

FIB Avangard

May 2014

Data as per 31 May 2014

NAV	
NAV	BGN 1 438 849
NAV per share	BGN 0.5851

Return (%)	
Monthly (MoM)*	2.87%
Annual (YoY)*	25.97%
Year-to-date*	15.55%
Since Inception (annualized)	-7.88%

Statistics (%)	
Standard Deviation*	10.62%
Monthly alpha – MSCI EM EE *	-7.03%
Beta (β) – MSCI EM EE *	0.240
R ² – MSCI EM EE *	27.51%
Sharpe Ratio (0%)*	0.04

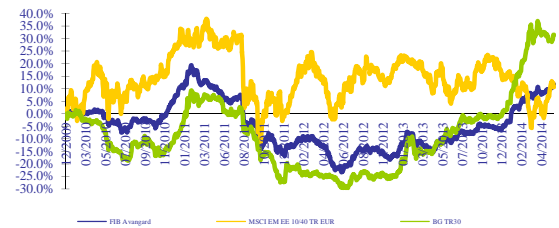
* see notes

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. Tactically, part of its portfolio might be allocated in capital markets that are expected to be among top-performing global regions.

FIB Avangard's investment strategy for 2014 includes high allocation to liquid and financially stable Bulgarian companies, some allocation to Russian "blue chips" on high commodity prices, hence dividend yields. Additional, allocation is build in EU equities on recovering European economy.

FIB Avangard vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

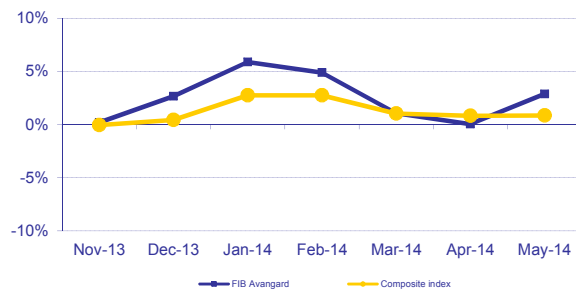
Fact sheet and fee information

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

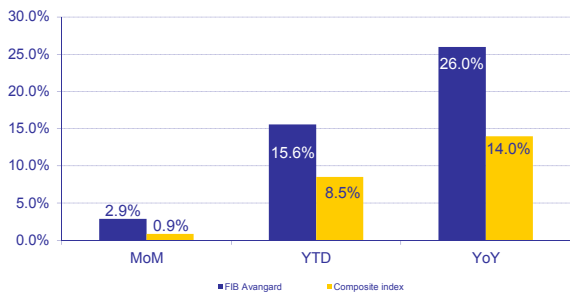
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*



MoM, YoY and YtD return to composite index*



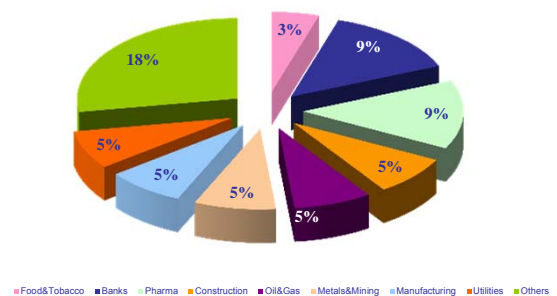
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

May 2014

Data as per 31 May 2014

NAV		Return (%)		Statistics (%)	
NAV	BGN 1 051 247	Monthly (MoM)*	1.17%	Standard Deviation*	5.64%
NAV per share	BGN 0.8369	Annual (YoY)	14.68%	Monthly alpha – MSCI EM EE *	-8.72%
		Year-to-date	9.82%	Beta (β) – MSCI EM EE *	0.130
		Since Inception (annualized)	-2.69%	R ² – MSCI EM EE *	29.63%
				Sharpe Ratio (0%)*	0.08

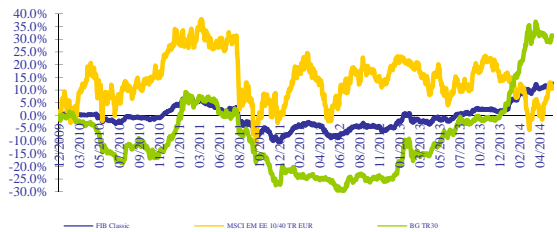
* see notes

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 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. Some Russian allocation is accepted in high-yield dividend "blue chips". Bond portfolio is allocated both in emerging market sovereign debt and domestic and foreign corporate bonds.

FIB Classic vs. MSCI EM EE 10/40



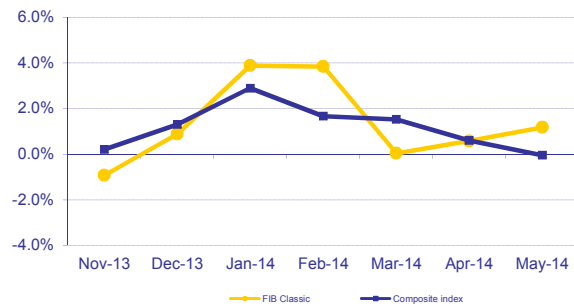
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

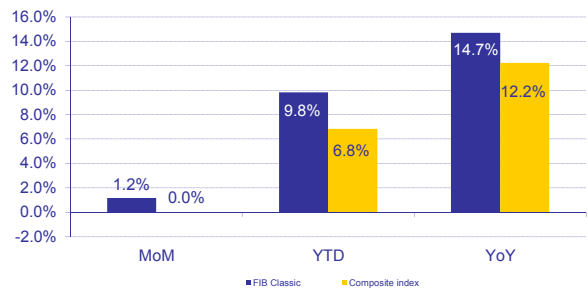
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

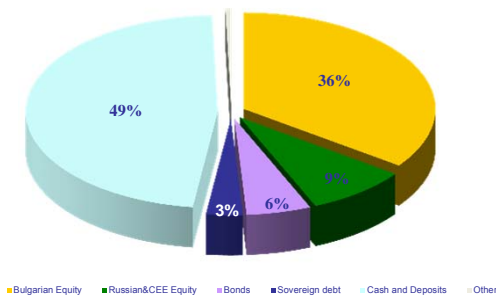


MoM, YoY and YtD return to composite index*



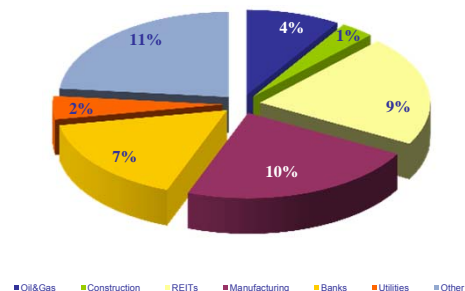
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

May 2014

Data as per 31 May 2014

NAV

NAV	BGN 1 223 554
NAV per share	BGN 1.2006

* see notes

Return (%)

Monthly (MoM)*	0.19%
Annual (YoY)*	9.56%
Year-to-date*	5.73%
Since Inception (annualized)*	2.84%

Statistics (%)

Standard Deviation*	2.01%
Sharpe Ratio (0%)*	0.36

Interest rates (%)

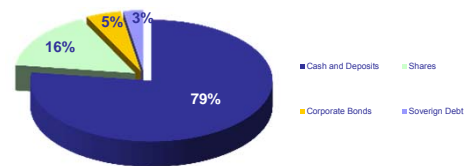
Sofibor (3 month)	0.82%
Sofibor (12 month)	2.79%

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	3.45%	22/06/2014	BGN	0.01%
Treasury	4.25%	12/01/2015	BGN	0.69%
Treasury	6.00%	11/10/2018	EUR	1.61%
Treasury	4.00%	09/07/2023	BGN	3.01%
Eurobond	4.25%	09/07/2017	EUR	1.38%
Eurobond	8.25%	15/01/2015	USD	0.72%

Source: Bloomberg

Asset Allocation



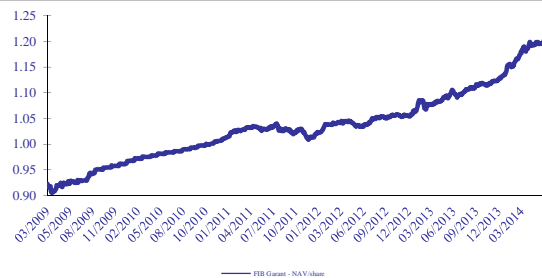
Source: FFBH Asset Management

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 and sovereign bonds.

FIB Garant

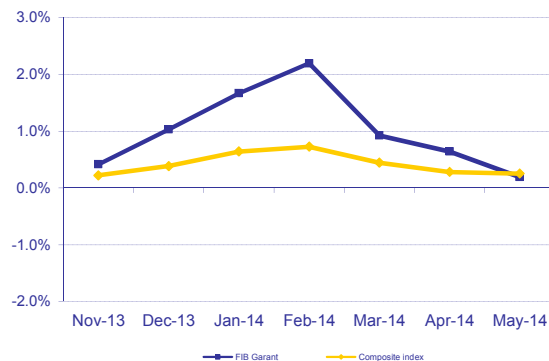


Source: FFBH Asset Management

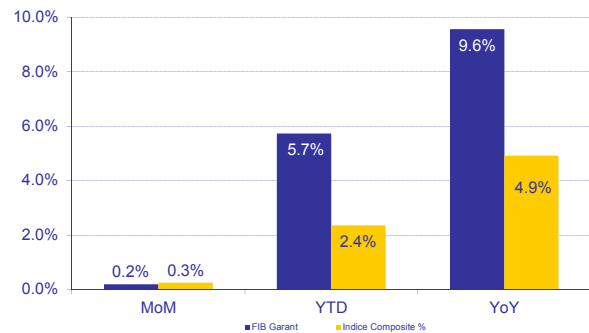
Fact sheet and fee information

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

May 2014

Data as per 31 May 2014

NAV	
NAV	BGN 609 893
NAV per share	BGN 0.6365

Return (%)	
Monthly (MoM)*	13.27%
Annual (YoY)*	-4.22%
Year-to-date*	-7.93%
Since Inception (annualized)*	-10.37%

Statistics (%)	
Standard Deviation*	19.90%
Monthly alpha – MSCI Russia *	-2.15%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	68.48%
Sharpe Ratio (0%)*	n.m.

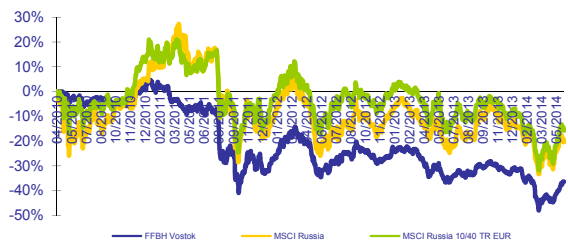
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

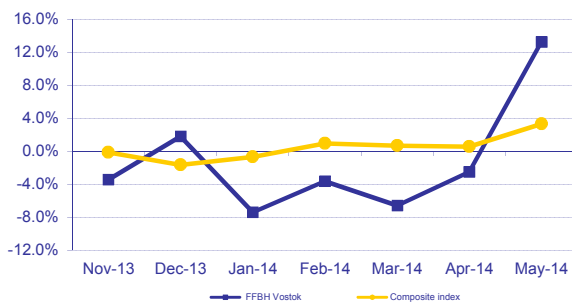


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

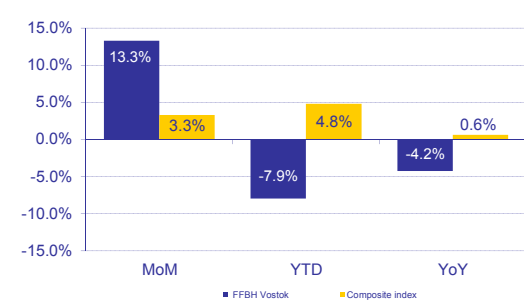
Fact sheet and fee information

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	Every Business Day	Management fee (annual % of average AUM)	2.50%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM return comparison to composite index*

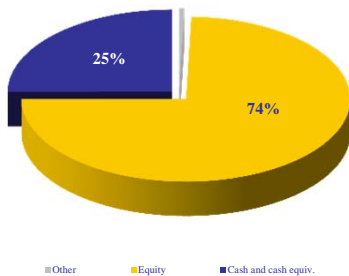


MoM, YoY and YtD return to composite index*



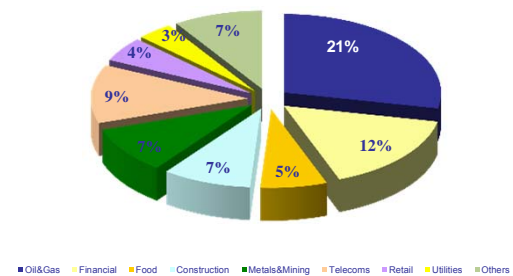
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT May 2014

MARKET OVERVIEW:

- MSCI World Index advanced by 1.5% MoM in May as major markets hit new record levels. Major drivers for investors' enthusiasm were some de-escalation of Ukrainian crisis, following presidential elections and improvement in macro data from US and Europe. Eastern Europe was among major beneficiaries and MSCI Eastern Europe ex Russia index added 2.5% MoM in May.
- Bulgarian indices continued their muted performance and SOFIX advanced by 0.5% MoM in May. Last month we saw some improvement in liquidity over April but still it was nothing compared to the beginning of the year. Overall, EU election results did not bring meaningful increase in political risk for now but government reshuffling is oncoming. On corporate side we saw the release of Q1 consolidated results which were mixed as expected.
- Russian indices were top global performer in May predominantly due to retreat of Russian troops from Ukrainian border and some attempts although not fully successful to resolve interstate conflicts. Another driver behind recent performance was Russia's so called "turn to Asia" as Gazprom [OGZD LI, +13% MoM] and China's CNPC finally signed the long-awaited gas supply contract. The contract had a 30-year term with volumes of 38 bcm/yr at an implied price of 380 USD/mcm. Although most analysts pointed out that terms were unfavourable for Gazprom, the signing significantly improved sentiment. It also helped a rally in names that will directly favour by Gazprom's investments and/or improved relations with China such as TMK [TMKS LI, +17.5% MoM] and metal & mining names.
- Macro data was mixed. Budget spending increased in April, favouring some improvement in investment trend, where decline decelerated to 2.7% YoY in April from 4.3% YoY in March. Industrial production improved as well and April growth rate stood at 2.4% YoY compared to 1.4% YoY in March. However, retail trade provided a negative surprise as it slowed down to 2.6% YoY in April from 4.0% YoY in March. Key concern was weak real wage growth, reported at 0.8% YoY only after 4.4% YoY in 1Q14.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit advanced by 13.3% MoM in May in line with recovering Russian indices. Despite some decrease in risks we remained defensive as situation in Eastern Ukraine remains volatile and might easily escalate again.

FIB Avangard

- FIB Avangard NAV/unit advanced by close to 3% in May, helped by fund's foreign allocation. During the period we continued to implement fund's new strategy and added developed Europe bank stocks. Seasonally, we remained less invested and stock allocation stood at 58% of assets.

FIB Classic

- FIB Classic advanced by 1.1% MoM in May. Here, we increased bond allocation in the very end of the month while remained passive on equity allocation.

FIB Garant

- FIB Garant was little changed in May – up by 0.2% MoM on lacklustre BSE performance. Here, we also worked to increase bond allocation.

OUTLOOK & STRATEGY:

- We expect that volatility shall subside in June on improvement in global political outlook. Still, major indices are close to key levels which might be tough to overcome before summer holidays. Eastern Europe might continue to benefit from decreasing tension between Russia and Ukraine and the strengthening of European economy and we deem that it will be one of top performing regions.
- We deem that SOFIX shall remain close to current level in June. There are no major corporate events scheduled during the period. So the most important event locally would be the expected reshuffling of the government and its implications about government policy.
- As noted sentiment towards Russian stocks improved significantly lately. Still, we expect that market shall remain close to current levels in June and take a breath from sharp recovery. Mid-term, economic outlook in Russia remains uneven although improved relations with China significantly

improve the longer term. We note that Russian stocks trade at significant discount to other major emerging markets which might lead to significant re-rating when situation with Ukraine clears enough. Additionally, Russian market dividend yield is close to 5% which puts the market on the top spot among large emerging peers.

- We remain positive for Bulgarian stocks and might watch for opportunities for re-entry in some names in June. We also might consider selective increase in Russian stocks in FFBH Vostok, if situation remains favourable. In FIB Avangard we shall continue to increase our global stock allocation when targeted entry levels are reached. Considering bond allocation, we continue to search for good opportunities to increase it.

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: $\frac{1}{n} \sum R_i$, 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.