

FIB Avangard

August 2014

Data as per 29 August 2014

NAV	
NAV	BGN 1 432 893
NAV per share	BGN 0.5657

Return (%)	
Monthly (MoM)*	1.14%
Annual (YoY)*	17.12%
Year-to-date*	11.72%
Since Inception (annualized)	-8.07%

Statistics (%)	
Standard Deviation*	10.78%
Monthly alpha – MSCI EM EE *	-0.27%
Beta (β) – MSCI EM EE *	0.230
R ² – MSCI EM EE *	25.29%
Sharpe Ratio (0%)*	0.02

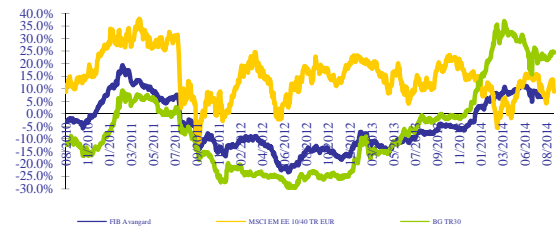
* see notes

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

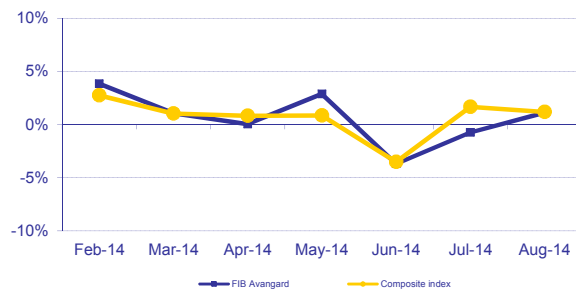
Fact sheet and fee information

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

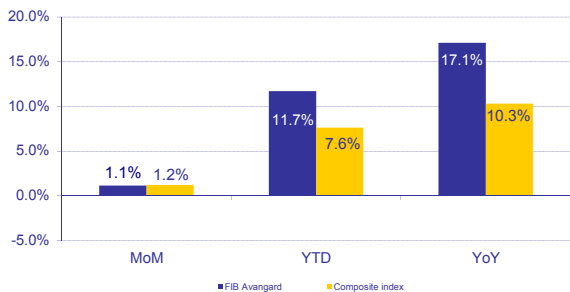
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

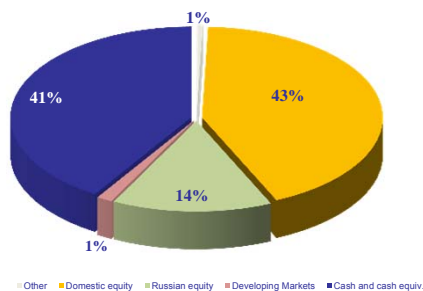


MoM, YoY and YtD return to composite index*



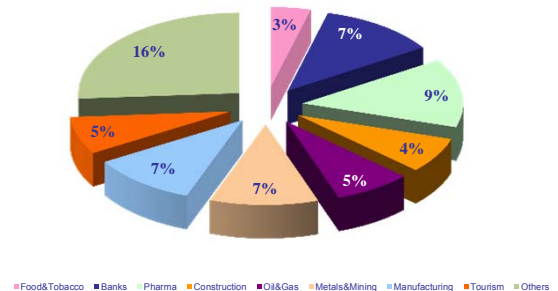
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

August 2014

Data as per 29 August 2014

NAV

NAV	BGN 1 045 594
NAV per share	BGN 0.8210

Return (%)

Monthly (MoM)*	1.48%
Annual (YoY)	9.44%
Year-to-date	7.73%
Since Inception (annualized)	-2.87%

Statistics (%)

Standard Deviation*	5.91%
Monthly alpha – MSCI EM EE *	0.07%
Beta (β) – MSCI EM EE *	0.130
R ² – MSCI EM EE *	27.15%
Sharpe Ratio (0%)*	0.05

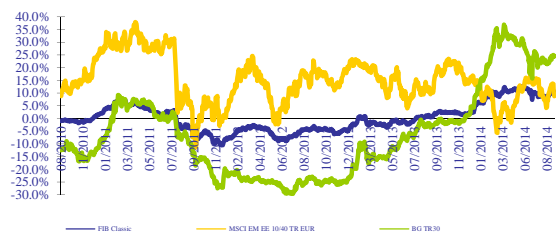
* see notes

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

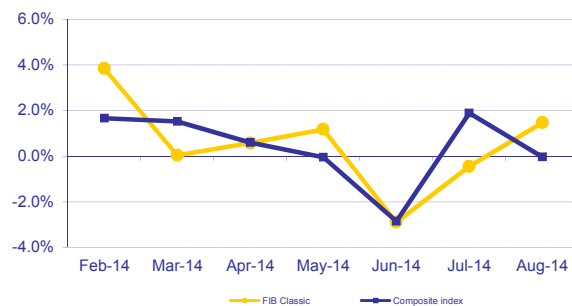
Fact sheet and fee information

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

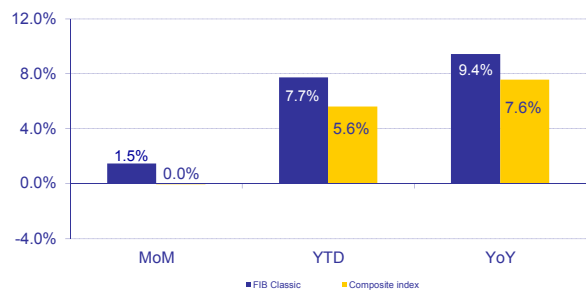
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

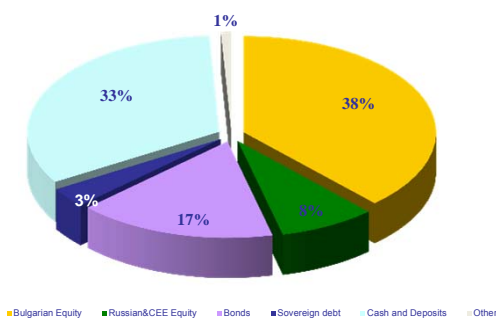


MoM, YoY and YtD return to composite index*



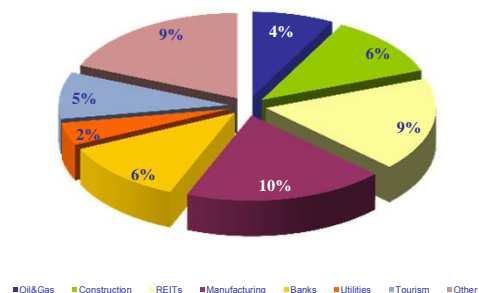
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

August 2014

Data as per 29 August 2014

NAV	
NAV	BGN 1 266 838
NAV per share	BGN 1.2017

Return (%)	
Monthly (MoM)*	0.43%
Annual (YoY)*	8.39%
Year-to-date*	5.84%
Since Inception (annualized)*	2.75%

Statistics (%)	
Standard Deviation*	2.10%
Sharpe Ratio (0%)*	0.31
Interest rates (%)	
Sofibor (3 month)	0.72%
Sofibor (12 month)	2.21%

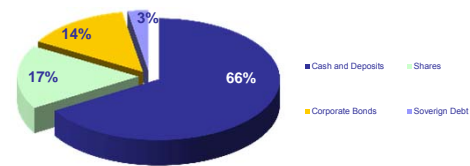
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.25%	12/01/2015	BGN	0.26%
Treasury	1.50%	30/01/2016	BGN	1.27%
Treasury	6.00%	11/10/2018	EUR	1.53%
Treasury	4.00%	09/07/2023	BGN	3.05%
Eurobond	4.25%	09/07/2017	EUR	1.33%
Eurobond	8.25%	15/01/2015	USD	0.95%

Source: Bloomberg

Asset Allocation



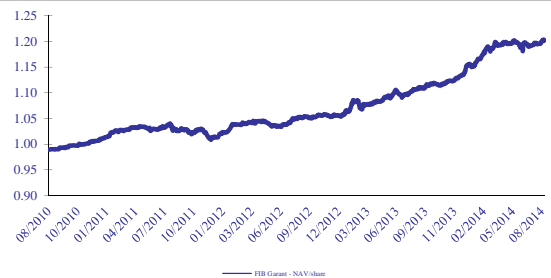
Source: FFBH Asset Management

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

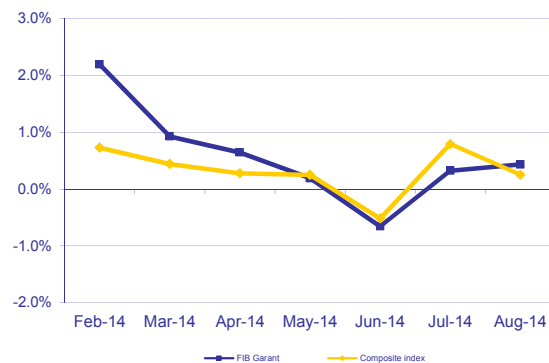


Source: FFBH Asset Management

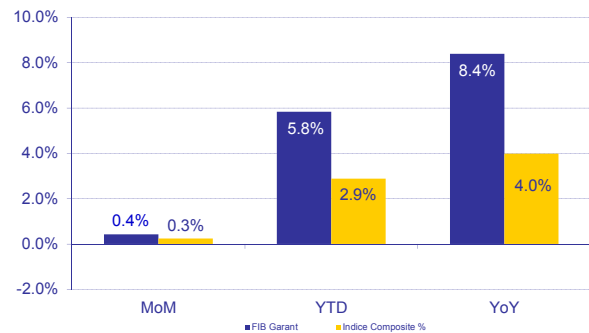
Fact sheet and fee information

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

August 2014

Data as per 29 August 2014

NAV	
NAV	BGN 585 398
NAV per share	BGN 0.6121

Return (%)	
Monthly (MoM)*	0.76%
Annual (YoY)*	-8.22%
Year-to-date*	-11.46%
Since Inception (annualized)*	-10.62%

Statistics (%)	
Standard Deviation*	19.67%
Monthly alpha – MSCI Russia *	-0.52%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	69.27%
Sharpe Ratio (0%)*	n.m.

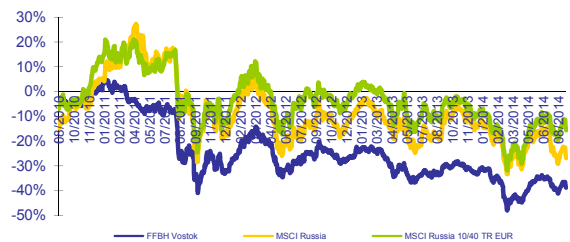
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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



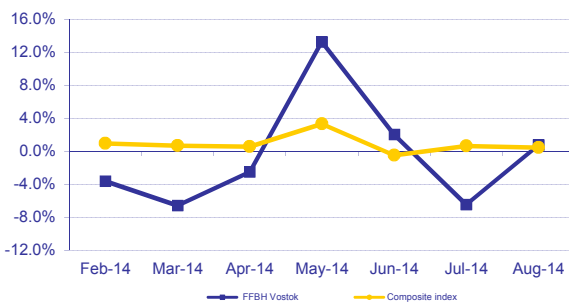
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

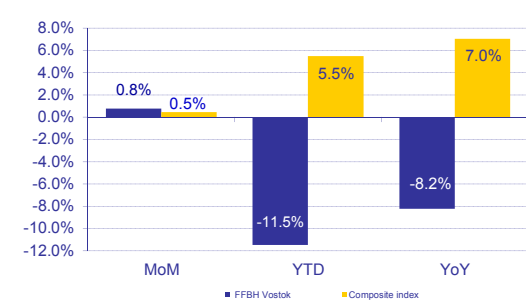
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions Incorporation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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

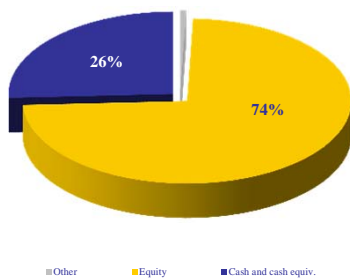


MoM, YoY and YtD return to composite index*



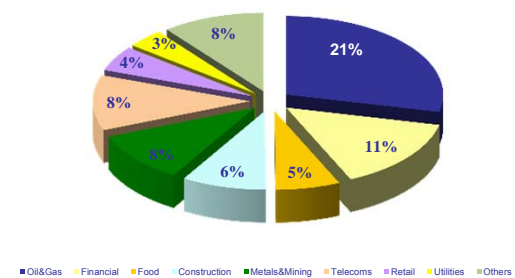
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT August 2014

MARKET OVERVIEW:

- Global indices read a volatile performance in August torn apart between ample global liquidity and new rise in geopolitical risk in Ukraine, Israel and Iraq/Syria. Still, it was gainers who took the upper hand and MSCI World was up 2% MoM, especially, after S&P 500 psychological break-thru of 2,000 points level. The proximity to conflict regions, tight economic connections to Russia and general economic slow-down made European stocks among most volatile last month, especially in the Eastern part of the continent. That said, MSCI Eastern Europe managed to advance 3.3% MoM in August, in expectation of quantitative easing by ECB.
- BSE-Sofia's major index SOFIX advanced by 1.5% MoM after two months of declines and rising volatility. The major event last month was the successful privatization of 7.13% stake in Albena [6AB BU] for almost BGN 16m which confirmed interest of institutional investors towards value plays in the market. Political risk declined somewhat during the period after transition of power to the caretaker government went smoothly.
- In end-August public companies reported Q2 consolidated reports. Overall, figures were expected and implied by unconsolidated reports. We note continuing improvement in margins posted by infrastructure company Trace Group Hold [T57 BU] as international division is increasing its significance.
- As noted above conflict in Ukraine aggravated in end-August as pro-Russian separatists advanced. That made Ukrainian indices the worst performers globally, while Russian counterparts wiped out gains and moved to negative territory by about 1% MoM. In end-month most Russian public companies reported Q2 financial reports, delivering bunch of positive surprises in commodity-extracting industries as weak rouble and recovering metal prices helped margins.
- 2Q 2014 GDP growth was reported at 0.8% YoY, slowing down from 0.9% in 1Q 2014 and 1.0% YoY in 2Q 2013 on deceleration in retail trade. Negatively for economic growth in 2014, at the start of the month Russians imposed restrictions on food imports from countries, supporting sanctions against Russia. H2 macro data flow started with retail trade reported at +1.1% YoY in July - some acceleration from 0.7% YoY growth in June. Positively, industrial production accelerated to 1.5% YoY in July from 0.4% YoY in June. Additionally, PMI manufacturing stayed flat in August at 51 level, beating expectations and suggesting that industrial production will stay afloat.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit advanced by 0.8% MoM in August, performing closely with Russian indices. We remained conservative during the period on rising volatility and equity allocation in the end was 73.5% of assets.

FIB Avangard

- FIB Avangard NAV/unit rose by 1.1% MoM in August, supported by both foreign and local allocation. During the period we participated in Albena stake privatization, thus increasing equity allocation to 58% of assets, as compared to 52% in previous period. Local equity allocation was 42.7% of assets, up from 38% in July.

FIB Classic

- FIB Classic advanced by 1.5% MoM in August. During period we slightly increased equity allocation to 46% of assets.

FIB Garant

- FIB Garant advanced slightly by 0.4% MoM in August on stable performance by bond and equity allocation. Here, we also increased equity allocation by 3% to 17% of assets.

OUTLOOK & STRATEGY:

- In September we should see increase in global market activity as investors get back from holiday. There is a lot of debate about high valuations in major markets, especially in the USA. At the same time US and European companies posted aggregate EPS growth of more than 10% YoY in Q2, the highest quarterly figure since 2011, while central bank's policy continues to be accommodative. Base case scenario is that global indices remain flat to slightly negative. That said, Eastern Europe

may be one of most volatile regions as new sanctions to Russia are expected, while Ukrainian conflict will hardly be resolved before October parliamentary elections.

- We expect larger volatility on BSE towards the end of the month as investors will turn their sight to early October snap elections. Base case scenario is that indices shall remain close to current levels as institutional investors use every dip to buy blue chips. Important milestone is the end of the three month conservation period for Corporate Commercial Bank [6C9] on Sep 23th. Currently, there is no decision about its recapitalisation and conservation might be extended until new parliament steps in.
- The rollercoaster between strong corporate news flow and Russia's increasing global isolation on Ukrainian conflict continues. Every calm-down in events in the neighbourhood leads to sharp rises in indices and vice versa and this is expected to continue till parliamentary elections in Ukraine in mid-October. Dividend yield of Russian public companies is edging above 5% - a top spot among peers, while valuations remain at heavy discount to emerging and developed markets both of which reveal market's long term potential but can't fend off short-term volatility.
- In September we expect to use any dips to increase equity allocation in our high-yield funds. In FIB Classic and FIB Garant we continue to watch for buy opportunities in bonds.

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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