

## FFBH Vostok

February 2019

Data as per 28 February 2019

NAV	
NAV	BGN 664,867
NAV per share	BGN 0.6621

Return (%)	
Monthly (MoM)*	-0.81%
Annual (YoY)*	-6.22%
Year-to-date*	5.53%
Since Inception (annualized)	-4.54%

Statistics (%)	
Standard Deviation*	18.84%
Monthly Alpha – MSCI Russia*	0.52%
Beta (β) – MSCI Russia*	0.63
R <sup>2</sup> – MSCI Russia*	29.49%
Sharpe Ratio (0%)*	0.15

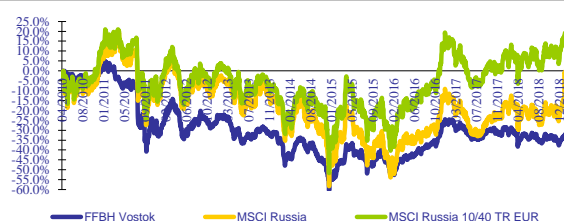
\* see notes

### 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 2019, 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

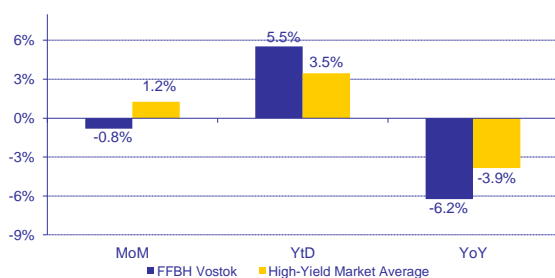


Source: Bloomberg, FFBH Asset Management

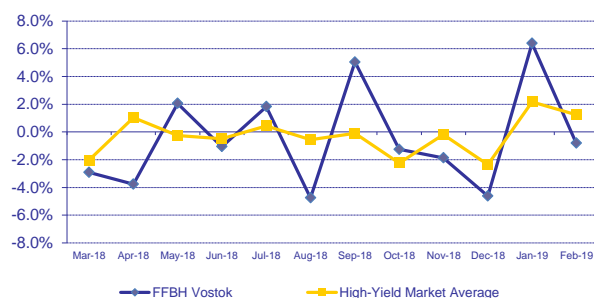
### Fact sheet and fee information

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\*

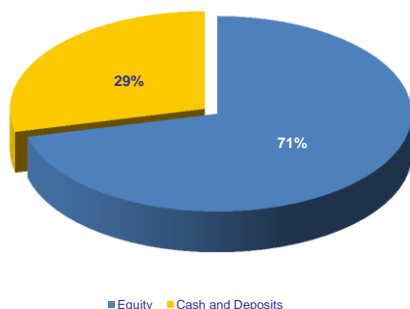


### MoM return to HY market average\*

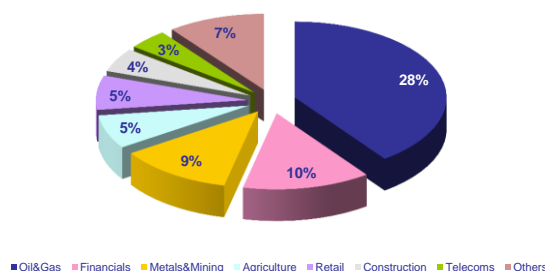


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Avangard

February 2019

Data as per 28 February 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,640,597	Monthly (MoM)*	-0.06%	Standard Deviation*	8.02%
NAV per share	BGN 0.5655	Annual (YoY)*	-10.78%	Monthly Alpha – MSCI ACWI*	-17.42%
		Year-to-date*	2.22%	Beta (β) – MSCI ACWI*	0.28
		Since Inception (annualized)	-4.93%	R <sup>2</sup> – MSCI ACWI*	30.73%
				Sharpe Ratio (0%)*	0.09

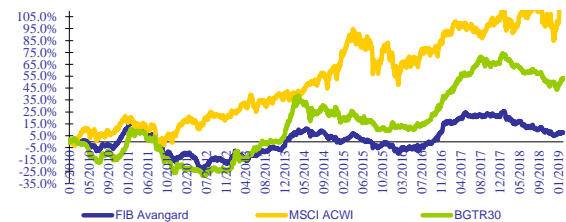
\* see notes

### 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 2019 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

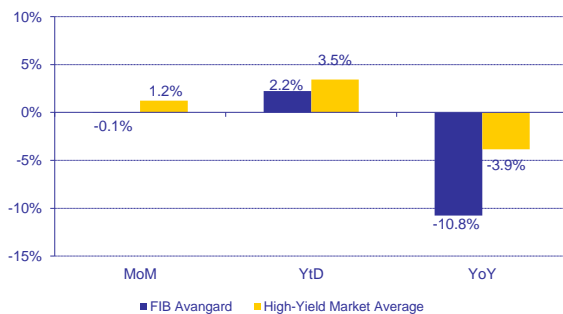


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

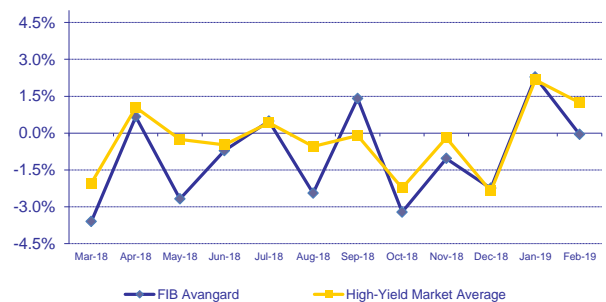
### Fact sheet and fee information

Type	Open-end equity fund	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\*

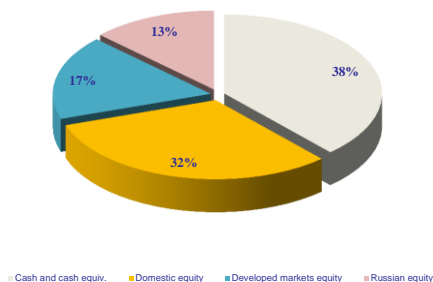


### MoM return to HY market average\*

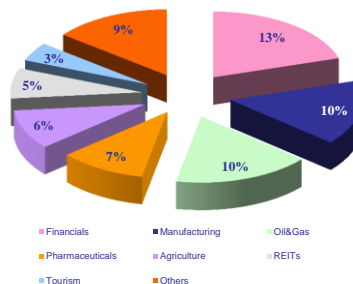


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Classic

February 2019

Data as per 28 February 2019

NAV	
NAV	BGN 1,424,077
NAV per share	BGN 0.8862

Return (%)	
Monthly (MoM)*	0.09%
Annual (YoY)	-7.26%
Year-to-date	1.08%
Since Inception (annualized)	-1.07%

Statistics (%)	
Standard Deviation*	5.12%
Monthly Alpha – MSCI ACWI*	-17.27%
Beta (β) – MSCI ACWI*	0.12
R <sup>2</sup> – MSCI ACWI*	13.14%
Sharpe Ratio (0%)*	0.35

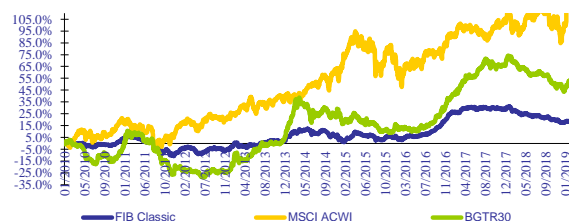
\* see notes

### 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 2019 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

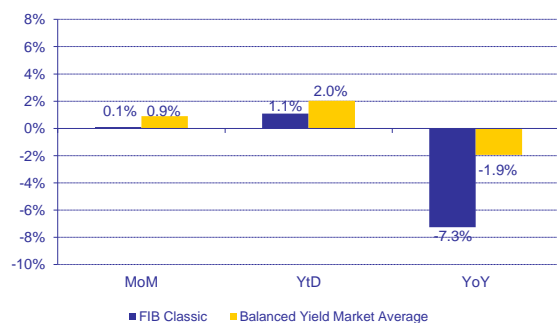
### Fact sheet and fee information

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

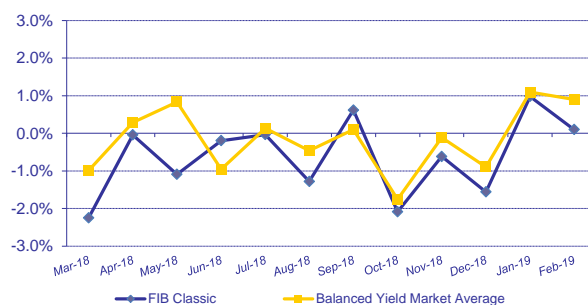
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

\* Minimum subscription is BGN 50

### MoM, YoY and YtD return to BY market average\*

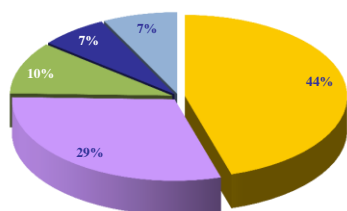


### MoM return to BY market average\*



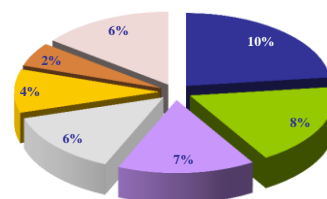
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Cash and cash equiv. ■ Domestic equity ■ Corporate bonds ■ Developed markets equity ■ Russian equity

### Equity Portfolio (% of total assets)



■ REITs ■ Manufacturing ■ Oil&Gas ■ Financials ■ Agriculture ■ Tourism ■ Others

Source: FFBH Asset Management

## FIB Garant

February 2019

Data as per 28 February 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,085,294	Monthly (MoM)*	-0.16%	Standard Deviation*	2.24%
NAV per share	BGN 1.2544	Annual (YoY)*	-5.08%	Sharpe Ratio (0%)*	0.64
		Year-to-date*	-0.05%	Interest rates (%)	
		Since Inception (annualized)*	2.03%	3 months	-0.12%
				12 months	0.16%

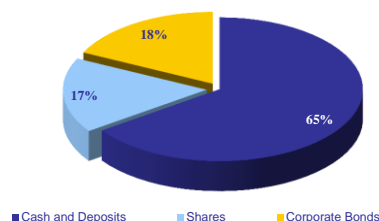
\* see notes

### Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.10%
Eurobond	2.000%	26/03/2022	EUR	-0.07%
Eurobond	1.875%	21/03/2023	EUR	0.04%
Eurobond	2.950%	03/09/2024	EUR	0.23%
Eurobond	3.000%	21/03/2028	EUR	1.13%
Eurobond	3.125%	26/03/2035	EUR	2.21%

Source: Bloomberg

### Asset Allocation



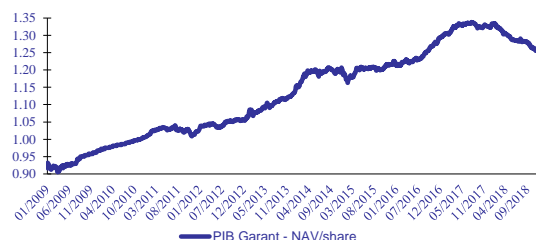
Source: FFBH Asset Management

### 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 2019 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

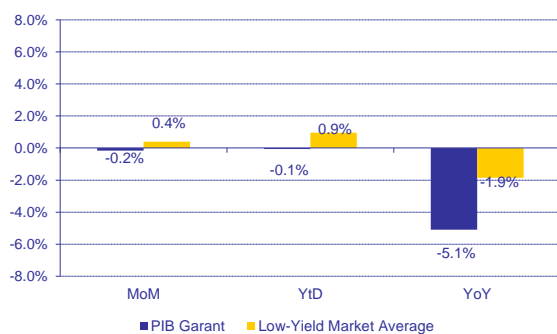


Source: FFBH Asset Management

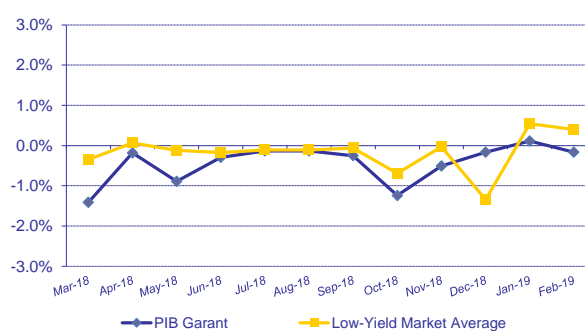
### Fact sheet and fee information

Type	Open-end equity fund	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, YoY and YtD return to LY market average\*



### MoM return to LY market average\*



Source: BAAMC, FFBH Asset Management calculations

## PORTFOLIO MANAGER'S COMMENT February 2019

### MARKET OVERVIEW:

In February 2019 there was successful continuation of the trade negotiations between the US and China, a second meeting between the President of the US and North Korea's leader concerning the denuclearization and the economic sanctions was held (no agreement was reached), the Brexit process continued and in view of the political differences the most likely scenario points to delay of the actual exit date beyond end of March. World capital markets recovered further after the decrease end last year but clear deterioration of important economic indicators was evident in the developed as well as in the emerging markets. The European Commission lowered substantially its economic forecasts for the member states and possible additional ECB stimulus was brought on the agenda.

**US: S&P 500 and NASDAQ 100 increased by 2.97% MoM and 2.76 % MoM in USD, respectively, with similar increases registered in EUR (3.65% MoM and 3.46% MoM, respectively).** US economic growth slowed down significantly to 2.6% in the fourth quarter of 2018, core inflation remained stable (to 2.2% YoY in January), unemployment rate increased gradually to 4.0% in January, allowing the Federal Reserve to reaffirm its patience in monetary policy implementation. US 10y Treasury yield remained flat MoM at 2.67%. Quarterly results published by companies in February were mostly positive but surprisingly retail sales in December fell 1.20%.

**EUROPE: MSCI Europe increased by 3.91% MoM,** whereas economic growth in the Eurozone slowed to 1.2% in the fourth quarter of 2018. Unemployment rate fell to 7.8% in January, core inflation was stable at 1.0% YoY in February, leading to unchanged monetary policy of the ECB and confirmed expectations of no change in rates at least through the summer of 2019 depending in economic data. Capital markets recovered after the sharp deterioration in 2018 and 10y German Bund yield remained around 0.18%.

**RUSSIA: MSCI Russia fell in February (-2.10%/-1.44% MoM in USD; EUR terms respectively)** due to renewed economic sanctions proposed by the US. Brent oil price rose to USD 66.31 (+8.83% MoM). Oil market recovery was propelled by agreed cuts in OPEC+ oil production and US imposed export sanctions on Venezuela. CBR left the key rate unchanged at 7.75% in February, inflation increased to 4.1% in January and unemployment was stable at 4.9%.

**BULGARIA: SOFIX decreased by 0.07% and BGTR30 increased by 2.85% MoM, respectively,** and didn't find clear direction whereas quarterly companies' earnings published during the month showed increase in revenues and net profits. Macroeconomic situation remained stable, with Q4'18 GDP growth of 3.10% YoY, HICP January inflation (2.2% YoY) and unemployment continuing to decline on a seasonally-adjusted basis (to 4.8% for January).

### OUTLOOK:

Capital markets are expected to consolidate after the sharp correction in late 2018 strongly dependent on companies' guidance in view of the global economic slowdown especially in China. In medium-term economies appear to be in the late stage of the cycle increasing the chances of recession and market downturn. The Russian economy remains influenced by geopolitical factors with low economic growth, strong dependency on oil prices and exports, but with sound fiscal and monetary policies. Bulgarian capital market will digest the financial results of the companies for 2018 and probably will follow general investors' risk appetite.

### PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-0.81%	71.21%	No significant changes
FIB Avangard	-0.06%	61.71%	Decrease in equity exposure to telecommunications and emerging markets
FIB Classic	0.09%	42.63%	No significant changes
FIB Garant	-0.16%	16.89%	No significant changes

## 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 ( $\beta$ ) – 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 ( $\beta$ ) – 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 ( $\beta$ ) – 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 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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