

## FFBH Vostok

November 2020

Data as per 30 November 2020

NAV	
NAV	BGN 699,474
NAV per share	BGN 0.6412

Return (%)	
Monthly (MoM)*	7.05%
Annual (YoY)*	-16.21%
Year-to-date 2020*	-17.74%
Since Inception (annualized)	-4.09%

Statistics (%)	
Standard Deviation*	16.11%
Monthly Alpha – MSCI Russia*	-6.58%
Beta (β) – MSCI Russia*	0.55
R <sup>2</sup> – MSCI Russia*	36.72%
Sharpe Ratio (0%)*	0.20

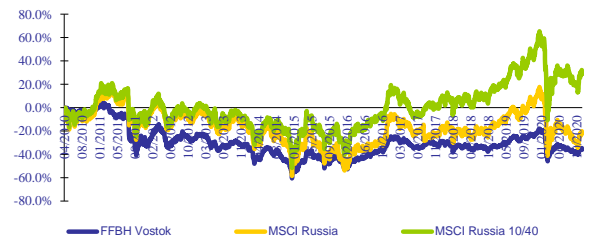
\* see notes

### 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

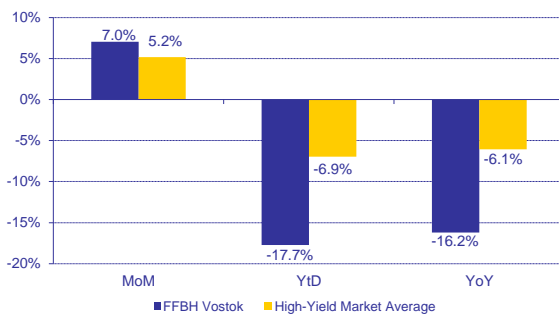
### Fact sheet and fee information

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

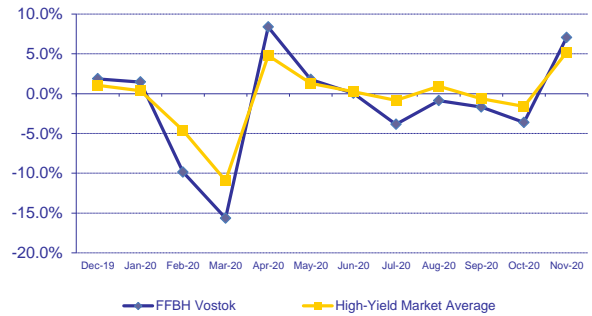
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

\* Minimum subscription is BGN 50

### MoM, YoY and YtD return to HY market average\*

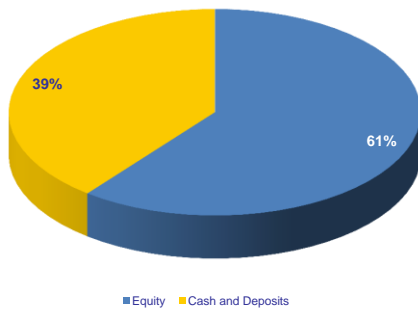


### MoM return to HY market average\*



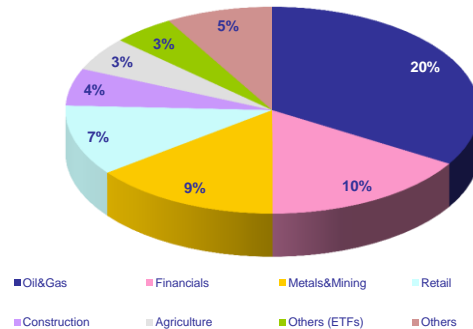
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Equity ■ Cash and Deposits

### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Avangard

November 2020

Data as per 30 November 2020

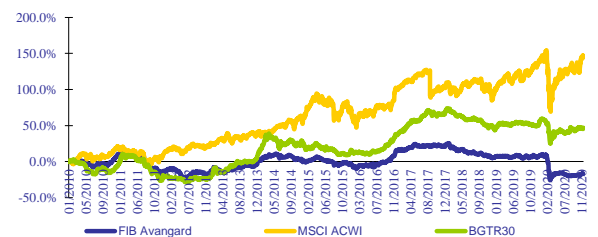
NAV		Return (%)		Statistics (%)	
NAV	BGN 1,018,507	Monthly (MoM)*	3.08%	Standard Deviation*	11.73%
NAV per share	BGN 0.4368	Annual (YoY)*	-22.45%	Monthly Alpha – MSCI ACWI*	-6.23%
		Year-to-date 2020*	-23.26%	Beta (β) – MSCI ACWI*	0.45
		Since Inception (annualized)	-6.16%	R <sup>2</sup> – MSCI ACWI*	45.90%
				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

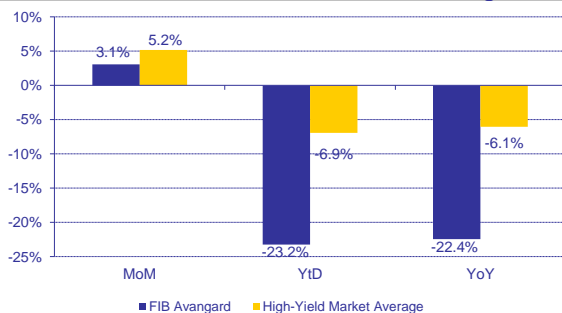


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

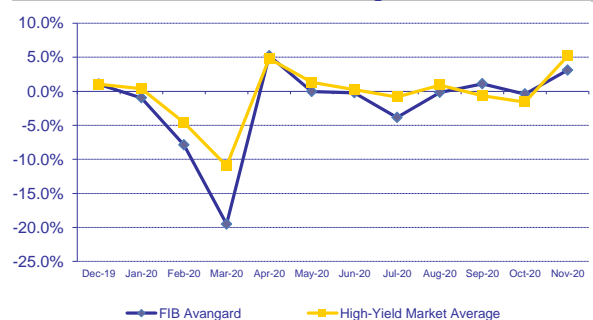
### Fact sheet and fee information

Type	Open-end equity fund	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\*

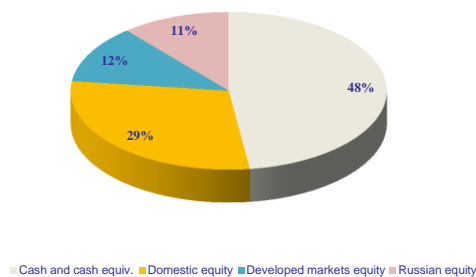


### MoM return to HY market average\*

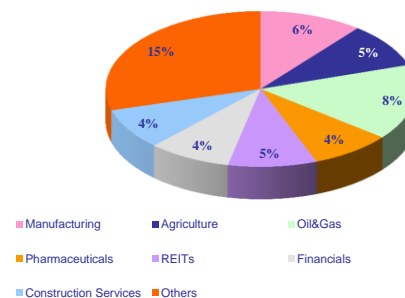


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Classic

November 2020

### Data as per 30 November 2020

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,134,700	Monthly (MoM)*	2.25%	Standard Deviation*	5.89%
NAV per share	BGN 0.7746	Annual (YoY)	-13.25%	Monthly Alpha – MSCI ACWI*	-7.07%
		Year-to-date 2020*	-13.84%	Beta (β) – MSCI ACWI*	0.20
		Since Inception (annualized)	-1.94%	R <sup>2</sup> – MSCI ACWI*	37.02%
				Sharpe Ratio (0%)*	-0.03

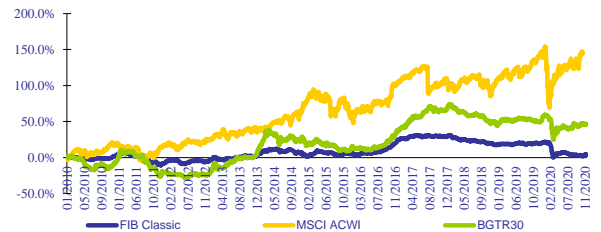
\* see notes

### 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

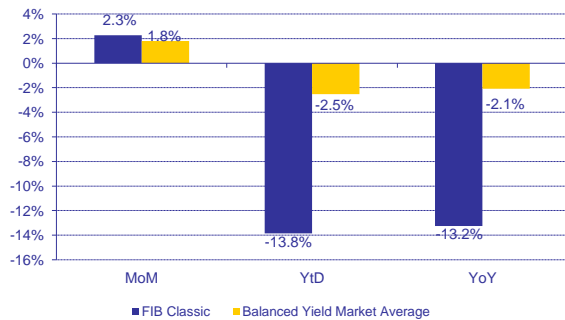


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

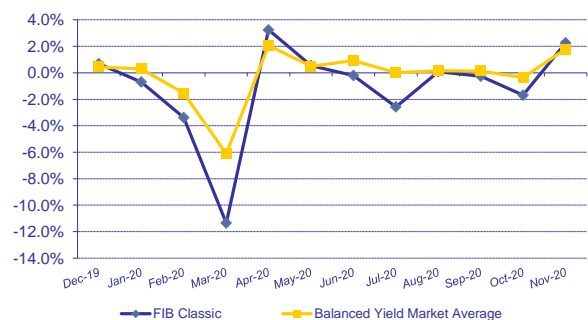
### Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		2.50%
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

### MoM, YoY and YtD return to BY market average\*

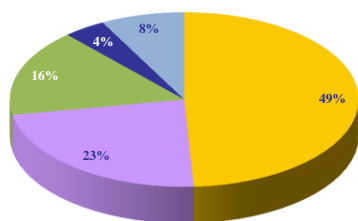


### MoM return to BY market average\*



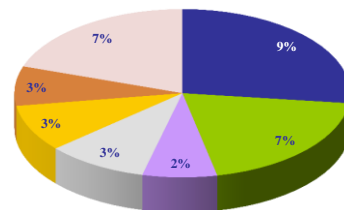
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Cash and cash equiv. ■ Domestic equity ■ Corporate bonds  
 ■ Developed markets equity ■ Russian equity

### Equity Portfolio (% of total assets)



■ REITs ■ Oil&Gas ■ Agriculture ■ Financials ■ IT ■ Pharmaceuticals ■ Others

Source: FFBH Asset Management

## FIB Garant

November 2020

Data as per 30 November 2020

NAV		Return (%)		Statistics (%)	
NAV	BGN 989,710	Monthly (MoM)*	0.56%	Standard Deviation*	2.59%
NAV per share	BGN 1.1915	Annual (YoY)*	-3.98%	Sharpe Ratio (0%)*	- 0.14
		Year-to-date 2020*	-4.46%	Interest rates (%)	
		Since Inception (annualized)*	1.35%	3 months	-0.15%
				12 months	0.03%

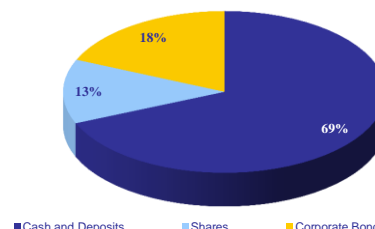
\* see notes

### Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-0.35%
Eurobond	2.000%	26/03/2022	EUR	-0.39%
Eurobond	1.875%	21/03/2023	EUR	-0.42%
Eurobond	2.950%	03/09/2024	EUR	-0.36%
Eurobond	3.000%	21/03/2028	EUR	-0.03%
Eurobond	3.125%	26/03/2035	EUR	0.77%

Source: Bloomberg

### Asset Allocation



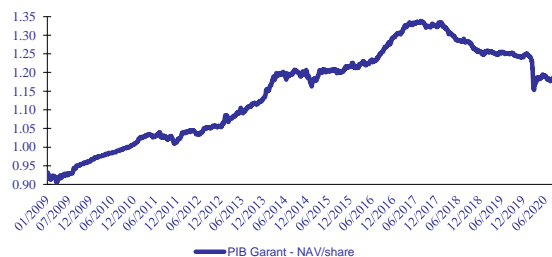
Source: FFBH Asset Management

### 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

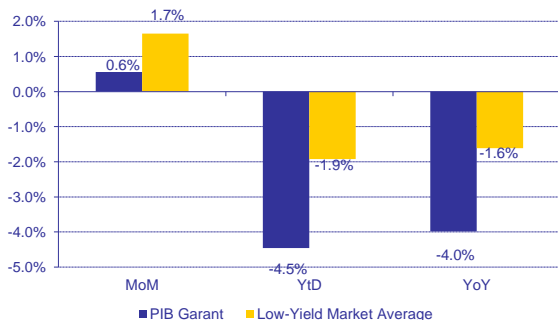


Source: FFBH Asset Management

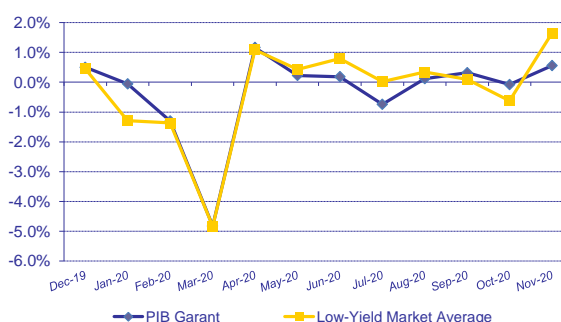
### Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced-conservative	Entry fee	0.15%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.15%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	1.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

### MoM, YoY and YtD return to LY market average\*



### MoM return to LY market average\*



Source: BAAMC, FFBH Asset Management calculations

## PORTFOLIO MANAGER'S COMMENT November 2020

### MARKET OVERVIEW:

In November 2020 the financial markets recovered from the October lows as a result of the clear outcome of the US elections and the progress made in the COVID19 vaccines development by a couple of companies. The US elections ended with a Democratic Party victory and the investors reacted positive to the news. The second wave of the pandemic led to increasing number of infections, especially in the US, but the news about over 90% effectiveness of the vaccines under development firming the expectations for a quick reopening of the economies. The labor market continued to recover where the majority of jobs created came from the sectors mostly affected by the pandemic (leisure and tourism industry, restaurants). The Federal Reserve left its monetary policy unchanged during the month but signaled its determination to amend its asset purchase program fairly soon.

The European economies were notably affected by the second wave of the pandemic, leading to extension of the restriction measures in the majority of the member-states until yearend and beyond. The manufacturing activity measures confirmed contraction except for Germany. The services sector was the most affected due to the partial lockdown and the restrictions over movement. The President of the ECB confirmed the elevated uncertainty of the EU economic prospects as well as the uneven growth recovery among member-states. The ECB forecasts remain unchanged despite the progress in vaccine development and envision cyclical recovery determined by the pace of immunizations and the re-introduction or loosening of the restriction measures.

**US: S&P 500 and NASDAQ 100 increased by 10.75% MoM and 11.00 % MoM in USD, respectively, with smaller increases registered in EUR (8.84% MoM and 9.08% MoM, respectively).** The GDP rose by a robust 33.1% in Q3 2020; the core inflation remained stable at 1.6% YoY in October; the unemployment rate fell to 6.9% in October. The capital markets increased after the elections reflecting the progress in the vaccine development. The major beneficiaries were cyclical companies and the major underperformers were the technology companies, which led the rally in the last couple of months. The Federal Reserve confirmed its readiness to increase the pace of the asset purchases or to extend their maturity, if needed, or to extend the horizon of the current program. The current administration cancelled some of the financing for programs related to corporate bond purchases, loans to the state and municipal governments, loans to small and medium sized enterprises. The government bond market was stable and the 10y Treasury yield decreased to 0.84%. The US dollar depreciated against the major currencies and closed around 1.1927 against the euro.

**EUROPE: MSCI Europe increased by 13.82% MoM,** whereas the economic growth in the Eurozone rose by a robust 12.6% in Q3 2020. The unemployment rate increased to 8.4% in October and the core inflation was stable at 0.2% YoY in November. The European capital markets outperformed after posting losses in the previous month. The re-introduction of restriction measures by the majority of the member-states slowed the economic activity. The ECB confirmed its readiness to amend its asset purchase program in December as well as the need for maintaining the fiscal stimulus within the Union. The demand for risk-free assets decreased and the 10y German Bund yield rose, closing around -0.57%.

**RUSSIA: MSCI Russia increased by 20.78% MoM in USD and increased by 18.70% in EUR terms respectively.** The Brent oil price rose sharply closing at USD 47.88 per barrel (increase of 24.99% MoM). The OPEC+ countries confirmed their intention to implement measures supporting the oil market due to the concerns that the second wave of the pandemic will additionally reduce the demand and even to reconsider their plans to increase production in 2021. The oil price recovery was mainly due to the progress in the vaccine development and the cyclical sectors recovery. The CBR presented its three year monetary policy prospects confirming the return to pre-crisis economic growth levels in Q2 2022. The Central bank expects to maintain expansionary monetary policy until then aiming at improved access to credit and increase in the consumer and investment demand. The macroeconomic data confirmed decrease in the economic growth in Q2 2020 by 1.9%, the inflation rate increased to 3.6% YoY in October and the unemployment rate fell to 6.3% in October. The Russian currency appreciated and closed around 76.39 rubbles per dollar.

**BULGARIA: SOFIX decreased by 1.08% and BGTR30 decreased by 0.17%.** The capital market was relatively stable but still in the downward trend from the last months. The EC confirmed its expectations for the recovery of the Bulgarian economic growth to pre-crisis levels in 2022 driven by the increase in the domestic demand. The IMF revised its economic growth forecasts for the country due the rising number of infections. The business climate indicators worsened in November especially in the construction and the retail trade sectors. The macroeconomic data confirmed Q3 2020 GDP increase of 4.3%. The HICP October inflation rate was stable at 0.6% YoY. The unemployment on a seasonally-adjusted basis was stable at 6.2% in September.

### OUTLOOK:

The expectations of investment analysts for the global economic development in 2020 and 2021 are turning more optimistic despite the second wave of the pandemic and the re-introduction of restrictive measures in many countries. The optimism is a result from the progress in the vaccine development and the potential return to normal economic activity in 2021 sooner than previously expected.

**PORTFOLIO ALLOCATIONS:**

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	7.05%	60.56%	No significant changes
FIB Avangard	3.08%	51.92%	Increased equity exposure to the utilities sector, reduced equity exposure to the agricultural and consumer goods sector
FIB Classic	2.25%	34.63%	Reduced equity exposure to the agricultural sector
FIB Garant	0.56%	12.83%	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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