.2% MoM), as OPEC members and Russia proposed gradual easing of oil supply cuts (to be discussed in Jun) after rebalancing of the oil market in Apr.

BULGARIA: SOFIX and BGTR30 were down by 3.3% and 2.2% MoM, respectively, mostly impacted by the prevailing neutral or negative Q1 unconsolidated and consolidated results released in Apr-May. Otherwise, macroeconomic situation remained stable, with flash Q1'18 GDP growth of 3.5% YoY, rising consumer prices (1.7% YoY HICP inflation for Apr) and declining seasonally-adjusted unemployment (5.1% for Apr). Bulgaria did not meet all the necessary requirements to join ERM-II, but it kept its assigned investment grade credit rating (recently reaffirmed by Fitch and S&P).

OUTLOOK:

Capital markets are expected to remain under pressure in the short term amid rising fears of a global trade war and political uncertainty in the Eurozone. The recovery of the Russian economy would be most probably put on hold, following the new sanctions.

Important monetary policy decisions are expected in June. The FED is expected to increase target interest rates for a second time this year, while ECB will discuss QE exit on 14 Jun.

In Bulgaria investors expect the largest IPO for the last 10 years to take place in Jun'18 (of the vertically-integrated poultry producer Gradus for c. €50-75m). In addition, two other capital increases up to the amount of €20m each are planned in the next months. These events may impact the market valuations of local public companies.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	2.06%	73.26%	No significant changes
FIB Avangard	- 2.69%	74.28%	No significant changes
FIB Classic	- 1.10%	44.09%	No significant changes
FIB Garant	- 0.90%	16.14%	Slight decrease in pharma sector equity allocation

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.

Returns are calculated using the net asset values of the mutual funds reported on the web site of BAAMC on the first working day of the month, following the month of performance presentation.

The market average points are calculated 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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