FFBH VOSTOK – MONTHLY REVIEW

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FFBH Vostok

March 2020

Data as per 31 March 2020

NAV	
NAV	BGN 637,248
NAV per share	BGN 0.6012

Return (%)	
Monthly (MoM)*	-15.66%
Annual (YoY)*	-10.40%
Year-to-date 2020*	-22.87%
Since Inception (annualized)	-4.98%

Statistics (%)	
Standard Deviation*	17.09%
Monthly Alpha – MSCI Russia*	2.40%
Beta (β) – MSCI Russia*	0.62
R^2 – MSCI Russia*	41.64%
Sharpe Ratio (0%)*	0.19

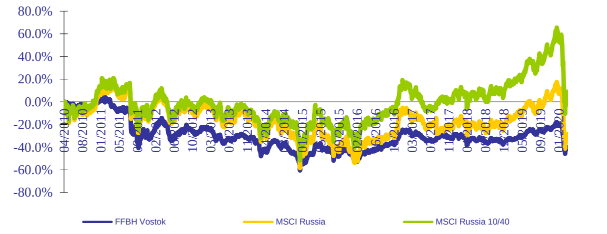
** see notes*

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

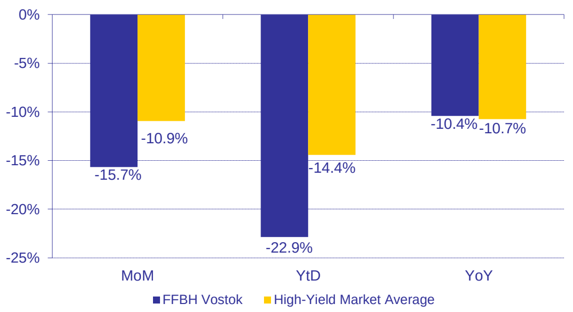
Fact sheet and fee information

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

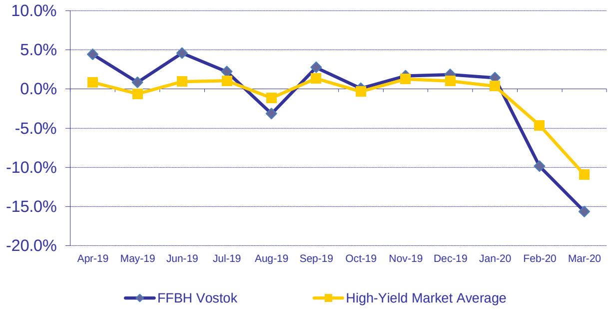
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		2.50%

** Minimimum subscription is BGN 50*

MoM, YoY and YtD return to HY market average*

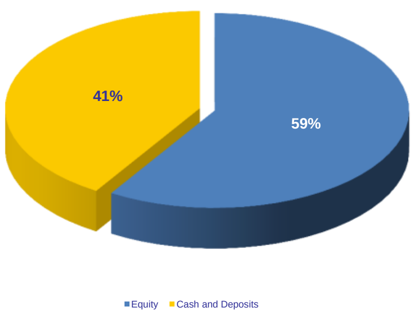


MoM return to HY market average*

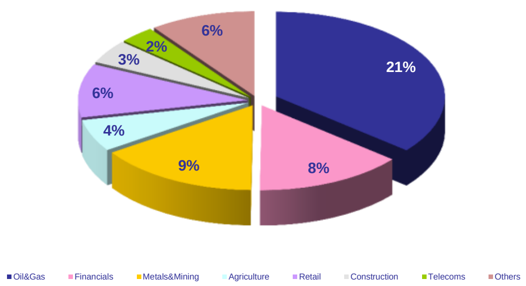


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

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FIB AVANGARD - MONTHLY REVIEW

FIB Avangard

March 2020

Data as per 31 March 2020

NAV	
NAV	BGN 990,195
NAV per share	BGN 0.4179

Return (%)	
Monthly (MoM)*	-19.51%
Annual (YoY)*	-25.84%
Year-to-date 2020*	-26.58%
Since Inception (annualized)	-6.81%

Statistics (%)	
Standard Deviation*	11.64%
Monthly Alpha – MSCI ACWI*	-6.01%
Beta (β) – MSCI ACWI*	0.45
R^2 – MSCI ACWI*	46.74%
Sharpe Ratio (0%)*	-0.43

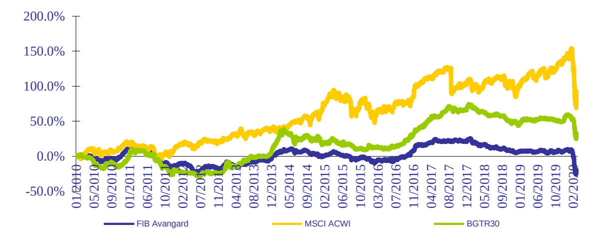
** see notes*

Investment strategy

FIB Avangard is a high-yield, actively managed, mutual fund, incepted 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

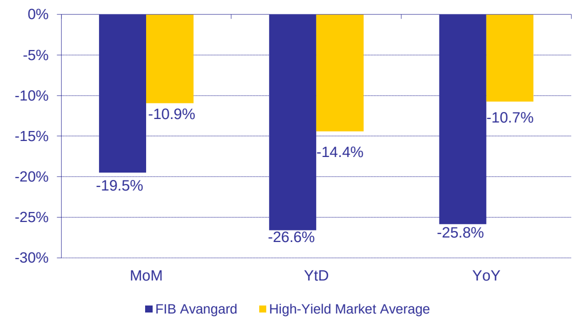
Fact sheet and fee information

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

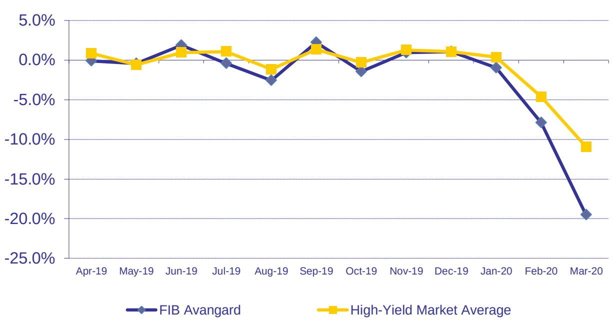
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		3.00%

** Minimimum subscription is BGN 50*

MoM, YoY and YtD return to HY market average*

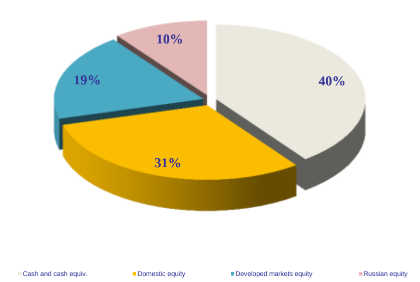


MoM return to HY market average*

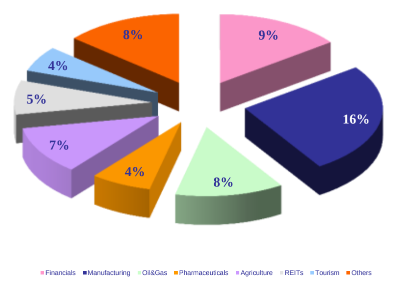


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



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FIB Classic

March 2020

Data as per 31 March 2020

NAV	
NAV	BGN 1,125,304
NAV per share	BGN 0.7647

Return (%)	
Monthly (MoM)*	-11.35%
Annual (YoY)	-13.50%
Year-to-date 2020*	-14.94%
Since Inception (annualized)	-2.15%

Statistics (%)	
Standard Deviation*	5.83%
Monthly Alpha – MSCI ACWI*	2.15%
Beta (β) – MSCI ACWI*	0.20
R^2 – MSCI ACWI*	35.88%
Sharpe Ratio (0%)*	-0.12

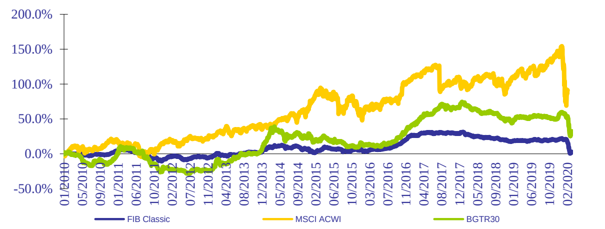
** see notes*

Investment strategy

FIB Classic is a balanced mutual fund, incepted 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

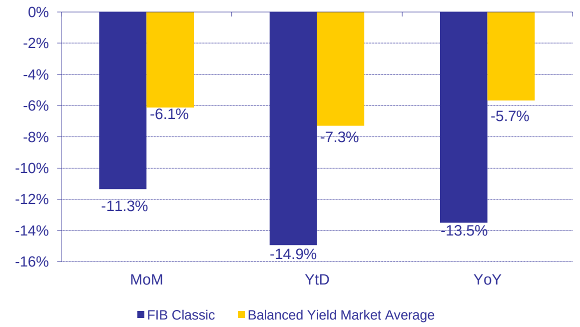
Fact sheet and fee information

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

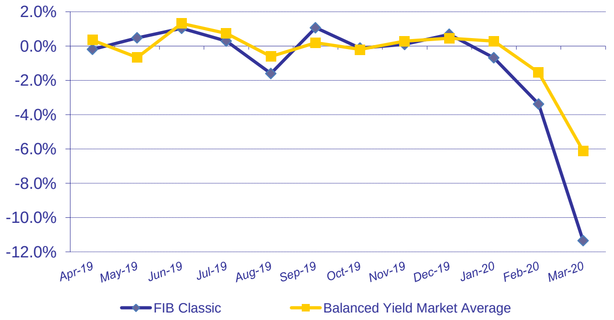
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)		2.50%

** Minimimum subscription is BGN 50*

MoM, YoY and YtD return to BY market average*

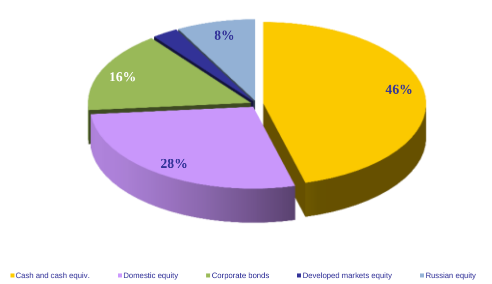


MoM return to BY market average*

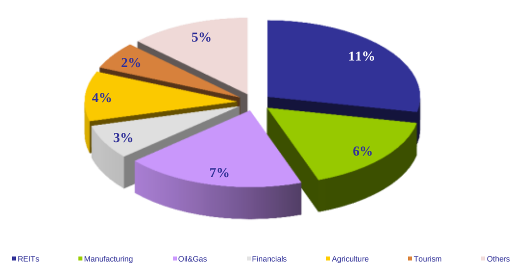


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

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FIB Garant

March 2020

Data as per 31 March 2020

NAV	
NAV	BGN 982,334
NAV per share	BGN 1.1709

** see notes*

Return (%)	
Monthly (MoM)*	-4.82%
Annual (YoY)*	-6.65%
Year-to-date 2020*	-6.11%
Since Inception (annualized)*	1.28%

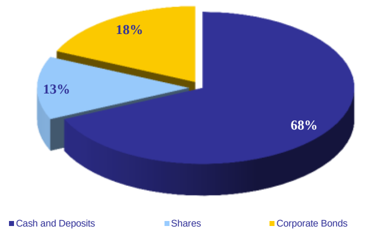
Statistics (%)	
Standard Deviation*	2.57%
Sharpe Ratio (0%)*	- 0.19
Interest rates (%)	
3 months	-0.15%
12 months	0.03%

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.32%
Eurobond	2.000%	26/03/2022	EUR	-0.02%
Eurobond	1.875%	21/03/2023	EUR	0.28%
Eurobond	2.950%	03/09/2024	EUR	0.27%
Eurobond	3.000%	21/03/2028	EUR	0.46%
Eurobond	3.125%	26/03/2035	EUR	0.98%

Source: Bloomberg

Asset Allocation



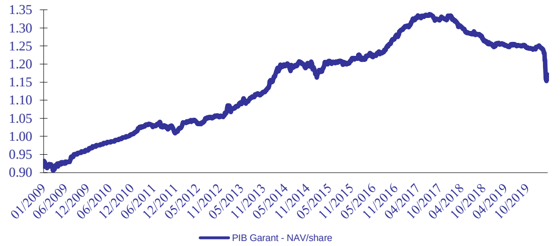
Source: FFBH Asset Management

Investment objective

FIB Garant is a conservative mutual fund, incepted 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

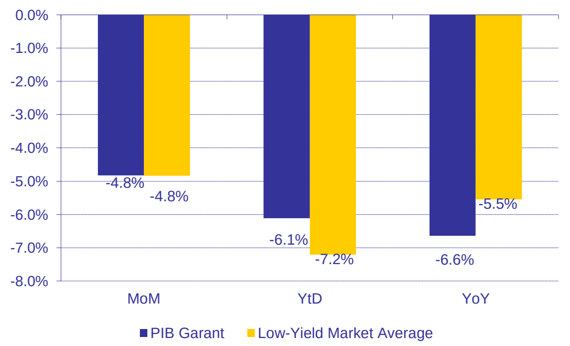
Fact sheet and fee information

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

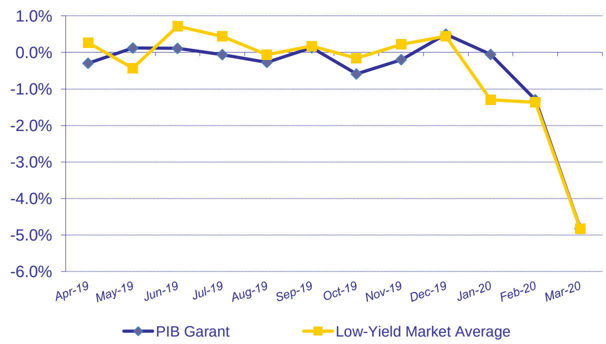
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

** Minimimum 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

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PORTFOLIO MANAGER'S COMMENT March 2020

MARKET OVERVIEW:

In March 2020 the global economy and the financial markets went through dramatic and painful moments caused by two major factors: the plunge of the price of oil resulting from the inability of the OPEC+ countries to agree on further production cuts and the sharp decline in economic activity resulting from the containment measures aimed at the COVID-19 spread. The rapid spreading of the virus over the world, the pressure on the healthcare systems in the affected countries and the mistakes made by managing the situation lead to severe isolation measures and as a consequence the economic activity in most sectors declined substantially or came to a standstill. The reaction of the central banks and the governments was prompt. In the US the Federal Reserve lowered the benchmark interest rate to zero, started a new, massive asset buying program and introduced a number of measures concerning other segments of the financial markets. Based on the President's proposal the Congress approved a wide-range fiscal stimulus package amounting to over 2 trillion USD aimed at unemployment and businesses support during the upcoming deep economic crisis. In the last two weeks of the month almost 10 million Americans filed initial jobless claims, the economy lost over 700 thousand jobs and economists adjusted their expectations to double digit decrease in economic growth. The country is heavily affected by the virus and its peak is expected in April. In this situation the restoring of economic activity before the end of Q2 looks unrealistic.
The EU was also hardly hit by the spreading of the virus with a couple of main contamination areas and substantial number of infections in Spain, Italy, France and Germany. The ECB increased its monthly asset purchases and improved the terms of the LTRO's for banks. Member-states' governments announced fiscal stimulus measures for supporting the unemployed and the companies in view of the decreased economic activity. These commitments will lead to new debt issuance and resulted in amendments of fiscal rules in some countries and discussions about the possibility of joint European debt. The expectations for the actual decline in economic activity in the EU are grim. Under the circumstances many companies cancelled dividend payments and share buy-back programs as well as previously announced earnings guidance for the year. The peak of infections is still not passed suggesting that bringing the pandemic under control will take months.
Globally almost all central banks and governments introduced stimulus measures according to their respective situation. The main concern remains the spill-over type of spreading of the infection around the world decreasing the economic activity despite some positive developments in the regions affected by the first wave of infections. The massive layoffs in the most affected sectors put pressure on the fiscal systems and lead to increase in public debt. The global economy operates in stressed environment and after the pandemic is under control will face an environment requiring change in business models, restructuring and new strategies.

US: S&P 500 and NASDAQ 100 decreased by 12.51% MoM and 7.66 % MoM in USD, respectively, with similar decreases registered in EUR (12.55% MoM and 7.70% MoM, respectively). The US economic growth remained stable at 2.1% in Q4 2019; the core inflation remained stable at 2.4% YoY in February; the unemployment rate was unchanged 3.5% in February. The economic data will worsen significantly next month reflecting the actual pandemic situation. The US capital markets started the month cautiously showing signs of coming correction. The trigger was the break-up in OPEC+ and the following oil war resulting in oil price plunge comparable to the worst periods in the last century. The reaction of the Federal reserve initially spooked investors and was followed by increased market volatility leading to declines of major averages over 30 % from the highest levels reached in February. The monetary policy applied the tools used during the last financial crisis: zero interest rates, asset purchases including market segments such as commercial paper, mortgage bonds, asset-backed securities, reopening of swap lines between central banks for liquidity purposes, renewal of repo operations in the open market etc. Restoring liquidity on the interbank market had positive effect and was followed by fiscal measures such as increase in unemployment benefits, delay of payments to the government and tax authorities, financing programs for enterprises in a recession situation etc. The government bond market continued to rally and the 10y Treasury yield fell significantly to 0.67%, reflecting the aggressive cuts in interest rates. In an environment of rising uncertainty the US dollar depreciated initially against the major currencies but appreciated later in the month and closed virtually unchanged around 1.1031 against the euro.

EUROPE: MSCI Europe decreased by 14.64% MoM, whereas the economic growth in the Eurozone was revised to 1.9% in Q4 2019. The unemployment rate was stable at 7.3% in February and the core inflation stabilized at 1.0% YoY in February. The economic data will worsen significantly next month reflecting the actual pandemic situation. The European capital markets followed the general market sentiment during the month and posted declines of over 30% from their highs. The demand for risk-free assets increased and the 10y German Bund yield fell, closing around -0.47%. The ECB increased the size of the monetary stimulus and reaffirmed its readiness to support the financial system. Increasing number of European companies started to cancel payments to shareholders and to strengthen their liquidity position reflecting slumping sales and disrupted economic activity. Countries like Spain, Italy and Greece look once again to be highly affected by the economic decline due to the large number of infections and the hard quarantine.

RUSSIA: MSCI Russia decreased by **23.31% MoM in USD** and decreased by **23.34% in EUR terms respectively** posting a strong decline, greater than the declines in developed markets. The Brent oil price decreased substantially closing at USD 26.35 per barrel (decrease of 46.86% MoM). The OPEC+ countries failed to agree on the expected production cuts in an environment of falling oil prices. Saudi Arabia announced significant reduction of its export prices and increase in its oil production by over 10 million barrels per day starting in April. The dialog between the Russian Federation and the other members ended and it looks like oil markets will operate in a situation of oversupply and decreasing demand due to the pandemic. The CBR left its key reference rate unchanged at 6.00% at its meeting and lowered its capital requirements for the banking system in view of the strong correlation of these ratios with the foreign exchange rate and the rapidly depreciating local currency. The macroeconomic data confirmed increase in the economic growth in Q4 2019 to 2.1%, the inflation rate fell to 2.4% in February and the unemployment rate was stable at 4.6% in February. The Russian currency depreciated sharply and closed around 78.42 rubbles per dollar.

BULGARIA: SOFIX decreased by 23.79% and BGTR30 decreased by 13.87%, catching up with other capital markets. The decline was mostly a result of late selling for reducing equity exposure by different types of investors. The situation in the country concerning the spreading of COVID-19 remains under control but the measures of social distancing affect the economic activity similar to other member-states. The fiscal measures taken and proposed by the government will likely mitigate the negative effects after the crisis is resolved. The macroeconomic data confirmed Q4 2019 GDP growth of 3.11% YoY. The HICP February inflation rate decreased to 3.1% YoY. The unemployment on a seasonally-adjusted basis was 4.1% in February.

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OUTLOOK:

The expectations of investment analysts for the global economy development in 2020 worsened substantially as a consequence of the possible adverse effects of the virus pandemic. Expectations are for double digit decline of economic growth in Q1 and strong decreases in sales for most economic sectors, directly affected by the quarantine measures. Labour markets are in shock after the dramatic increase in jobless claims and net loss of jobs. European economies remain overexposed to such risks. Financial markets reacted positively at the fresh monetary, fiscal and supranational stimulus, designed to underpin the recovery of the affected sectors after the situation comes under control. Companies will have to adapt to supply and demand changes, related to the economic slowdown, inventory build-up and orders backlog globally. Risk-free assets continue to experience strong demand as a safe haven for investors in an environment of uncertainty and high risk.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-15.66%	58.91%	No significant changes
FIB Avangard	-19.51%	60.05%	Reduced equity exposure to the financial sector, energy sector, pharmaceutical sector, real estate and agriculture sectors
FIB Classic	-11.35%	38.17%	Reduced equity exposure to the financial sector
FIB Garant	-4.82%	13.42%	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 (Ri, i=1 to n), based on formula: Σ (1/n*Ri), where n is the number of mutual funds.

DISCLAIMER