



FINANCIAL MARKETS RESEARCH

INVESTMENT OUTLOOK “GOLD” – SEPTEMBER 2019

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DISCLAIMER

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IMPORTANT INFORMATION ABOUT INVESTMENT RISKS

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GOLD AS AN ASSET

Some commodities are characterized with a dominant speculative element. It is strongest in the Crude Oil and Gold and very weak in the Orange juice, Coffee and Cacao.

According to common understanding of trading community, metals are typically grouped into one of two categories: precious metals – include silver, gold and platinum as well as iridium, osmium, palladium, rhodium and ruthenium; and base metals – widely used in commercial and industrial applications.

The Gold from a point of view of investment community is one of the most important assets. Traditionally retail traders see precious metals as a form of money that holds its value. Many consumers see gold as a highly liquid and most secure form of investment. Gold remains an effective portfolio diversifier. The role of the Gold as a "safe haven" (together with Silver, CHF and JPY) continues to be proven, because its correlation with the stock returns is mainly negative, especially in periods of general decline in stock prices.

Descriptive statistics for variable Gold-ret (520 observations 28.08.2017 / 28.08.2019)

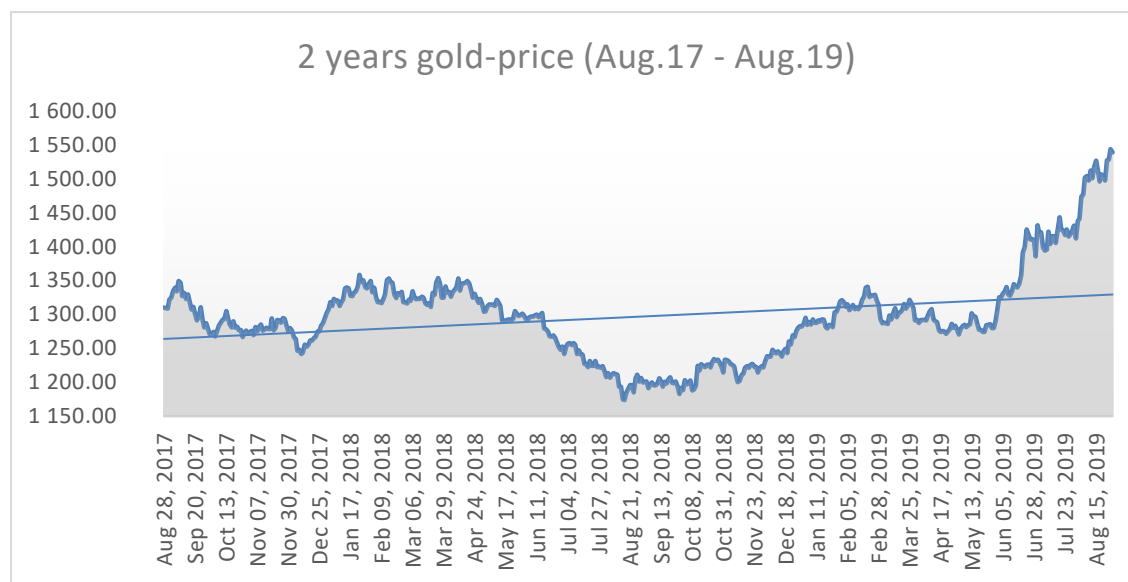
<i>Mean</i>	<i>Median</i>	<i>Min</i>	<i>Max</i>
0.00033097	0.00029122	-0.017186	0.032974
<i>Standard deviation</i>	<i>Coefficient of variation</i>	<i>Skewness</i>	<i>Kurtosis</i>
0.0066633	20.133	0.46339	1.8060

(The standard deviation is used in making an investment decision to measure the amount of historical volatility. CV measures the amount of risk against a unit of the expected return. Skewness essentially measures the relative size of the two tails. Kurtosis is a measure of the combined sizes of the two tails.)

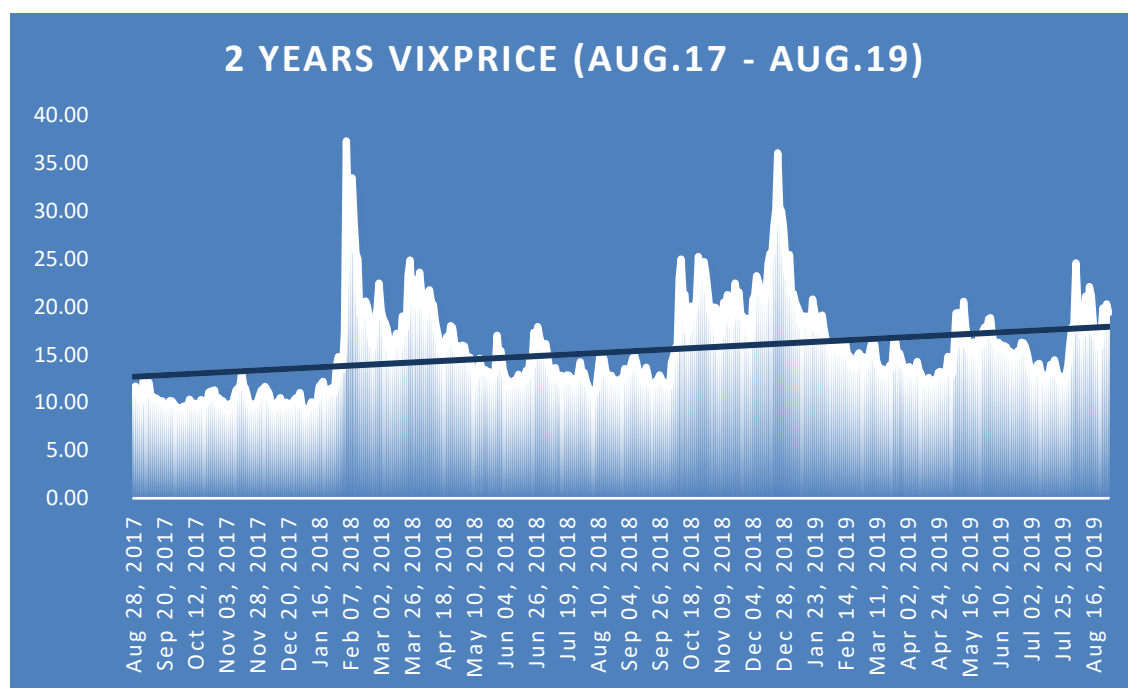
Every major asset class had great and terrible decades. When interest rates hit 0%, the money printing began. Ray Dalio thinks the current era of low interest rates and quantitative easing might be coming to an end, and his answer to a new market paradigm that could see escalating conflict between capitalists and socialists is simple - gold. "I believe that it would be both risk-reducing and return-enhancing to

consider adding gold to one's portfolio," the founder of Bridgewater Associates said in the essay¹ posted last month.

When volatility is low, the main metals stay in a continuously downward trend. When the expectations are for high volatility on the markets, the price of precious metals dramatically rises.

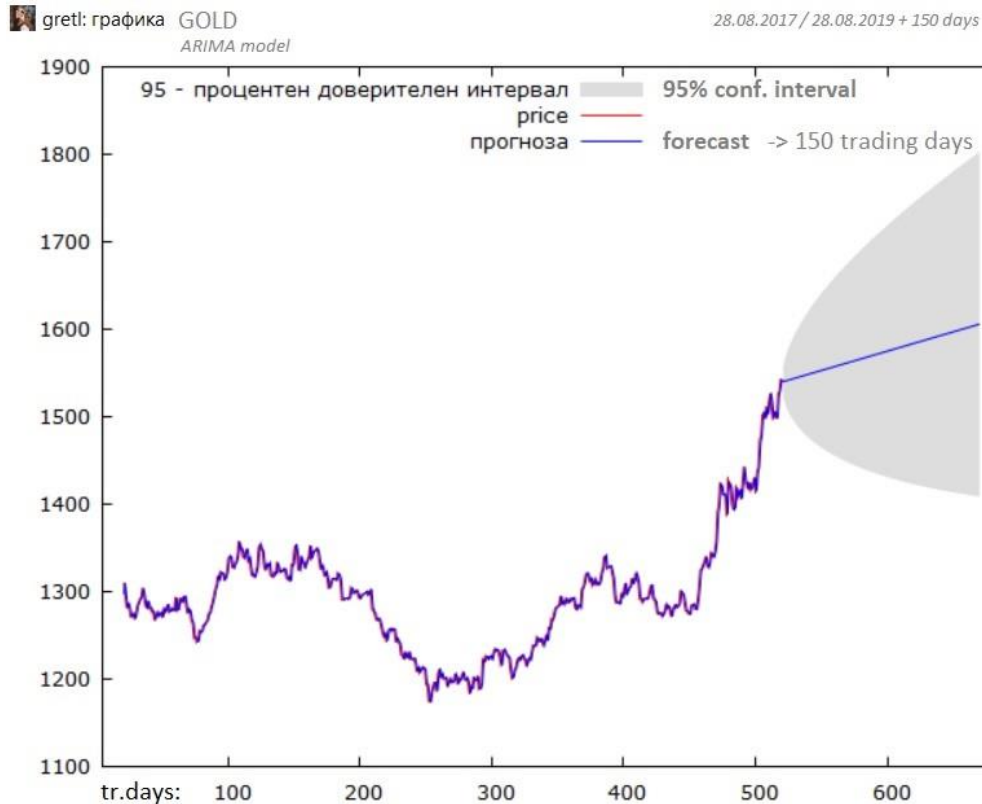


The CBOE Volatility Index, or VIX, is a real-time market index representing the market's expectations for volatility over the coming 30 days. VIX 2Y performance:

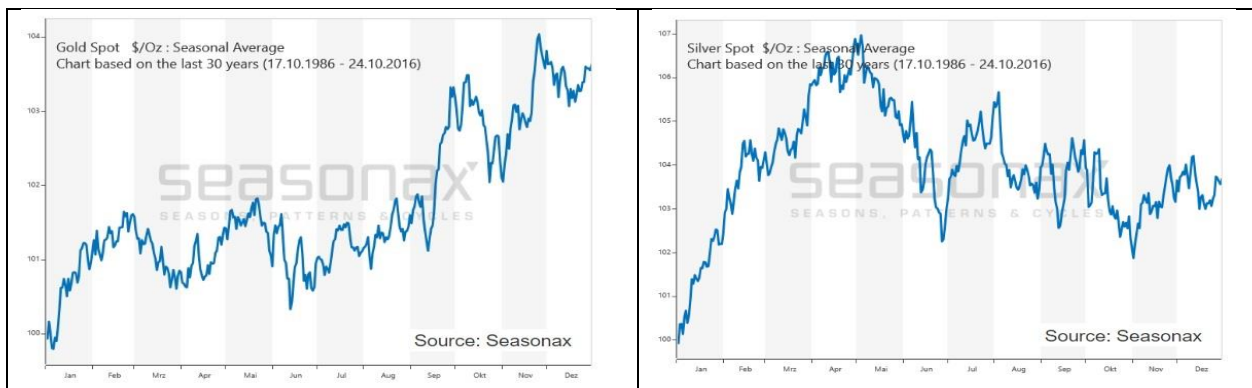


¹ Ray Dalio "Paradigm Shifts", Published on July 17, 2019: <https://www.linkedin.com/pulse/paradigm-shifts-ray-dalio/>

To get closer to the possible market sentiment and momentum, we used quantitative approach to generate a forecast, prepared by the ARIMA model (on the basis of historical data from the last 2 years). The model on the figure below predicts moderate optimistic opportunities for "buy and hold" trading strategy. We used Alpha = 0.05, which is a 95% confidence interval. It means that the ARIMA model estimates the upper and lower values around the forecast where there is only a 5% chance that the real value will not be in that range. Our model is fitted to estimate forecast for a future period of 150 trading days.



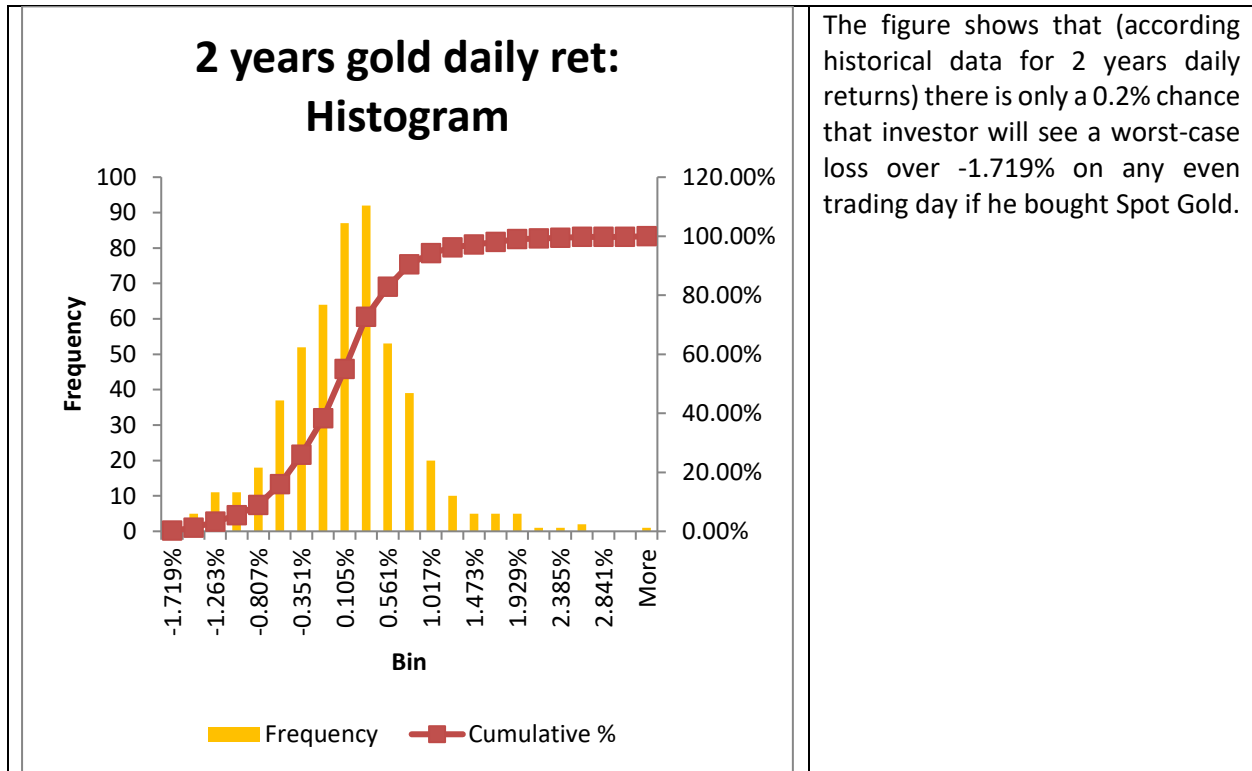
Seasonal chart (30 years)²



² The seasonal charts are critical to the success of trading decisions. They show the average course for of past years. The initial value for every year is 100.

We present on the charts above an estimation made by Seasonax GmbH for spot Gold and Silver on the basis of observations for 30 years. So the seasonal expectations for growth in prices will be mostly significant in September and November, but investors has to get ready for a sharp declines therewith.

THE RISK:



Simultaneously we present below the comparison between SPX Index vs XAU Index:



But it is so difficult to trade and hold physical gold. In this paper we present trends, opportunities, risks and examples for one very usable alternative – gold exchange traded funds (ETFs). Index mutual funds and ETFs are most popular and simple instruments for passive indexed investing. ETF has a market price and Net Asset Value. A mutual fund has only a NAV.

GLD US Equity

SPDR Gold Trust; Issuer: State Street Bank and Trust Company, Boston, USA; Liquidity Rating: A+

Performance (last 3 years):



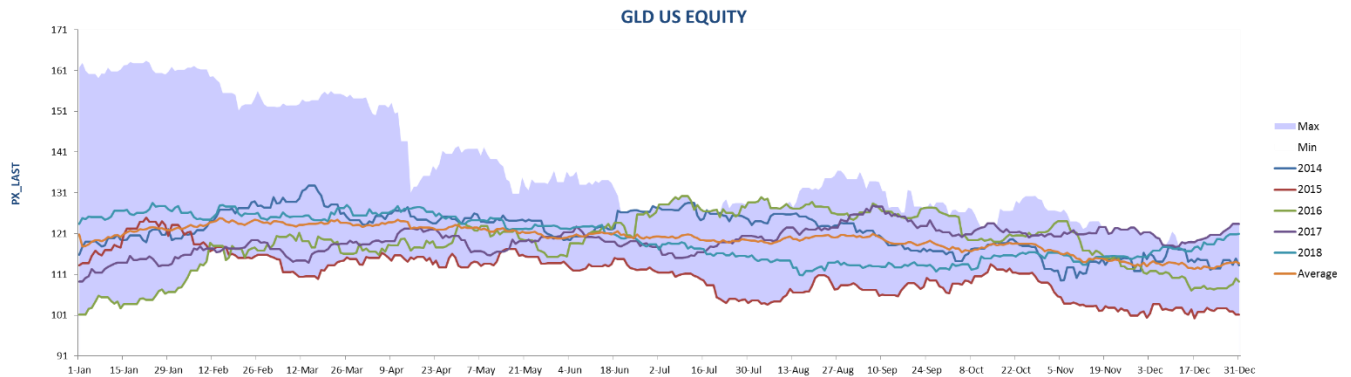
Analyst Report

GLD is one of the most popular ETFs in the world, offering exposure to an asset class that has become increasingly important to the asset allocation process in recent years. GLD can be used in a number of different ways; some may establish short term positions as a way of hedging against equity market volatility, dollar weakness, or inflation. Others may wish to include gold exposure as part of a long-term investment strategy. GLD is a relatively straightforward product; the underlying assets consist of gold bullion stored in secure vaults. As such, the price of this ETF can be expected to move in lock step with spot gold prices. The physically-backed nature of this product eliminates any of the uncertainties introduced through futures-based strategies. GLD is certainly an efficient tool for adding gold to a portfolio.

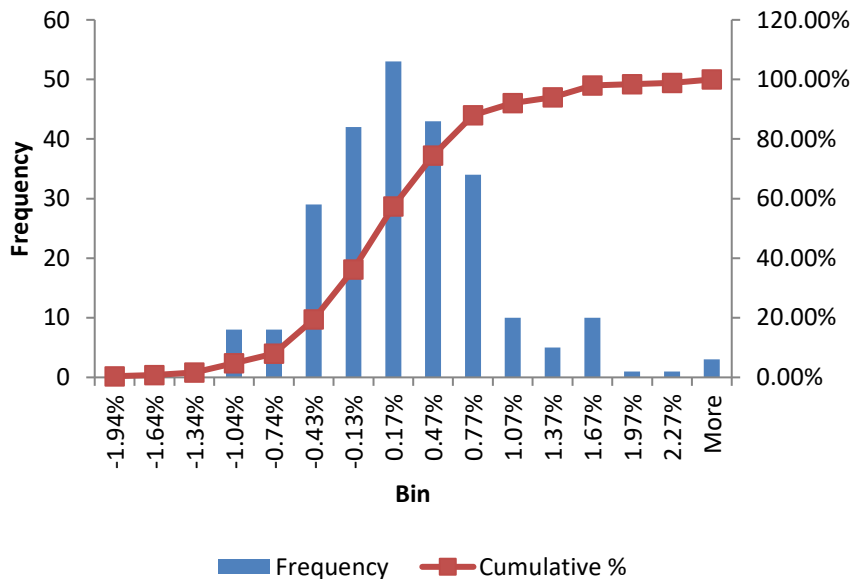
GLD US Equity	
Stock Data	30.08.2019
Price	144.12
52Wk High	145.68
52Wk Low	111.8499
YTD Change	22.87
YTD % Change	18.86186
Shares Out	300.1
Market Cap	43250410156
Short Int	18715553

1 Yr Total Return	26.96678
BETA vs.SPX	0.911137044

Seasonal chart (daily prices – 5 years)³



1 y. daily - GLD US Equity - Histogram



The figure shows that (according historical data for 1 year daily returns) there is only a **0.4% chance** that investor will see a **worst case loss over -1.94%** on any even trading day if he bought GLD US Equity. (This estimation is confident with assumption that general market conditions are not changed.)

IAU US Equity

iShares Gold Trust; Issuer: iShares; Liquidity Rating: A

³ In addition, with help of Bloomberg pro-application, we present seasonal quotations picture by charts, on the basis of daily-close-price-observations for 5 years historical period.

Performance (last 3 years):

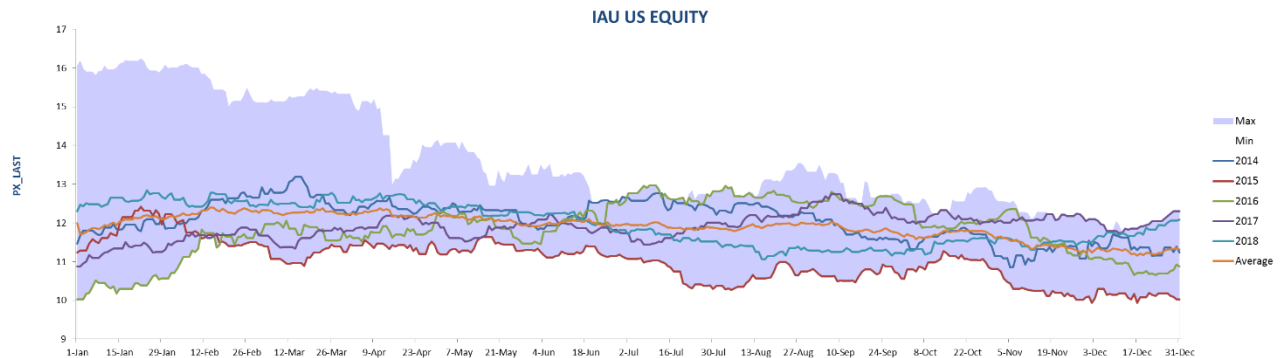


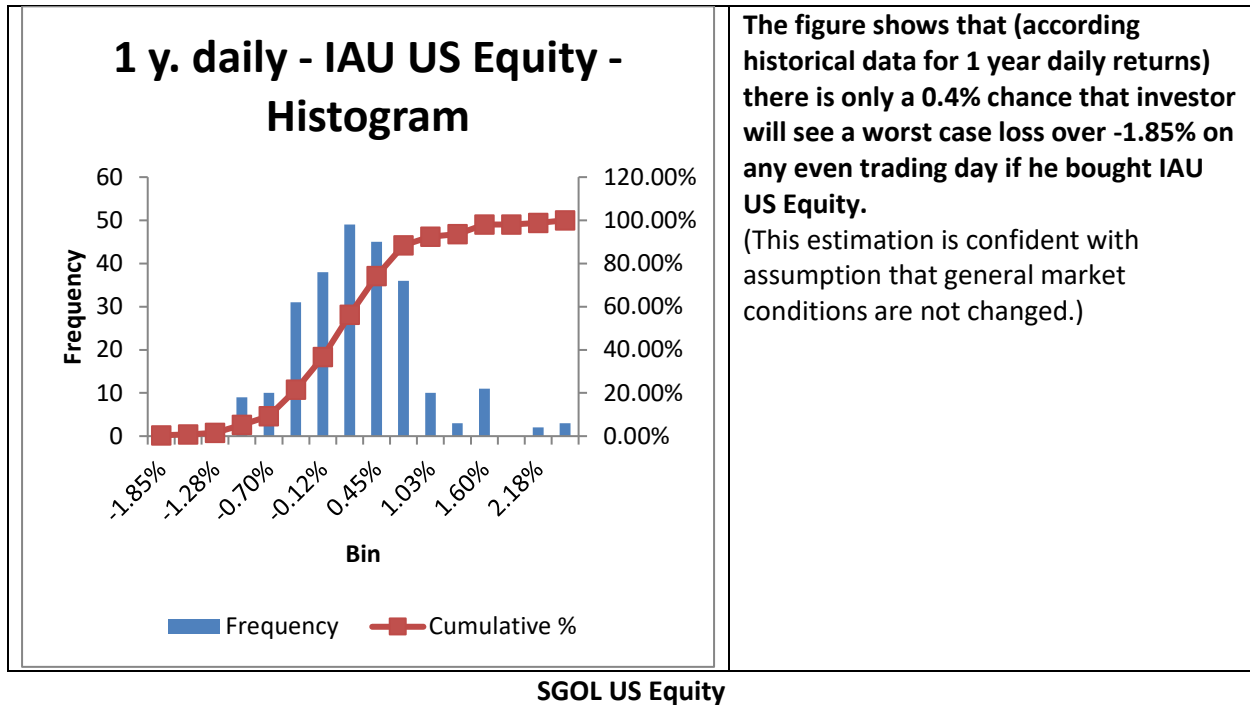
Analyst Report

This fund offers exposure to one of the world's most famous metals, gold. IAU is designed to track the spot price of gold bullion by holding gold bars in a secure vault, allowing investors to free themselves from finding a place to store the metal. While IAU isn't the most liquid way to gain exposure to gold, it does have among the lowest expense ratios, making it a solid choice for cost-conscious investors.

IAU US Equity	
Stock Data	30.08.2019
Price	14.62
52Wk High	14.78
52Wk Low	11.33
YTD Change	2.33
YTD % Change	18.9585
Shares Out	1088.3
Market Cap	15910946289
Short Int	3844687
1 Yr Total Return	27.13043
BETA vs.SPX	0.913707733

Seasonal chart (daily prices – 5 years)





Aberdeen Standard Physical Swiss Gold Shares ETF; Issuer: Aberdeen Standard Investments; Liquidity Rating: A-

Performance (last 3 years):



Analyst Report

This fund offers exposure to one of the world's most famous metals, gold. SGOL is designed to track the spot price of gold bullion by holding gold bars in a secure vault in Switzerland that is audited twice a year. The company also posts the serial numbers of the bars, giving investors further security over the status of their investment. While SGOL isn't the most liquid way to gain exposure to gold, it could be a solid choice for investors seeking greater peace of mind regarding their precious metals investment.

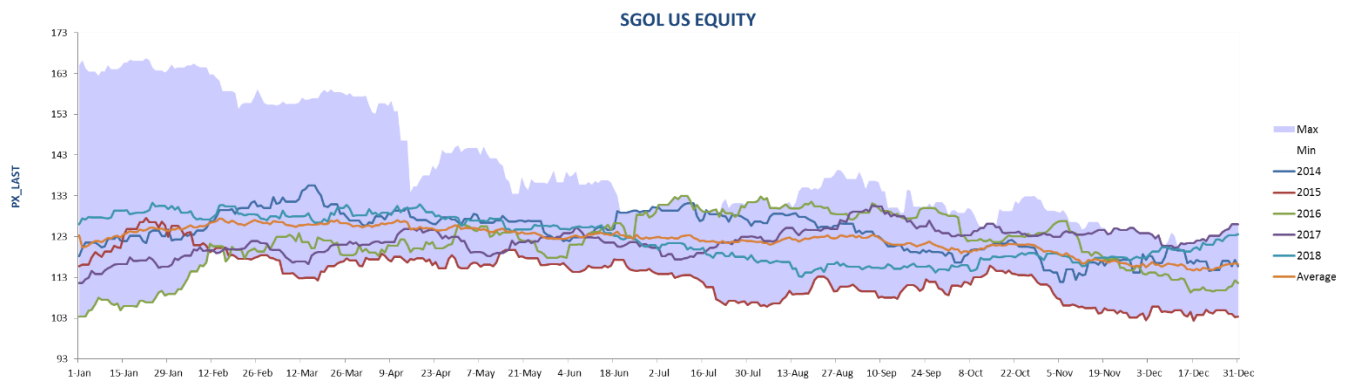
SGOL US Equity	
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INVESTMENT OUTLOOK "GOLD" – SEPTEMBER 2019

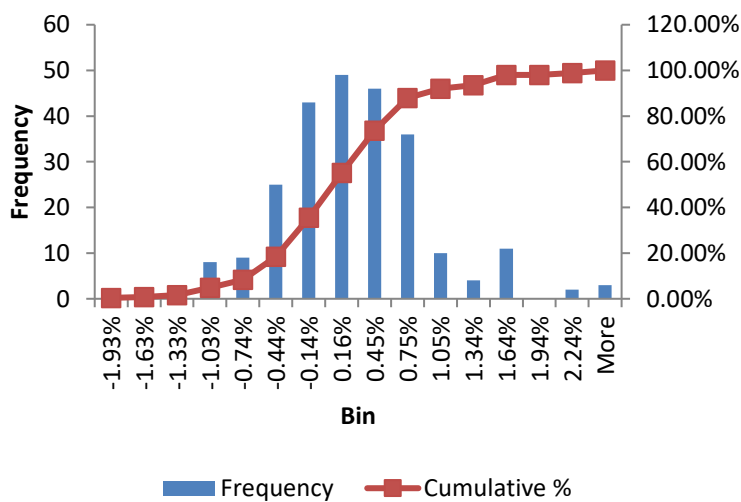
Georgi Hristov, Investment Adviser & Portfolio Manager – FiBANK; e-mail: georgi.hristov@fibank.bg

Stock Data	30.08.2019
Price	147.21
52Wk High	148.8301
52Wk Low	114.12
YTD Change	23.53
YTD % Change	19.0249
Shares Out	7.5
Market Cap	1104075073
Short Int	85654
1 Yr Total Return	27.12436
BETA vs.SPX	0.915500045

Seasonal chart (daily prices – 5 years):



1 y. daily - SGOL US Equity - Histogram



The figure shows that (according historical data for 1 year daily returns) there is only a 0.4% chance that investor will see a worst case loss over - 1.93% on any even trading day if he bought SGOL US Equity. (This estimation is confident with assumption that general market conditions are not changed.)

SLV US Equity

iShares Silver Trust; Issuer: Blackrock; Commodities: Precious Metals Silver

SLV FUND DESCRIPTION: SLV tracks the silver spot price, less expenses and liabilities, using silver bullion held in London.

Performance (last 3 years):

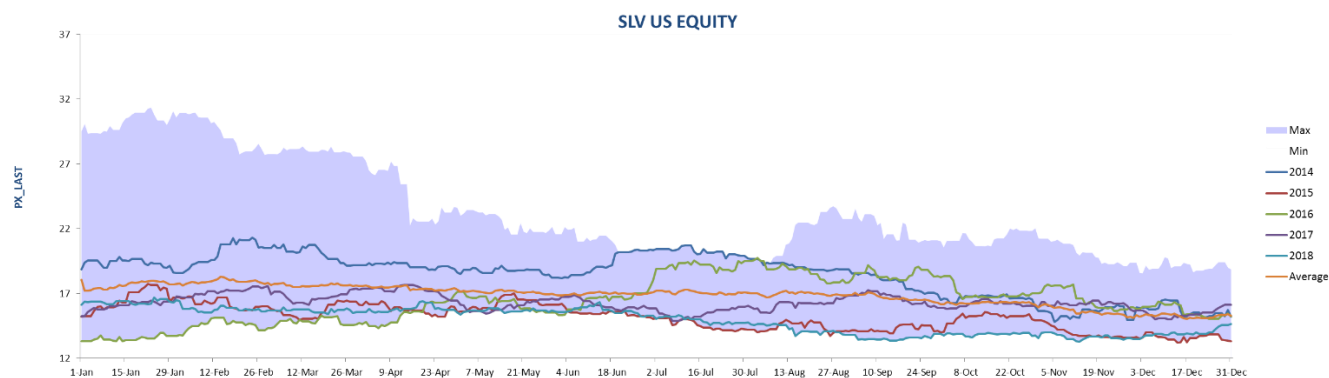


SLV FACTSET ANALYTICS INSIGHT

SLV US Equity – iShares Silver Trust is a trust formed to invest in silver. SLV gives investors direct exposure to silver by physically holding the metal in vaults in London. The assets of the trust consist primarily of silver held by the custodian on behalf of the trust. The objective of the trust is for the shares to reflect the price of silver owned by the trust, less the trust's expenses and liabilities. Still, SLV is the most liquid fund in its peer group and trades easily for retail and institutional investors alike. It is also the largest fund in its segment, suggesting stability for buy-and-hold strategies.

SLV US Equity	
Stock Data	30.08.2019
Price	17.07
52Wk High	17.41
52Wk Low	13.11
YTD Change	2.55
YTD % Change	17.56198
Shares Out	414.75
Market Cap	7079782227
Short Int	11231861
1 Yr Total Return	25.05495
BETA vs.SPX	0.816816092

Seasonal chart (daily prices – 5 years)



SIVR US Equity

Aberdeen Standard Physical Silver Shares ETF Issuer: Aberdeen Asset Management

Performance (last 3 years):



SIVR US Equity – Aberdeen Standard Physical Silver Shares is an exchange-traded fund incorporated in the USA. The Fund's objective is to reflect the performance of the price of silver bullion, less the expenses of the Trust's operations. The Shares are designed for investors who want a cost-effective and convenient way to invest in silver.

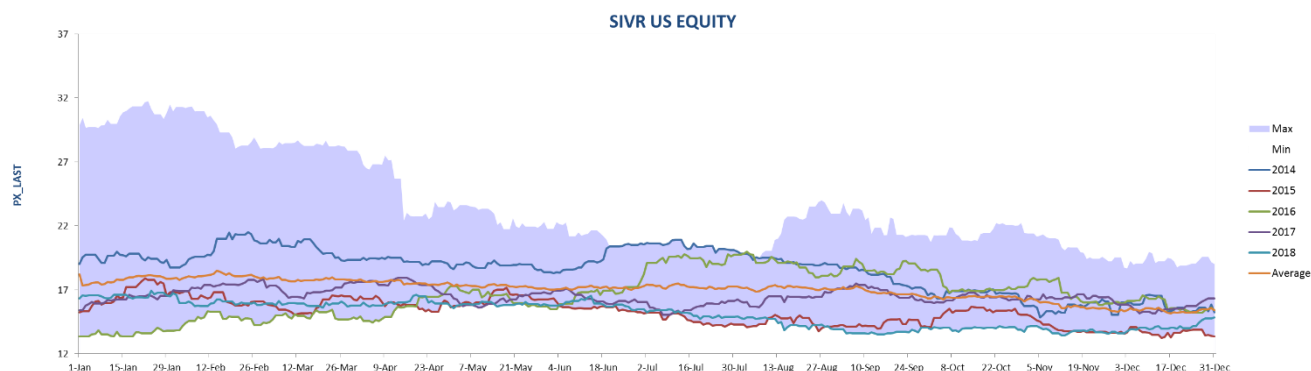
SIVR US Equity	
Stock Data	30.08.2019
Price	17.71
52Wk High	18.05
52Wk Low	13.5766
YTD Change	2.671
YTD % Change	17.76049
Shares Out	23.15
Market Cap	409986480.7

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Short Int	171242
1 Yr Total Return	25.42492
BETA vs.SPX	0.816407442

Seasonal chart (daily prices – 5 years)



USLV US Equity

VelocityShares 3X Long Silver ETN; Issuer: Credit Suisse; Leveraged Commodities: Precious Metals Silver

Performance (last 3 years):



USLV US Equity VelocityShares 3x Long Silver ETN is an exchange-traded note issued in the USA. The Note will provide investors with a cash payment at the scheduled maturity or early redemption based on the performance of the underlying index, the S&P GSCI Silver Index Excess Return.

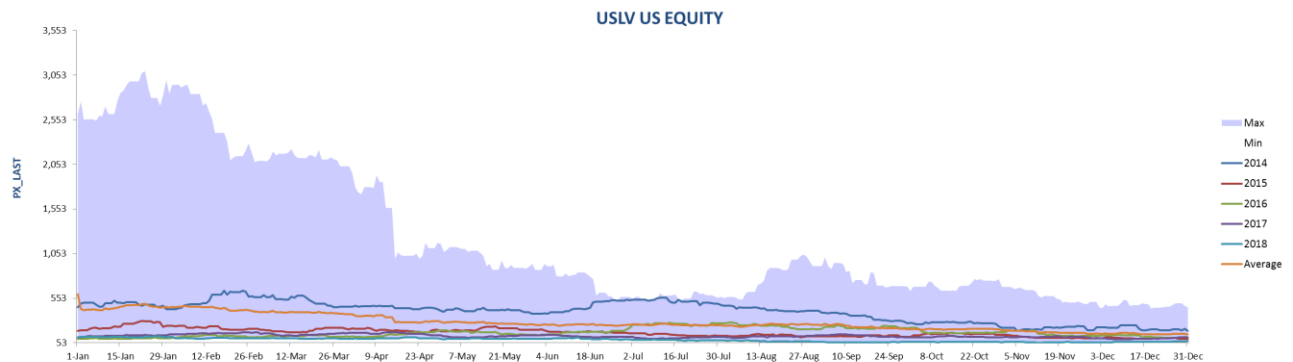
USLV US Equity	
Stock Data	30.08.2019
Price	107.92
52Wk High	113.86
52Wk Low	54.085
YTD Change	33.82
YTD % Change	45.64103

INVESTMENT OUTLOOK "GOLD" – SEPTEMBER 2019

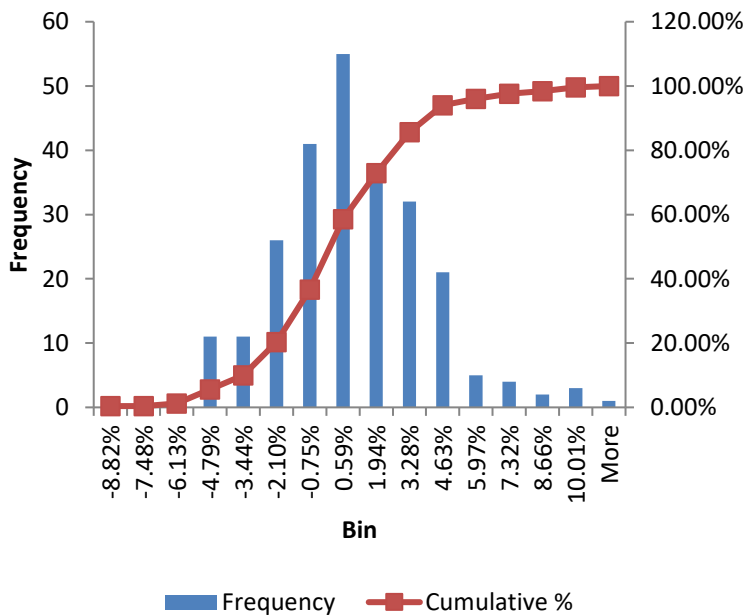
Georgi Hristov, Investment Adviser & Portfolio Manager – FiBANK; e-mail: georgi.hristov@fibank.bg

Shares Out	3.26921
Market Cap	352813690.2
Short Int	24989
1 Yr Total Return	68.09969
BETA vs.SPX	2.209909916

Seasonal chart (daily prices – 5 years)



1 y. daily - USLV US Equity (leveraged) - Histogram



The figure shows that (according historical data for 1 year daily returns) there is only a 0.4% chance that investor will see a worst case loss over - 8.82% on any even trading day if he bought this leveraged ETF – SGOL US Equity.

(This estimation is confident with assumption that general market conditions are not changed.)

AGQ US Equity

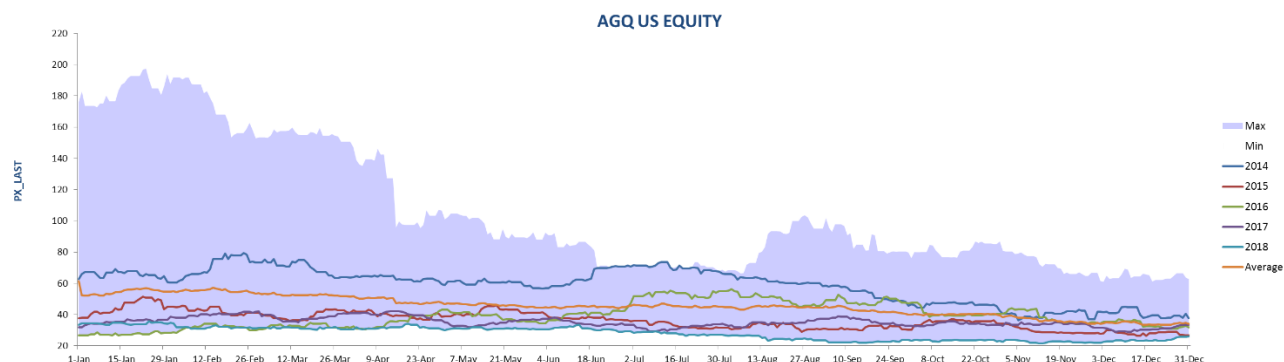
ProShares Ultra Silver; Issuer: ProShares; **Leveraged**; Commodities: Precious Metals Silver



AGQ US Equity – Pro Shares Ultra Silver is an exchange-traded fund incorporated in the USA. The Fund will seek daily investment results that correspond to twice (200%) the daily performance, whether positive or negative, of its corresponding benchmark. The Fund tracks the daily performance of the Bloomberg Silver Subindex.

AGQ US Equity	
Stock Data	30.08.2019
Price	34.48
52Wk High	35.7881
52Wk Low	21.57
YTD Change	8.109999
YTD % Change	30.75464
Shares Out	7.54652
Market Cap	260204223.6
Short Int	116152
1 Yr Total Return	45.05679
BETA vs.SPX	1.553798079

Seasonal chart (daily prices – 5 years)



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Supervisory authorities: BNB and Financial Supervision Commission: Bulgaria, Sofia.

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SOURCES of DATA:	DATA
<ul style="list-style-type: none">○ BLOOMBERG LP○ CNBC.com○ ETFDB.com○ SEASONALCHARTS.com	<ul style="list-style-type: none">○ Time series – Close prices – Daily.○ Periods: 1 or 2 years (August 28, 2017 – August 28, 2019)○ Minimum number of observations for 2Y time series: 504.○ Missing data: We reduced the effect of a very small number (< 0.05%) of detected missing values, using a nearest-neighbor interpolation method, which does not reduce the representativeness of the sample.

02.09.2019