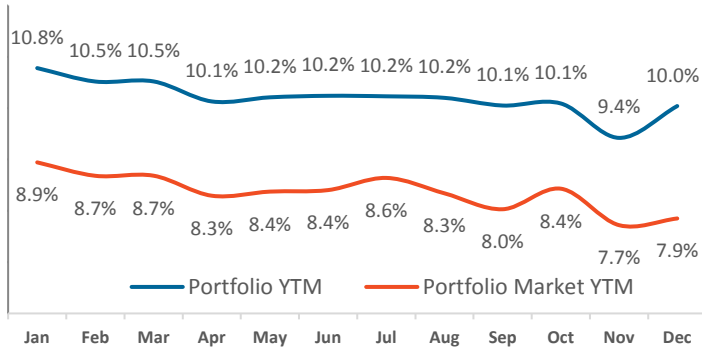
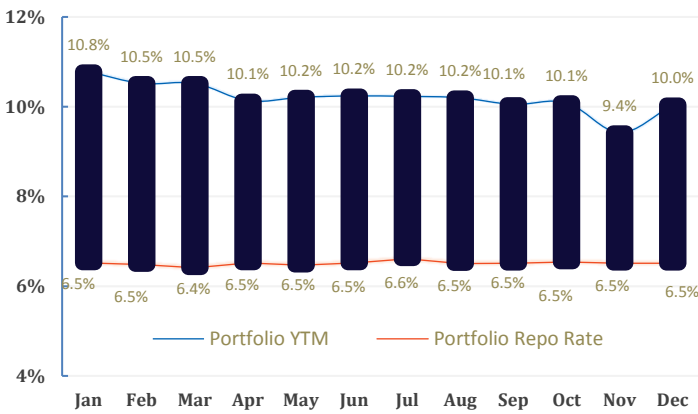


OVERVIEW

2018 was yet another successful year for Glocal AMD Profix. The fund generated a total positive return of 26.88% during the year. The strong performance was especially encouraging in light of large losses suffered by stock markets across the world – both in terms of equities and fixed income instruments. Moreover, the return was in line with the fund’s target, meaning that its strategy is quite robust at a stable macroeconomic environment.

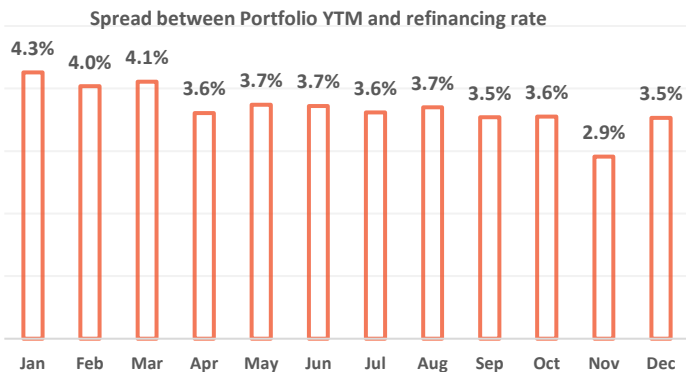


The Fund's return since inception stood at 105.92%, rounding to 50.88% if annualized.

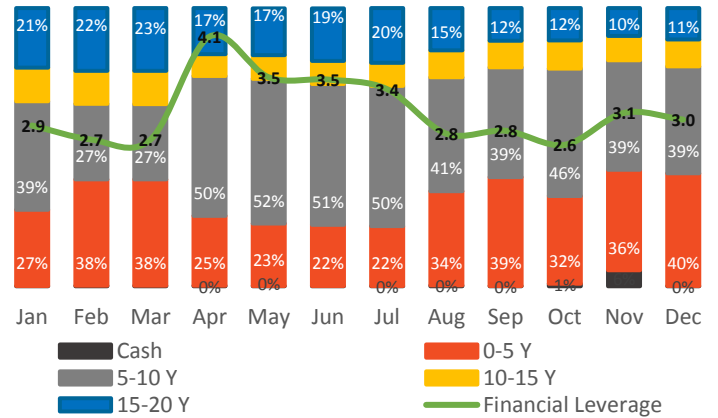


In 2018, the average portfolio yield stood at 10.20% and average refinancing rate rounded to 6.51%.

The spread of portfolio’s yields over the refinancing rate was relatively stable during the year – although with a declining trend. The tightened spread in November is attributable to the increase of the share of low-yield securities in the portfolio, such as Cash and Short-term bonds.

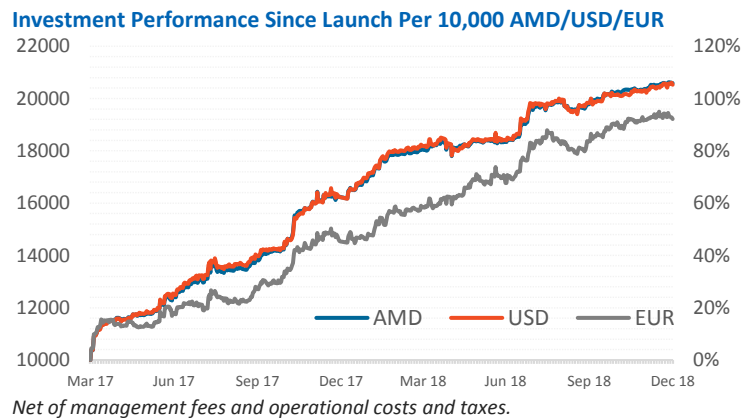


Monthly portfolio maturity breakdown

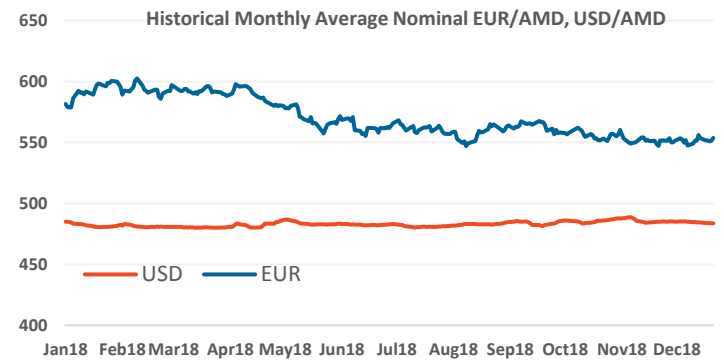


12-month average allocation to securities with 5-10 years to maturity comprise 35.17% of total portfolio that is weighted by fair value. Allocation to securities with 0-5 years to maturity amounts to 31.33% of the portfolio.

PERFORMANCE



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 above chart, AMD depreciated relative to Euro and remained fairly stable relative to USD.



Source: Central Bank of Armenia (data available at 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

