

GLOCAL PROFIX AMD FUND 2019 SUMMARY

We are delighted to present to your attention the annual summary of the performance of Glocal Profix AMD Fund for 2019. Passed year was challenging for financial markets. Slowdown of global economic growth, together with increased political tensions, especially related to US-China trade talks, increased risks and further deepened uncertainties for investors, thus creating incentives for seeking new investments opportunities.

Overall, 2019 was a successful and stable year for Armenian economy. Throughout the year, it followed an impressive growth pattern, which eventually converted into 7.6% increase of GDP. Sustained macroeconomic stability, combined with the efforts of the Government in promoting institutional reforms, such as fight against corruption, were reflected in positive changes of Armenia's international ratings.

Most notable economic highlights of 2019 are introduced below.

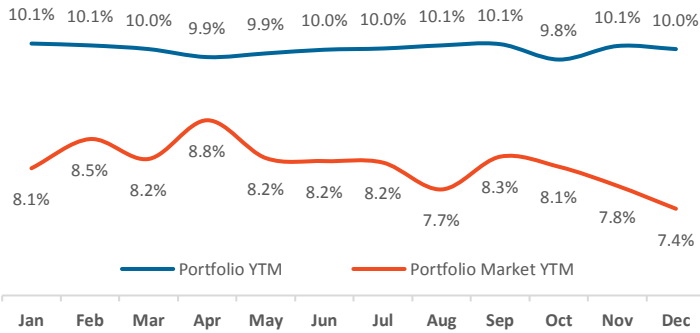
- Impressive 7.6% economic growth – the highest reading in the region.
- Low level of inflation – 1.4%.
- Lowest monetary policy rate in the region. In 2019, the Central Bank of Armenia made two cuts of refinancing rate – each by 0.25pps – reducing it from 6.0% to 5.5%.
- The most stable currency in the region. During the last 5 years AMD remained fairly unchanged relative USD.
- The Central Bank made record-high purchase of USD 565mln. International reserves of Armenia went up by 26% y/y standing at USD 2.8bln.
- The Government of Armenia successfully allocated third tranche of Eurobonds at a record-low rate of 3.95%. Total allocated volume is USD 500mln.
- Business-friendly taxation system. Reductions of income and profit taxes came into force from January 1st, 2020. Tax privileges are considered for security holders.
- Moody's and Fitch upgraded sovereign rating of Armenia to Ba3 and BB-, respectively.
- The country improved its position by 28 spots in Transparency International's Corruption Perception Index 2019 report, moving from 105th place to 77th.
- In the Democracy Index 2019 report released by the Economist Intelligence Unit, Armenia climbed from 103rd position to 86th.
- Tourist arrivals went up by remarkable 14.7%, standing at record-high 1.9mln people. Armenia ranked 12th by tourism growth in 2019, according to Tourism Barometer of UNWTO. Estimated income from tourism is around USD 1.4bln. More increase is expected in 2020 due to entry of low cost airlines, such as Ryanair, Wizz Air, AirBaltic and Transavia, into Armenian market. Furthermore, Armenia is listed among top tourist destinations for 2020 by various magazines.
- Outstanding 20% CAGR of IT sector from 2009. Acceleration of growth is anticipated in upcoming years due to planned construction of TUMO technopark, Engineering City and Digitown, which will be hubs for local and international IT companies and start-ups. Based on high-growth track of the sector Forbes named Armenia as "World's next tech hub".
- Rapid development of infrastructure. In 2019, roads with total length of 350km were constructed and renovated – more than in 2015, 2016 and 2017 combined. Another 500km planned for 2020.

All these developments create a solid ground for even more positive expectations for 2020.

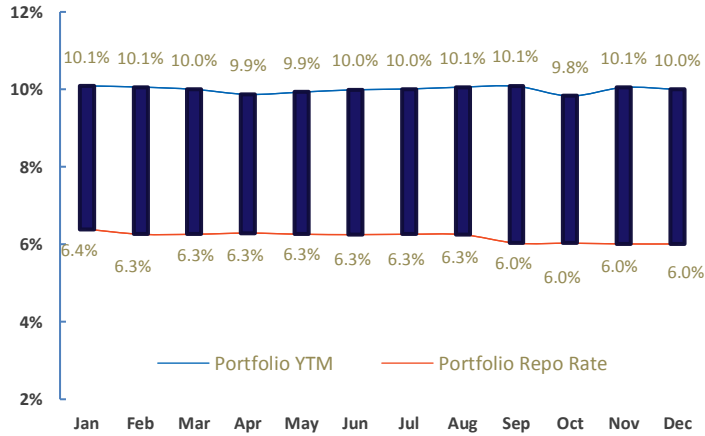
Turning to the performance of our Fund, in 2019, Glocal Profix AMD generated an impressive return of 45.96%, significantly outperforming target profitability. This brought since inception return up to 200.55%, equaling to annualized return of 49.07%.

OVERVIEW

2019 was a remarkable year for Glocal Profix AMD Fund. The Fund reported an impressive return of 45.96% during the year. For the sake of comparison, the yield of 2018 was 26.88%. Such a result means that the Fund managed to outperform its target return of 26% for the third consecutive year, reflecting efficiency of strategy being implemented, overall market conditions and macroeconomic stability.

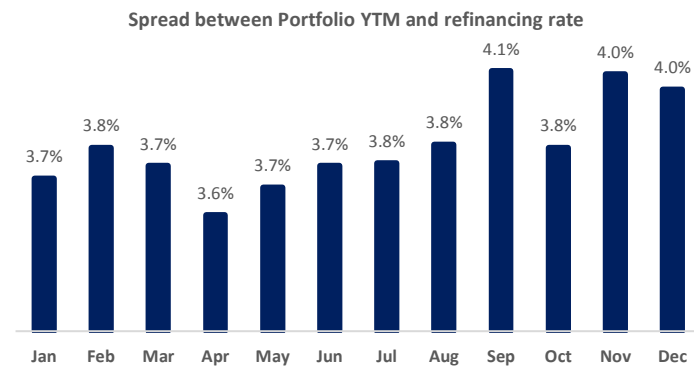


The Fund's return since inception stood at 200.55%, equalling to 49.07% if annualized.

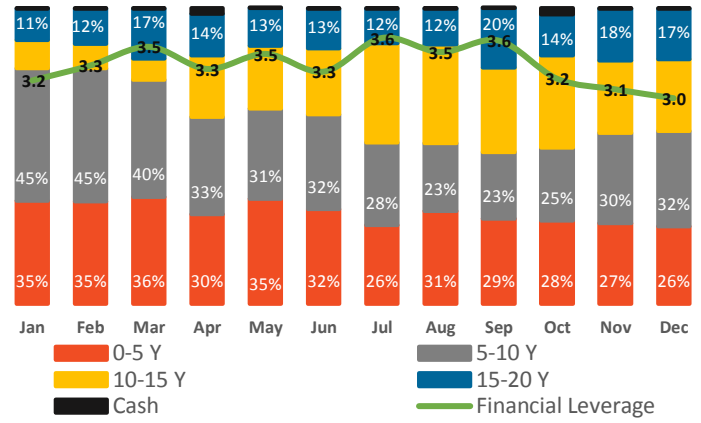


Average portfolio yield for 2019 rounded to 9.99%, with average refinancing rate equal to 6.17%.

Consequently, average spread of portfolio's yields over the borrowing rate stood at 3.82% in 2019. Throughout the year, it mostly demonstrated an upward trend reasoned by increased share of high-yield treasury bonds of Armenian Government in the portfolio.



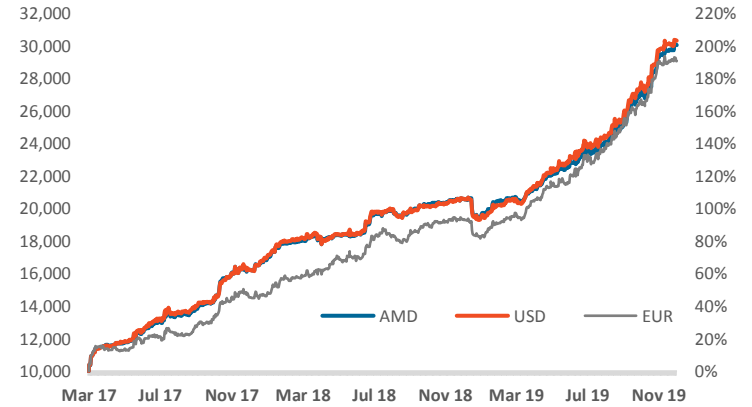
Monthly portfolio maturity breakdown



Fair value weighted 12-month average share of securities with 5-10 years to maturity rounded to 30.96% of total portfolio. Another 30.32% of the portfolio was allocated to securities with 0-5 years to maturity.

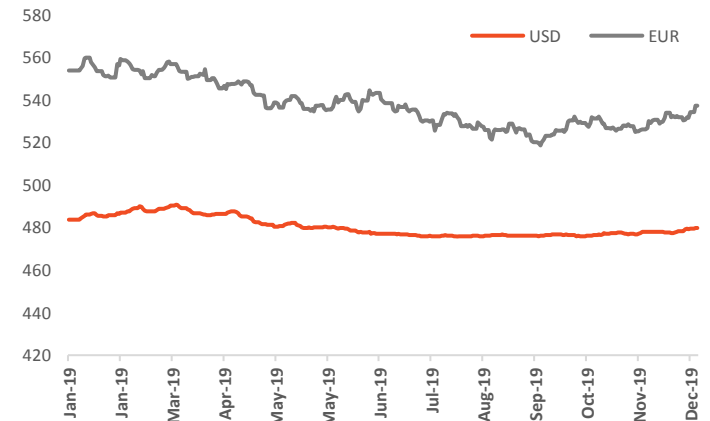
PERFORMANCE

Investment Performance Since Launch Per 10,000 AMD/USD/EUR



Net of management fees and operational costs and taxes.

The investment performance in AMD is translated to USD and EUR using historical daily rates provided by Central Bank of Armenia. The translation is carried to illustrate the hypothetical performance of the investment in latter foreign currencies. As it can be observed from the below chart, AMD appreciated relative to Euro and remained mostly stable relative to USD.



Source: Central Bank of Armenia (data available at www.cba.am)

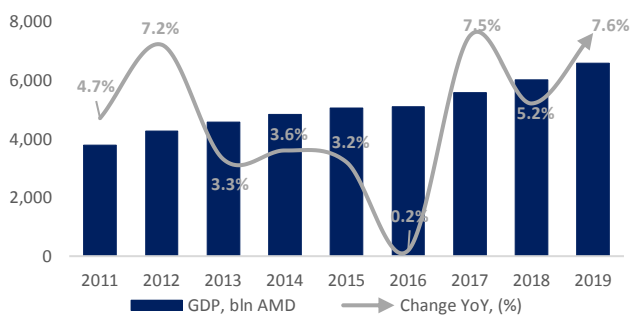
MACRO HIGHLIGHTS

Armenian economy demonstrated an impressive performance during 2019, which was reflected in 7.6% economic growth, highest result since global financial crisis of 2008. The growth was predominantly driven by Services, Industry and Trade, which went up by 15.0%, 8.3% and 9.1%, respectively. Construction volume expanded as well, by 3.7%. Conversely, agricultural production and electricity output declined by 4.2% and 1.9%, respectively. Number of international visitors equalled to 4.3mln – an increase of 15.0%. Tourist arrivals grew by 14.7% standing at record high level of 1.9mln people. Estimated income from tourism is about USD 1,440mln. Exports went up by remarkable 9.4% equalling to USD 2,640mln. Imports increased by 10.8%. Consequently, trade deficit widened by USD 322mln rounding to USD 2,874mln. Unemployment rate reduced by 2.1pps y/y rounding to 18%. This improvement was accompanied with 5.8% increase in average nominal monthly wages.

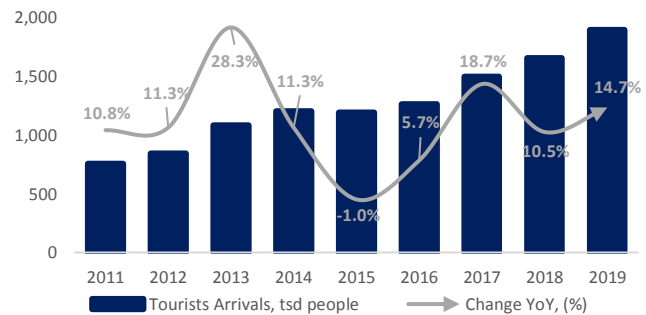
During the year the Central Bank made two cuts of refinancing rate – each by 0.25pps - reducing it from 6% to 5.5%. Besides, it decreased reserve rate for the sources attracted in AMD from 18% to 12%, while increasing reserve requirement for USD sources from 2% to 6%. Yields on 10-year AMD-denominated Government bonds moved down to 8.36%. Armenian dram appreciated against both USD and EUR, standing at 479.70 and 537.26, respectively.

TIME SERIES

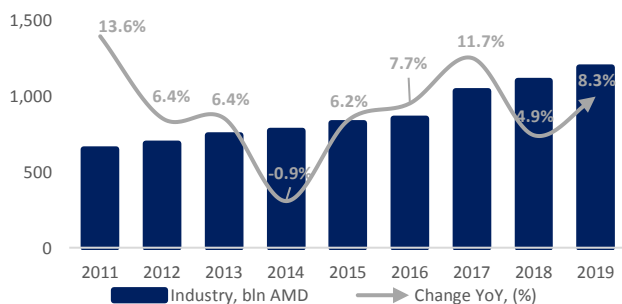
GDP



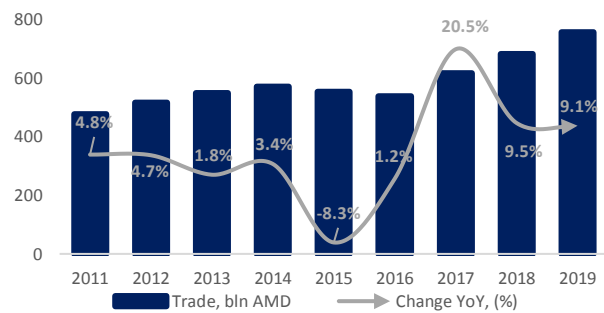
Tourist Arrivals



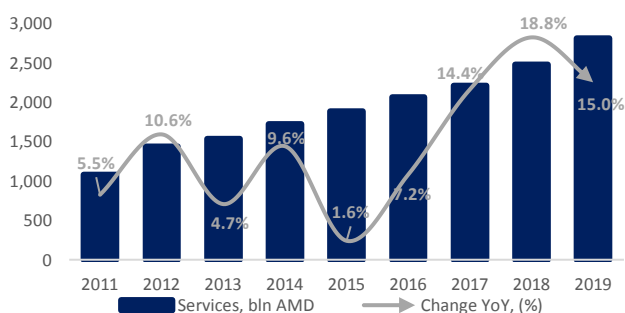
Industry



Trade



Services



External Trade

