

FFBH Vostok

September 2019

Data as per 30 September 2019

NAV	
NAV	BGN 771,653
NAV per share	BGN 0.7519

Return (%)	
Monthly (MoM)*	2.77%
Annual (YoY)*	10.77%
Year-to-date*	19.84%
Since Inception (annualized)	-2.97%

Statistics (%)	
Standard Deviation*	17.27%
Monthly Alpha – MSCI Russia*	-1.37%
Beta (β) – MSCI Russia*	0.60
R ² – MSCI Russia*	31.54%
Sharpe Ratio (0%)*	0.37

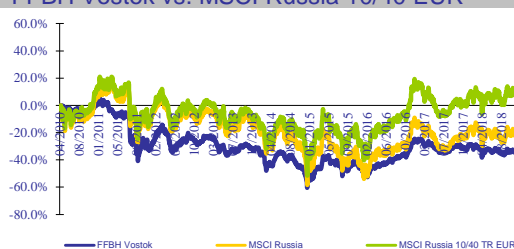
* see notes

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

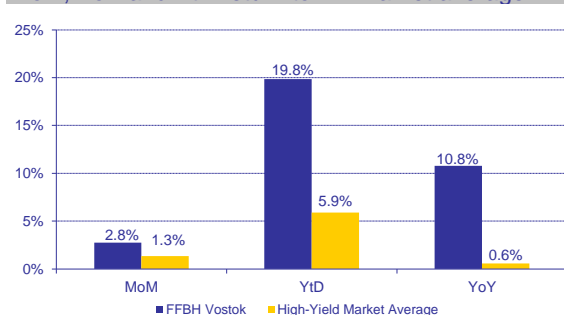


Source: Bloomberg, FFBH Asset Management

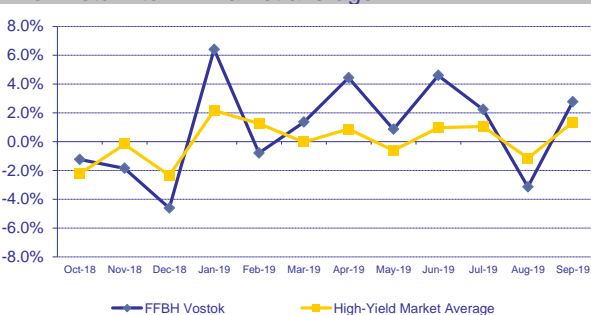
Fact sheet and fee information

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*

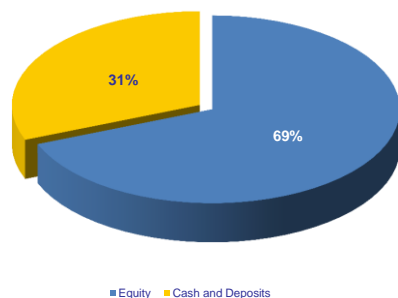


MoM return to HY market average*

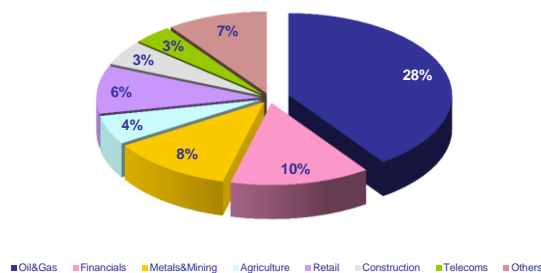


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

September 2019

Data as per 30 September 2019

NAV	
NAV	BGN 1,605,172
NAV per share	BGN 0.5663

Return (%)	
Monthly (MoM)*	2.24%
Annual (YoY)*	-4.14%
Year-to-date*	2.37%
Since Inception (annualized)	-4.68%

Statistics (%)	
Standard Deviation*	7.53%
Monthly Alpha – MSCI ACWI*	0.33%
Beta (β) – MSCI ACWI*	0.27
R ² – MSCI ACWI*	33.20%
Sharpe Ratio (0%)*	0.04

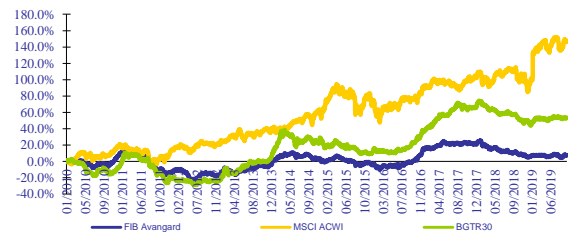
* see notes

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

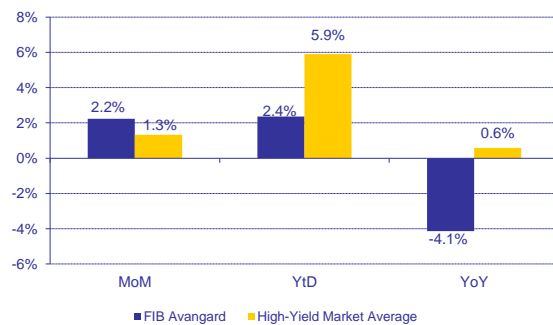
Fact sheet and fee information

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

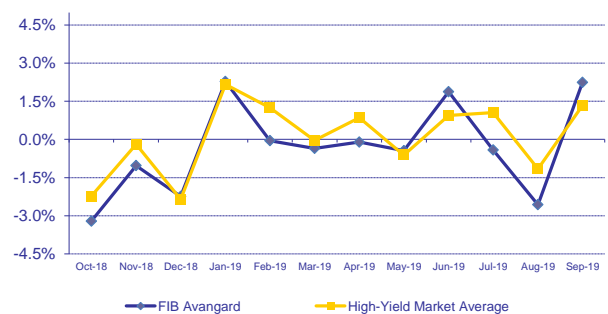
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

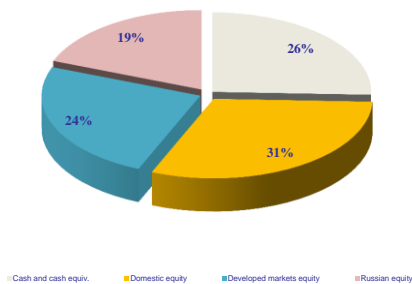


MoM return to HY market average*

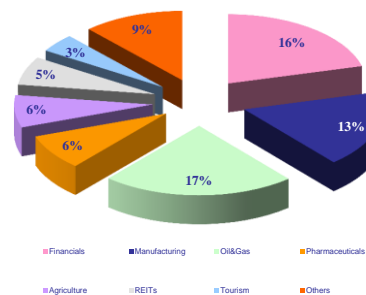


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

September 2019

Data as per 30 September 2019

NAV	
NAV	BGN 1,433,863
NAV per share	BGN 0.8932

Return (%)	
Monthly (MoM)*	1.06%
Annual (YoY)	-2.41%
Year-to-date	1.89%
Since Inception (annualized)	-0.95%

Statistics (%)	
Standard Deviation*	4.61%
Monthly Alpha – MSCI ACWI*	-0.85%
Beta (β) – MSCI ACWI*	0.11
R ² – MSCI ACWI*	13.67%
Sharpe Ratio (0%)*	0.39

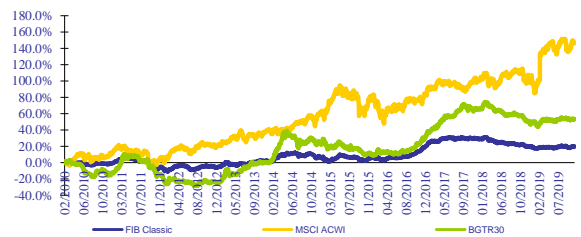
* see notes

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

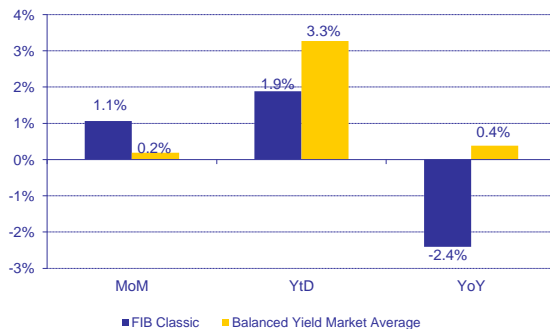
Fact sheet and fee information

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

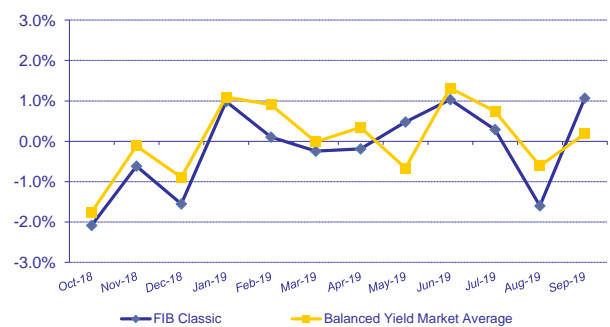
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

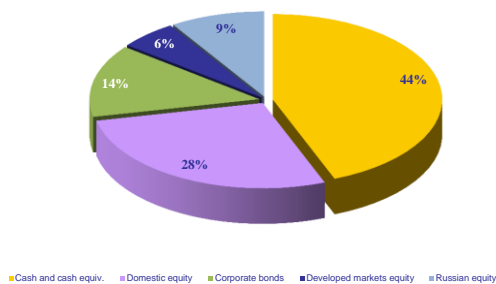


MoM return to BY market average*

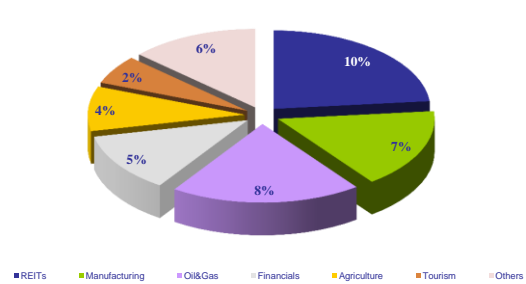


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

September 2019

Data as per 30 September 2019

NAV	
NAV	BGN 1,076,814
NAV per share	BGN 1.2508

Return (%)	
Monthly (MoM)*	0.13%
Annual (YoY)*	-2.24%
Year-to-date*	-0.34%
Since Inception (annualized)*	1.90%

Statistics (%)	
Standard Deviation*	1.99%
Sharpe Ratio (0%)*	0.42
Interest rates (%)	
3 months	-0.12%
12 months	0.16%

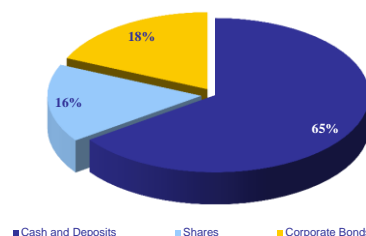
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.42%
Eurobond	2.000%	26/03/2022	EUR	-0.36%
Eurobond	1.875%	21/03/2023	EUR	-0.15%
Eurobond	2.950%	03/09/2024	EUR	-0.12%
Eurobond	3.000%	21/03/2028	EUR	0.08%
Eurobond	3.125%	26/03/2035	EUR	1.00%

Source: Bloomberg

Asset Allocation



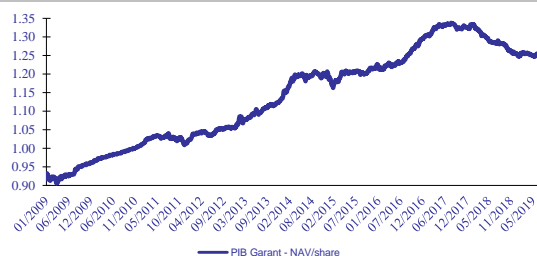
Source: FFBH Asset Management

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

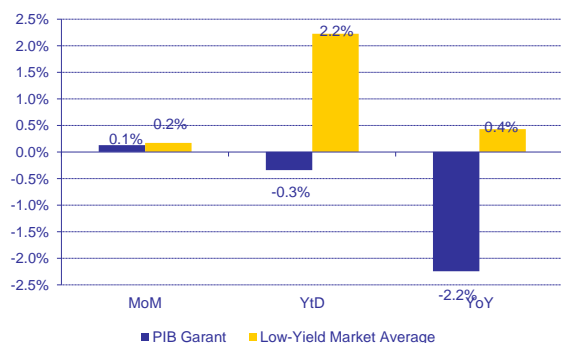
Fact sheet and fee information

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

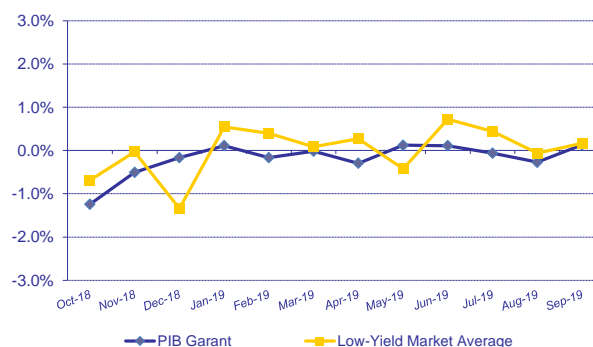
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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 September 2019

MARKET OVERVIEW:

In September 2019 the trade tensions between the US and China cooled down due to the mutual compromises whereas the implementation of the new tariffs on Chinese imports was delayed and both sides agreed to renew the trade negotiations in October. The Federal Reserve expectedly continued its monetary easing in a relatively positive economic environment. The capital markets recovered from the correction in August, the US dollar continued to appreciate due to its safe haven status in periods of financial uncertainty.

Europe saw continuation of the executive and legislative power transition after the European Parliament elections. The economic data (especially concerning industrial production and economic sentiment) continued to be weak causing ECB's respond. The ECB lowered its benchmark deposit facility rate and started a new asset purchases program aiming at economic growth acceleration. European government bond yields remained negative and potential fiscal stimulus measures were discussed in countries such as Germany.

The UK witnessed continued debate and legislative collisions concerning the legitimacy of the exit process pursued by the Prime Minister including questioning of the validity of the Parliament recess and possible exit from the EU without an agreement. Most market participants and parties concerned are preparing for a "no deal" exit. The Bank of England kept its monetary policy unchanged but admitted that an exit without an agreement and prospective recession in the UK most likely will result in interest rate cuts.

The geopolitical tensions in the Middle East increased after attacks on several Saudi Arabian oil refineries, backed by Iran according to US officials. As a result oil prices showed increased volatility for a period of time but finished the month virtually unchanged.

Investors look at the last quarter of the year and position themselves cautiously awaiting another round of monetary stimulus in Europe and the US as well as the resolution of the global trade relations negotiations.

US: S&P 500 and NASDAQ 100 increased by 1.72% MoM and 0.76 % MoM in USD, respectively, with bigger increases registered in EUR (2.49% MoM and 1.53% MoM, respectively). US economic growth fell to 2.0% in the second quarter of 2019, core inflation rose to 2.4% YoY in August, unemployment rate remained stable - 3.7% in August. US capital markets recovered from the declines in August but were not able to break above previous highs. As expected the Federal Reserve lowered its benchmark rate by 0.25 bps signaling another cut later this year. Division among voting members remained noticeable as well as the diverging expectations of participants about future path of interest rates next year. Unexpected shortfall emerged in short-term interbank deposit market in the middle of the month leading to sharp spike of over-night rates to 6% - 7%. The FED had to step in and offer short-term repurchase agreements in order to manage the shortfall factors – tax related payments, increased government debt issuance, personal changes within the Federal reserve system. In fixed income markets the 10y Treasury yield increased substantially to 1.90% after the plunge in August and finished the month around 1.67%. The US dollar corrected to some extent but remained relatively strong and closed around 1.0899 against the euro.

EUROPE: MSCI Europe increased by 3.67% MoM, whereas economic growth in the Eurozone fell to 1.2% in the second quarter of 2019. Unemployment rate was stable at 7.5% in July and core inflation remained at 0.9% YoY in August. The ECB didn't surprise the financial markets and lowered its benchmark deposit facility rate to -0.50% and announced a new asset purchases program from November 1st, amounting to 20 billion EUR per month for an unlimited time period. It also removed the spread on the TLRTO III interest rates for financing European banks allowing further reduction of rates for eligible banks as low as the average deposit facility rate for the relevant period. As a result from these measures the government debt market stabilized after the sharp declines in yields in the last months and 10y German Bund yield closed around -0.57%. The main European economies (Germany, France) continue to experience substantial economic slowdown resulting in flight to quality and risk aversion by investors even at negative yields. Some analysts consider these developments as an early indicator of more significant correction in risk assets' valuations.

RUSSIA: MSCI Russia increased by 2.76% MoM in USD and increased by 3.54% in EUR terms respectively following the general direction in financial markets. Brent oil price was volatile and almost reached USD 70.00 closing at USD 59.25 (increase of 1.35% MoM). Oil prices were mainly influenced by the incidents at Saudi Arabian oil refineries, resulting in 50% decline of Saudi Aramco's oil production and postponement of its long-awaited IPO on the domestic and the international markets. Other factors were the tensions between the US and Iran as well as the outcome of the OPEC+ meeting in early July. Oil production cuts agreed upon in December 2018 were extended to early 2020. The US increased further their export capacity and infrastructure weighing on oil prices in combination with the economic slowdown. The CBR continued to lower its key rate to 7.00%, confirming its easing cycle based on falling inflation and slowing growth (Russian media continue to question the credibility of economic growth data for 2018 due to several statistical discrepancies). Low natural gas and other commodity prices remain a challenge compressing the free cash flow of large companies. Challenges represent also the economic sanctions imposed by the US and the EU as well as the future of important cross-border infrastructure projects. Economic growth increased slightly in Q2 to 0.9%, inflation fell to 4.5% in July and the unemployment increased to 4.5% in July.

BULGARIA: SOFIX increased by 0.55% and BGTR30 increased by 0.95%, following the direction of world capital markets. The rebalancing of the main index SOFIX in September lead to some increases in trading volumes on the stock exchange. The new leadership of the stock exchange announced measures stimulating the trading activities including introduction of new exchange traded products such as Alternative Investment Funds. Relatively good news represented the increased earnings per share reported by companies on quarterly basis. In general stock indices stay within a tight range of 5% - 6% this year and there is no significant investors' demand. Macroeconomic situation remained stable, with Q2'19 GDP growth of 3.30% YoY, HICP July inflation (2.6% YoY) and stable unemployment on a seasonally-adjusted basis (4.5% in July).

OUTLOOK:

International capital markets are entering cautiously the last quarter of the year in an environment of persistent monetary stimulus in the developed economies, unresolved trade conflicts and geopolitical tensions. Investors seem to approve the measures implemented by the central banks in order to avoid recession in developed economies. Important factor remains the confidence of the financial community in the appropriate stance of monetary policies. Equities and high-yield bonds remain attractive asset classes compared to low-yielding government bonds used by investors mainly as capital protection tool. Nevertheless episodes of sharp market fluctuations can be observed as an early warning signal of deeper market correction. 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	2.77%	68.90%	No significant changes
FIB Avangard	2.24%	74.42%	Increase in equity exposure to oil & gas and consumer financial services sectors
FIB Classic	1.06%	42.04%	No significant changes
FIB Garant	0.13%	16.42%	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.

DISCLAIMER

ALL DATA AND CONTENT PUBLISHED IN THIS RELEASE HAVE INFORMATION PURPOSE ONLY AND SHOULD NOT BE CONSIDERED AS COUNSEL, OFFER OR RECOMMENDATION FOR ACQUISITION OR DISPOSITION WITH ANY INVESTMENT OR CONCLUSION OF ANY OTHER DEAL.

THE INVESTMENTS IN MUTUAL FUNDS ARE ASSOCIATED WITH SIGNIFICANT RISK. THERE ARE NO RISK-FREE SECURITIES AND NOBODY CAN CLAIM THAT THE INVESTMENT PURPOSE OF ANY GIVEN MUTUAL FUND WILL BE ACHIEVED. THE NET ASSET VALUE PER SHARE AND ITS RETURN MAY DECREASE, THE RETURN IS NOT GUARANTEED AND THERE IS A RISK THAT THE POTENTIAL INVESTOR CAN NOT RECOVER THE INVESTED AMOUNT. THE INVESTMENTS IN MUTUAL FUNDS IN BULGARIA IS NOT GUARANTEED BY GUARANTEE FUND, CREATED BY THE STATE, OR ANY OTHER TYPE OF GUARANTEE.

PAST PERFORMANCE IS NOT NECESSARY INDICATIVE OF FUTURE RESULTS.

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.