

FFBH Vostok

September 2012

Data as per 29 September 2012

NAV	
NAV	BGN 613, 109
NAV per share	BGN 0.7578

Return (%)	
Monthly (MoM)*	3.64%
Annual (YoY)*	13.66%
Year-to-date*	11.03%
Since Inception (annualized)*	-10.68%

Statistics (%)	
Standard Deviation*	21.47%
Monthly alpha – MSCI Russia *	-1.17%
Beta (β) – MSCI Russia *	0.630
R ² – MSCI Russia *	61.20%
Sharpe Ratio (0%)*	n.m.

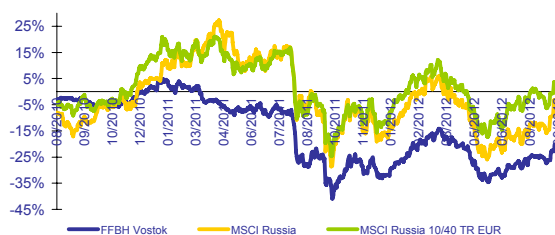
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

Investment objective overview

FFBH Vostok is a high-yield, actively managed, open-end mutual fund with regional focus on Russia & CIS, inception on Apr 16, 2010. The Fund's investment objective is to achieve high long-term growth, outperforming MSCI Russia Index and bearing medium to high levels of risk. The Fund may have up to 90% in equities and up to 50% invested in bonds.

FFBH Vostok's targets high allocation to equities in 2012 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in H2 2012 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR

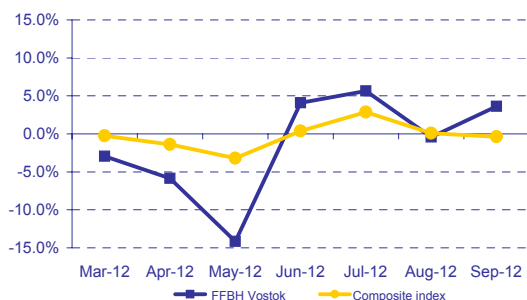


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

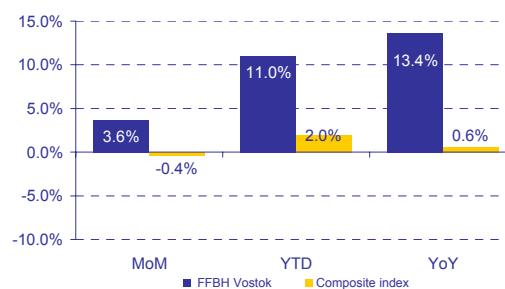
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM return comparison to composite index*

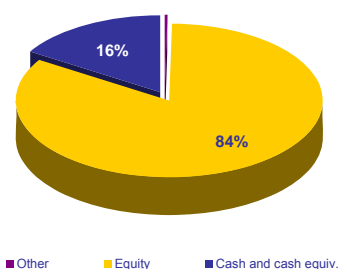


MoM, YoY and YtD return to composite index*



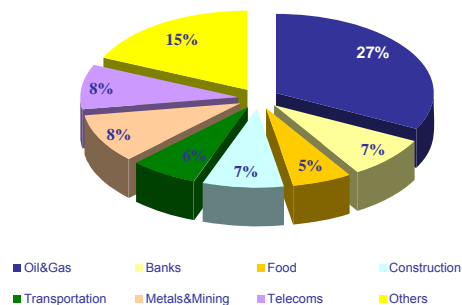
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

September 2012

Data as per 29 September 2012

NAV	
NAV	BGN 845, 146
NAV per share	BGN 0.4453

Return (%)	
Monthly (MoM)*	-0.01%
Annual (YoY)*	-6.58%
Year-to-date*	-2.02%
Since Inception (annualized)	-15.34%

Statistics (%)	
Standard Deviation*	13.38%
Monthly alpha – MSCI EM EE *	-3.94%
Beta (β) – MSCI EM EE *	0.250
R ² – MSCI EM EE *	34.83%
Sharpe Ratio (0%)*	n.m.

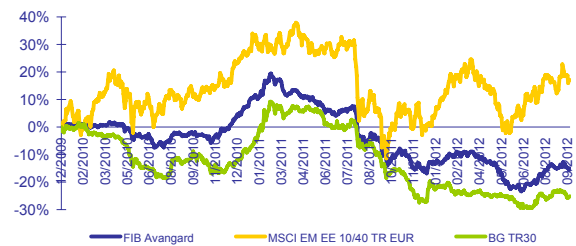
* see notes

Investment strategy

FIB Avangard is a high-yield, actively-managed, mutual fund, inception on Nov 11, 2007, whose investment objective is to achieve high long-term growth, bearing medium to high levels of risk. Its portfolio is allocated in Emerging Europe equity with focus on Bulgarian and Russian companies. FIB Avangard is benchmarked to MSCI EM Eastern Europe 10/40 Total Return EUR Index.

FIB Avangard's investment strategy for 2012 includes allocation to liquid and financially stable Bulgarian companies and achievement of sizeable stake in Russian "blue chips" on high oil prices and domestic consumption stories.

FIB Avangard vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

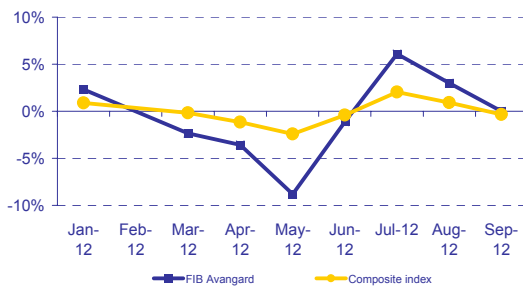
Fact sheet and fee information

Type	Open-end equity fund
FSC Classification	High-yield fund
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

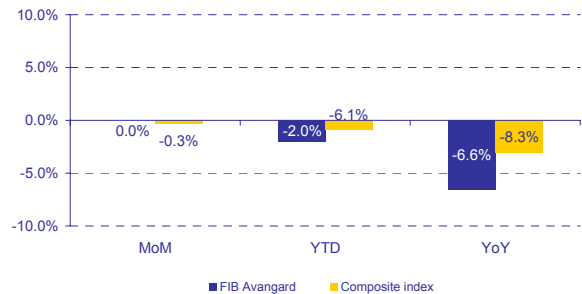
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

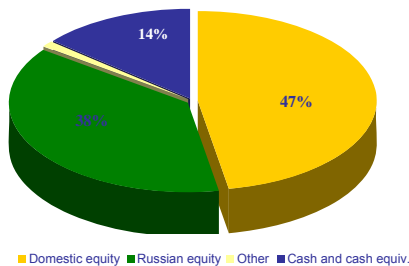


MoM, YoY and YtD return to composite index*



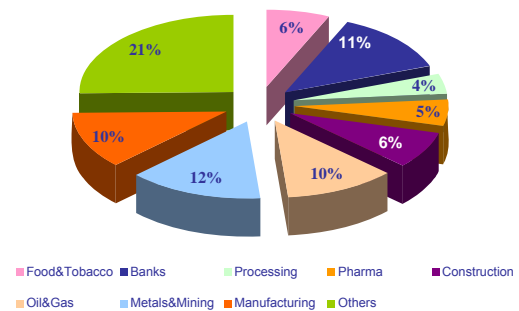
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

September 2012

Data as per 29 September 2012

NAV	
NAV	BGN 897, 242
NAV per share	BGN 0.7099

Return (%)	
Monthly (MoM)*	-0.03%
Annual (YoY)	1.46%
Year-to-date	4.08%
Since Inception (annualized)	-6.81%

Statistics (%)	
Standard Deviation*	6.78%
Monthly alpha – MSCI EM EE *	-3.96%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	39.36%
Sharpe Ratio (0%)*	n.m.

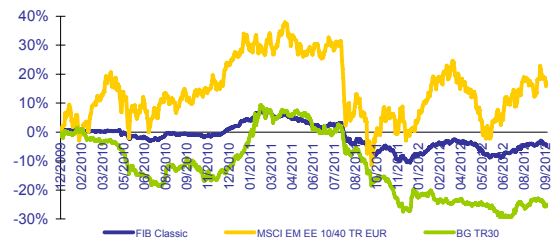
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, incepted on Nov 11, 2007, whose investment objective is to achieve long-term growth of Fund's assets, bearing medium levels of risk to its investors. The Fund invests in Emerging Europe equities and bonds.

FIB Classic's investment strategy for 2012 is based on more aggressive approach by increasing equity allocation in both Bulgaria on expected sentiment improvement in H2 2012 and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in sovereign debt and investment grade corporate bonds.

FIB Classic vs. MSCI EM EE 10/40

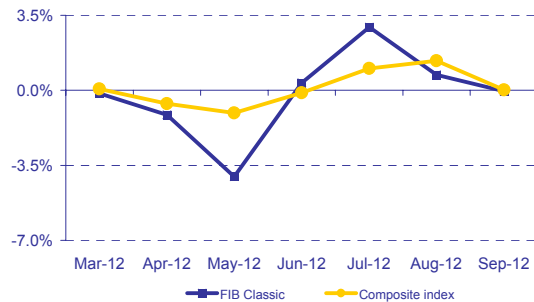


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

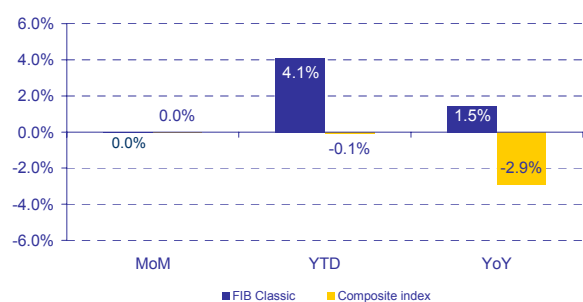
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM return comparison to composite index*

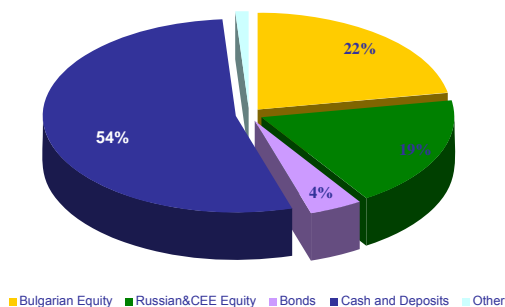


MoM, YoY and YtD return to composite index*



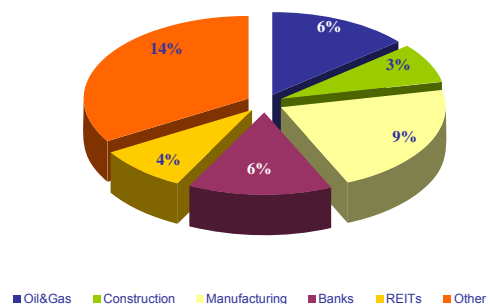
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

September 2012

Data as per 29 September 2012

NAV	
NAV	BGN 856, 287
NAV per share	BGN 1.0509

Return (%)	
Monthly (MoM)*	-0.26%
Annual (YoY)*	2.77%
Year-to-date*	3.04%
Since Inception (annualized)*	1.03%

Statistics (%)	
Standard Deviation*	2.31%
Sharpe Ratio (0%)*	0.06
Interest rates (%)	
Sofibor (3 month)	1.59%
Sofibor (12 month)	4.10%

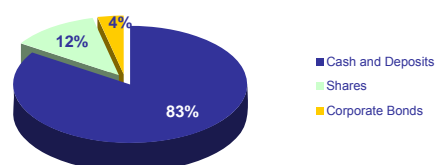
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	7.50%	08/01/2013	BGN	0.52%
Treasury	5.25%	04/02/2014	BGN	0.99%
Treasury	4.50%	17/02/2017	BGN	2.31%
Treasury	5.00%	11/07/2022	BGN	3.37%
Eurobond	4.25%	09/07/2017	EUR	2.56%
Eurobond	8.25%	15/01/2015	USD	1.63%

Source: Bloomberg

Asset Allocation



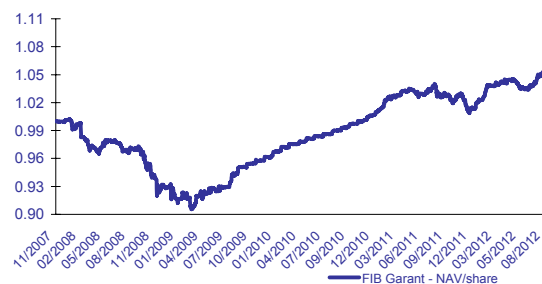
Source: FFBH Asset Management

Investment objective

FIB Garant is a conservative balanced mutual fund, incepted on Nov 11, 2007, whose investment objective is to achieve medium long-term growth of assets, bearing low level of risk. The Fund invests mainly in fixed-income instruments, but it may have up to 20% exposure to equity used to improve its risk-return profile.

FIB Garant's 2012 investment strategy includes increased allocation to equities on possible sentiment and liquidity improvement on BSE in H2 2012. At certain points investments in foreign large cap blue chips can be made but currency risk should be controlled. The decrease in local deposit rates would also lead to an increase the Fund's exposure to investment grade emerging market government debt.

FIB Garant



Source: FFBH Asset Management

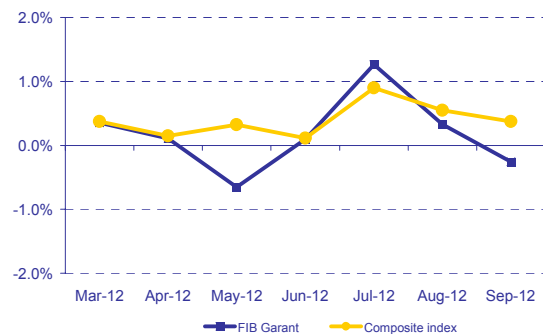
Fact sheet and fee information

Type	Open-end equity fund
Classification	Balanced-conservative
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

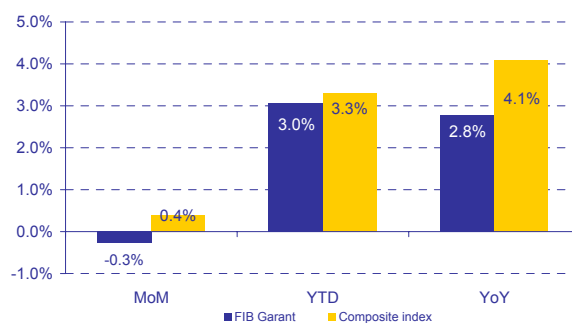
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*



MoM, YoY and YTD return to composite index*



Source: BAAMC, FFBH Asset Management calculations

PORTFOLIO MANAGER'S COMMENT September 2012

MARKET OVERVIEW:

- CEE equity markets advanced in September as the leading central banks loosened their monetary policies. The regional MSCI Emerging Europe ex Russia added 4.5% during the period in EUR terms. The rally was limited to some extent by the weak backward-looking global macro data while leading indicators in major economies provided mixed signals.
- Blue-ship SOFIX index managed to advance for a third month in a row just in the very end of September (323.97, +0.5%). The market was generally muted on low liquidity and lack of corporate news in most names and even the "hot" REIT companies declined for first time in 2012. That said, BGREIT index lost 3.5% MoM but was still up 54% YtD.
- The headlines of the month were the tender offer for Sofia BT [3JU BU], the last in line public subsidiary from the recently-privatised Bulgartabac Holding, which at yet-to-be-approved BGN 64.02 price disappointed investors. Also, the state held auctions for c.10k ha of agricultural land, payable in compensatories [BLKC BU], which explained why trades with this financial instrument (BGN 20m) accounted for more than a third of BSE's monthly turnover. Another, major event in the sector was the official filing of the liquidation of the second largest agri REIT – ELARG Land Opportunity Fund [4EC BU] which would lead to its shut down next Spring.
- Despite usually being the global winner in case of monetary easing Russian indices moved inline with emerging markets and advanced by 5% MoM. A larger rally was limited by the decline in oil price during the period on OPEC intention to keep it close to USD 100 pb and speculations of release of US strategic reserves. Domestically news flow was mixed as financial reports mostly disappointed. Still, we should outline the successful SPO of 7.6% of Sberbank (USD 5.2bn worth) at a modest 4% market discount which finally removed the overhang in the name. Also, we note some market-friendly development and news about electricity distribution sector re-organization, thus making utilities market outperformer in September.
- Apart from oil weakness Russian macro data also weighed on sentiment as data showed that economy growth has further decelerated in August. Retail trade growth weakened to 4.3% YoY (5.4% YoY in July) as real wages decelerated to 7.8% YoY in August from 8.1% in the previous period. Industrial production and investments growth also slowed down to 2.1% YoY and 2.3% YoY respectively from 3.4% YoY and 3.8% YoY in July. On the bright side unemployment declined again to a 5-year low of 5.2% while PMI Manufacturing rebounded to a four-month high of 52.4 (+2.7% MoM) on increase in new orders and employment.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- In September FFBH Vostok's NAV per unit advanced 3.6% MoM, slightly trailing its benchmark. YtD return stood at 11%. During the period we closed our hedge of 75% of fund's USD exposure. Also, we collected some profits in the transportation sector and increased our exposure to the oil&gas sector on attractive opportunities. Overall, we increased equity allocation slightly up to 84%.

FIB Avangard

- FIB Avangard was flat in September as Bulgarian shares were down till the very last day of the month. During the period we slightly increased Russian allocation as Russian equity is usually the largest beneficiary of global monetary easing while we decreased domestic shares as they are among laggard. Also, we closed the hedge of 50% of fund's USD exposure.

FIB Classic

- FIB Classic was also flat during September. During the period we increased total equity allocation, adding both local special case shares and Russian on global easing. Here, we also closed the hedge of fund's USD exposure.

FIB Garant

- In FIB Garant we increased slightly equity allocation while bond allocation remained unchanged.

OUTLOOK & STRATEGY:

- As mentioned above market sentiment improved on global easing but weakening global growth kept a cap on the markets. Still, we expect that the environment for equity markets to remain positive but momentum should be weaker than in previous rounds of monetary easing. We also warn that the European debt crisis chapter is not closed
- As in previous rounds of QE Bulgarian Stock Exchange was among laggards despite attractive valuations. If we count on history, the market should start to catch up with global performance in the very end of 2012 or beginning of 2013, if sentiment remains positive for a longer period.
- For the near-term all eyes and liquidity would be focused on the privatization in the electricity distribution sector as the sales of state stake in Energo Pro Grid and Sales are due in the very beginning of October while privatization of CEZ local subsidiaries is to be scheduled somewhere in the middle of the month. BSE privatization procedure also started with selection of advisor round. We deem that, if fast and successful, BSE privatization might help to unravel the low liquidity-low valuation vicious circle for Bulgarian stocks.
- As for Russian market we expect that it will outperform global indices in Q4 if global sentiment remains robust. So, our long-term focus on Russian equities remains in place on strong economic profile, supported by oil price and strong domestic demand potential on growing middle class. The low valuation and larger than historical discount to both developed and emerging markets for almost all sectors (except on retail) should also support its investment case.
- In conclusion our investment policy in October will be mostly aggressive towards equities, exploiting every downturn to add cyclical foreign stocks. That said, we will be collecting profits to minimize risks as global economy has an uphill to climb. In Bulgaria we will wait to see the results from October privatization deals which shall be a good measure of investors' awareness of the market. In FIB Classic and FIB Garant we will continue to watch for attractive bond issues and might increase our allocation.

NOTES

Monthly return /MoM/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous month.

Annual return /YoY/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the same month a year ago.

Year-to-date return /YtD/ is calculated as the ratio between the NAV/share as per the report date and the NAV per share on the last working day of the previous year.

Standard deviation is the annualized standard deviation of the weekly return over the last five years or since inception, whichever is smaller.

FIB Avangard: Monthly Alpha – MSCI EM EE is the difference between the monthly return of NAV per share of FIB Avangard and the monthly return of MSCI EM Eastern Europe 10/40 Total Return EUR Index.

FIB Classic: Monthly Alpha – MSCI EM EE is the difference between the monthly return of NAV per share of FIB Classic and the monthly return of MSCI EM Eastern Europe 10/40 Total Return EUR Index.

FFBH Vostok: Monthly Alpha – MSCI Russia is the difference between the monthly return of NAV per share of FFBH Vostok and the monthly return of MSCI Russia 10/40 Total Return EUR Index.

FIB Avangard: Beta (β) – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

FIB Classic: Beta (β) – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

FFBH Vostok: Beta (β) – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years or since inception, whichever is smaller.

FIB Avangard: R2 – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Avangard and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

FIB Classic: R2 – MSCI EM EE has been calculated using the weekly returns of NAV per share of FIB Classic and MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last five years or since benchmarking to this index, whichever is smaller.

FFBH Vostok: R2 – MSCI Russia has been calculated using the weekly returns of NAV per share of FFBH Vostok and MSCI Russia 10/40 Total Return EUR Index over the last five years or since inception, whichever is smaller.

Sharpe Ratio for all funds has been calculated using the weekly returns of NAV per share of each fund over the last five years or since the inception of the fund, whichever is smaller, and using 0% as risk-free return.

FIB Avangard: Composite Index is composed of 20 mutual funds that apply similar investment strategy to FIB Avangard and measures their equal-weighted return.

FIB Classic: Composite Index is composed of 22 mutual funds that apply similar investment strategy to FIB Classic and measures their equal-weighted return.

FIB Garant: Composite Index is composed of 7 mutual funds that apply similar investment strategy to FIB Garant and measures their equal-weighted return.

FFBH Vostok: Composite Index is composed of 8 mutual funds that apply similar investment strategy to FFBH Vostok and measures their equal-weighted return.

The Index are calculated in a standardized way, using the MoM, YoY and YtD returns of each fund (R_i , $i=1$ to n), based on formula: $\sum (1/n * R_i)$, where n is the number of mutual funds, using similar strategies.

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WE NOTE THAT ANYONE WHO WANTS TO SUBSCRIBE UNITS IN FIB AVANGARD, FIB CLASSIC, FIB GARANT AND/OR FFBH VOSTOK SHOULD MAKE A DECISION BASED ON THE INFORMATION PUBLISHED IN THE MOST RECENT RESPECTIVE PROSPECTUSES. THE PROSPECTUSES AND BY-LAWS ARE AVAILABLE IN FFBH ASSET MANAGEMENT OFFICE - 2 ENOS STREET, 5TH FLOOR, SOFIA, 1408, BULGARIA, TEL: +359 (2) 810 6413, WWW.FFBHAM.BG AND FIBANK BRANCHES, EXPLICITLY LISTED AT WWW.FFBHAM.BG.