

## FFBH Vostok

June 2021

Data as per 30 June 2021

NAV		Return (%)		Statistics (%)	
NAV	BGN 801,385	Monthly (MoM)*	6.40%	Standard Deviation*	15.58%
NAV per share	BGN 0.7371	Annual (YoY)*	11.10%	Monthly Alpha – MSCI Russia*	-0.06%
		Year-to-date 2021*	12.85%	Beta (β) – MSCI Russia*	0.53
		Since Inception (annualized)	-2.68%	R <sup>2</sup> – MSCI Russia*	32.21%
				Sharpe Ratio (0%)*	0.41

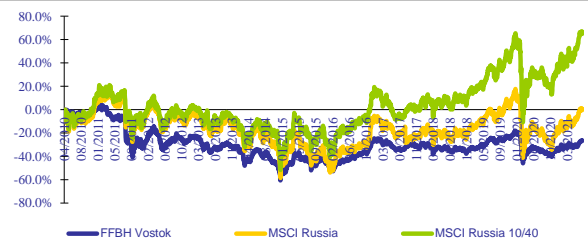
\* see notes

### Investment objective overview

FFBH Vostok is a high-yield, actively managed, open-end mutual fund with regional focus on Russia & CIS, inception 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 2021, 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

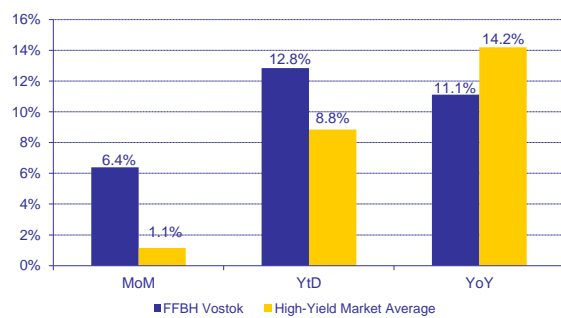


Source: Bloomberg, FFBH Asset Management

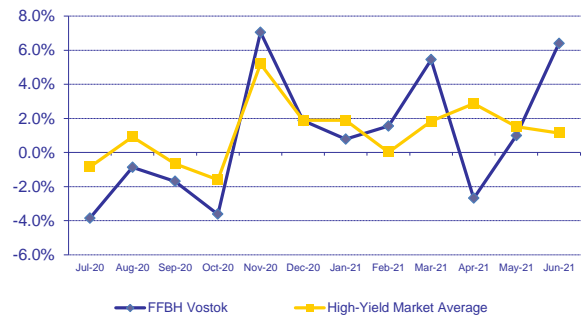
### Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
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)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

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

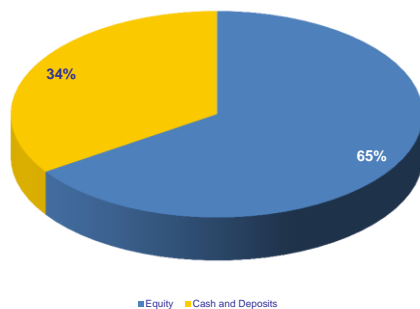


### MoM return to HY market average\*



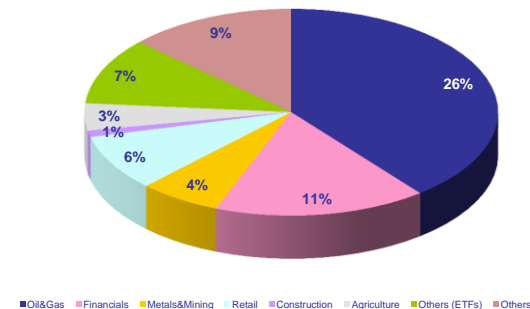
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



■ Equity ■ Cash and Deposits

### Equity Portfolio (% of total assets)



■ Oil&Gas ■ Financials ■ Metals&Mining ■ Retail ■ Construction ■ Agriculture ■ Others (ETFs) ■ Others

Source: FFBH Asset Management

## FIB Avangard

June 2021

Data as per 30 June 2021

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,144,459	Monthly (MoM)*	3.51%	Standard Deviation*	11.57%
NAV per share	BGN 0.4890	Annual (YoY)*	11.55%	Monthly Alpha – MSCI ACWI*	-0.92%
		Year-to-date 2021*	11.92%	Beta (β) – MSCI ACWI*	0.46
		Since Inception (annualized)	-5.12%	R <sup>2</sup> – MSCI ACWI*	43.67%
				Sharpe Ratio (0%)*	0.03

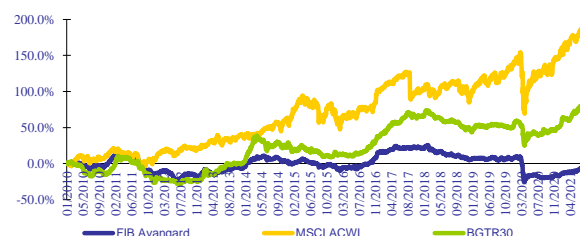
\* see notes

### 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 2021 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

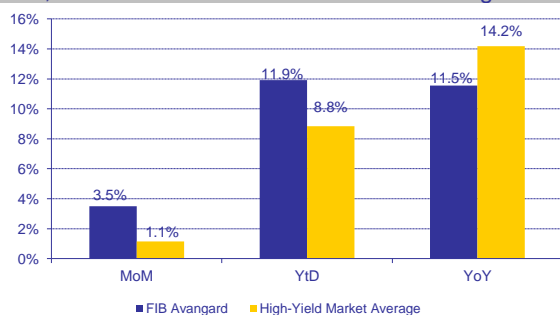


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

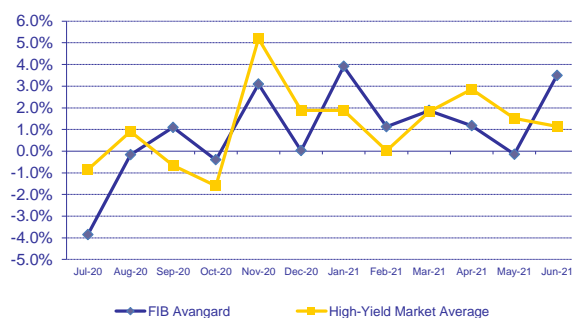
### Fact sheet and fee information

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\*

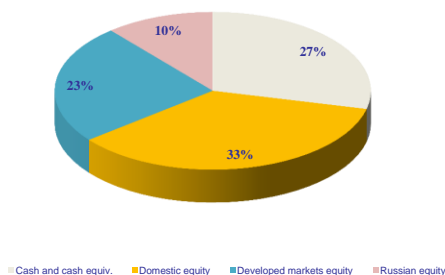


### MoM return to HY market average\*

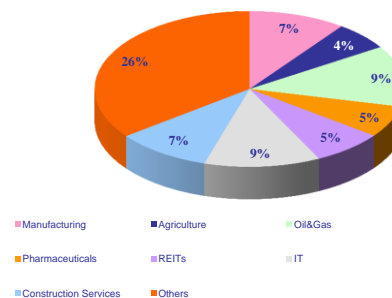


Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



### Equity Portfolio (% of total assets)



Source: FFBH Asset Management

## FIB Classic

June 2021

Data as per 30 June 2021

NAV		Return (%)		Statistics (%)	
NAV	BGN 1,229,121	Monthly (MoM)*	2.32%	Standard Deviation*	5.87%
NAV per share	BGN 0.8438	Annual (YoY)	6.52%	Monthly Alpha – MSCI ACWI*	-2.11%
		Year-to-date 2021*	7.98%	Beta (β) – MSCI ACWI*	0.22
		Since Inception (annualized)	-1.24%	R <sup>2</sup> – MSCI ACWI*	38.26%
				Sharpe Ratio (0%)*	0.21

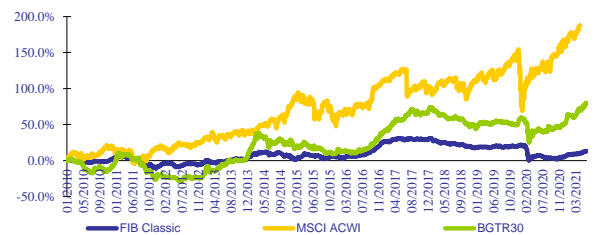
\* see notes

### 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 2021 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



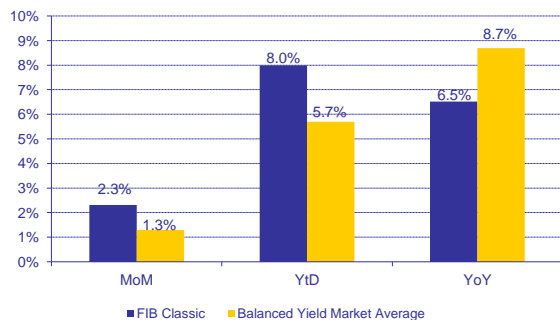
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

### Fact sheet and fee information

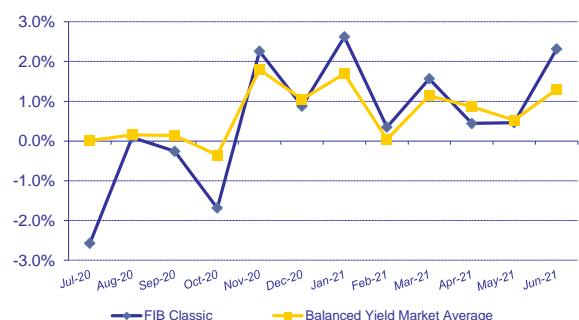
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business 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\*

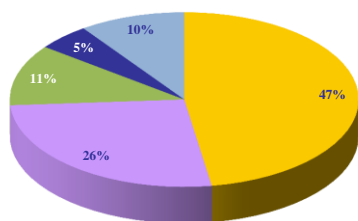


### MoM return to BY market average\*



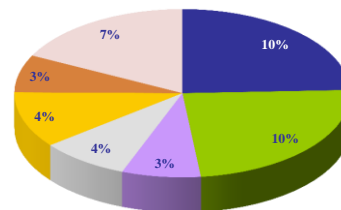
Source: BAAMC, FFBH Asset Management calculations

### Asset Allocation



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

### Equity Portfolio (% of total assets)



■ REITs ■ Oil&Gas ■ Communications Equipment ■ Financials ■ IT ■ Pharmaceuticals ■ Others

Source: FFBH Asset Management

## FIB Garant

June 2021

### Data as per 30 June 2021

NAV		Return (%)		Statistics (%)	
NAV	BGN 978,040	Monthly (MoM)*	0.63%	Standard Deviation*	2.58%
NAV per share	BGN 1.2215	Annual (YoY)*	2.69%	Sharpe Ratio (0%)*	- 0.05
		Year-to-date 2021*	2.01%	Interest rates (%)	
		Since Inception (annualized)*	1.48%	3 months	-0.33%
				12 months	-0.17%

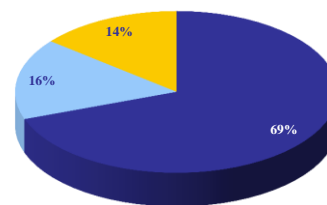
\* see notes

### Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yyyy)	Currency	Yield
Eurobond	2.000%	26/03/2022	Euro	-0.49%
Eurobond	1.875%	21/03/2023	Euro	-0.37%
Eurobond	2.950%	03/09/2024	Euro	-0.23%
Eurobond	2.625%	26/03/2027	Euro	0.07%
Eurobond	0.375%	23/09/2030	Euro	0.55%
Eurobond	1.375%	23/09/2050	Euro	1.60%

Source: Bloomberg

### Asset Allocation



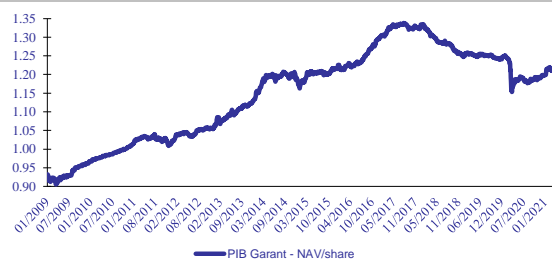
Source: FFBH Asset Management

### 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 2021 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

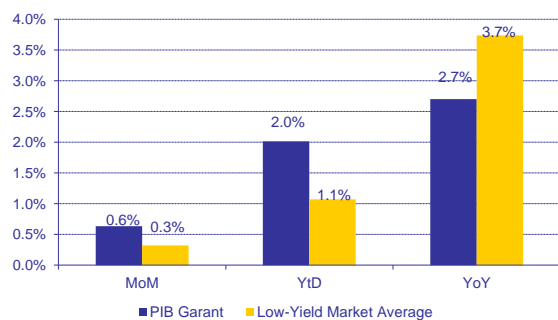


Source: FFBH Asset Management

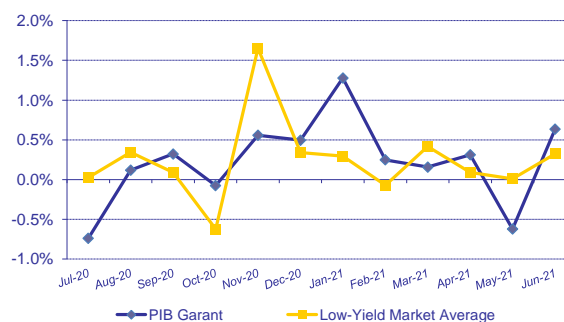
### Fact sheet and fee information

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 June 2021

### MARKET OVERVIEW:

In June 2021 the financial markets were stable and showed moderate increases due to the expectations for solid economic recovery with advancing vaccination of the population and improving economic data. Some new variants of COVID19 emerged and led to more restrictive measures in some parts of the world.

At their meeting during the month the G7 leaders endorsed a minimum corporate tax rate of 15% for the large corporations and new taxation based on the place of origin of corporate profits as an alternative to the digital tax imposed by some countries. In addition they pledged to donate over 1 billion vaccines to the poorer nations as well as to assist the developing countries in fighting climate change.

In Europe the loosening of the restrictive measures continued as well as the gradual reopening of the economies of many member-states.

**US: S&P 500 increased by 2.30% MoM and NASDAQ 100 increased by 6.34% MoM in USD, with larger changes in EUR (increase of 5.50% MoM and increase of 9.66% MoM).** The GDP rose by 6.4% in Q1 2021. The core inflation increased to 3.8% YoY in May. The unemployment rate increased to 5.9% in June.

At its meeting during the month the Federal Reserve left its monetary policy unchanged without signaling any change soon. The quarterly economic projections showed increased inflation expectations and sooner than expected increase of the base interest rate. The labor market continued to recover during the month whereas the newly created jobs came mainly in the hospitality and leisure industry, the private and public education, the professional and business services and the retail trade. The economy created over 3.2 million new jobs in the first half of the year. The manufacturing and services PMI data remained in expansion territory. The retail sales fell and the industrial production increased.

The government bond market rose despite the increased inflation expectations and the 10y Treasury yield fell to 1.47%. The US dollar appreciated against the major currencies and closed around 1.1855 against the euro.

**EUROPE: MSCI Europe increased by 1.56% MoM.** The GDP in the Eurozone fell by 0.3% in Q1 2021. The core inflation was stable at 0.9% YoY in June. The unemployment rate fell to 7.9% in May.

The European Central Bank left its monetary policy and stimulus programs unchanged at its meeting during the month.

The European economies operated under loosening pandemic restrictions and the companies restored their operations. The manufacturing and services PMI data remained in expansion territory. The retail sales and the industrial production increased.

The demand for risk-free assets increased and the 10y German Bund yield fell, closing around -0.20%.

**RUSSIA: MSCI Russia increased by 3.91% MoM in USD and increased by 7.15% in EUR.** The GDP fell by 0.7% in Q1 2021. The inflation rate increased to 6.04% YoY in May. The unemployment rate fell to 4.9% in May. The Brent oil price increased to USD 75.13 per barrel (increase of 8.38% MoM).

At its meeting during the month the Central Bank of the Russian Federation raised its base interest rate by 0.50 basis points to 5.50% due to the fast economic recovery and rising inflation caused by the rising commodities prices on the international markets.

The economy continued to recover due to the general increase of the commodities prices on the international markets and the industrial production increased.

The Russian currency appreciated and closed around 73.15 rubbles per dollar.

**BULGARIA: SOFIX increased by 5.70% and BGTR30 increased by 3.78%.** The GDP rose by 2.5% in Q1 2021. The inflation rate (HICP) increased to 2.3% YoY in May. The seasonally-adjusted unemployment was 6.2% in May.

The economy continued to operate under loosening of the restrictions whereas the preventive measures led to positive results in the pandemic management. The industrial production increased and the retail sales increased slightly.

### OUTLOOK:

The global economy continues to recover from the pandemic related decline. The recovery depends on the path of the virus and the vaccination process. The financial markets are expecting strong corporate financial results and the beginning of a new cycle in the economic growth where the cyclical sectors remain preferred by the investors. The governments and central banks are firmly committed to maintaining the fiscal and monetary stimulus aiming at sustainable economic recovery.

**PORTFOLIO ALLOCATIONS:**

Mutual fund	Return MoM, %	Equity allocation, %	MoM change in allocation
FFBH Vostok	6.40%	65.46%	Increased equity exposure to the information technology sector, reduced equity exposure to the construction sector
FIB Avangard	3.51%	67.05%	Increased equity exposure to the information technology sector, reduced equity exposure to the construction sector
FIB Classic	2.32%	41.11%	Increased equity exposure to the information technology sector, reduced equity exposure to the construction sector
FIB Garant	0.63%	16.22%	Increased equity exposure to the information technology sector

## 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.

## DISCLAIMER

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