

# **FFBH**

## **Asset Management**

### **Basic informational document**

This document provides key information for investors about FFBH Vostok Mutual Fund. It can help you understand the nature, risks, costs and potential gains/losses associated with investing in the Fund. This is not marketing material. The information provided is required by law. You can compare it with information for other investment products. We advise you to read it so that you can make an informed decision whether to invest.

### **1/ Product: FFBH VOSTOK Mutual Fund**

Identifier: ISIN: BG9000001107, UIC 175863025.

The Fund is registered in the Republic of Bulgaria and is subject to regulation by the Financial Supervision Commission (FSC) of the Republic of Bulgaria. The Fund's shares are offered in the Republic of Bulgaria.

The product is created by: Managing company: FFBH ASSET MANAGEMENT AD, UIC 131225163 /[www.ffbham.bg/](http://www.ffbham.bg/)

For additional information, please call +359 2 460 64 00

Competent body of the creator of the Fund in relation to the basic informational documents: Financial Supervision Commission - [www.fsc.bg](http://www.fsc.bg)

Document update date: 13.04.2023

### **2/ What is this product?**

#### Type

A collective investment scheme established as a mutual fund under the Collective Investment Schemes and Other Undertakings for Collective Investments Act (UCITS funds).

#### Term

The Fund is established for an unlimited period of time. The Fund can be terminated or converted after a decision of the Managing Company, and permission by the Financial Supervision Commission (FSC) is required to do this.

#### Objectives

The main objective of the Fund is to provide unit holders with the preservation and growth of the value of their investments by realizing capital gains, while assuming a high level of risk.

- The Fund's main investments are: up to 90% of assets in equity securities (shares); up to 50% in debt securities (bonds and other debt instruments that pay interest-based income); up to 100% in money market instruments (fixed income securities with short maturities); up to 30% in bank deposits and up to 30% in derivatives (financial instruments whose value depends on the price of an underlying asset).
- The Fund invests predominantly in global shares.
- The Fund applies an active investment management strategy and does not have a specific reference for comparison /Benchmark/.

- The asset allocation and the extent to which the Fund is invested may vary according to market conditions and other factors at the manager's discretion.
- The Fund may invest in corporate, mortgage or government bonds. Some of these securities may have a low or no credit rating.
- The rules of the Fund allow the application of appropriate strategies and techniques for protection against market, currency and other risks ("hedging"), namely: transactions with options, futures, swaps and other derivatives. Derivatives transactions involve different / and higher/ risks compared to traditional investments. There can be no assurance that such transactions and techniques, if consummated, will be successful.
- FFBH Vostok Mutual Fund does not distribute income in favor of unit holders. The Managing Company reinvests the income of the mutual fund in its activity with a view to increasing the net value of the Fund's assets, in the interest of unit holders.

### **Target non-professional investor**

This product is intended for Non-Professional Investors. It is possible that FFBH Vostok Mutual Fund is not suitable for investors who plan to withdraw their funds before the expiration of three years.

The main group of investors to whom the Fund's activity is intended for are investors with a good investment culture who have medium and high risk tolerance. These are investors who would like to participate in the risky asset market, but would not accept the risk of making an independent selection in which assets to invest. Through the Fund, they are offered the opportunity to manage their investment risk, while preserving the possibility of realizing higher incomes. The investment product of the Fund is intended for persons (citizens, companies, institutions) who:

- have a medium-term investment horizon and are aware that they may lose part or all of their investment;
- are ready to take moderate to high investment risk in order to realize a higher income;
- wish to have exposure to global capital markets;
- they wish to have secure and quick liquidity, without disturbing the achieved income from the investment;
- are ready to invest money in the long term;
- want to diversify the risk of their own portfolio;
- want their money managed by financial market professionals.

Custodian bank: First Investment Bank AD

Additional information about the Fund, including free of charge provision of the Prospectus and periodic reports in Bulgarian, and can be obtained each working day between 9:00 a.m. and 4:00 p.m., at the address: Sofia, 2 Enos Str., 4<sup>th</sup> floor and at the other offices provided by the managing company and on the electronic page on the Internet at [www.ffbham.bg](http://www.ffbham.bg) Investors can subscribe or submit their units for redemption each working day from 9.00 a.m. to 4.00 p.m.

Funds from the redeemed units are transferred to the investor's account within five days of submitting the order.

Issue value, unit redemption price and information on the terms and conditions for submitting purchase and redemption orders are published on the website: [www.ffbham.bg](http://www.ffbham.bg), as well as at the offices of the managing company.

3/ What are the risks and what returns could I get?

- In accordance with the classification in DELEGATED REGULATION (EU) 2017/653 OF THE COMMISSION dated 08.03.2017, we would like to inform you that the FFBH Vostok Mutual Fund falls into Category 2. For this product we have determined the Total Risk Indicator as Category 5 out of a total of 7 – Medium - low risk.
- The lowest category does not represent a risk-free investment.
- The Total Risk Indicator informs about the level of risk of this product compared to other products. It shows the probability of financial loss when investing in FFBH Vostok Mutual Fund, as a result of market dynamics or because we will not be able to pay you. This product does not contain protection against market dynamics, so you may lose some or all of your investment.
- The value of the units and the income from them may decrease, profit is not guaranteed and investors bear the risk of not recovering their investment in full.
- Significant risks that are not covered by the Total Risk Indicator are: interest rate, liquidity, credit, settlement, operational, risk of investments in derivative financial instruments, tax, regulatory, political, operational, inflationary, currency.

1	2	<u>3</u>	4	<u>5</u>	6	7
Low risk					High risk	

The total risk indicator /TRI/ assumes that you will keep your investment for three years. The actual risk may vary significantly if you sell your units early. It is possible to receive a smaller amount than previously invested.

### **Outcome scenarios**

The return of this product depends on the future development of the market, and on the market-related financial, economic, political, etc. indicators. The future dynamics of financial market volatility is uncertain and cannot be accurately predicted.

The presented scenarios – pessimistic, moderate and optimistic – illustrate the most unfavorable, moderate and most favorable results from the participation in FFBH Vostok Mutual Fund over the last ten years. For Packaged retail and insurance-based investment products (PRIIPs)\* of Category 2, with the exception of those specified in point 15 of Annex IV. The illustrative scenarios presented are based on past results and certain assumptions. Future market dynamics may differ from those observed historically. The crisis scenario shows the likely returns under extreme market conditions.

Recommended period for holding the investment: three years.  
There is no minimum guaranteed return.

You could lose all or part of your invested funds.

Example for investment of BGN 10,000		If you withdraw your investment after	
		1 year	3 years
Crisis scenario	What would you receive after deducting costs?	BGN 390	BGN 1,430
	Average annual return on investment	-96.12%	-47.76%
A pessimistic scenario <i>This scenario occurred for an investment between January 2020 and January 2023.</i>	What would you receive after deducting costs?	BGN 5,160	BGN 4,890
	Average annual return on investment	-48.43%	-21.20%
Moderate scenario <i>This scenario occurred for an investment between February 2019 and February 2022.</i>	What would you receive after deducting costs?	BGN 9,740	BGN 9,860
	Average annual return on investment	-2.60%	-0.49%
An optimistic scenario <i>This scenario occurred for an investment between December 2014 and December 2017.</i>	What would you receive after deducting costs?	BGN 15,820	BGN 17,480
	Average annual return on investment	58.20%	20.47%

The values shown include all costs associated with the product itself, but may not include all costs for your consultant or the person offering you the product. When calculating the values in the table above, your tax status is not taken into account, which may affect your return.

#### **4/ What happens if FFBH ASSET MANAGEMENT AD is unable to pay what is due?**

Investments in the Fund are not guaranteed by a guarantee fund created by the state or by any other type of guarantee and you bear the risk of not recovering your investment in full. The managing company keeps the assets of the Fund in the custodian bank. The assets of the Fund are separated both from the assets of the managing company FFBH Asset Management AD and from the assets of the custodian bank. The custodian bank is not liable for its obligations to its creditors with the assets of the Fund. In case of bankruptcy or an equivalent procedure of the custodian bank and/or of a third party to whom functions have been delegated, as well as in cases of placing the custodian bank under special supervision, the assets of the Fund cannot be distributed among or redeemed in favor of the creditors of the custodian bank and/or the third party, and are transferred to a new custodian.

\*PRIIPs - Packaged retail and insurance-based investment products

#### **5/ What are the costs?**

##### **Expenses over time**

The person who offers you this product or gives you advice about it may charge you other fees. In such a case, this person will inform you of these fees and show you how they affect your investment.

The tables show the amounts taken from your investment to cover different types of expenses. These amounts depend on how much you invest and how long you hold the units of the Fund. The indicated amounts are indicative and have been calculated based on an exemplary investment amount and various possible holding periods.

Our assumptions are as follows:

/1/ the first year you will get back the invested funds (at 0% annual return); /2/ for the remaining holding periods, we assume that the results of the Fund are as shown in the Moderate scenario; /3/ BGN 10,000 have been invested.

Expenses over time	Eemplary investment of BGN 10,000	If you withdraw your investment after 1 year	If you withdraw your investment after 3 years
	Total costs	BGN 302	BGN 902
	Reduction in Yield	3.0%	3.0% for each year

\*\* Reduction in Yield (RIY) shows how expenses reduce your annual return over the holding period. For example, if you sell the units of FFBH Vostok Mutual Fund at the end of the recommended holding period /3 years/, the average annual return is expected to be 2.53 % /Moderate Scenario/ before the deduction of expenses and -0.49 % afterwards.

### Cost Elements

The table below indicates RIY on an annualized basis

The specified fees and commissions are used to cover the management costs of FFBH Vostok Mutual Fund, including the costs of marketing and offering the units. These costs reduce the return on your investment. The maximum purchase and redemption fees are indicated.

Current fees include the remuneration of the managing company, the custodian bank, fees and charges of banks, investment intermediaries, regulated markets and other persons related to investing the Fund's assets, current fees related to the recognition, registration, organization and regulation of the activity of Fund and others.

The value of current costs is calculated as a percentage of the average net asset value, retrospectively for three years compared to the last reporting date – 31.12.2022 and will change over time.

			If you withdraw your investment after 1 year
One-time fees deducted before or after the investment	Subscription fee	The Mutual Fund does not collect a Subscription fee for units /Initial costs/ or Redemption fee for units /completion of the investment/.	Not relevant
	Redemption fee		Not relevant
Current costs	Portfolio transaction fees	Impact of the costs for buying and selling financial instruments /the basic investments for the Mutual Fund/ - 0.1% of your investment per year.	BGN 6
	Other current costs	They amount to 3.0% of your investment per year, as the remuneration for the	BGN 296

		managing company is 2.0% of the average annual net value of the assets.	
Accompanying costs	Fees for achieved results	FFBH Vostok Mutual Fund does not collect a fee for achieved results and does not have a scheme for deferred remuneration	Not relevant
	Deferred remuneration		Not relevant

### **6/ How long should I hold the investment and can I sell it early?**

Recommended holding period: three years. The recommended holding period is determined in view of the Fund's investment objectives and policy, as well as the characteristics of the target non-professional investor described above. The units of FFBH Vostok Mutual Fund can be sold before the recommended period under the conditions and in the order provided in the rules and prospectus of the Fund, and this may affect the return on your investment. For this purpose, a redemption order is submitted at a redemption price based on the Net Asset Value /NAV/ per unit, reduced by the redemption costs, without this leading to the accrual of additional fees, fines, etc.

### **7/ How can I file a complaint?**

In case you wish to file a complaint in relation to the Fund or the managing company, you can contact us at phone +359 2 460 64 00 or send us your complaint to the following address: Sofia, 2 Enos Str., or by e-mail to [asset\\_management@ffbh.bg](mailto:asset_management@ffbh.bg). Complaints, depending on their nature, can also be submitted to: Commission for Financial Supervision at address: 1000 Sofia, 16 Budapest Str. or by email to: [delovodstvo@fsc.bg](mailto:delovodstvo@fsc.bg). Consumer Protection Commission at address: 1000 Sofia, 1 Vrabcha Str., floors 3, 4 and 5 or in electronic form on the Commission's website: [www.kzp.bg](http://www.kzp.bg).

### **8/ Additional information**

The managing company publishes information about the results of the Fund for past periods on the website of the managing company at [www.ffbham.bg](http://www.ffbham.bg) in the "Documents and reports" section. The information is presented for a period of 10 years.

Investors' income from transactions with units of the Fund is not subject to taxation. The scenarios for the results for past periods are calculated and published monthly on the website of the managing company at [www.ffbham.bg](http://www.ffbham.bg).

Additional information about FFBH Vostok Mutual Fund can be obtained from the Prospectus and the latest financial statements, available on the website at [www.ffbham.bg](http://www.ffbham.bg) and at the office of the managing company.

*The undersigned Vania Angelova Kirkova hereby certify the fidelity of the translation done by me from Bulgarian into English language of the attached document. The translation consists of 7 (seven) pages.*

*Translator: Vania Angelova Kirkova*