

FIB Avangard

September 2015

Data as per 30 September 2015

NAV	
NAV	BGN 1 186 541
NAV per share	BGN 0.5009

Return (%)	
Monthly (MoM)*	-2.67%
Annual (YoY)*	-11.00%
Year-to-date*	-5.62%
Since Inception (annualized)	-8.42%

Statistics (%)	
Standard Deviation*	10.69%
Monthly alpha – MSCI EM EE *	1.20%
Beta (β) – MSCI EM EE *	0.224
R ² – MSCI EM EE *	26.02%
Sharpe Ratio (0%)*	0.03

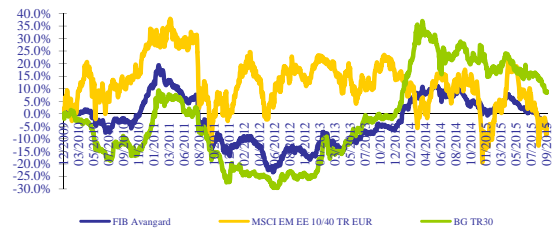
* see notes

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 2015 includes high allocation to liquid and financially stable Bulgarian companies, some allocation to developed markets blue chips on valuations and easy global monetary policy.

FIB Avangard vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

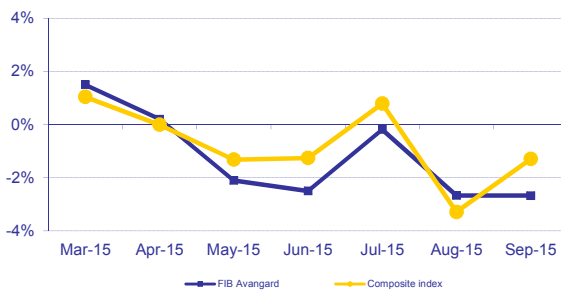
Fact sheet and fee information

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

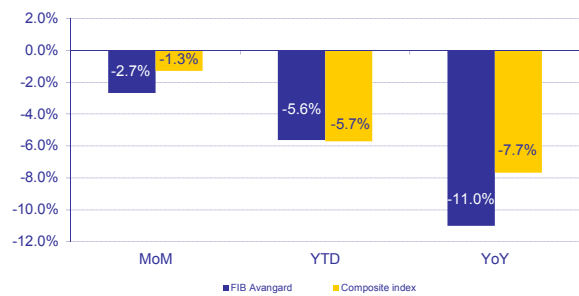
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

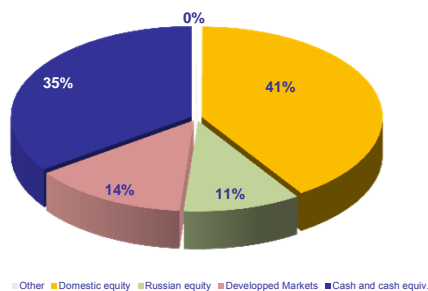


MoM, YoY and YtD return to composite index*



Source: BAAMC, FFBH Asset Management calculations

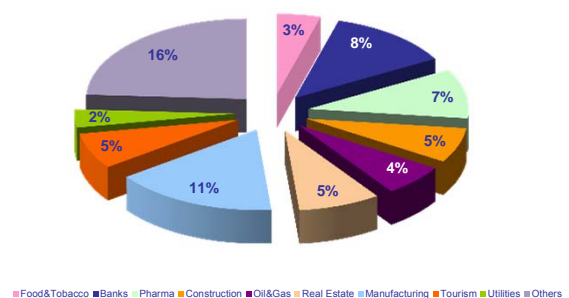
Asset Allocation



Other Domestic equity Russian equity Developed Markets Cash and cash equiv.

Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FFBH Vostok

September 2015

Data as per 30 September 2015

NAV	
NAV	BGN 484 209
NAV per share	BGN 0.5277

Return (%)	
Monthly (MoM)*	-2.14%
Annual (YoY)*	-9.51%
Year-to-date*	15.54%
Since Inception (annualized)*	-11.05%

Statistics (%)	
Standard Deviation*	21.69%
Monthly alpha – MSCI Russia *	0.00%
Beta (β) – MSCI Russia *	0.670
R ² – MSCI Russia *	60.67%
Sharpe Ratio (0%)*	n.m.

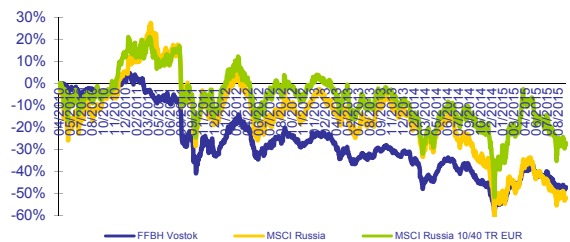
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 conservative allocation to equities in start 2015 – stock picking state independent "blue-chip" companies, benefiting on cheap Russian ruble.

FFBH Vostok vs. MSCI Russia 10/40 EUR

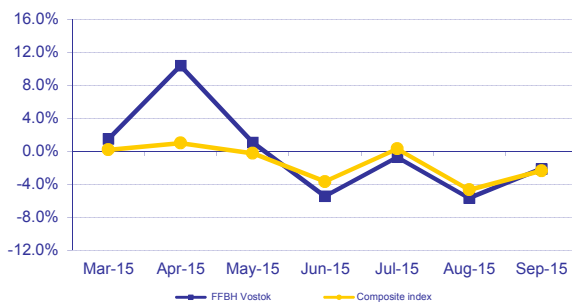


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

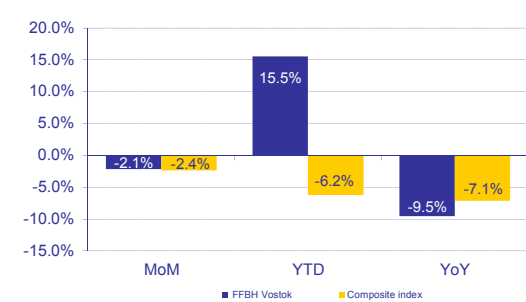
Fact sheet and fee information

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*

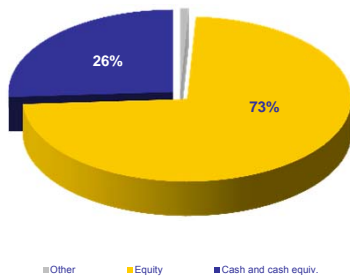


MoM, YoY and YtD return to composite index*



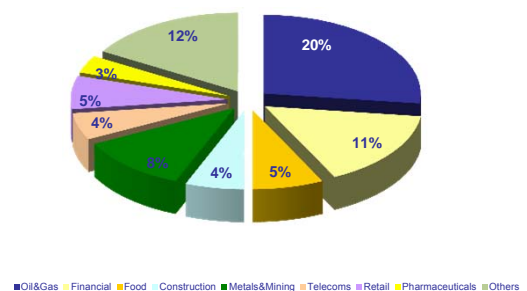
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

September 2015

Data as per 30 September 2015

NAV	
NAV	BGN 901 865
NAV per share	BGN 0.7690

Return (%)	
Monthly (MoM)*	-1.03%
Annual (YoY)	-6.20%
Year-to-date	-0.72%
Since Inception (annualized)	-3.29%

Statistics (%)	
Standard Deviation*	6.38%
Monthly alpha – MSCI EM EE *	2.84%
Beta (β) – MSCI EM EE *	0.141
R ² – MSCI EM EE *	28.68%
Sharpe Ratio (0%)*	0.16

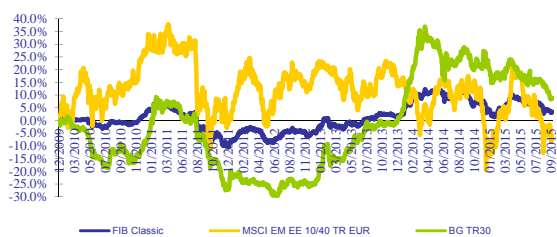
* see notes

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 2015 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 European 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

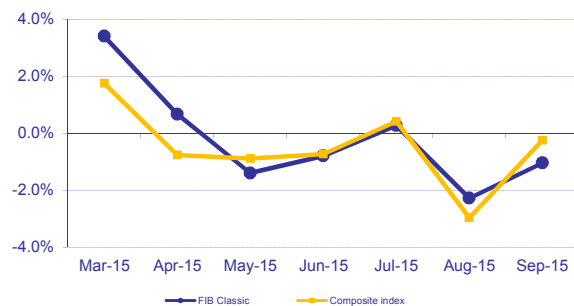
Fact sheet and fee information

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

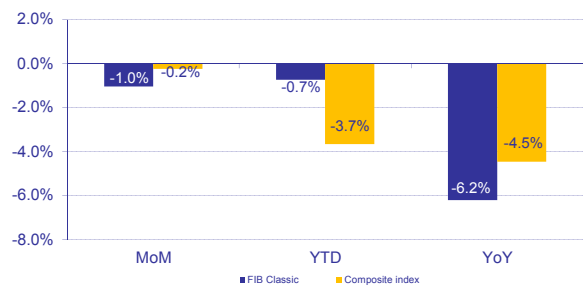
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.35%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.35%	0.00%
Management fee (annual % of average AUM)	2.50%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

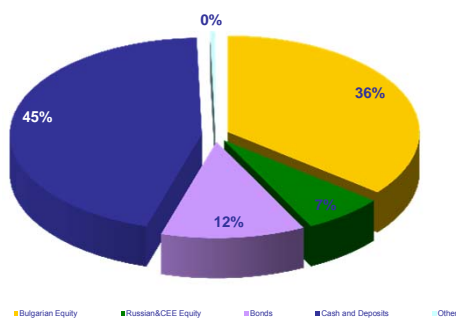


MoM, YoY and YtD return to composite index*



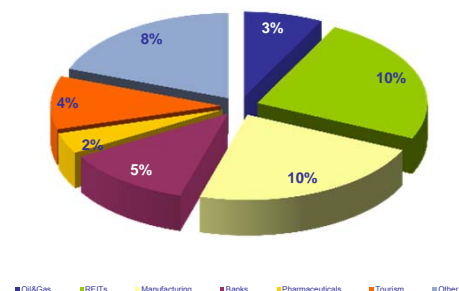
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

September 2015

Data as per 30 September 2015

NAV	
NAV	BGN 1 026 350
NAV per share	BGN 1.2025

Return (%)	
Monthly (MoM)*	-0.11%
Annual (YoY)*	0.02%
Year-to-date*	0.94%
Since Inception (annualized)*	2.37%

Statistics (%)	
Standard Deviation*	2.48%
Sharpe Ratio (0%)*	1.51
Interest rates (%)	
Sofibor (3 month)	0.52%
Sofibor (12 month)	1.68%

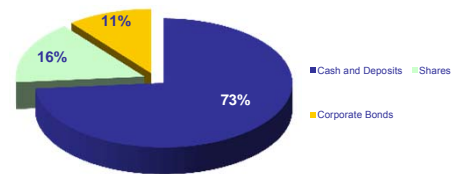
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	1.50%	30/01/2016	BGN	0.35%
Eurobond	4.25%	09/07/2017	EUR	0.41%
Eurobond	2.00%	26/03/2022	EUR	2.21%
Eurobond	2.95%	03/09/2024	EUR	2.84%
Eurobond	2.63%	26/03/2027	EUR	3.18%
Eurobond	3.13%	26/03/2035	EUR	4.02%

Source: Bloomberg

Asset Allocation



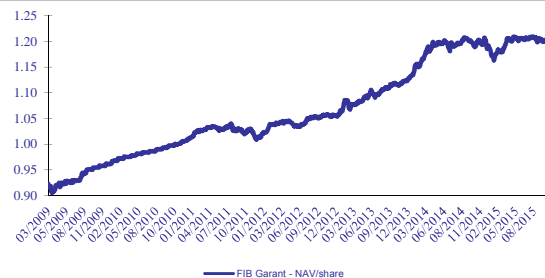
Source: FFBH Asset Management

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 2015 investment strategy includes significant allocation to equities on valuations and sentiment 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

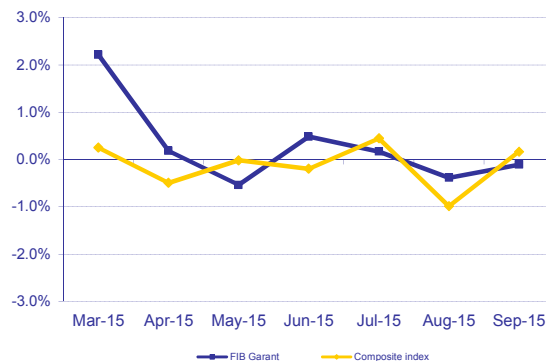


Source: FFBH Asset Management

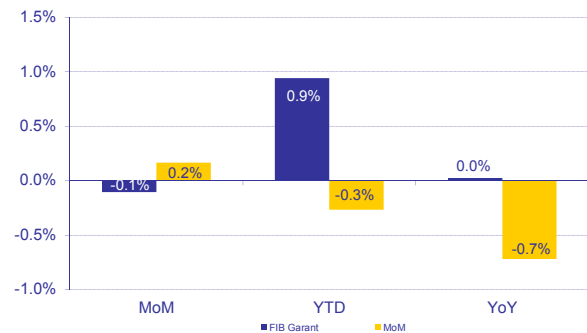
Fact sheet and fee information

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

PORTFOLIO MANAGER'S COMMENT September 2015

MARKET OVERVIEW:

- Global equity markets posted their worst quarterly performance since Q3 2011 as in EUR terms MSCI World Index declined by 9.1% QoQ after 3.7% MoM drop in September alone. The poor performance through the third quarter was due to a combination of macro events (slow down in China and yuan devaluation), worsened investors sentiment, especially towards emerging markets, as Fed's rate hike closed in and corporate shake-ups (including Volkswagen diesel scandal, negative comments about medicines pricing in US by presidential candidate Hillary Clinton, Glencore's restructuring and others). In this negative environment Eastern Europe ex Russia underperformed (-10.7% QoQ, -4.9% MoM), due to the emerging/frontier markets status of most countries and its economic dependence from Russia and Western Europe.
- Sofix kept on declining, finishing Q3 down by 8.9% QoQ. BSE's main index quietly reached 2-year lows in September after 3.4% MoM decline. There were no particular events that drove this negative development but poor liquidity and risk-averse sentiment by institutional investors pressed down 14 out of 18 index members last month with worst performers being within export companies, financial sector and some holdings.
- Brent oil continued to be extremely volatile in September, losing 12% MoM last month and 26% QoQ in USD last quarter. As expected the sharp moves in oil and other commodities prices increased the volatility of Russian shares and MICEX Index lost 6.7% MoM and 16.3% QoQ in USD pressed by the depreciation of the rouble against USD-EUR basket (-1.7% MoM, -15.7% QoQ). Biggest market decliners in September were among commodity-extracting industries (oil, gas, non-ferrous metals, potash fertilizers) while banks and utilities managed to keep ground.
- In September we note the acceleration of CPI in Russia to 15.8% YoY which should put pressure on 2016 budget, due to the law for pension indexation with annual inflation rate. August macro data showed that real economy continued to experience hard times. Industrial production slightly improved but was still at -4.3% YoY (-4.7% YoY in July). Demand side remained in the red with retail sales change at -9.1% YoY in real terms – same as in July. Positive surprise came from investments which improved to -6.8% YoY in August from -8.5% YoY in July. Unemployment remained near multi year lows at 5.3%.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok performed better than its benchmark, due to its more conservative investment strategy. Still, the fund could not overcome negative market sentiment and was down by 9.2% QoQ and 2.1% MoM, slicing its YtD return to 15.5% in end-September. There was no significant reshuffling in fund's equity allocation which was at 73% of assets in end-month.

FIB Avangard

- FIB Avangard NAV/unit was down by 2.7% MoM in September, extending QoQ declines to 5.4%. Reasons behind was mostly negative performance by local stocks, while volatile foreign markets also could not help return. Equity allocation was little changed from previous month and stood at 65% of assets.

FIB Classic

- FIB Classic lost 1% MoM in September and 3% QoQ in Q3 on poor performance of equity allocation. During period we collected some profits in local REITs which reduced equity exposure by 2% to 43% of assets.

FIB Garant

- FIB Garant NAV/unit was slightly down by 0.1% MoM in September and 0.3% QoQ. There were no changes in assets during last month.

OUTLOOK & STRATEGY:

- Our base case is that global markets to stabilize in mid-October when Q3 reporting season kicks off in US and Europe. Domestic demand stories in the US are viewed to post solid performance as well as it is expected from most exporters in Europe. Of course, investors shall continue to watch for any hints about monetary policy tightening in the US, where the next meeting is in end-October.

Considering the still difficult to predict Russian involvement in Syrian conflict, our base case is that geopolitical risk could delay upticks, if any, in Emerging Europe. So we deem that regional indexes will be flat in October but current levels may present good entry point for the usual year-end rally.

- Liquidity was still a problem in September as only some retail investors returned to BSE while activity of institutional ones remained pretty much subdued. We expect that investor sentiment remains muted until municipal elections in end-month, especially in an environment of higher global uncertainty. Still, we note that, if global risks remain in check, outlook is becoming more favourable for local stocks. This is so both, due to usual strong end-year index performance, as well as the attractive valuation of most blue chips, which we expect to be confirmed by Q3 financial reports.
- Oil is deemed to remain volatile, which together with Russian participation in Syrian conflict shall keep Russian market premium elevated in near-term. That said, market development in both directions is equally plausible for October. One important event will be the development of government suggestion to increase tax burden for oil companies by raising the base for mineral extraction tax calculations. If this happens dividend stories in the oil sector may suffer a lot and the heavy weight of the sector may drag the whole market.
- We expect to add developed European equity in near term on attractive valuation and positive macro outlook. We prefer to remain conservative towards BSE despite improving outlook but will watch for attractive levels for some stocks in our preference list. We should remain underweight in bonds on oncoming tightening in UK and the US.

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

FIB Classic: Composite Index is composed of 18 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: $\sum (1/n \cdot R_i)$, where n is the number of mutual funds, using similar strategies.

DISCLAIMER

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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.