

FFBH Vostok

August 2013

Data as per 30 August 2013

NAV	
NAV	BGN 594 097
NAV per share	BGN 0.6669

Return (%)	
Monthly (MoM)*	0.97%
Annual (YoY)*	-8.80%
Year-to-date*	-10.43%
Since Inception (annualized)*	-11.31%

Statistics (%)	
Standard Deviation*	19.91%
Monthly alpha – MSCI Russia *	0.86%
Beta (β) – MSCI Russia *	0.530
R ² – MSCI Russia *	64.02%
Sharpe Ratio (0%)*	n.m.

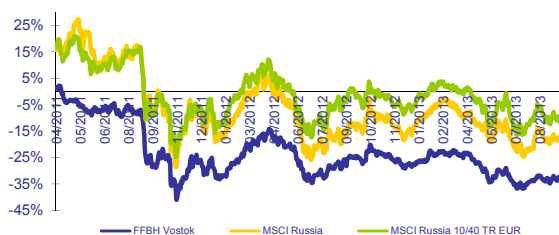
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 95% in equities and up to 50% invested in bonds.

FFBH Vostok's targets high allocation to equities in 2013 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in H2 2013 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR

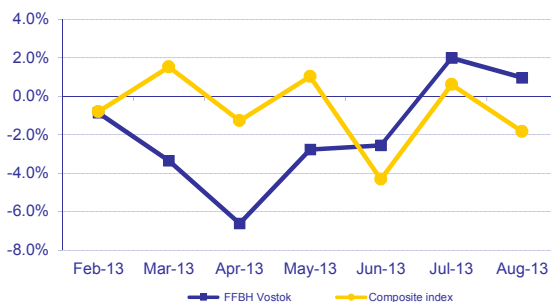


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

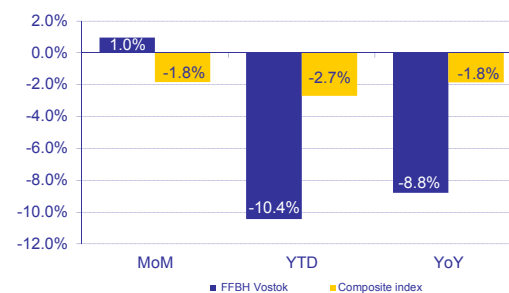
Fact sheet and fee information

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*

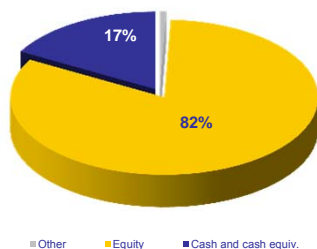


MoM, YoY and YtD return to composite index*



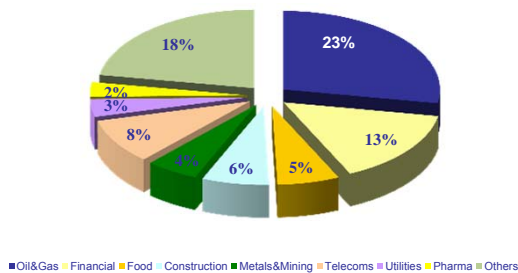
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

August 2013

Data as per 30 August 2013

NAV	
NAV	BGN 982 206
NAV per share	BGN 0.4830

Return (%)	
Monthly (MoM)*	-0.56%
Annual (YoY)*	8.46%
Year-to-date*	9.10%
Since Inception (annualized)	-11.83%

Statistics (%)	
Standard Deviation*	12.81%
Monthly alpha – MSCI EM EE *	-1.65%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	32.49%
Sharpe Ratio (0%)*	n.m.

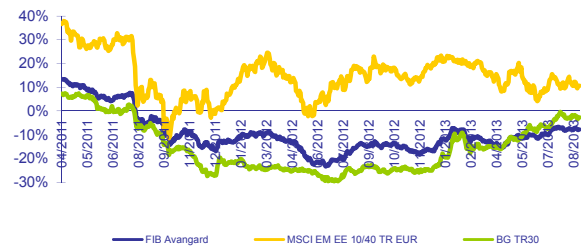
* see notes

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 2013 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

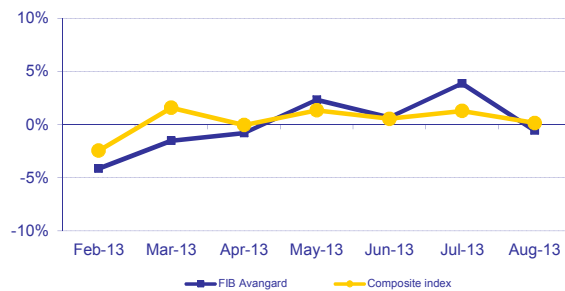
Fact sheet and fee information

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

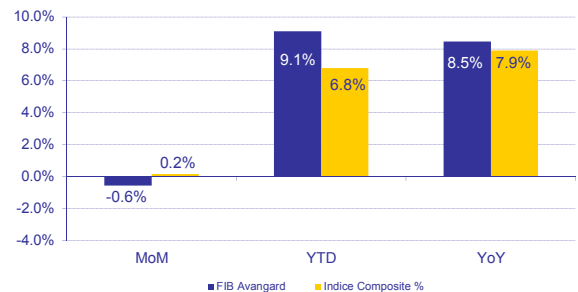
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

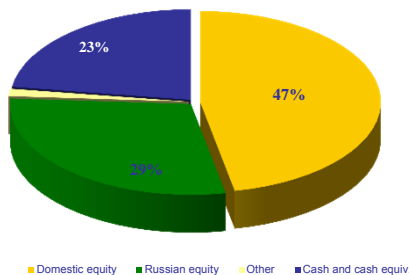


MoM, YoY and YtD return to composite index*



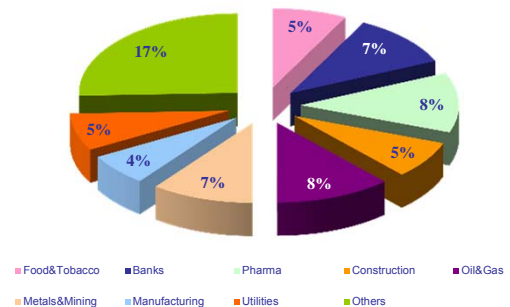
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

August 2013

Data as per 30 August 2013

NAV	
NAV	BGN 976 450
NAV per share	BGN 0.7502

Return (%)	
Monthly (MoM)*	0.16%
Annual (YoY)	5.64%
Year-to-date	5.16%
Since Inception (annualized)	-4.85%

Statistics (%)	
Standard Deviation*	6.57%
Monthly alpha – MSCI EM EE *	-0.93%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	34.86%
Sharpe Ratio (0%)*	n.m.

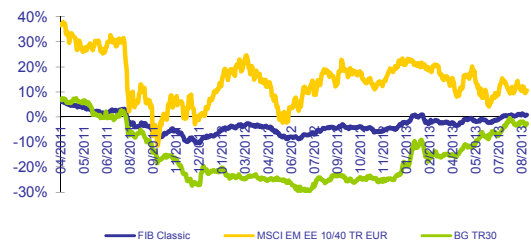
* see notes

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 2013 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in both Bulgaria on expected sentiment improvement throughout 2013 and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in corporate bonds, predominantly, on attractive yields.

FIB Classic vs. MSCI EM EE 10/40

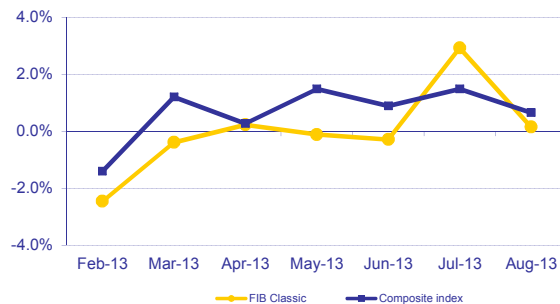


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

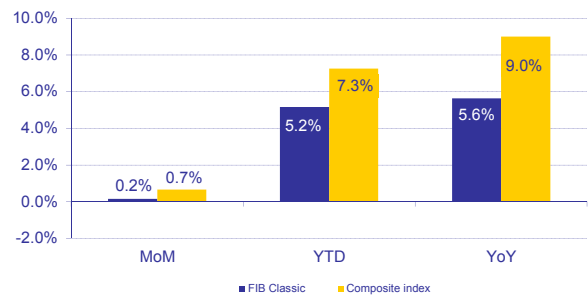
Fact sheet and fee information

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*

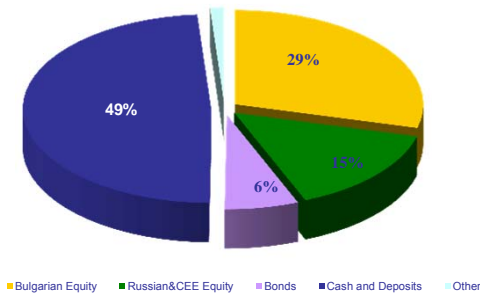


MoM, YoY and YtD return to composite index*



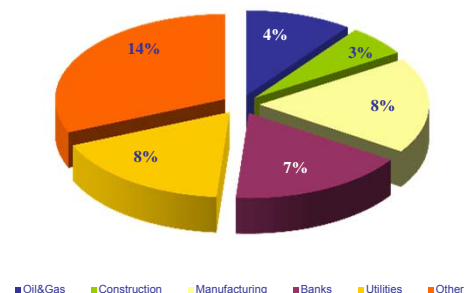
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

August 2013

Data as per 30 August 2013

NAV	
NAV	BGN 907 209
NAV per share	BGN 1.1082

Return (%)	
Monthly (MoM)*	0.23%
Annual (YoY)*	5.23%
Year-to-date*	5.00%
Since Inception (annualized)*	1.80%

Statistics (%)	
Standard Deviation*	2.33%
Sharpe Ratio (0%)*	0.16
Interest rates (%)	
Sofibor (3 month)	1.06%
Sofibor (12 month)	3.04%

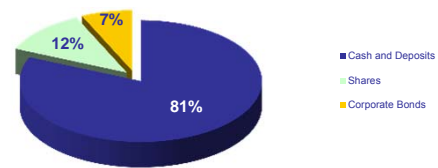
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	5.20%	04/02/2014	BGN	0.75%
Treasury	4.25%	12/01/2015	BGN	0.88%
Treasury	6.00%	11/10/2018	EUR	2.38%
Treasury	4.00%	09/07/2023	BGN	3.80%
Eurobond	4.25%	09/07/2017	EUR	2.28%
Eurobond	8.25%	15/01/2015	USD	1.16%

Source: Bloomberg

Asset Allocation



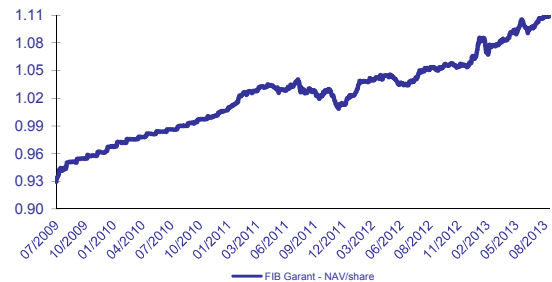
Source: FFBH Asset Management

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 2013 investment strategy includes high allocation to equities on possible sentiment and liquidity improvement on BSE throughout the year. 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 foreign corporate bonds on attractive yields.

FIB Garant

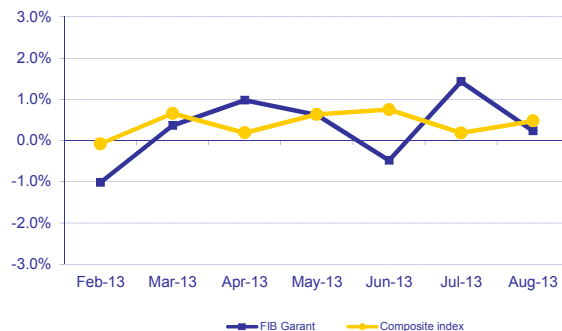


Source: FFBH Asset Management

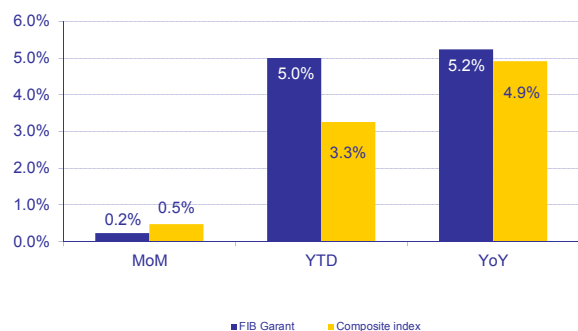
Fact sheet and fee information

Type	Open-end equity fund	Subscription* up to BGN 100,000	more than BGN 100,000
Classification	Balanced-conservative	Entry fee	0.15% 0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months over 24 months
Custodian	First Investment Bank	Redemption fee	0.15% 0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)	1.50%
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

PORTFOLIO MANAGER'S COMMENT Aug 2013

MARKET OVERVIEW:

- Global markets finished down in August as possible strike on Syria and escalation of the situation in the Middle East, weighed on market mood. That said, Eastern Europe was more resilient than peer regions as the continuing recovery of the Eurozone helped offset concerns about expected scale down of FED's asset purchase program in September.
- This time BSE-Sofia underperformed regional indices and SOFIX lost 3.9% MoM but was still up 29% YtD. Main reason was the usual summer drop in liquidity. Equity turnover declined almost 55% MoM to BGN 24m in August and sellers easily pushed down stock prices. Heightened risk from Syria also held foreign buyers away in end-month.
- In August the delivery of H1 financial reports continued but with lack of major surprises. As shown in unconsolidated figures the positive news flow continued to come from industrial sector as the export-oriented companies benefitted from improving conditions in Europe.
- August was an active month for M&A deals in local financial sector. In mid-month First Investment Bank [5F4] announced the acquisition of the 15th bank by assets MKB Unionbank. No more details were announced at this stage but we note that First Investment Bank will retain its 3rd place by assets but will move within reach of local number 2 – DSK Bank. The reason behind MKB Unionbank's sale was the restructuring of its ultimate beneficial owner – BayernLB, which was saved by the German government during the global financial crisis.
- An M&A deal occurred in the insurance sector as well. Euroins Insurance Group (EIG) announced the acquisition of the general and life insurance portfolios of Interamerican, a local subsidiary of Dutch-based Achmea. The price was not disclosed again but the deal will move up EIG's general insurance subsidiary Euroins [5IC] to number 7 by premiums with c.7.7% market share in Bulgaria from 9th place currently.
- Elsewhere, the details about the sale of Bulgaria's largest pension fund Doverie (c.EUR 1bn in AUM, 32% market share) continued to be unclear. There was an announcement in August that final sale agreement was reached, so we might expect that the deal will be filed for regulatory approval soon.
- Russian stocks were down by 1% in RUB and USD and flat in EUR terms despite the 6.5% monthly gain of Brent oil on Middle East escalation. In August we saw a downgrade of Q2 GDP growth to 1.2% YoY from 1.9% YoY preliminary estimate. Industrial production remained stagnant (0% YoY in 7M 2013). PMI Manufacturing improved only modestly in August to 49.4 (49.2 in July) but remained in contraction zone. That said retail trade remained stable with 3.8% YoY growth in 7M 2013 as real wage advanced by 5.5% YoY and disposable income by 4.3% YoY over the same period. Unemployment at 5.3% in end-July remained near all-time low and supported stable near-term outlook of retail trade.
- In end-August most Russian companies delivered Q2 financial reports which legitimated the outperformance of domestic demand plays. Reports showed that export-oriented companies continued to suffer from global growth deceleration and decline in commodity prices in Q2. Still, we note that despite drop in prices and volumes in Q2 for most metal producers, Russian companies showed good cost control and, especially, steel companies posted upside surprises in margins.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok advanced by 1% MoM in August, again outperforming its benchmark by 1% and cutting YtD loss to 10.4%. There were no significant changes in fund's portfolio during the period.

FIB Avangard

- The lacklustre performance of Bulgarian shares offset gains in foreign allocation and the fund's NAV lost 0.6% MoM in August. There were no significant changes in fund's portfolio during the period.

FIB Classic

- FIB Classic gained 0.2% MoM only in August dragged by the poor performance of local shares. During the period we decided to decrease local exposure on heightened political risk and sold some shares, thus lowering Bulgarian stocks by 2pp MoM to 29% of assets

FIB Garant

- FIB Garant's units gained 0.2% MoM in August. The defensive short-term strategy towards Bulgarian stocks was followed by our conservative fund as well and equity exposure declined by 1pp to 12% of assets.

OUTLOOK & STRATEGY:

- We expect that September would be a volatile month. The market moves in the first half of the month would depend on a possible US strike on Syria which as usual might be preceded by weakness in EM equities. In mid-September is the next Fed meeting which will shed more light on its monetary policy and may shape the market trends in the autumn. So, our base case is for flat to slightly negative performance for Eastern Europe as the recovery of the Eurozone won't be enough to offset other risks, if they materialize.
- In Bulgaria we expect rise of political risks in September on strengthening of anti-government protests as the Parliament re-convenes after summer break. Still, we expect that main indices will remain close to flat as August declines have already priced some escalation of political risks. In September investors should focus on details, regarding started M&A deals in local financial sector, as no other major corporate events are expected.
- We expect that interest in Russian stocks will start to build up slowly in the autumn, additionally helped by MICEX-RTS exchange transition to T+2 settlement since start of September. The next major hurdle for increase in foreign activity on MICEX-RTS will be next summer when local equities should become eligible for Euroclear and Clearstream settlement. Apart from the above, we note that valuations remain attractive and we might soon start to see upward earnings revisions in companies with larger exposure to Europe. So, we remain focused on Russian equities and consider that some acceleration in economic growth in H2 will improve the sentiment towards Russia.
- In September will be watching carefully the development of global and local risk factors, so we will make some tactical decisions thereof. We shall remain more defensive towards corporate bonds as yields might surge, depending on global monetary policy.

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 17 mutual funds that apply similar investment strategy to FIB Avangard and measures their equal-weighted return.

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

FIB Garant: Composite Index is composed of 8 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.