

FFBH Vostok

August 2020

Data as per 31 August 2020

NAV	
NAV	BGN 676,366
NAV per share	BGN 0.6322

Return (%)	
Monthly (MoM)*	-0.88%
Annual (YoY)*	-13.60%
Year-to-date 2020*	-18.90%
Since Inception (annualized)	-4.32%

Statistics (%)	
Standard Deviation*	16.54%
Monthly Alpha – MSCI Russia*	-0.09%
Beta (β) – MSCI Russia*	0.57
R ² – MSCI Russia*	36.93%
Sharpe Ratio (0%)*	0.29

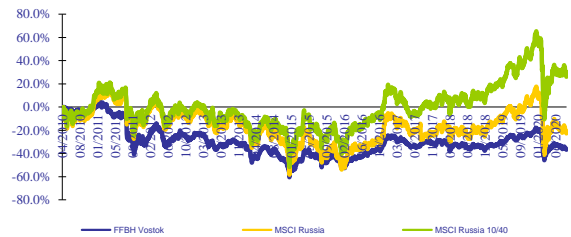
* see notes

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

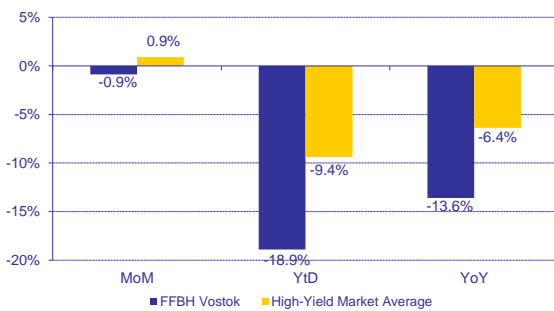
Fact sheet and fee information

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

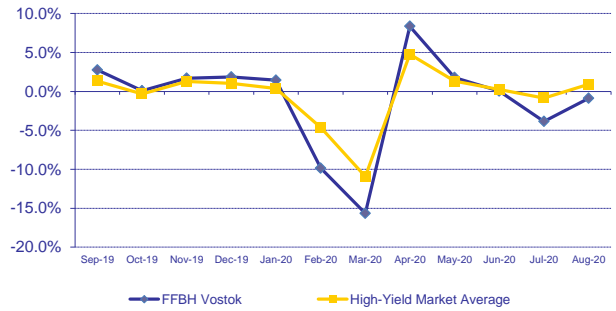
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

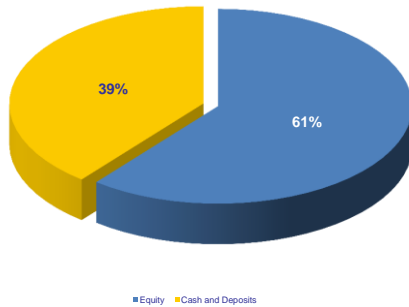


MoM return to HY market average*



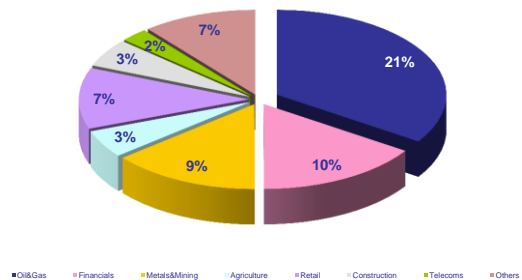
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Equity ■ Cash and Deposits

Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

August 2020

Data as per 31 August 2020

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,019,564	Monthly (MoM)*	-0.16%	Standard Deviation*	11.76%
NAV per share	BGN 0.4208	Annual (YoY)*	-24.03%	Monthly Alpha – MSCI ACWI*	-4.77%
		Year-to-date 2020*	-26.06%	Beta (β) – MSCI ACWI*	0.46
		Since Inception (annualized)	-6.55%	R ² – MSCI ACWI*	47.41%
				Sharpe Ratio (0%)*	-0.27

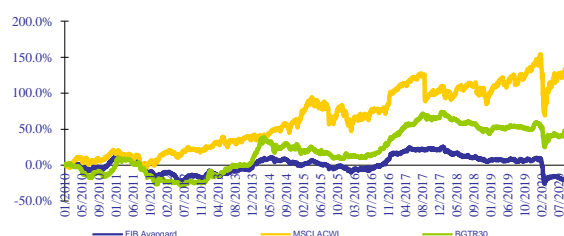
* see notes

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

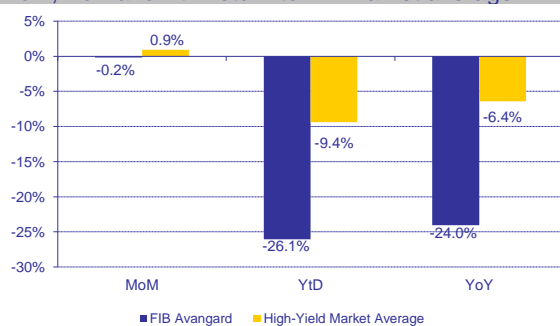


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

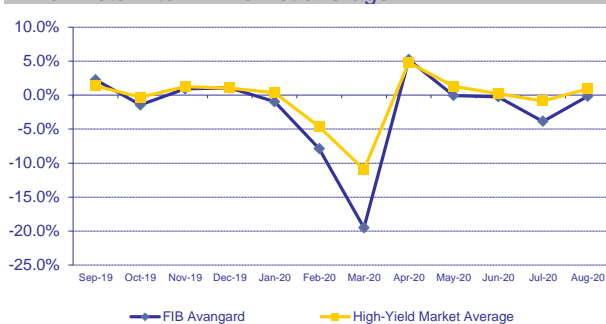
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
FSC Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	3.00%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM, YoY and YtD return to HY market average*

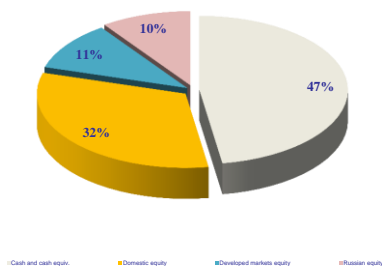


MoM return to HY market average*

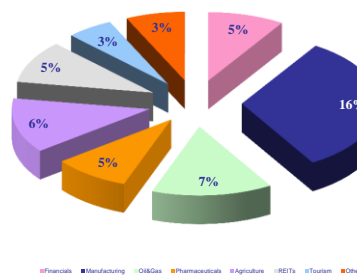


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

August 2020

Data as per 31 August 2020

NAV	
NAV	BGN 1,139,190
NAV per share	BGN 0.7725

Return (%)	
Monthly (MoM)*	0.09%
Annual (YoY)	-12.60%
Year-to-date 2020*	-14.07%
Since Inception (annualized)	-2.00%

Statistics (%)	
Standard Deviation*	5.87%
Monthly Alpha – MSCI ACWI*	-4.52%
Beta (β) – MSCI ACWI*	0.20
R ² – MSCI ACWI*	36.95%
Sharpe Ratio (0%)*	0.02

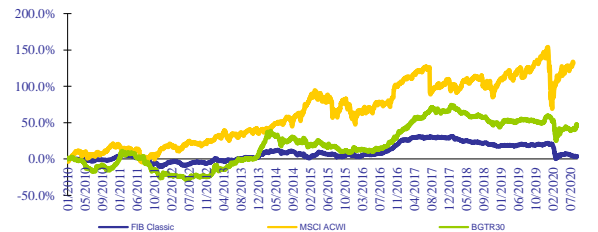
* see notes

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

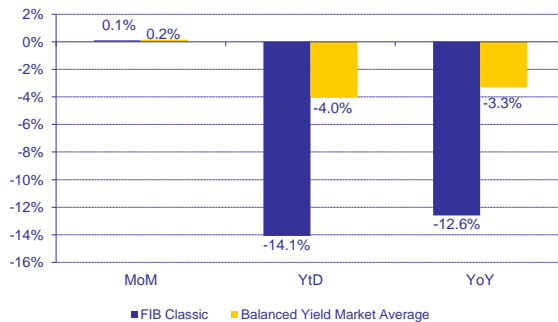
Fact sheet and fee information

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

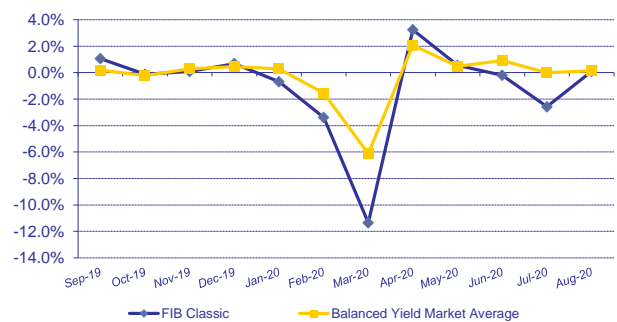
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to BY market average*

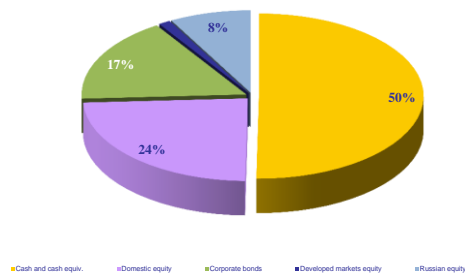


MoM return to BY market average*

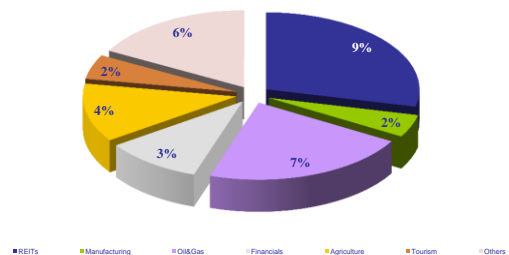


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Garant

August 2020

Data as per 31 August 2020

NAV	
NAV	BGN 986,249
NAV per share	BGN 1.1820

Return (%)	
Monthly (MoM)*	0.12%
Annual (YoY)*	-5.38%
Year-to-date 2020*	-5.22%
Since Inception (annualized)*	1.32%

Statistics (%)	
Standard Deviation*	2.58%
Sharpe Ratio (0%)*	- 0.11
Interest rates (%)	
3 months	-0.15%
12 months	0.03%

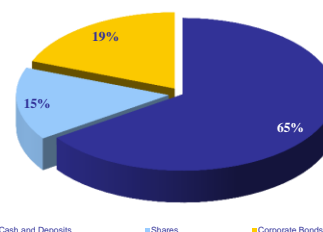
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.34%
Eurobond	2.000%	26/03/2022	EUR	-0.23%
Eurobond	1.875%	21/03/2023	EUR	-0.23%
Eurobond	2.950%	03/09/2024	EUR	-0.12%
Eurobond	3.000%	21/03/2028	EUR	0.06%
Eurobond	3.125%	26/03/2035	EUR	1.01%

Source: Bloomberg

Asset Allocation



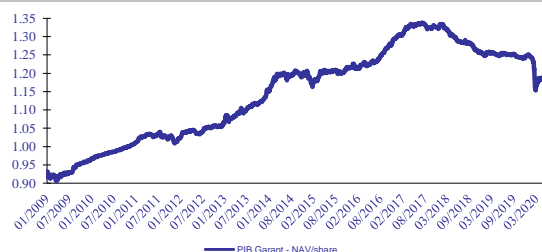
Source: FFBH Asset Management

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

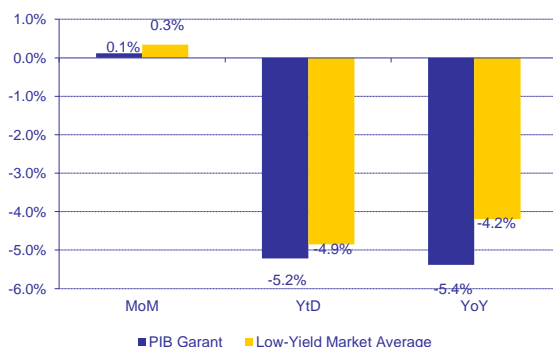
Fact sheet and fee information

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

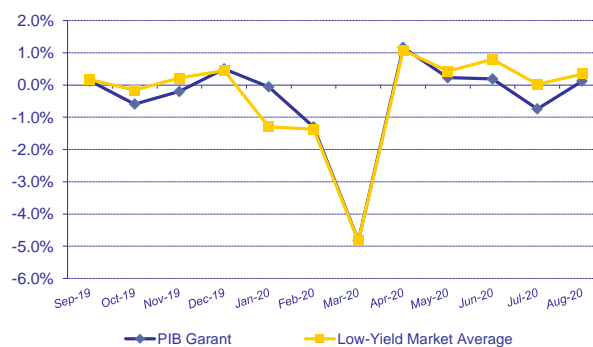
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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 August 2020

MARKET OVERVIEW:

In August 2020 the financial markets continued to recover. The technology and the broad market indexes reached new historic highs. Despite the double digit declines in earnings per share for most companies in Q2, analysts expect similar growth in the second half of the year and quick recovery of the economic activity. The technology sector outperformed and reported record revenues under pandemic conditions. The labor market continued to recover from the drastic decline, but the weekly jobless claims stayed clearly above 1 million. The government unemployment support programs expired in July. The Senate and the House of Representatives have not reached agreement for their extension. The President approved measures related to payroll tax deferrals as well as direct payments to individuals affected by the pandemic restrictions. The Republican and the Democratic parties announced officially their candidates for the presidential elections in November, whereas preliminary surveys confirm a close race.

The European economies were operating under partial restrictions. Most European leaders rule out second lockdowns despite the increasing number of infections in many member-states. The increased trade surplus of the EU was positive and affirmed that export-oriented sectors are gradually rebuilding their operations.

US: S&P 500 and NASDAQ 100 increased by 7.01% MoM and 11.05 % MoM in USD, respectively, with smaller increases registered in EUR (5.59% MoM and 9.58% MoM, respectively). The GDP fell by 31.7% in Q2 2020; the core inflation increased to 1.6% YoY in July; the unemployment rate fell to 10.2% in July. The capital markets saw an optimistic start of the month and reached above their highest levels for the year. The technology companies outperformed and reported record revenues and profits in Q2. The majority of reporting companies confirmed decreasing sales and lowered their expectations for the rest of the year. After extensive review and analysis the Federal Reserve announced substantial amendments to its long-term inflation goals and monetary policy strategy. On maximum employment the FED will assess the shortfalls of employment from its maximum level rather than the deviations from its maximum level. On price stability the FED will seek to achieve inflation that averages 2 percent over time, allowing inflation to stay over 2 percent for some time. These amendments were digested as providing a mechanism for maintaining low interest rates for a longer period of time even in an inflationary environment and had a positive effect on risk assets prices. The government bond market fell substantially and the 10y Treasury yield rose to 0.70%. The US dollar declined substantially against the major currencies and closed around 1.1936 against the euro.

EUROPE: MSCI Europe increased by 2.73% MoM, whereas the economic growth in the Eurozone fell drastically by 12.1% in Q2 2020. The unemployment rate increased to 7.9% in July and the core inflation increased to 1.2% YoY in July. The European capital markets underperformed and weren't able to register new highs. The companies' earnings in the financial, energy and the cyclical sectors came in worse than expected due to falling sales and pandemic related write-offs. The large European economies contracted over 10% in Q2. The demand for risk-free assets decreased and the 10y German Bund yield rose, closing around -0.39%.

RUSSIA: MSCI Russia increased by 0.19% MoM in USD and decreased by 1.13% in EUR terms respectively. The Brent oil price continued to recover closing at USD 45.28 per barrel (increase of 3.26% MoM). The CBR left the base rate unchanged. Despite the recovery in oil prices the CBR expects up to 7.2% decline in consumption, up to 5.5% decline in GDP and up to 12% decline in investment. The macroeconomic data confirmed decrease in the economic growth in Q1 2020 by 18.7%, the inflation rate increased to 3.0% YoY in July and the unemployment rate rose to 6.3% in July. The Russian currency depreciated but recovered its losses and closed around 74.07 rubbles per dollar.

BULGARIA: SOFIX decreased by 0.51% and BGTR30 increased by 3.33%. The IMF forecasts decline in the GDP growth of 4.00% in 2020 as well as unemployment rate of 8.00%. Q1 earnings confirmed the declined economic activity and the negative expectations for the rest of the year. The macroeconomic data confirmed Q2 2020 GDP decline of 9.8%. The HICP July inflation rate decreased to 0.4% YoY. The unemployment on a seasonally-adjusted basis decreased to 4.4% in July.

OUTLOOK:

The expectations of investment analysts for the global economic development in 2020 improved and the majority of them expects recovery in EPS growth taking into consideration the successful handling of the pandemic and the vaccine development. The labour markets continue to recover after the dramatic increase in jobless claims and the loss of jobs. Financial markets are reacting positively at the fresh monetary, fiscal and supranational stimulus, designed to underpin the recovery of the affected sectors after the pandemic comes under control. Companies are seeking alternatives for rebuilding their normal activity and are adapting to supply and demand changes. Risk assets continue to experience strong demand due to the expectations for high returns until the end of the year as well as lack of attractive alternatives.

PORTFOLIO ALLOCATIONS:

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	-0.88%	60.78%	No significant changes
FIB Avangard	-0.16%	52.41%	No significant changes
FIB Classic	0.09%	32.99%	No significant changes
FIB Garant	0.12%	15.44%	No significant changes

NOTES

Monthly return /MoM/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous month.

Annual return /YoY/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the same month a year ago.

Year-to-date return /YtD/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous year.

Standard deviation is the annualized standard deviation of the weekly return over the last five years or since inception, whichever is smaller.

FIB Avangard: Monthly Alpha – MSCI ACWI is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI All Country World Index.

FIB Classic: Monthly Alpha – MSCI ACWI is the difference between the monthly return of NAV per share of FIB Classic and the monthly return of MSCI All Country World Index.

FFBH Vostok: Monthly Alpha – MSCI Russia is the difference between the monthly return of NAV per share of FFBH Vostok and the monthly return of MSCI Russia 10/40 Total Return EUR Index.

FIB Avangard: Beta (β) – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI All Country World Index over the last five years.

FIB Classic: Beta (β) – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country World Index over the last five years.

FFBH Vostok: Beta (β) – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years.

FIB Avangard: R2 – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI All Country World Index over the last five years.

FIB Classic: R2 – MSCI ACWI has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI All Country World Index over the last five years.

FFBH Vostok: R2 – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years.

Returns of all indices presented in the bulletin or used in the calculations above are converted in BGN.

Sharpe Ratio for all funds has been calculated using the weekly returns of NAV per share of each fund over the last five years or since the inception of the fund, whichever is smaller, and using 0% as risk-free return.

FIB Avangard: High-yield market average is calculated through equal weighting of the returns of all high-yield mutual funds, offered on the Bulgarian market by asset management companies - members of the Bulgarian Association of Asset Management Companies (BAAMC).

FIB Classic: Balanced yield market average is calculated through equal weighting of the returns of all balanced mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC.

FIB Garant: Low-yield market average is calculated through equal weighting of the returns of all conservative mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC. Money market funds are not included in the calculation.

FFBH Vostok: High-yield market average is calculated through equal weighting of the returns of all high-yield mutual funds, offered on the Bulgarian market by asset management companies - members of BAAMC.

Returns are calculated using the net asset values of the mutual funds reported on the web site of BAAMC on the first working day of the month, following the month of performance presentation.

The market average points are calculated in a standardized way, using the MoM, YoY and YtD returns of each fund (R_i , $i=1$ to n), based on formula: $\sum (1/n \cdot R_i)$, where n is the number of mutual funds.

DISCLAIMER

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