

FIB Avangard

March 2014

Data as per 31 March 2014

NAV	
NAV	BGN 1 289 285
NAV per share	BGN 0.5684

Return (%)	
Monthly (MoM)*	1.08%
Annual (YoY)*	24.24%
Year-to-date*	12.26%
Since Inception (annualized)	-8.50%

Statistics (%)	
Standard Deviation*	10.59%
Monthly alpha – MSCI EM EE *	3.06%
Beta (β) – MSCI EM EE *	0.240
R ² – MSCI EM EE *	27.29%
Sharpe Ratio (0%)*	0.05

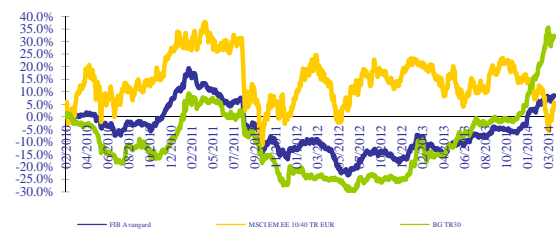
* see notes

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 2014 includes high allocation to liquid and financially stable Bulgarian companies and allocation 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

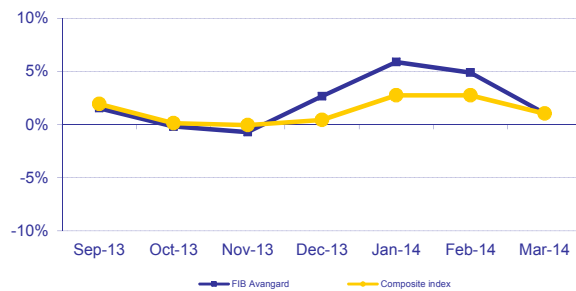
Fact sheet and fee information

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

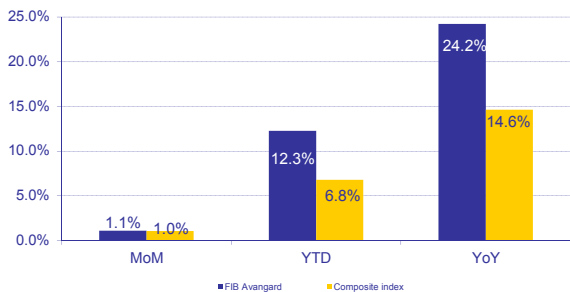
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

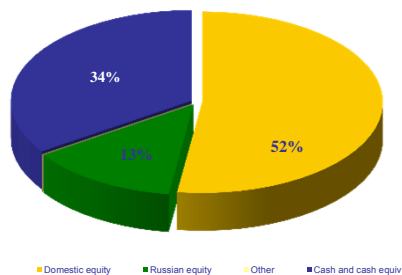


MoM, YoY and YtD return to composite index*



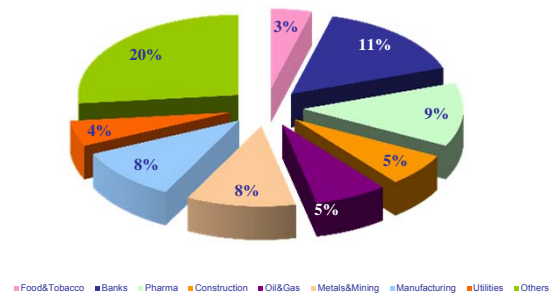
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

March 2014

Data as per 31 March 2014

NAV

NAV	BGN 1 034 095
NAV per share	BGN 0.8224

Return (%)

Monthly (MoM)*	0.04%
Annual (YoY)	12.84%
Year-to-date	7.92%
Since Inception (annualized)	-3.03%

Statistics (%)

Standard Deviation*	5.55%
Monthly alpha – MSCI EM EE *	2.03%
Beta (β) – MSCI EM EE *	0.130
R ² – MSCI EM EE *	29.79%
Sharpe Ratio (0%)*	0.08

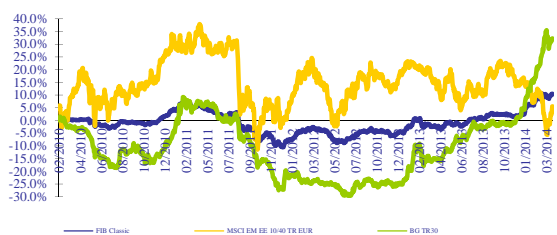
* see notes

Investment strategy

FIB Classic is a balanced mutual fund, inception 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 2014 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in both Bulgaria on fundamental and sentiment improvement and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in corporate bonds, predominantly.

FIB Classic vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

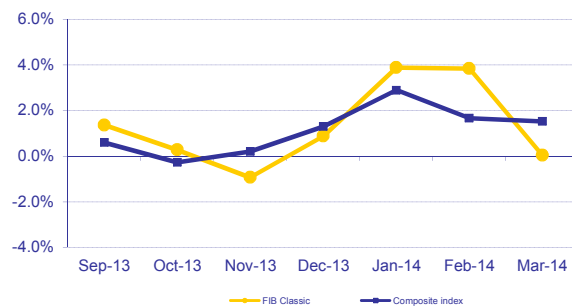
Fact sheet and fee information

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

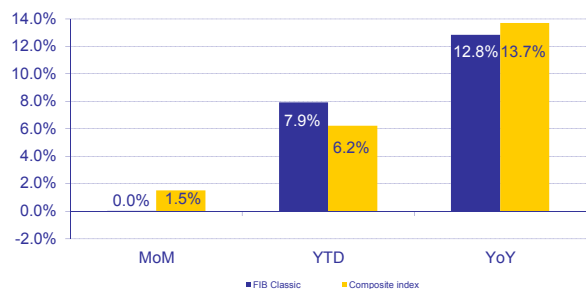
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

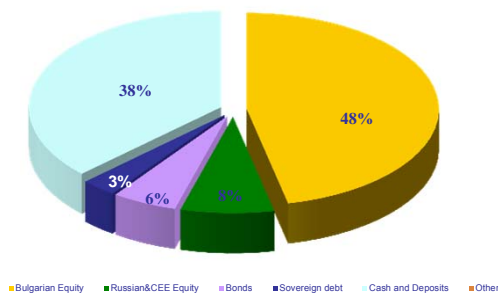


MoM, YoY and YtD return to composite index*



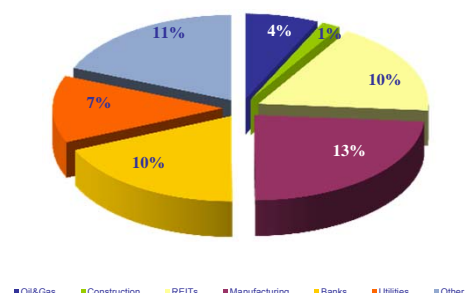
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

March 2014

Data as per 31 March 2014

NAV	
NAV	BGN 1 114 538
NAV per share	BGN 1.1907

Return (%)	
Monthly (MoM)*	0.93%
Annual (YoY)*	10.40%
Year-to-date*	4.86%
Since Inception (annualized)*	2.78%

Statistics (%)	
Standard Deviation*	2.00%
Sharpe Ratio (0%)*	0.37
Interest rates (%)	
Sofibor (3 month)	0.81%
Sofibor (12 month)	2.76%

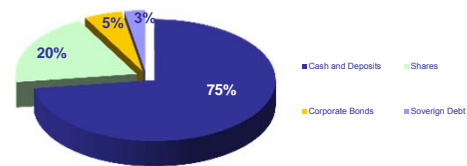
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	3.45%	22/06/2014	BGN	0.34%
Treasury	4.25%	12/01/2015	BGN	0.45%
Treasury	6.00%	11/10/2018	EUR	1.97%
Treasury	4.00%	09/07/2023	BGN	3.34%
Eurobond	4.25%	09/07/2017	EUR	1.42%
Eurobond	8.25%	15/01/2015	USD	0.71%

Source: Bloomberg

Asset Allocation



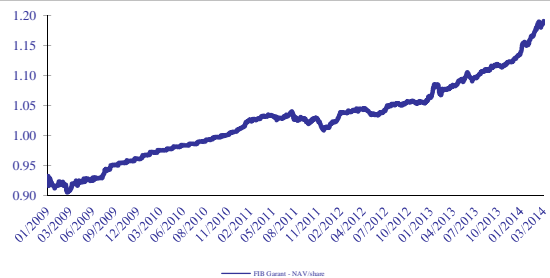
Source: FFBH Asset Management

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 2014 investment strategy includes high allocation to equities on sentiment and liquidity improvement on BSE . 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.

FIB Garant

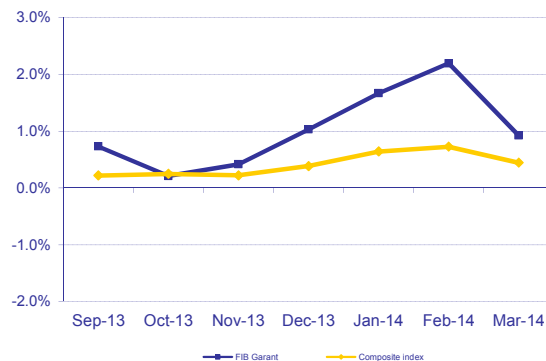


Source: FFBH Asset Management

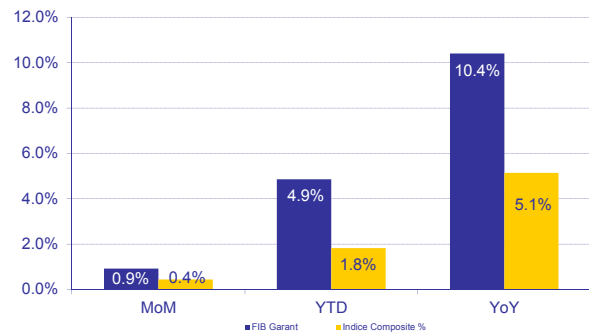
Fact sheet and fee information

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

FFBH Vostok

March 2014

Data as per 31 March 2014

NAV	
NAV	BGN 554 951
NAV per share	BGN 0.5764

Return (%)	
Monthly (MoM)*	-6.58%
Annual (YoY)*	-21.24%
Year-to-date*	-16.62%
Since Inception (annualized)*	-12.99%

Statistics (%)	
Standard Deviation*	19.82%
Monthly alpha – MSCI Russia *	-3.91%
Beta (β) – MSCI Russia *	0.670
R ² – MSCI Russia *	67.71%
Sharpe Ratio (0%)*	n.m.

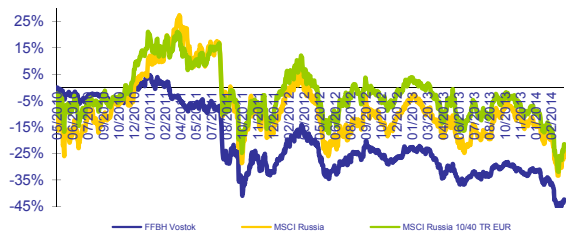
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 2014 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in 2014 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR



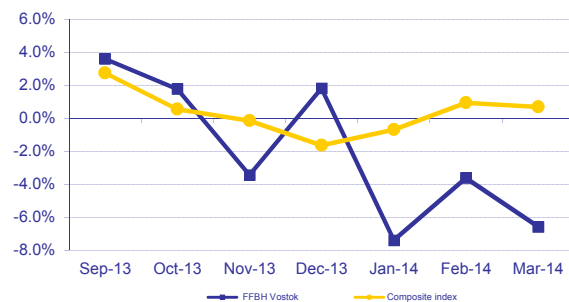
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

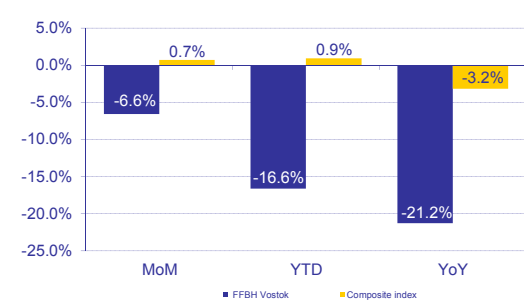
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions Incorporation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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

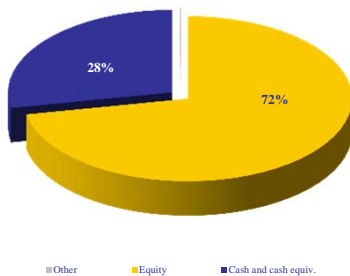


MoM, YoY and YtD return to composite index*



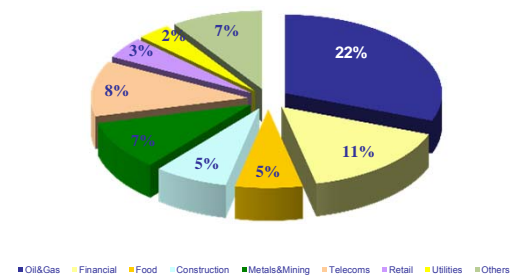
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT Mar 2014

MARKET OVERVIEW:

- Global indices have posted the slowest first quarter gain since 2009 as MSCI World expanded by less than a percent QoQ to 1,674 level. Despite still abundant global liquidity, markets were volatile in Q1 on rising geopolitical risk (Ukraine and Crimea) and underperformance of emerging markets on China slow-down. Still, Eastern Europe ex Russia was one of the best performing regions in Q1, supported by continuing acceleration of EU economy and investors' inflows. MSCI Eastern Europe ex Russia index advanced by 2.5% QoQ but retreated by 1% MoM in March on proximity with Ukraine.
- Bulgarian capital market was number 2 globally with a 22% QoQ gain by SOFIX in first quarter. In March alone local market took a breath and SOFIX advanced by 1% MoM only on lack of significant corporate triggers and slight drop in market liquidity.
- In March Bulgarian public companies released audited unconsolidated financial reports which did not bring any large restatements for blue-chip companies. Among important events in March was Speedy [OSP, +6.2% MoM] preliminary agreement to acquire Romanian businesses of French La Poste Group. As part of the deal La Poste's subsidiary Geopost should enter as strategic 25% investor in Speedy with a 2020 option to acquire controlling stake. The implied price of the deal at 24.08 BGN/share was 5% above Speedy's market price on announcement date. The deal has yet to be finalised but Speedy announced a decision to raise BGN 20m new equity in order to finance its part of the deal.
- Russia and Ukraine were the worst performing markets in Q1 on the geopolitical tension between them. RTS index dropped by 15% in Q1 in EUR terms as the RUB depreciated by 6.5% and Q1 capital outflows could have reached USD 70bn, compared with USD 63bn outflow for full 2013. RTS decline in March alone was 3% MoM as geopolitical risks declined towards end of the month.
- March-released macro statistics were all above consensus expectations. Retail trade growth expanded to 3.5% MoM in February from 2.4% YoY in January, helped by increased 50% YoY increase in February federal budget expenditures. Industrial production posted a strong 2.1% YoY recovery in February after a 0.2% YoY decline in January. In the very beginning of April Russia released second GDP reading which confirmed that Russia economy expanded by 1.3% YoY in 2013. However, Rosstat revised all quarterly data and final assessment pointed that Russian economy gradually accelerated through 2013 to 2% YoY growth in Q4.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit lost 6.6% MoM as a result of the Crimean crisis. During the period we decreased equity exposure to 72% of assets (80% in February) in order to improve fund's risk profile.

FIB Avangard

- FIB Avangard NAV/unit advanced by 1% MoM in March. Last month we decreased exposure to Russia on rising risks. Simultaneously, we exited several Bulgarian blue chips which reached our price targets. That way overall exposure to equities was reduced by 9% to 66% of assets.

FIB Classic

- FIB Classic was flat in March. Here, we also decreased foreign equity allocation by 3% to 8% of assets while local stocks increased by 4% to 48% of assets.

FIB Garant

- FIB Garant gained 0.9% MoM in March as the fund remained supported by BSE performance.

OUTLOOK & STRATEGY:

- April should be a less volatile month as risks related with Crimean crisis have subdued and are more visible now. Additionally, EU economy continues to strengthen which supports investor interest in Eastern Europe.
- We expect that BSE indices shall remain close to current levels in April. Last month we saw increase in political risks with the approach of May EU elections. We note the deterioration of

environment in electricity distribution sector as the state regulator started license revocation procedures for CEZ, EVN and Energo-Pro local subsidiaries, due to netting of payables to NEK with compensation costs for renewable energy. Although we do not expect license revocation or negative developments in other sectors, represented on BSE, we warn about possible indirect effect on investor sentiment. In end-April the Q1 unconsolidated reports are due which is expected to influence trade as market movements show higher correlation to fundament recently. Our expectations are for positive results from exporters on low base effect but prices already reflect this.

- Russian stocks might continue to recover in April but local currency is expected to remain weak on capital outflows. It is expected that regional tension should not settle before president elections in end-May in Ukraine as Russians refuse to negotiate with current state representatives as they are deemed illegitimate. Longer-term, we continue to see signals for improvement in retail sector and industry and are waiting for confirmation in Q1 GDP data. Dividend season is also closing in which might support interest for high-yielding dividend stocks.
- In April we shall continue to be cautious to Russian stocks and remain aside in our non-core portfolios. We remain positive for Bulgarian stocks over the long-term but might tactically continue to decrease stakes in the short-term. Additionally, we consider expanding geographical focus of FIB Avangard and including investments in Western European stocks as it is expected to be top performing region of the year. We continue to watch for good opportunities to increase bond allocation as well.

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 16 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: $\sum (1/n \cdot R_i)$, 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.