

FFBH Vostok

January 2020

Data as per 31 January 2020

NAV	
NAV	BGN 830,308
NAV per share	BGN 0.7908

Return (%)	
Monthly (MoM)*	1.46%
Annual (YoY)*	18.47%
Year-to-date 2020*	1.46%
Since Inception (annualized)	-2.37%

Statistics (%)	
Standard Deviation*	15.82%
Monthly Alpha – MSCI Russia*	1.18%
Beta (β) – MSCI Russia*	0.58
R ² – MSCI Russia*	31.46%
Sharpe Ratio (0%)*	0.76

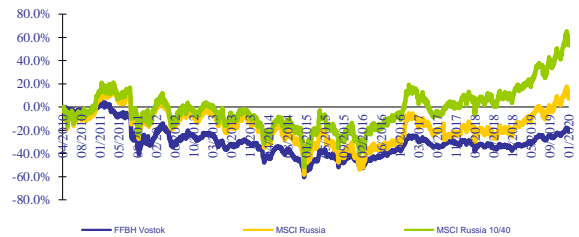
* see notes

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 2020, 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

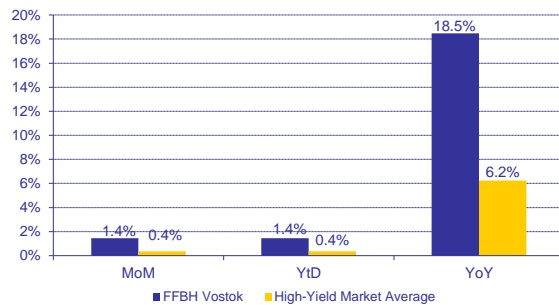
Fact sheet and fee information

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

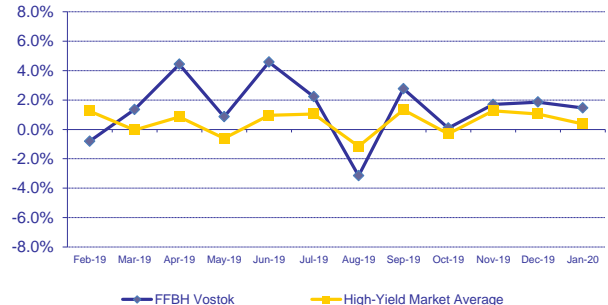
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

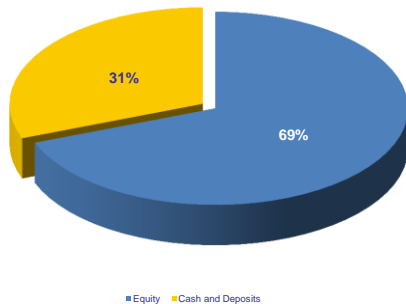


MoM return to HY market average*



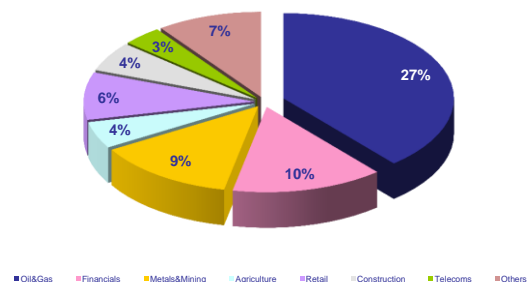
Source: BAAMC, FFBH Asset Management calculations

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

January 2020

Data as per 31 January 2020

NAV	
NAV	BGN 1,489,657
NAV per share	BGN 0.5636

Return (%)	
Monthly (MoM)*	-0.97%
Annual (YoY)*	-0.39%
Year-to-date 2020*	-0.97%
Since Inception (annualized)	-4.59%

Statistics (%)	
Standard Deviation*	7.55%
Monthly Alpha – MSCI ACWI*	-1.10%
Beta (β) – MSCI ACWI*	0.31
R ² – MSCI ACWI*	39.69%
Sharpe Ratio (0%)*	0.22

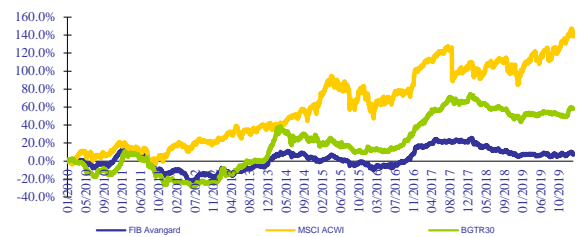
* see notes

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 2020 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

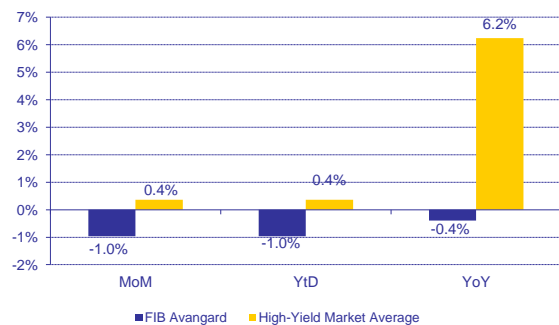
Fact sheet and fee information

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

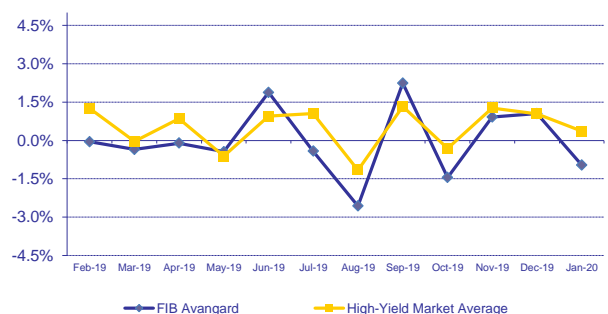
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

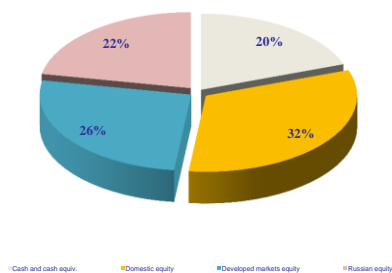


MoM return to HY market average*



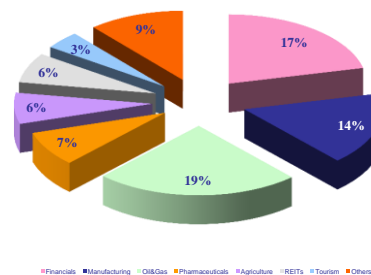
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



*Cash and cash equiv. Domestic equity Developed markets equity Russian equity

Equity Portfolio (% of total assets)



Financials Manufacturing Oil&Gas Pharmaceuticals Agriculture REITs Tourism Others

Source: FFBH Asset Management

FIB Classic

January 2020

Data as per 31 January 2020

NAV	
NAV	BGN 1,376,410
NAV per share	BGN 0.8928

Return (%)	
Monthly (MoM)*	-0.69%
Annual (YoY)	0.84%
Year-to-date 2020*	-0.69%
Since Inception (annualized)	-0.92%

Statistics (%)	
Standard Deviation*	4.26%
Monthly Alpha – MSCI ACWI*	-0.82%
Beta (β) – MSCI ACWI*	0.12
R ² – MSCI ACWI*	20.20%
Sharpe Ratio (0%)*	0.79

* 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 2020 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

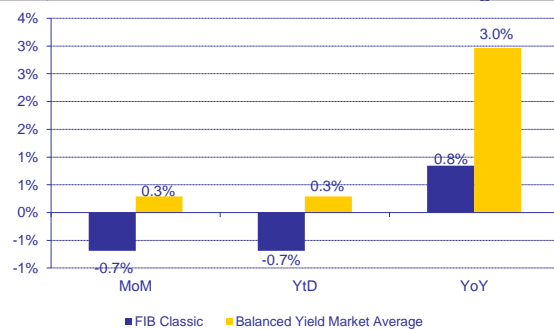
Fact sheet and fee information

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

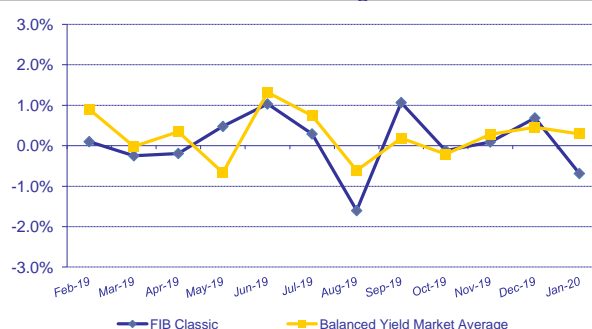
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

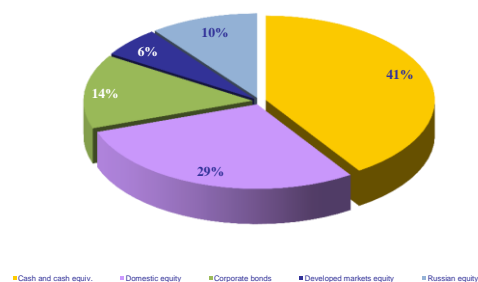


MoM return to BY market average*

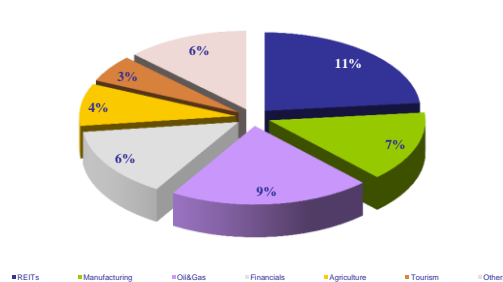


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

January 2020

Data as per 31 January 2020

NAV	
NAV	BGN 1,055,055
NAV per share	BGN 1.2464

Return (%)	
Monthly (MoM)*	-0.06%
Annual (YoY)*	-0.80%
Year-to-date 2020*	-0.06%
Since Inception (annualized)*	1.82%

Statistics (%)	
Standard Deviation*	1.76%
Sharpe Ratio (0%)*	0.73
Interest rates (%)	
3 months	-0.11%
12 months	0.10%

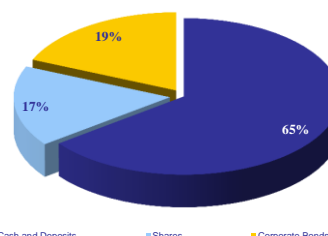
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.34%
Eurobond	2.000%	26/03/2022	EUR	-0.27%
Eurobond	1.875%	21/03/2023	EUR	-0.12%
Eurobond	2.950%	03/09/2024	EUR	-0.08%
Eurobond	3.000%	21/03/2028	EUR	0.15%
Eurobond	3.125%	26/03/2035	EUR	0.88%

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 2020 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

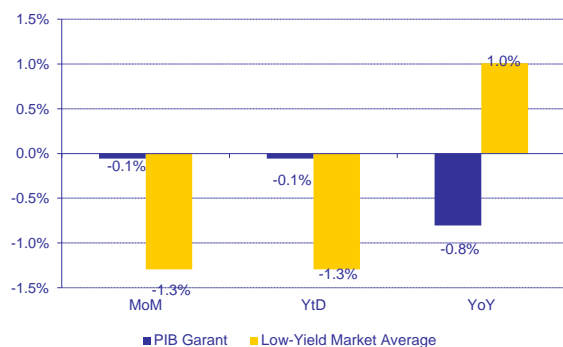
Fact sheet and fee information

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

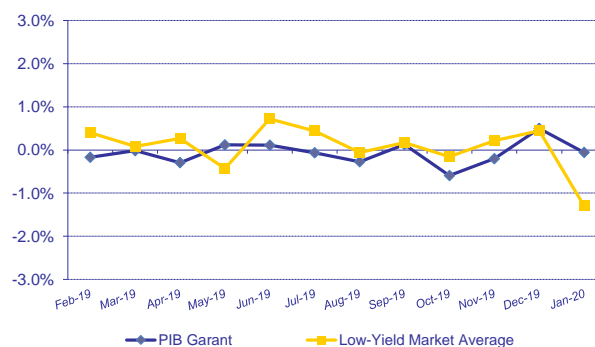
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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 January 2020

MARKET OVERVIEW:

In January 2020 the first phase trade agreement between the US and China was signed whereas China agreed to 200 billion USD additional imports (industrial, agricultural and energy goods and services) in 2020 and 2021. The impeachment proceedings were handed to the Senate for review and formal process. Tensions between the US and Iran escalated after the killing of a high-ranked Iranian general in Bagdad, leading to counter strikes and tragic incident with a commercial aircraft over Tehran. The current Administration announced the preparation of a second round of tax cuts for the middle class despite the over 1 trillion USD budget deficit and government debt surpassing 23 trillion USD. The Federal reserve left its monetary policy unchanged at its meeting and assessed the labor market as strong, the economic growth as moderate, household spending as moderate and fixed assets investment as weak. The monetary policy remains accommodative as long as the target inflation rate of 2% is not reached.

In Europe countries such as Spain and Austria managed to form new coalition governments. At the WEF in Davos the EU confirmed again its intention to align the economic growth with the global ecological challenges. The IMF lowered its global growth forecast for 2020 to 3.3% and emphasized the risks and uncertainties for the global economy. It also confirmed the higher than average growth potential in emerging and distressed markets economies. The UK finally left the EU and in the following 11 months of transition period will have to negotiate its trading terms with the union as well as the Irish border issue.

The rapid spreading of the "coronavirus" in China raised justified concerns for the potential effects on the global economy, the affected areas were quarantined and the official New Year's holidays were extended. The size of the economic damage will depend on the reaction speed of the Chinese authorities, who demonstrated decisiveness in the process.

US: S&P 500 and NASDAQ 100 increased by -0.16% MoM and 2.96 % MoM in USD, respectively, with higher increases registered in EUR (0.92% MoM and 4.07% MoM, respectively). The US economic growth remained stable at 2.1% in Q4 2019; the core inflation remained stable at 2.3% YoY in December; the unemployment rate was unchanged 3.5% in December. The US capital markets started optimistically the new year, reaching new historic highs but came under pressure from the spreading "coronavirus" at the end of the month. The full year financial reports, published by financial and technology companies managed to beat expectations. The government bond market saw increased activity and the 10y Treasury yield fell significantly to 1.50%, reflecting renewed concerns over slowing economic growth and further interest rate cuts. In an environment of rising uncertainty the US dollar appreciated against the major currencies and closed around 1.11095 against the euro.

EUROPE: MSCI Europe decreased by 1.30% MoM, and the economic growth in the Eurozone was stable at 1.0% in Q4 2019. The unemployment rate was stable at 7.4% in November and the core inflation decreased to 1.1% YoY in December. The ECB left its monetary policy unchanged at its meeting and announced the first "strategic review" since 2003 related to quantitative formulation of price stability (target inflation), the monetary policy toolkit, the economic and monetary analyses and its communication practices. The outcome of this review will have key implications for the future monetary policy taking into consideration the outgoing decade of permanent low growth and lack of significant inflation. The capital markets started the year on a positive tone but part of the full year financial reports published by financial, technology and manufacturing companies missed expectations. As a result the decrease of the market indexes at the end of the month outpaced other developed markets. The demand for risk free assets increased and the 10y German Bund yield fell, closing around -0.44%.

RUSSIA: MSCI Russia decreased by 3.20% MoM in USD and decreased by 2.15% in EUR terms respectively after strong start of the month, followed by a decline similar to the developed markets. The Brent oil price decreased substantially closing at USD 56.62 per barrel (decrease of 13.28% MoM). The overall decline in commodity prices was due to the situation in China and the real prospects of decreasing demand. The OPEC+ countries will discuss the market conditions and production levels in March or earlier depending in the current developments. The CBR left its key reference rate unchanged confirming its intention to consider further eases in H1 2020 depending on inflation, growth and domestic consumption. This was supportive for the domestic fixed income market and lead to rising prices and falling yields. In this environment the capital market remains attractive alternative, offering high dividend yield and regular buy-back programs. The economic growth increased in Q3 2019 to 1.7%, the inflation rate fell to 3.1% in December and the unemployment rate was stable at 4.6% in December. The Russian currency depreciated and closed around 63.94 rubbles per dollar.

BULGARIA: SOFIX increased by 1.36% and BGTR30 increased by 1.27%, in contrast to the rest of the capital markets. The Q4 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 upcoming capital increases by big companies were announced leading to an increased trading activity. During the month started the official trading of the first "short" ETF based on the SOFIX index. The macroeconomic data confirmed Q4 2019 GDP growth of 3.20% YoY. The HICP December inflation rate increased to 3.1% YoY. The unemployment on a seasonally-adjusted basis was 3.7% in December.

OUTLOOK:

The expectations of investment analysts for the global economy development in 2020 foresee relatively low growth, continuation of the monetary and fiscal stimulus measures, further trade negotiations among developed and emerging economies as well as de-escalation of geopolitical tensions. Episodes of more significant market corrections in various asset classes remain a possibility. The financial markets do not exhibit overpriced asset classes (market bubbles). The emerging markets economies retain their leading role for the global economic growth.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	1.46%	69.20%	No significant changes
FIB Avangard	-0.97%	80.47%	No significant changes
FIB Classic	-0.69%	45.08%	No significant changes
FIB Garant	-0.06%	16.69%	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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