

## FFBH Vostok

April 2020

Data as per 30 April 2020

| NAV           |             |
|---------------|-------------|
| NAV           | BGN 690,555 |
| NAV per share | BGN 0.6515  |

| Return (%)                   |         |
|------------------------------|---------|
| Monthly (MoM)*               | 8.37%   |
| Annual (YoY)*                | -7.03%  |
| Year-to-date 2020*           | -16.42% |
| Since Inception (annualized) | -4.18%  |

| Statistics (%)                |        |
|-------------------------------|--------|
| Standard Deviation*           | 17.29% |
| Monthly Alpha – MSCI Russia*  | -3.97% |
| Beta (β) – MSCI Russia*       | 0.62   |
| R <sup>2</sup> – MSCI Russia* | 40.90% |
| Sharpe Ratio (0%)*            | 0.18   |

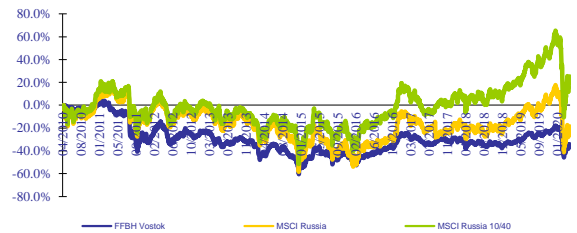
\* see notes

### 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

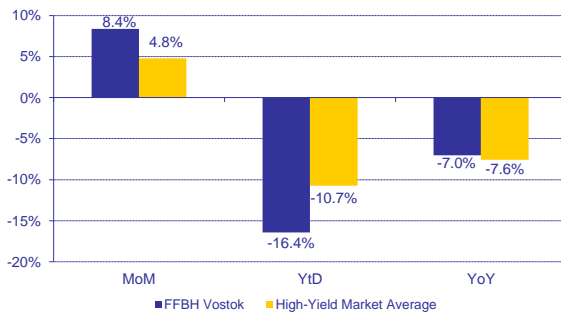
### Fact sheet and fee information

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

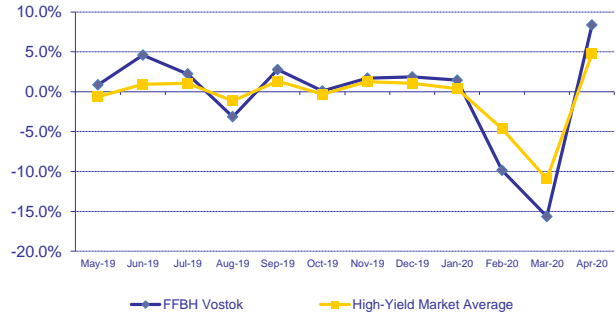
|  |                   |                       |
|--|-------------------|-----------------------|
| Subscription*                            | up to BGN 100,000 | more than BGN 100,000 |
| Entry fee                                | 0.50%             | 0.00%                 |
| Holding Period                           | 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\*

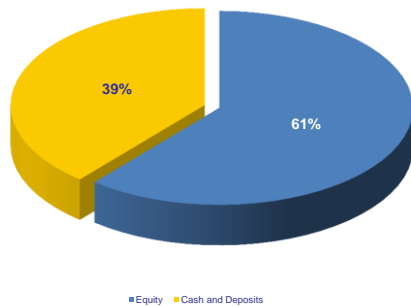


### MoM return to HY market average\*



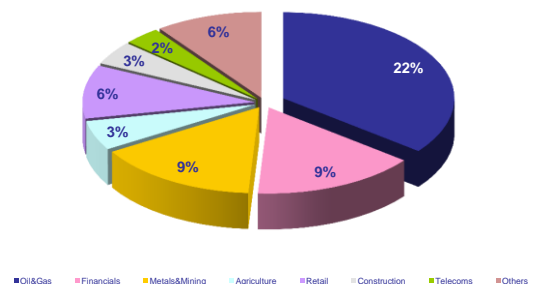
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Equity ■ Cash and Deposits

### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Avangard

April 2020

Data as per 30 April 2020

| NAV           |               | Return (%)                   |         | Statistics (%)              |        |
|---------------|---------------|------------------------------|---------|-----------------------------|--------|
| NAV           | BGN 1,064,656 | Monthly (MoM)*               | 5.21%   | Standard Deviation*         | 11.78% |
| NAV per share | BGN 0.4396    | Annual (YoY)*                | -21.89% | Monthly Alpha – MSCI ACWI*  | -5.72% |
|               |               | Year-to-date 2020*           | -22.75% | Beta (β) – MSCI ACWI*       | 0.46   |
|               |               | Since Inception (annualized) | -6.39%  | R <sup>2</sup> – MSCI ACWI* | 48.35% |
|               |               |                              |         | Sharpe Ratio (0%)*          | -0.33  |

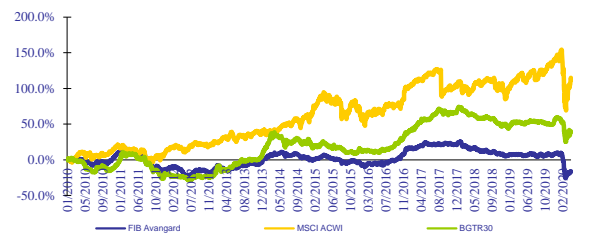
\* see notes

### 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

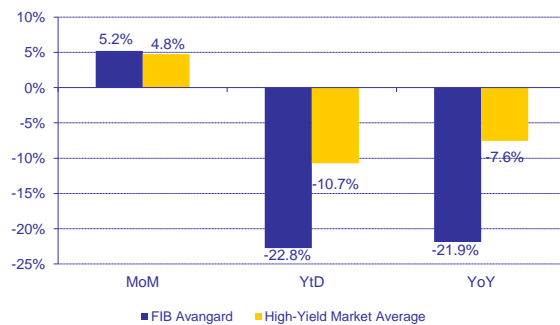
### Fact sheet and fee information

|                            |                       |
|----------------------------|-----------------------|
| 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              |

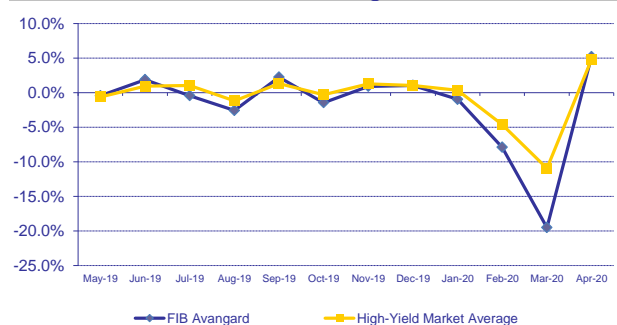
|  |                   |                       |
|--|-------------------|-----------------------|
| Subscription*                            | up to BGN 100,000 | more than BGN 100,000 |
| Entry fee                                | 0.50%             | 0.00%                 |
| Holding Period                           | 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\*

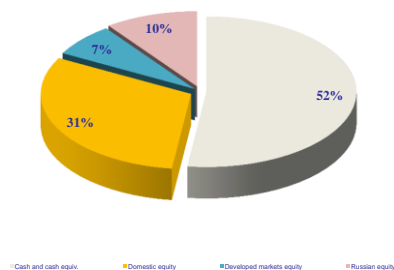


### MoM return to HY market average\*

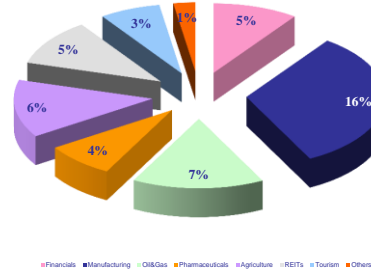


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Classic

April 2020

Data as per 30 April 2020

| NAV           |               |
|---------------|---------------|
| NAV           | BGN 1,161,856 |
| NAV per share | BGN 0.7895    |

| Return (%)                   |         |
|------------------------------|---------|
| Monthly (MoM)*               | 3.25%   |
| Annual (YoY)                 | -10.51% |
| Year-to-date 2020*           | -12.18% |
| Since Inception (annualized) | -1.88%  |

| Statistics (%)              |        |
|-----------------------------|--------|
| Standard Deviation*         | 5.86%  |
| Monthly Alpha – MSCI ACWI*  | -7.68% |
| Beta (β) – MSCI ACWI*       | 0.20   |
| R <sup>2</sup> – MSCI ACWI* | 37.40% |
| Sharpe Ratio (0%)*          | -0.06  |

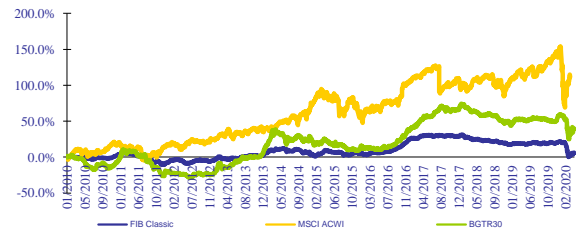
\* see notes

### 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

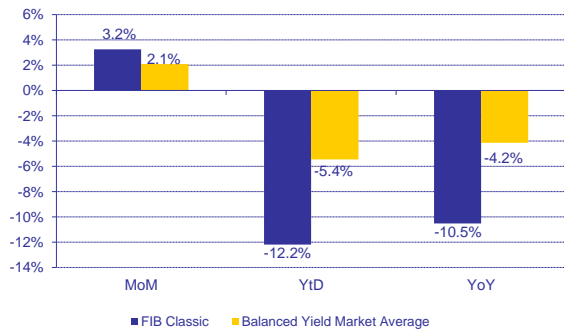
### Fact sheet and fee information

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

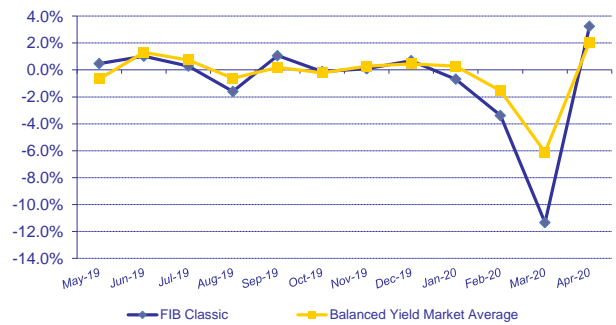
|  |                   |                       |
|--|-------------------|-----------------------|
| Subscription*                            | up to BGN 100,000 | more than BGN 100,000 |
| Entry fee                                | 0.35%             | 0.00%                 |
| Holding Period                           | 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\*

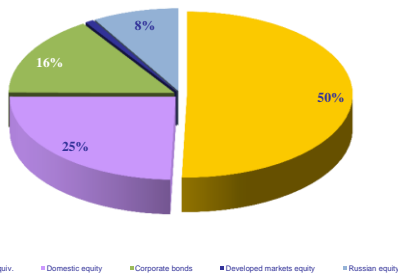


### MoM return to BY market average\*

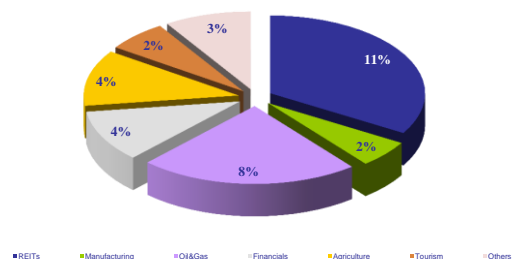


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Garant

April 2020

Data as per 30 April 2020

| NAV           |             |
|---------------|-------------|
| NAV           | BGN 984,871 |
| NAV per share | BGN 1.1845  |

| Return (%)                    |        |
|-------------------------------|--------|
| Monthly (MoM)*                | 1.17%  |
| Annual (YoY)*                 | -5.28% |
| Year-to-date 2020*            | -5.02% |
| Since Inception (annualized)* | 1.37%  |

| Statistics (%)      |        |
|---------------------|--------|
| Standard Deviation* | 2.57%  |
| Sharpe Ratio (0%)*  | - 0.13 |
| Interest rates (%)  |        |
| 3 months            | -0.15% |
| 12 months           | 0.03%  |

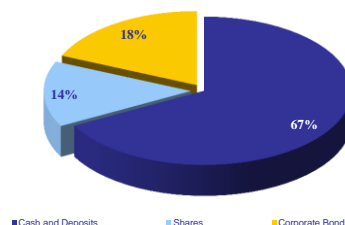
\* see notes

### Yield on selected Bulgarian treasuries (%)

| Type     | Coupon | Maturity (dd/mm/yyyy) | Currency | Yield  |
|----------|--------|-----------------------|----------|--------|
| Treasury | 3.000% | 12/02/2021            | EUR      | -0.26% |
| Eurobond | 2.000% | 26/03/2022            | EUR      | 0.39%  |
| Eurobond | 1.875% | 21/03/2023            | EUR      | 0.60%  |
| Eurobond | 2.950% | 03/09/2024            | EUR      | 0.76%  |
| Eurobond | 3.000% | 21/03/2028            | EUR      | 1.18%  |
| Eurobond | 3.125% | 26/03/2035            | EUR      | 1.80%  |

Source: Bloomberg

### Asset Allocation



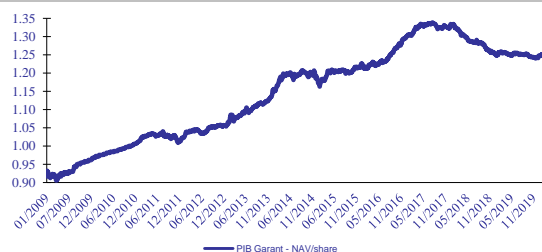
Source: FFBH Asset Management

### 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

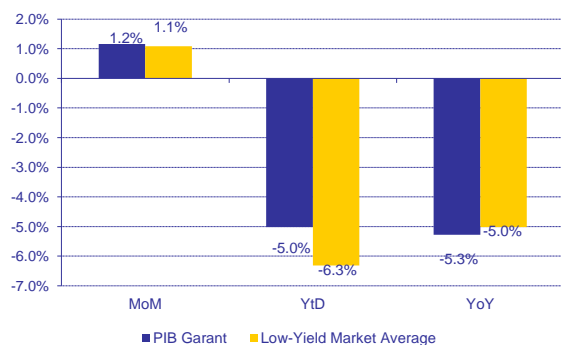
### Fact sheet and fee information

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

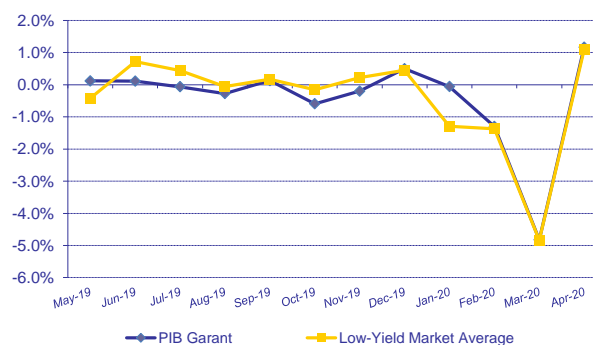
|  |                   |                       |
|--|-------------------|-----------------------|
| Subscription*                            | up to BGN 100,000 | more than BGN 100,000 |
| Entry fee                                | 0.15%             | 0.00%                 |
| Holding Period                           | 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 April 2020

### MARKET OVERVIEW:

In April 2020 the financial markets recovered some of their losses and showed signs of stabilization. The investors evaluated the worsening economic data as well as the first quarter earnings, which understandably were disappointing and most companies withdrew their guidance and reduced or cancelled the dividend payments. In the US the number of COVID19 infections continued to grow, the economy remained closed, the number of jobless claims rose to nearly 30 million and as a result all jobs created after the 2008 financial crisis were lost. Some positive news related to possible medicines and tests lead to renewed discussions regarding reopening of the economy and loosening of social distancing measures. The oil market experienced strong turbulence related to the lack of storage capacity and the futures markets in the US saw negative prices on maturing futures contracts.

The European Union introduced economic stimulus measures amounting to over 500 billion euro aimed at supporting the companies, the employees and the healthcare systems and at softening the pandemic consequences. The industrial activity in the Eurozone fell drastically whereas the ECB expects double digit decrease of the GDP. The European economies are in different stages of the pandemic and some of them started to lift restriction measures and to return to normal economic activity.

**US: S&P 500 and NASDAQ 100 increased by 12.68% MoM and 15.19 % MoM in USD, respectively, with similar increases registered in EUR (13.41% MoM and 15.94% MoM, respectively).** The GDP expectedly fell by 4.8% in Q1 2020; the core inflation remained stable at 2.1% YoY in March; the unemployment rate rose to 4.4% in March (the analysts forecast 22 million jobs lost in April and unemployment rate of 16.00%). The capital markets saw an optimistic start of the month after the sharp declines in Q1. The worsening economic data and companies' earnings were expected and the analysts' attention was focused on the gradual reopening of the economy. The Federal Reserve left the monetary policy unchanged and confirmed its intention to maintain the monetary stimulus in the foreseeable future. The financing of the fiscal economic stimulus measures points to new record government debt issuance in the coming months and increase of the budget deficit. The government bond market remained stable and the 10y Treasury yield closed around 0.64%. The US dollar traded in relatively narrow range against the major currencies and closed virtually unchanged around 1.0955 against the euro.

**EUROPE: MSCI Europe increased by 5.85% MoM**, whereas the economic growth in the Eurozone fell by 3.3% in Q1 2020. The unemployment rate was stable at 7.4% in March and the core inflation stabilized at 0.9% YoY in March. The European capital markets followed the general market sentiment during the month but posted modest gains from their lows. The demand for risk-free assets increased and the 10y German Bund yield fell, closing around -0.59%. The ECB left unchanged its monetary policy, eased the market risk capital requirements for the banks and further lowered the interest rate on the long-term refinancing operations. Q1 earnings showed double digit decreases in orders, revenues and profits especially in the industrial and the cyclical sectors.

**RUSSIA: MSCI Russia increased by 11.49% MoM in USD and increased by 12.21% in EUR terms respectively.** The Brent oil price decreased closing at USD 26.48 per barrel (decrease of 10.72% MoM). The OPEC+ countries agreed on production cuts by over 10 million barrels per day but these measures cannot offset the decrease in the demand. Under these circumstances the price of oil remains low and puts pressure on the oil companies globally. The CBR lowered its key reference rate by 0.50% to 5.50% at its meeting and revised its economic growth forecasts to negative 4.00% - 6.00%. The macroeconomic data confirmed increase in the economic growth in Q4 2019 to 2.1%, the inflation rate fell to 2.6% in March and the unemployment rate was stable at 4.7% in March. The Russian currency continued to appreciate and closed around 74.39 rubbles per dollar.

**BULGARIA: SOFIX increased by 6.70% and BGTR30 increased by 5.61%.** The IMF forecasts decline in the GDP growth of 4.00% in 2020 as well as unemployment rate of 8.00%. The government accelerated the process of joining the ERM in order to gain access to various stimulus measures within the EU. The Central Bank agreed on a 2 billion euros swap line with the ECB for liquidity purposes. Q1 earnings confirmed the declined economic activity and the negative expectations for the rest of the year. The macroeconomic data confirmed Q4 2019 GDP growth of 3.11% YoY. The HICP March inflation rate decreased to 2.4% YoY. The unemployment on a seasonally-adjusted basis was 4.5% in March.

### OUTLOOK:

The expectations of investment analysts for the global economic development in 2020 worsened substantially as a consequence of the possible adverse effects of the COVID19 pandemic. Expectations are for double digit decline of economic growth in the coming quarters 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  | 8.37%         | 60.96%               | Reduced equity exposure to the metallurgy sector   |
| FIB Avangard | 5.21%         | 47.81%               | Reduced equity exposure to the financial sector, energy sector, automobile sector, retail sector |
| FIB Classic  | 3.25%         | 33.81%               | Reduced equity exposure to the automobile sector and the agricultural sector                     |
| FIB Garant   | 1.17%         | 14.33%               | 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 ( $\beta$ ) – 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 ( $\beta$ ) – 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 ( $\beta$ ) – 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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