

FFBH Vostok

May 2019

Data as per 31 May 2019

NAV	
NAV	BGN 709,671
NAV per share	BGN 0.7067

Return (%)	
Monthly (MoM)*	0.86%
Annual (YoY)*	4.97%
Year-to-date*	12.64%
Since Inception (annualized)	-3.73%

Statistics (%)	
Standard Deviation*	17.69%
Monthly Alpha – MSCI Russia*	-2.10%
Beta (β) – MSCI Russia*	0.60
R ² – MSCI Russia*	29.87%
Sharpe Ratio (0%)*	0.21

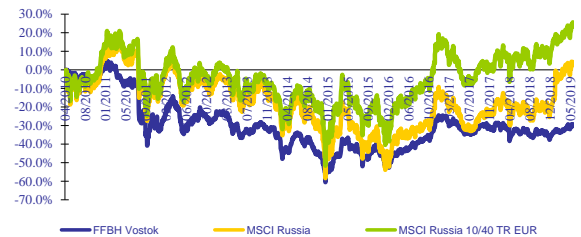
* see notes

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

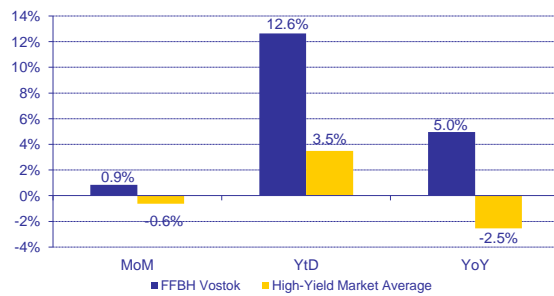
Fact sheet and fee information

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

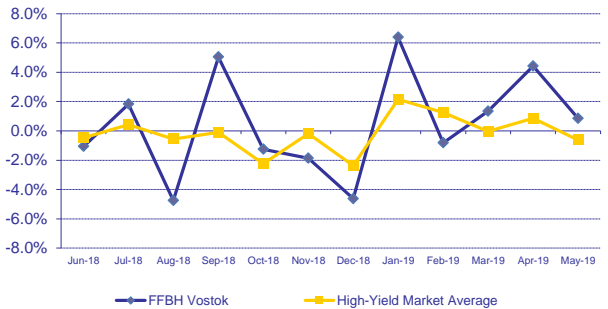
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

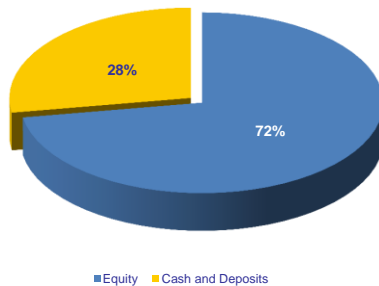


MoM return to HY market average*

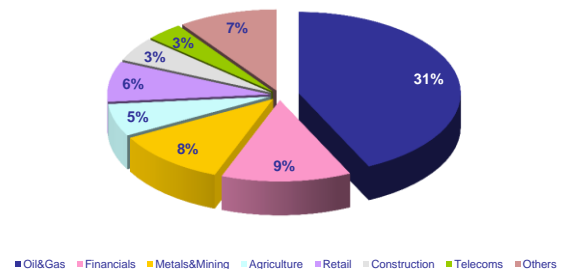


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

May 2019

Data as per 31 May 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,618,673	Monthly (MoM)*	-0.44%	Standard Deviation*	7.88%
NAV per share	BGN 0.5604	Annual (YoY)*	-6.38%	Monthly Alpha – MSCI ACWI*	5.79%
		Year-to-date*	1.29%	Beta (β) – MSCI ACWI*	0.27
		Since Inception (annualized)	-4.90%	R ² – MSCI ACWI*	30.30%
				Sharpe Ratio (0%)*	-0.07

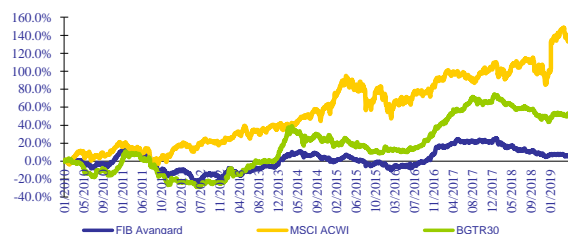
* see notes

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

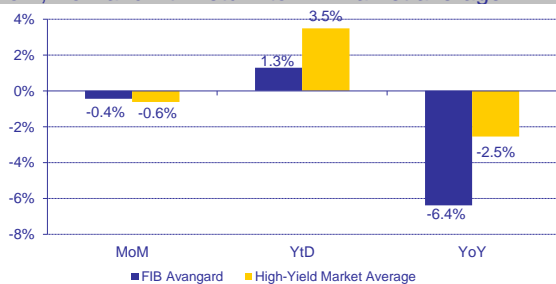


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

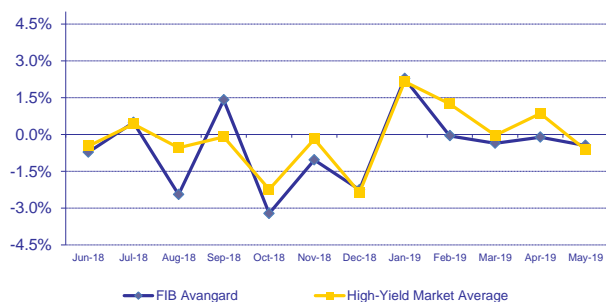
Fact sheet and fee information

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*

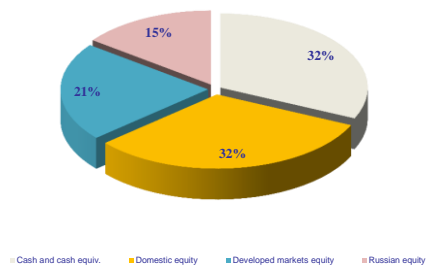


MoM return to HY market average*

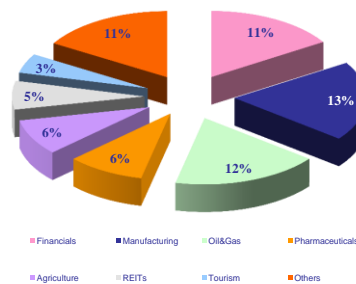


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

May 2019

Data as per 31 May 2019

NAV	
NAV	BGN 1,424,648
NAV per share	BGN 0.8865

Return (%)	
Monthly (MoM)*	0.48%
Annual (YoY)	-4.00%
Year-to-date	1.12%
Since Inception (annualized)	-1.04%

Statistics (%)	
Standard Deviation*	4.98%
Monthly Alpha – MSCI ACWI*	6.72%
Beta (β) – MSCI ACWI*	0.11
R ² – MSCI ACWI*	12.30%
Sharpe Ratio (0%)*	0.26

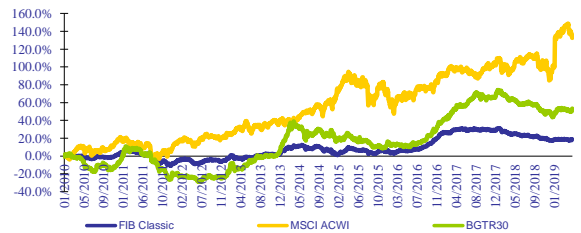
* see notes

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

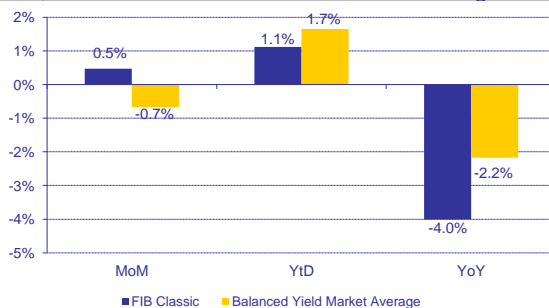
Fact sheet and fee information

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

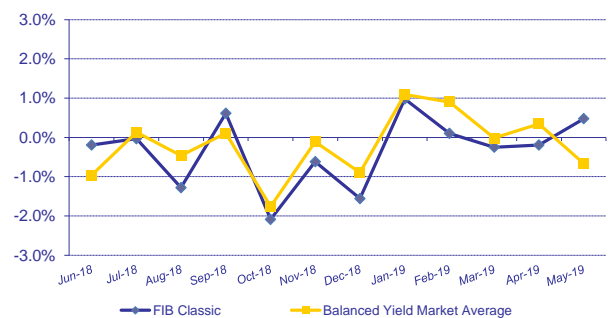
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

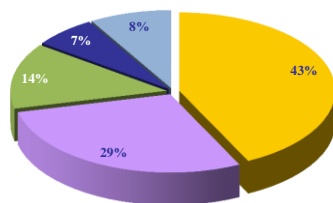


MoM return to BY market average*



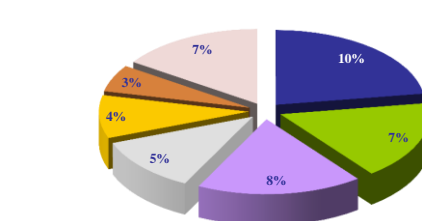
Source: BAAMC, FFBH Asset Management calculations

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

May 2019

Data as per 31 May 2019

NAV	
NAV	BGN 1,083,209
NAV per share	BGN 1.2520

Return (%)	
Monthly (MoM)*	0.12%
Annual (YoY)*	-2.86%
Year-to-date*	-0.25%
Since Inception (annualized)*	1.97%

Statistics (%)	
Standard Deviation*	2.16%
Sharpe Ratio (0%)*	0.40
Interest rates (%)	
3 months	-0.12%
12 months	0.16%

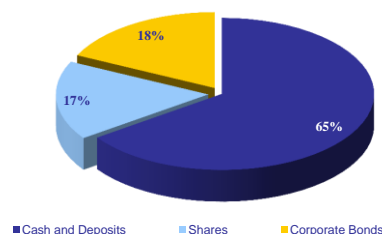
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.16%
Eurobond	2.000%	26/03/2022	EUR	-0.12%
Eurobond	1.875%	21/03/2023	EUR	0.04%
Eurobond	2.950%	03/09/2024	EUR	0.15%
Eurobond	3.000%	21/03/2028	EUR	0.75%
Eurobond	3.125%	26/03/2035	EUR	1.77%

Source: Bloomberg

Asset Allocation



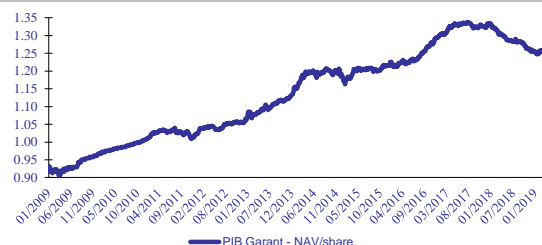
Source: FFBH Asset Management

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

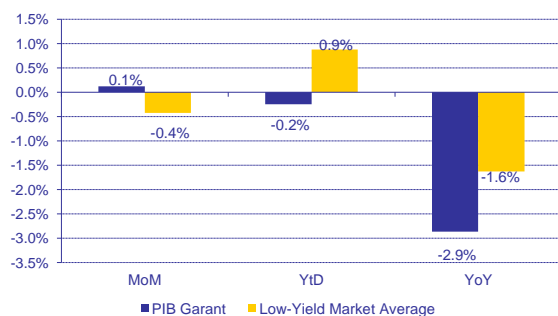
Fact sheet and fee information

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

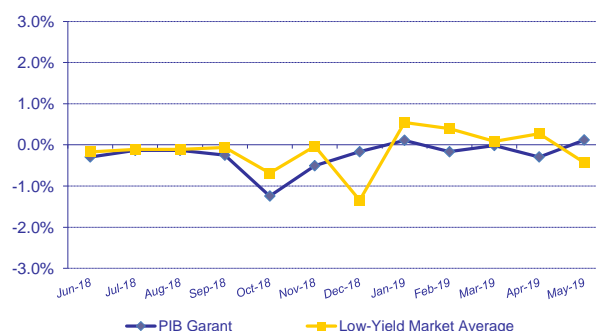
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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 2019

MARKET OVERVIEW:

In May 2019 the world economy was effected by geopolitical factors such as the tensions between the US and Iran, renewed escalation of the trade dispute between the US and China, which evolved into outright trade and technological war, political crisis in the UK and the outcome of the European parliamentary elections.

Early in the month the President of the US enforced his postponed intention to increase the tariffs on 200 billion USD of Chinese imports from 10% to 25%, as a consequence from the unsatisfactory trade negotiations. The next step was the inclusion, due to national security reasons, of the leading Chinese technology company Huawei into the Department of Commerce's Entry List, requiring approval of commercial deals between American companies and the Chinese manufacturer. This move targeted the advantages of Chinese companies in 5G technology and led to severe disruptions on the global supply chain for components of this equipment. Despite the announced 90 days delay on the implementation of the measures the financial markets reacted to the new global uncertainty. Eventually China declared its intention to reciprocate against American companies.

After renewed sanctions against Iranian oil exports and a couple of tanker incidents in the Persian Gulf, relations between the US and Iran worsened drastically leading even to fear from potential military conflict. US Secretary of State conducted series of consultations in Europe and Russia trying to convince partner states in more firm political approach against Iran.

The conservative party in the UK was unable to find new solution to BREXIT and that resulted in dramatic resignation of the prime minister Theresa May, opening the process of new leadership election and demands for snap elections or a second referendum.

European parliament elections held in the last week of May resulted in heavy losses for the traditional parties (EPP and S&D) on behalf of green, liberal and populist parties, opening the debate for their stronger representation in the union's executive bodies.

Global economic data came as expected in May but the majority of analysts expect global recession in case of prolonged trade tensions between the US and the rest of the world. These expectations lead to declines in capital markets and flight to safety.

US: S&P 500 and NASDAQ 100 declined by 6.58% MoM and 8.40 % MoM in USD, respectively, with similar declines registered in EUR (6.19% MoM and 8.02% MoM, respectively). US economic growth was revised to 3.1% in the first quarter of 2019, core inflation increased slightly to 2.1% YoY in April, unemployment rate fell to 3.6% in April. After the solid recovery of US capital markets in the first months of the year the month started with a correction driven by trade tensions between the US and China as well as seasonal factors. In the second half of the month the risk aversion and flight to safety was clear resulting in decline of US 10y Treasury yield to 2.13% (levels not seen since the summer of 2017). The US dollar remained strong despite falling yields retaining its safe haven status in periods of heightened uncertainty. The monetary policy and monetary policy expectations remain unchanged although some debate emerged about the possibility of a premature interest rate hike in December 2018. Main risks for the economy are the trade relations with the rest of the world used by the President in an open and chaotic manner as a tool in its global policy neglecting the specific negotiation culture of different countries.

EUROPE: MSCI Europe decreased by 5.73% MoM, whereas economic growth in the Eurozone was stable at 1.2% in the first quarter of 2019. Unemployment rate fell to 7.7% in March, core inflation increased to 1.3% YoY in April. Investors' risk aversion resulted in a drop in 10y German Bund yield to record negative value of -0.20%. The declines in European capital markets were noticeable in the financial and automotive sectors. Unlike Q4 of 2018 European capital markets followed international markets closely and didn't underperform. Main challenges to the EU remain the health and restructuring of the banking sector, the export sector dependence on emerging markets economies such as China, the delicate trade balance with the US and the economic effects of BREXIT. The upcoming changes in EU's executive bodies and ECB leadership this year will shape future economic and monetary policy as well.

RUSSIA: MSCI Russia increased by 3.12%/3.55% MoM in USD; EUR terms respectively supported by better than expected first quarter earnings and substantial dividend increases by financial and energy companies. The Russian capital market outperformed developed and other emerging markets. Brent oil price declined to USD 61.91 (decline of 13.24% MoM). Oil prices were relatively stable in the last couple of months due to the agreed cuts in OPEC+ oil production and US imposed export sanctions on Venezuela as well as expiration of export waivers for Iranian oil to countries like China, India and Turkey. In the last week of May oil prices fell sharply reflecting increased expectations of economic slowdown and prolonged trade conflict between the US and China. The CBR left the key rate unchanged at 7.75% in May, economic growth slowed significantly in Q1 to 0.5%, inflation increased to 4.6% in April and the unemployment fell to 4.7% in April.

BULGARIA: SOFIX increased by 1.29% and BGTR30 increased by 0.37%, contrary to the broad declines in world capital markets due to better financial results of the local companies, earnings growth and increased dividends. Meanwhile the stock exchange turnover fell by 44% in Q1 2019 compared to Q4 of 2018. Reason for the decline is the inability of the local market to follow the trend in the international markets as well as the poor liquidity. Macroeconomic situation remained stable, with Q1'19 GDP growth of 3.40% YoY, HICP April inflation (3.1% YoY) and unemployment continuing to decline on a seasonally-adjusted basis (to 4.6% in March).

OUTLOOK:

International capital markets are at the beginning of a new correction after the strong start of the year. Global investors are showing lack of risk appetite and flight to safety. Such seasonality is usually typical for the second quarter of the year. The geopolitical and trade uncertainty have negative effects on major asset classes. Central bank's monetary policies remain stimulating and there are no new fiscal stimulus measures at present with the exception of China. 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 remains in narrow range and is unable to synchronise with global financial markets suffering from low liquidity.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	0.86%	72.16%	No significant changes
FIB Avangard	-0.44%	68.00%	Increase in equity exposure to basic materials
FIB Classic	0.48%	43.55%	No significant changes
FIB Garant	0.12%	16.83%	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 (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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