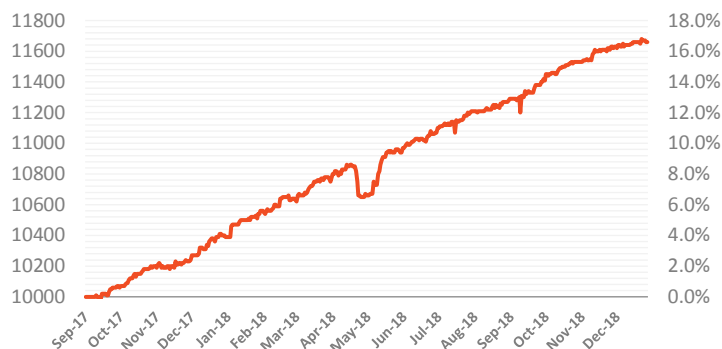


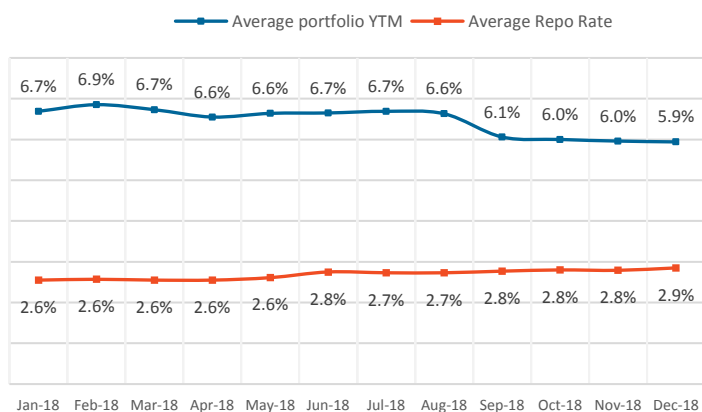
## OVERVIEW

In 2018, Glocal Profix USD generated a positive return of 12.1%. This was the first full fiscal year for the fund and a real test for the soundness of its strategy. Ultimately, the fund outperformed its 10% target rate of return by 21%, despite the upward pressure on refinancing rates and narrowing margins.

### Investment Performance Since Launch Per 10,000 USD

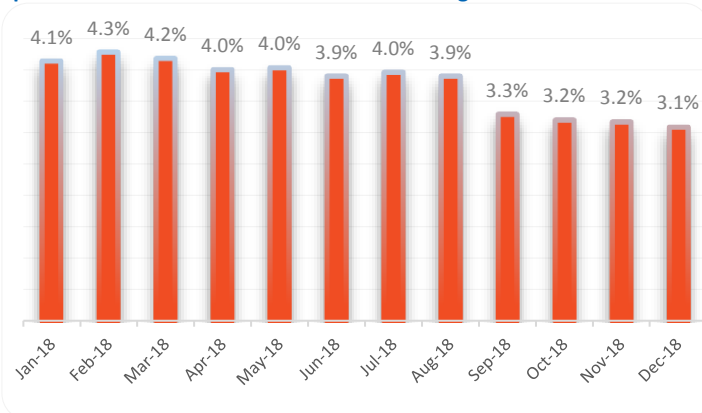


### Average rates

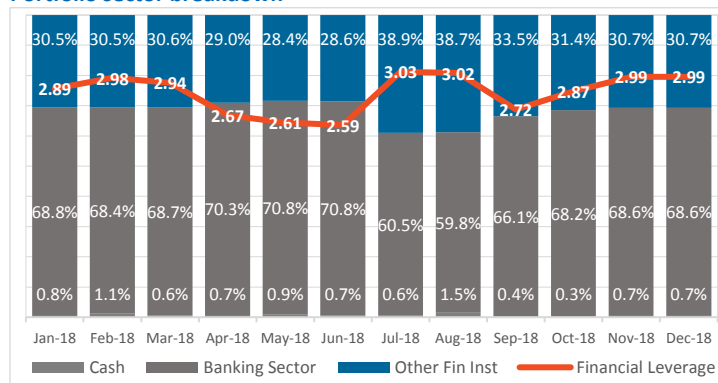


The 12-month average repo rate equaled to 2.7%, gaining 30bps during the year due to global trends of rate hikes observed across the markets. The spread between portfolio yield and refinancing rate narrowed accordingly, standing at 3.1% as of December 2018.

### Spread between Portfolio YTM and refinancing rate

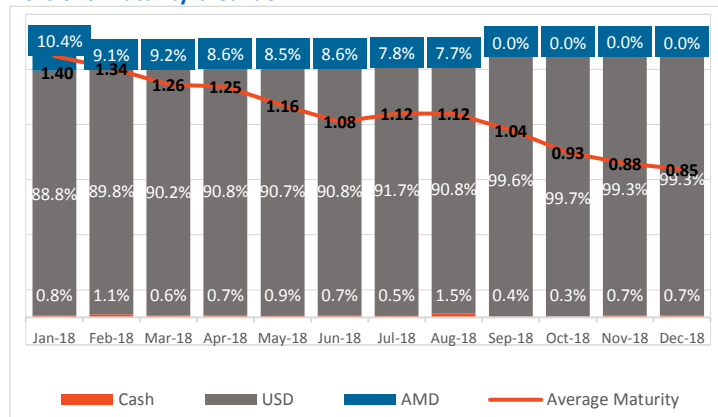


### Portfolio sector breakdown



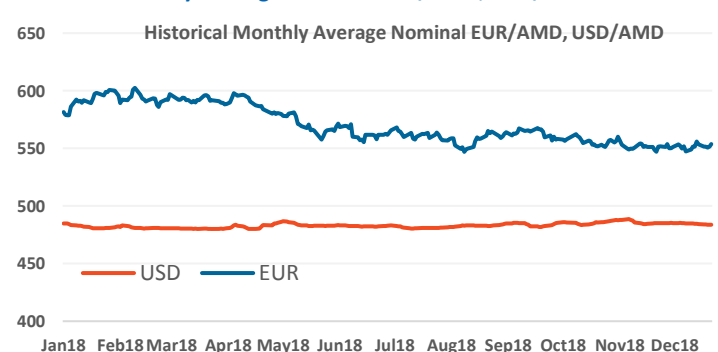
On average, banking sector comprised 67.5% of Fund's assets, the remaining being allocated to other financial institutions. Financial leverage fluctuated between 2.5x and 3x, standing at 2.9x on average.

### Portfolio maturity breakdown



The fund's assets were predominantly in USD, in line with the strategy of the fund – with only a small portion of coupon receivables being denominated in AMD. Average maturity declined gradually during the year, rounding to 0.85 years by the end of December. This makes the fund more robust to big jumps in rates.

### Historical Monthly Average Nominal EUR/AMD, USD/AMD



Source: Central Bank of Armenia (data available at [www.cba.am](http://www.cba.am))

## MACRO HIGHLIGHTS

In 2018, GDP of Armenia increased by 5.2%, the second highest result since 2012. Services and wholesale trade remained the main driver of the growth by 18.8% and 8.7%, respectively. During the year, the volume of construction went up by 4.5%, industrial output – by 5.5%, and retail trade – by 1%; electricity production remained almost on the same level, while agricultural output contracted by 7.6%. Trade deficit of the country widened to USD 2.55bln; total exports reached USD 2.41bln – 7.8% increase y-o-y – and total imports rounded to USD 4.96bln – 21.1% increase y-o-y.

Unemployment rate stood at 20.1%, a slight improvement since the beginning of the year, but still lagging behind the 2017 reading (17.8%). The Central bank's refinancing rate was remained unchanged at 6% (later cut to 5.75% in Jan 2019); yields on 10-year AMD-denominated Government bonds stood at 9.99%. Armenian dram changed little relative to USD and depreciated by 1% relative to EUR – 486.98 and 559.15, respectively.

### Time series

Source: NSS

