

FFBH Vostok

November 2019

Data as per 29 November 2019

NAV	
NAV	BGN 816,710
NAV per share	BGN 0.7653

Return (%)	
Monthly (MoM)*	1.69%
Annual (YoY)*	16.35%
Year-to-date*	21.98%
Since Inception (annualized)	-2.74%

Statistics (%)	
Standard Deviation*	16.94%
Monthly Alpha – MSCI Russia*	0.81%
Beta (β) – MSCI Russia*	0.49
R ² – MSCI Russia*	25.18%
Sharpe Ratio (0%)*	0.55

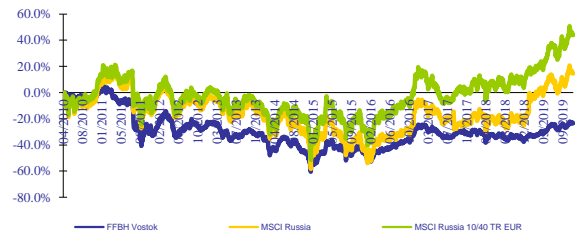
* see notes

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

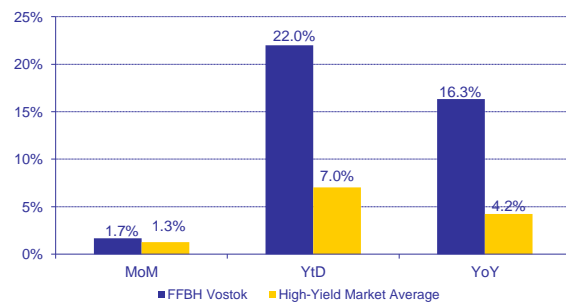
Fact sheet and fee information

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

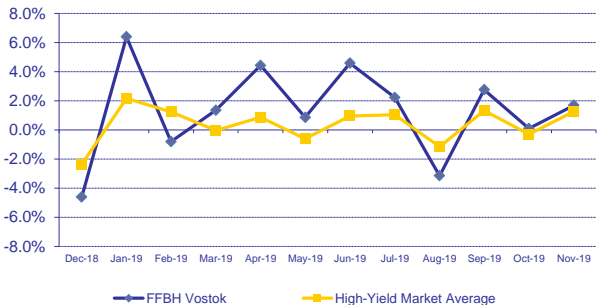
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

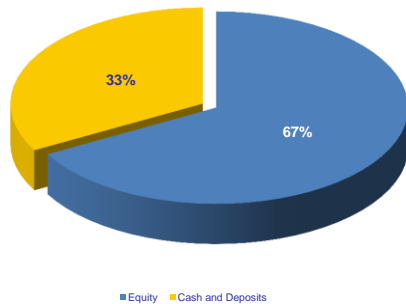


MoM return to HY market average*



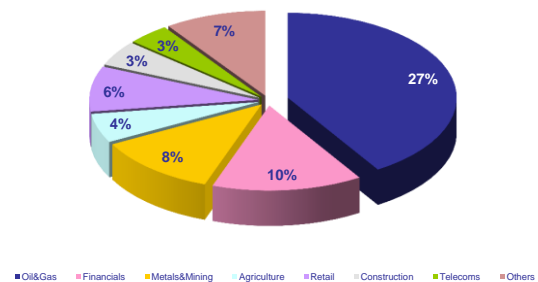
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Equity ■ Cash and Deposits

Equity Portfolio (% of total assets)



■ Oil&Gas ■ Financials ■ Metals&Mining ■ Agriculture ■ Retail ■ Construction ■ Telecoms ■ Others

Source: FFBH Asset Management

FIB Avangard

November 2019

Data as per 29 November 2019

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,529,624	Monthly (MoM)*	0.90%	Standard Deviation*	7.56%
NAV per share	BGN 0.5632	Annual (YoY)*	-0.49%	Monthly Alpha – MSCI ACWI*	-1.40%
		Year-to-date*	1.80%	Beta (β) – MSCI ACWI*	0.24
		Since Inception (annualized)	-4.66%	R ² – MSCI ACWI*	29.16%
				Sharpe Ratio (0%)*	0.16

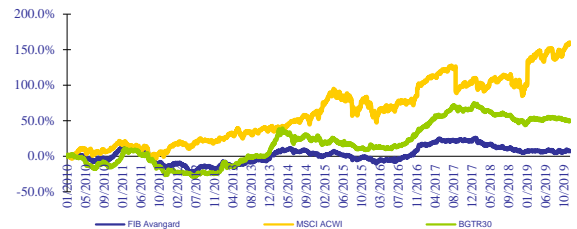
* see notes

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

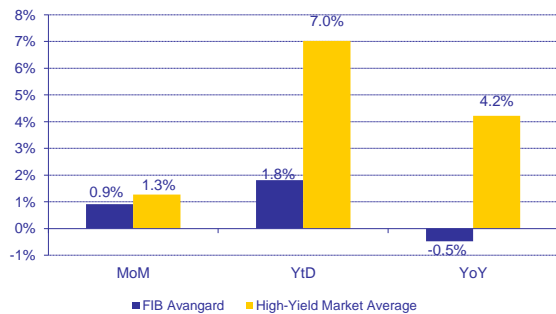
Fact sheet and fee information

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

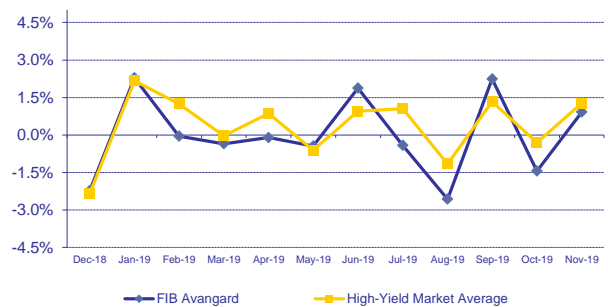
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		3.00%

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

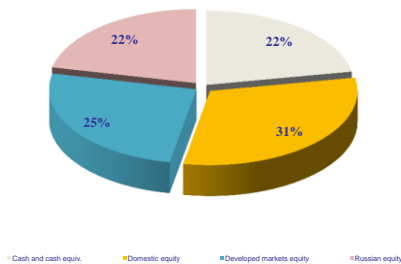


MoM return to HY market average*

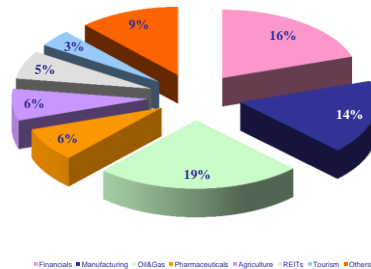


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

November 2019

Data as per 29 November 2019

NAV	
NAV	BGN 1,419,864
NAV per share	BGN 0.8929

Return (%)	
Monthly (MoM)*	0.09%
Annual (YoY)	0.26%
Year-to-date	1.85%
Since Inception (annualized)	-0.94%

Statistics (%)	
Standard Deviation*	4.46%
Monthly Alpha – MSCI ACWI*	-2.21%
Beta (β) – MSCI ACWI*	0.09
R ² – MSCI ACWI*	13.42%
Sharpe Ratio (0%)*	0.59

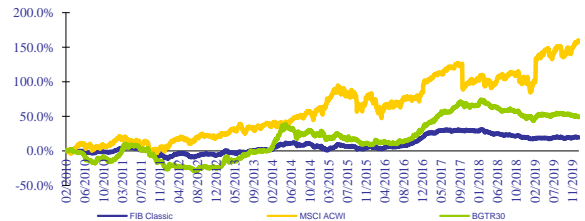
* see notes

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

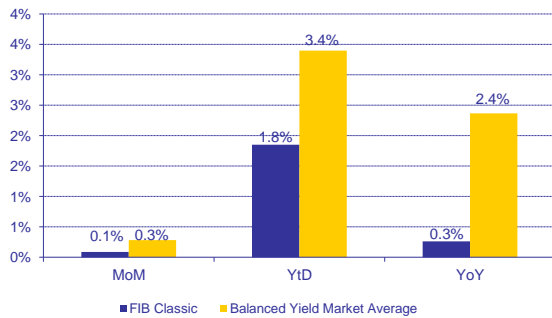
Fact sheet and fee information

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

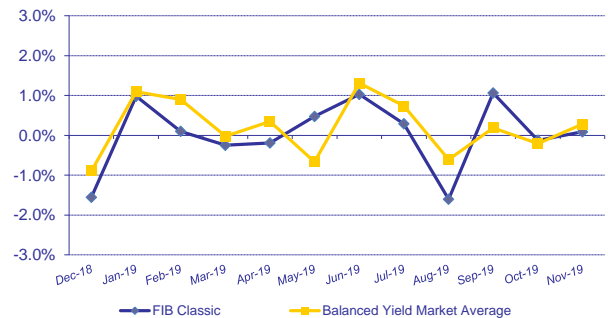
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

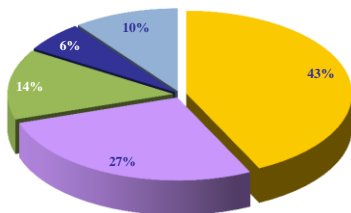


MoM return to BY market average*



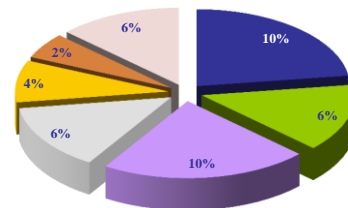
Source: BAAMC, FFBH Asset Management calculations

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

November 2019

Data as per 29 November 2019

NAV	
NAV	BGN 1,068,235
NAV per share	BGN 1.2409

Return (%)	
Monthly (MoM)*	-0.21%
Annual (YoY)*	-1.30%
Year-to-date*	-1.14%
Since Inception (annualized)*	1.81%

Statistics (%)	
Standard Deviation*	1.93%
Sharpe Ratio (0%)*	0.42
Interest rates (%)	
3 months	-0.12%
12 months	0.15%

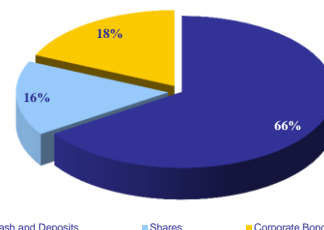
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.31%
Eurobond	2.000%	26/03/2022	EUR	-0.19%
Eurobond	1.875%	21/03/2023	EUR	-0.10%
Eurobond	2.950%	03/09/2024	EUR	-0.05%
Eurobond	3.000%	21/03/2028	EUR	0.14%
Eurobond	3.125%	26/03/2035	EUR	0.94%

Source: Bloomberg

Asset Allocation



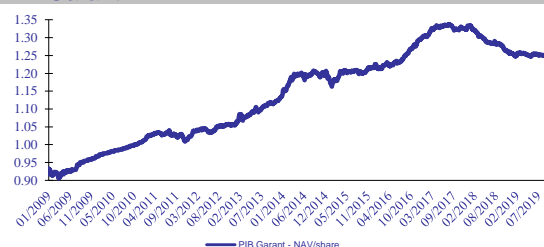
Source: FFBH Asset Management

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

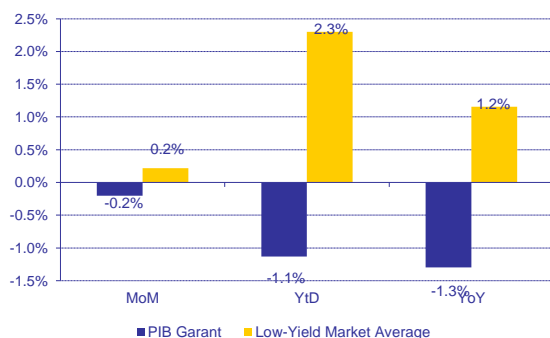
Fact sheet and fee information

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

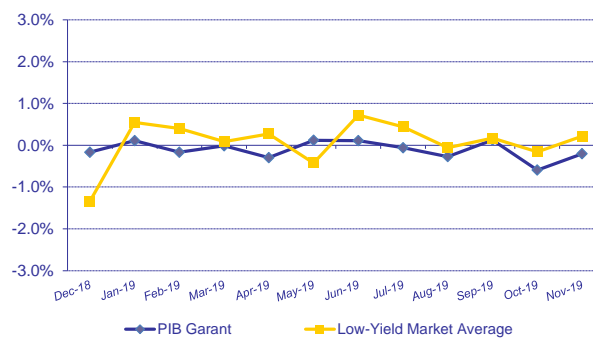
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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 November 2019

MARKET OVERVIEW:

In November 2019 the US and China continued the trade negotiations on an expert level in search of mutual compromises and a working solution for both parties, signaling the completion of phase one of the negotiations before year end. Considering the starting presidential campaign in the US this probably will be the only agreement before the election of the new President. The Federal Reserve expectedly left its monetary policy unchanged and confirmed its neutral stance, the potential risks for the economy and its readiness to act according to incoming economic data. The capital markets recovered further reaching new highs. The optimism was based on the expectations for lower trade tensions, good quarterly earnings reports as well as partially improving economic indicators. In Europe the economic growth increased slightly and part of the economic indicators started to improve and reverse the negative trend from the last months. The new ECB leadership confirmed its monetary policy and appealed to the member states for fiscal stimulus measures aimed at restoring the economic growth. This call was directed to the large European economies – Germany and France – as well as to the new executive leadership of the union taking over in December. European government bond yields remained negative but were substantially higher than the September lows, confirming the fading investors' fears from a global economic crisis.

The UK was engaged in the election campaign for the snap parliamentary elections in December. Preliminary surveys confirm the advantage of the Conservative Party which combined with the support of the BREXIT Party should lead to timely exit from the union with or without a deal.

The geopolitical situation remained unchanged but the wave of civil protests continued to spread over the poorest Latin American countries such as Chile, Bolivia, Venezuela, Peru and Colombia. The US Congress passed a bill supporting the Hong Kong protests weighing on emerging markets' assets. Nevertheless leading investment banks raised their 2020 forecasts for these economies.

US: S&P 500 and NASDAQ 100 increased by 3.40% MoM and 3.96 % MoM in USD, respectively, with bigger increases registered in EUR (4.66% MoM and 5.22% MoM, respectively). The US economic growth was revised up to 2.1% in Q3 2019, the core inflation remained stable at 2.3% YoY in October, the unemployment rate decreased slightly to 3.6% in October. The US capital markets continued to recover reflecting the optimism concerning the possible trade agreement with China. The Federal Reserve left its benchmark rate unchanged and confirmed its readiness to act accordingly in case of worsening economic data. In the fixed income markets the 10y Treasury yield continued to increase and finished the month around 1.78%. The US dollar retraced some of the losses against the major currencies and closed around 1.1018 against the euro.

EUROPE: MSCI Europe increased by 2.54% MoM, and the economic growth in the Eurozone increased to 1.2% in Q3 2019. The unemployment rate was stable at 7.5% in October and the core inflation increased to 1.3% YoY in November. The new ECB leadership confirmed its intention to maintain the monetary stimulus as long as necessary in order to achieve the inflation goal and appealed to the EU leadership for implementation of fiscal stimulus aiming at increasing the economic growth. The manufacturing data as well as the economic sentiment indicators remained low. An increasing number of analysts see a potential bottom of these data and potential improvement as a consequence of the monetary stimulus. The capital markets continued to rise and reached the levels from the summer of 2018. The government debt prices continued to fall and the 10y German Bund yield closed around -0.35%.

RUSSIA: MSCI Russia decreased by 0.68% MoM in USD and increased by **0.53% in EUR terms respectively** consolidating after the substantial rally and the last months. The Brent oil price recovered from the previous month's decrease closing at USD 60.49 per barrel (increase of 2.68% MoM). The OPEC+ countries pointed to increased production cuts to be discussed at their December meeting. The CBR left its monetary policy unchanged, confirming its easing cycle based on falling inflation and insufficient economic growth. Despite the challenges the big energy and resources companies continue to increase their dividend pay-out ratios and shares repurchase programs. The economic growth increased in Q3 2019 to 1.7%, the inflation rate fell to 3.7% in October and the unemployment rate increased to 4.6% in October. The Russian currency remained stable and closed around 64.42 rubbles per dollar.

BULGARIA: SOFIX decreased by 1.84% and BGTR30 decreased by 0.79%, following the trend from the last couple of months. The quarterly earnings reports published by the local companies were generally positive showing rising revenues and earnings per share, whereas some of them declared semi-annual dividends. A few successful capital increases by big companies were completed. A lot of the companies reported extraordinary increases in earnings per share due to non-recurring events. The macroeconomic situation remained stable, with Q3 2019 GDP growth of 3.70% YoY, HICP October inflation rate falling to 1.6% YoY and stable unemployment on a seasonally-adjusted basis at 4.2% in October.

OUTLOOK:

The international capital markets demonstrate optimism in the last quarter of the year in an environment of persistent monetary stimulus in the developed economies, unresolved trade conflicts and geopolitical tensions. The investors seem to approve of the measures implemented by the central banks in order to avoid recession in the developed economies. An important factor remains the confidence of the financial community in the appropriate stance of the monetary policies. Equities and high-yield bonds remain attractive asset classes compared to low-yielding government bonds used by investors mainly as a capital protection tool. Nevertheless episodes of sharp market fluctuations can be observed as an early warning signal of a 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. The Bulgarian capital market trades in narrow range and is unable to synchronise with the global financial markets suffering from low liquidity.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	1.69%	66.96%	No significant changes
FIB Avangard	0.90%	77.83%	No significant changes
FIB Classic	0.09%	43.47%	Increase in equity exposure to financial services sector
FIB Garant	-0.21%	15.92%	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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