

FFBH Vostok

December 2020

Data as per 31 December 2020

NAV	
NAV	BGN 709,664
NAV per share	BGN 0.6532

Return (%)	
Monthly (MoM)*	1.86%
Annual (YoY)*	-16.20%
Year-to-date 2020*	-16.20%
Since Inception (annualized)	-3.90%

Statistics (%)	
Standard Deviation*	15.94%
Monthly Alpha – MSCI Russia*	-5.16%
Beta (β) – MSCI Russia*	0.54
R ² – MSCI Russia*	35.04%
Sharpe Ratio (0%)*	0.29

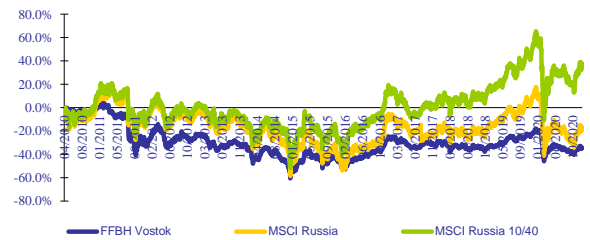
* see notes

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

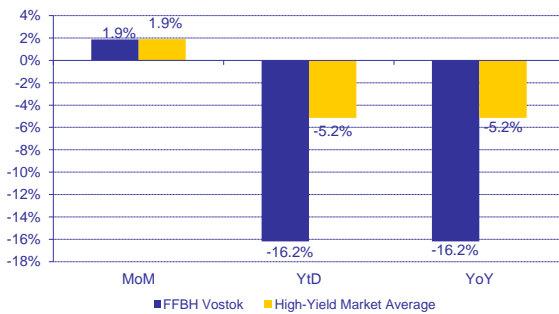
Fact sheet and fee information

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

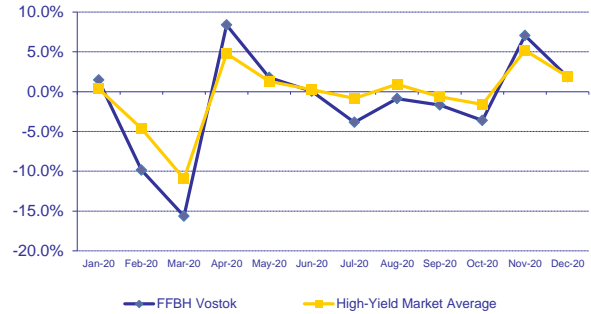
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

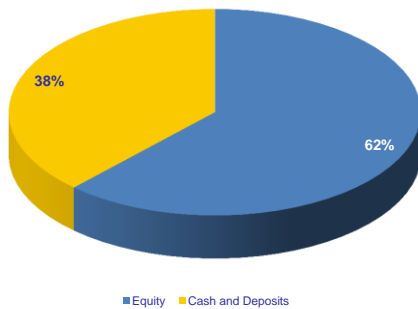


MoM return to HY market average*



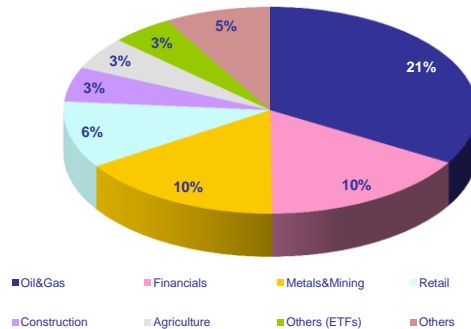
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ Equity ■ Cash and Deposits

Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Avangard

December 2020

Data as per 31 December 2020

NAV	
NAV	BGN 1,016,344
NAV per share	BGN 0.4369

Return (%)	
Monthly (MoM)*	0.04%
Annual (YoY)*	-23.22%
Year-to-date 2020*	-23.22%
Since Inception (annualized)	-6.12%

Statistics (%)	
Standard Deviation*	11.71%
Monthly Alpha – MSCI ACWI*	-2.17%
Beta (β) – MSCI ACWI*	0.45
R ² – MSCI ACWI*	45.53%
Sharpe Ratio (0%)*	-0.20

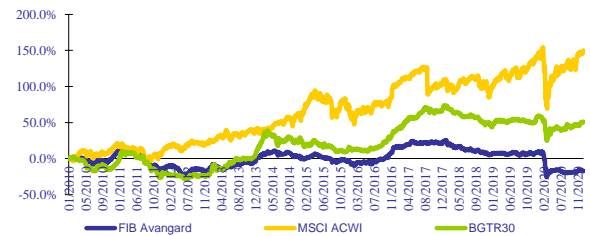
* see notes

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

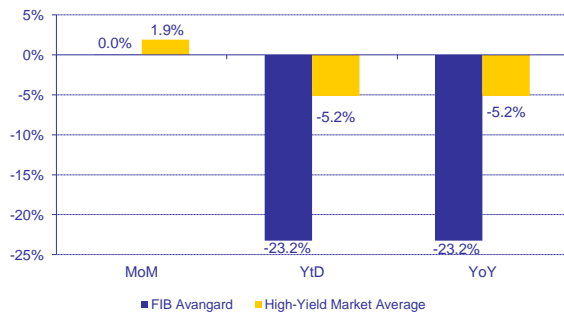
Fact sheet and fee information

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

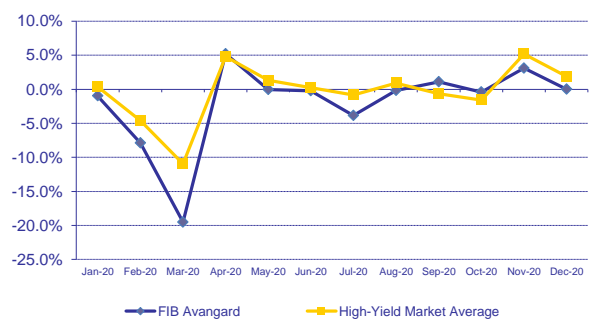
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM, YoY and YtD return to HY market average*

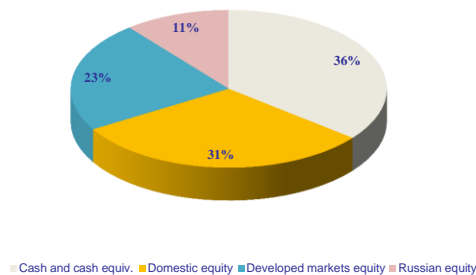


MoM return to HY market average*

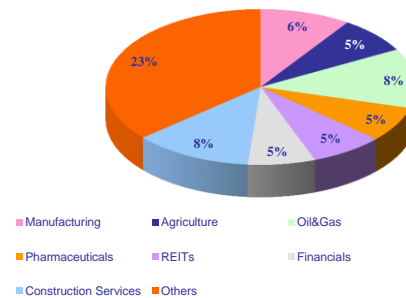


Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Equity Portfolio (% of total assets)



Source: FFBH Asset Management

FIB Classic

December 2020

Data as per 31 December 2020

NAV	
NAV	BGN 1,144,747
NAV per share	BGN 0.7814

Return (%)	
Monthly (MoM)*	0.89%
Annual (YoY)	-13.08%
Year-to-date 2020*	-13.08%
Since Inception (annualized)	-1.86%

Statistics (%)	
Standard Deviation*	5.89%
Monthly Alpha – MSCI ACWI*	-1.33%
Beta (β) – MSCI ACWI*	0.20
R ² – MSCI ACWI*	36.53%
Sharpe Ratio (0%)*	0.02

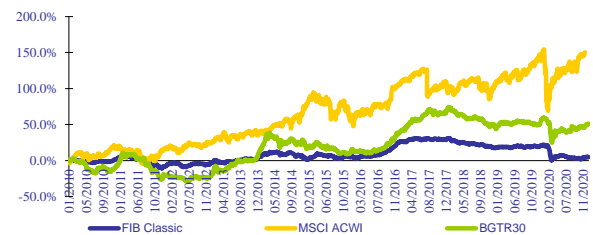
* see notes

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

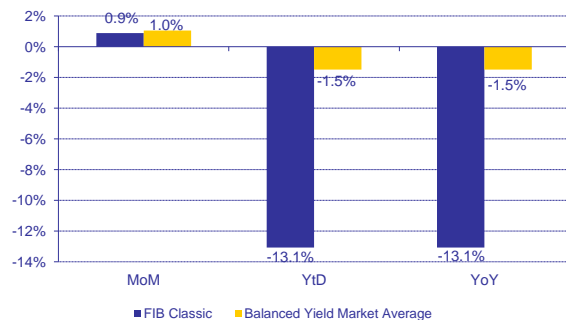
Fact sheet and fee information

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

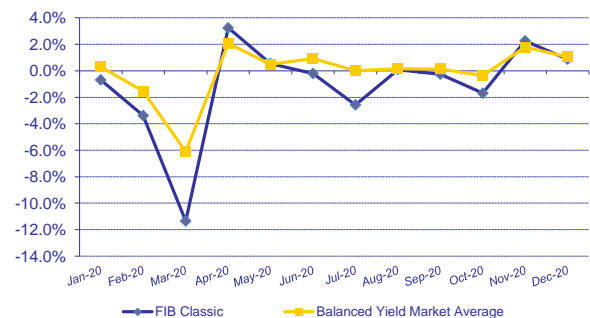
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM, YoY and YTD return to BY market average*

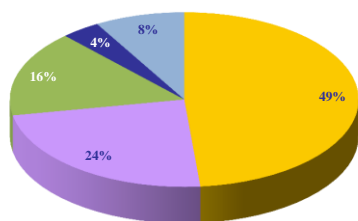


MoM return to BY market average*



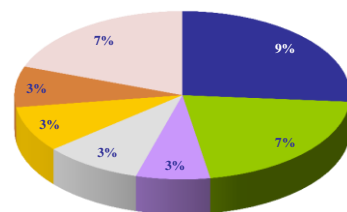
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



■ 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

December 2020

Data as per 31 December 2020

NAV	
NAV	BGN 994,572
NAV per share	BGN 1.1974

Return (%)	
Monthly (MoM)*	0.49%
Annual (YoY)*	-3.99%
Year-to-date 2020*	-3.99%
Since Inception (annualized)*	1.38%

Statistics (%)	
Standard Deviation*	2.60%
Sharpe Ratio (0%)*	- 0.11
Interest rates (%)	
3 months	-0.15%
12 months	0.03%

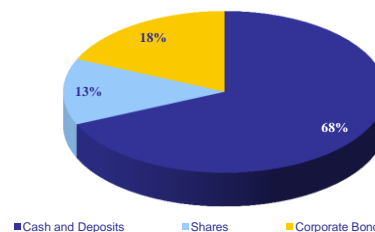
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Treasury	3.000%	12/02/2021	EUR	-1.42%
Eurobond	2.000%	26/03/2022	EUR	-0.37%
Eurobond	1.875%	21/03/2023	EUR	-0.39%
Eurobond	2.950%	03/09/2024	EUR	-0.37%
Eurobond	3.000%	21/03/2028	EUR	-0.05%
Eurobond	3.125%	26/03/2035	EUR	0.76%

Source: Bloomberg

Asset Allocation



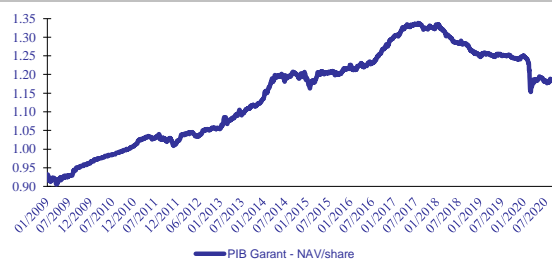
Source: FFBH Asset Management

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

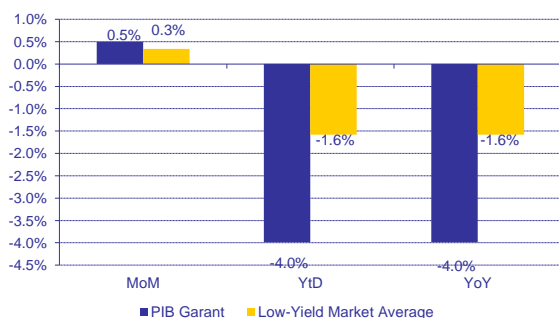
Fact sheet and fee information

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

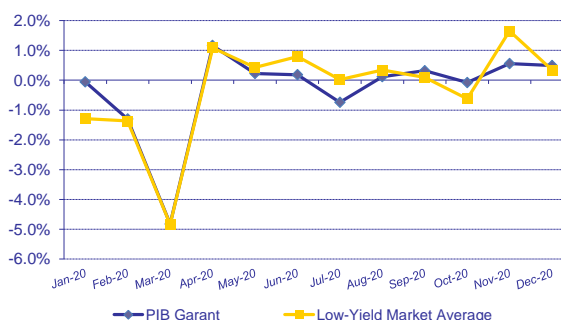
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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 December 2020

MARKET OVERVIEW:

In December 2020 the financial markets consolidated around this year's highs as a result of the approval of several COVID19 vaccines and the initial vaccination of the population. The number of infections continued to rise and resulted in new restrictions in most European countries and the rest of the world, especially after the confirmation of new variants of the virus. The consequences of the restrictions related to the economic activity will most likely be evident in Q1 2021. The OECD lifted its global economic growth forecast for 2020 to contraction of 4.2% and expects the world economic growth to average 4% over the next two years. The organization also expects lasting changes in the world economy due to the pandemic – China will account for over one-third of world economic growth in 2021 while the contribution of Europe and North America will remain smaller than their weight in the world economy. After months of negotiations the Congress reached a deal on a 900 billion USD COVID19 relief package and one year government funding amounting to 1.4 trillion USD. The funds are directed to the households, small businesses and healthcare service providers and include direct payments of 600 USD to low income families, small business loans and federal unemployment supplement of 300 USD until March 2021. The package provides also funding for the procurement and distribution of vaccines.

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 early 2021. The purchasing manager's indexes recovered but remained in contraction territory. The European leaders finally approved the COVID19 stimulus package and the seven year budget of the union. After last minute negotiations the EU and the UK reached trade agreement and the UK finally left the union. The EU signed an important agreement on investment with China giving each region's businesses greater access to the other's market, prohibiting forced technology transfers and enhancing transparency of subsidies.

US: S&P 500 and NASDAQ 100 increased by 3.71% MoM and 5.05 % MoM in USD, respectively, with smaller increases registered in EUR (1.26% MoM and 2.57% MoM, respectively). The GDP rose by a robust 33.4% in Q3 2020; the core inflation remained stable at 1.6% YoY in November; the unemployment rate fell to 6.7% in November. The capital markets increased after the approval of several vaccines and the initial vaccination of the population. 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 left its monetary policy unchanged and kept the pace of asset purchases at 120 billion USD per month until the dual goal of full employment and average inflation of 2% is reached. In its view low interest rates improve the corporate access to credit and the level of stock prices as well as PE ratios is not alarming or too high. The government bond market fell and the 10y Treasury yield increased to 0.91%. The US dollar depreciated against the major currencies and closed around 1.2216 against the euro.

EUROPE: MSCI Europe increased by 2.29% MoM, whereas the economic growth in the Eurozone rose by a robust 12.5% 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 ECB expectedly increased its pandemic asset purchase program by 500 billion EUR to 1.85 trillion EUR and extended its horizon to at least the end of March 2022. It also decided to extend the period of considerably more favorable conditions on the TLTRO by twelve months to June 2022. After 9 months of restrictions the ECB lifted its ban on dividend payments and share buybacks for the European banks in 2021 although with certain limitations linked to the average profit for the last two years as well as the common equity tier 1 ratio. The demand for risk-free assets was stable and the 10y German Bund yield was flat, closing around -0.57%.

RUSSIA: MSCI Russia increased by 9.67% MoM in USD and increased by 7.07% in EUR terms respectively. The Brent oil price rose substantially closing at USD 51.80 per barrel (increase of 8.03% MoM). The OPEC+ countries agreed on 500 million barrels per day increase in the production from January 2021 after tense negotiation and despite the expectations of keeping the production cuts of 7.7 million barrels per day to at least March 2021. The reason cited was the sustainable increase in oil prices in recent months. The CBR left its benchmark rate unchanged at 4.25% and confirmed its inflation expectations in the range of 4.6% - 4.9% as well as the slowing recovery in Q4 2020. The macroeconomic data confirmed decrease in the economic growth in Q2 2020 by 1.9%, the inflation rate increased to 3.87% YoY in November and the unemployment rate fell to 6.1% in November. The Russian currency appreciated and closed around 74.41 rubbles per dollar.

BULGARIA: SOFIX increased by 5.72% and BGTR30 increased by 2.92%. The capital market recovered following the other European markets as well as due to seasonal factors related to the financial year-end. The economy continued to operate under partial restrictions and the government extended its support measures for the businesses and the employees. The process of vaccine distribution and vaccination began successfully. The macroeconomic data confirmed Q3 2020 GDP increase of 4.28%. The HICP November inflation rate fell to 0.3% YoY. The unemployment on a seasonally-adjusted basis fell to 5.7% in October.

OUTLOOK:

The expectations of investment analysts for the global economic development in 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	1.86%	61.87%	No significant changes
FIB Avangard	0.04%	64.31%	Increased equity exposure to the construction services sector, telecommunication services sector and the information technology sector
FIB Classic	0.89%	35.53%	No significant changes
FIB Garant	0.49%	13.24%	No significant changes

NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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