FFBH
ASSET MANAGEMENT

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FIB AVANGARD – MONTHLY REVIEW

DECEMBER 2010

General Info:

FIB Avangard is a high-yield, actively-managed, mutual fund, incepted on Nov 11, 2007, whose investment objective is to achieve high long-term growth of Fund's assets, bearing medium to high levels of risk. Its portfolio is allocated in CEE and CIS equity with focus on Bulgarian companies. Since start of 2010 FIB Avangard is benchmarked to MSCI EM Eastern Europe 10/40 Total Return EUR Index

Fees	
Entry fee (less than BGN 100,000)	0.50%
Entry fee (above BGN 100,000)	0.00%
Redemption fee	0.50%
Management fee (annual % of average AUM)	3.00%

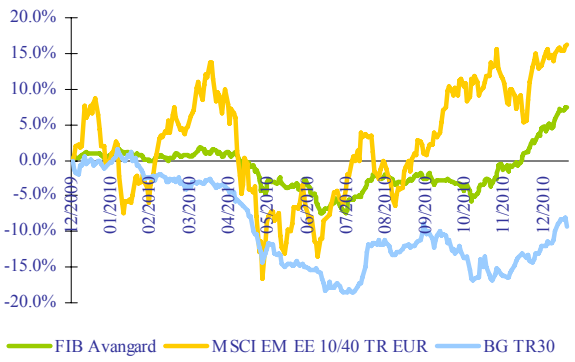
Investment strategy

FIB Avangard's investment strategy for 2010 is aimed at diversification away from illiquid Bulgarian equities. Main focus would be increased allocation to Russia due to the favorable macro environment and attractively price stocks, mostly traded at a discount to foreign peers.

- In December 2010 we reduced FIB Avangard's exposure to local financial and industrial shares due to our view for worsening short-term perspectives for the selected companies. During the month major local indices gained 3-5% as we saw the tradition year-end increase in turnover of illiquid shares on BSE.

- During the month we opened exposure to the food sector in CIS based on low meat consumption, below healthy biological norms, and the strong convergence potential. The improved global macro perspectives, sustained our increased exposure to cyclicals..

FIB Avangard vs. MSCI EM EE 10/40

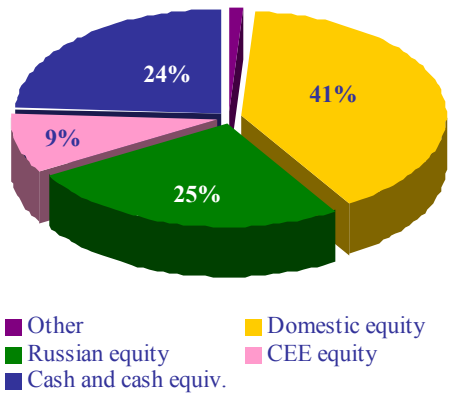


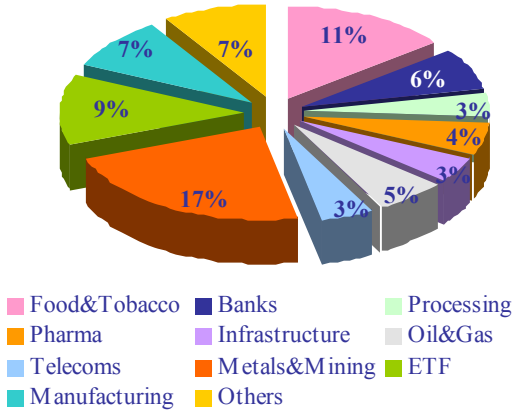
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Data as per 30 December 2010	
NAV	BGN 1,054,382
NAV/share	BGN 0.5627
Return (%)	
Monthly (MoM)*	6.17%
Annual (YoY)*	7.44%
Year-to-date*	7.44%
Since Inception (annualized)	-17.43%
Statistics (%)	
Standard Deviation*	13.72%
Alpha (α) – MSCI EM EE *	-8.61%
Beta (β) – MSCI EM EE *	0.11
R^2 – MSCI EM EE *	13.69%
Sharpe Ratio (0%)*	n.m.

* *see notes on last page*

FIB Avangard' Asset Allocation and Equity Portfolio (December 2010)





Source: FFBH Asset Management

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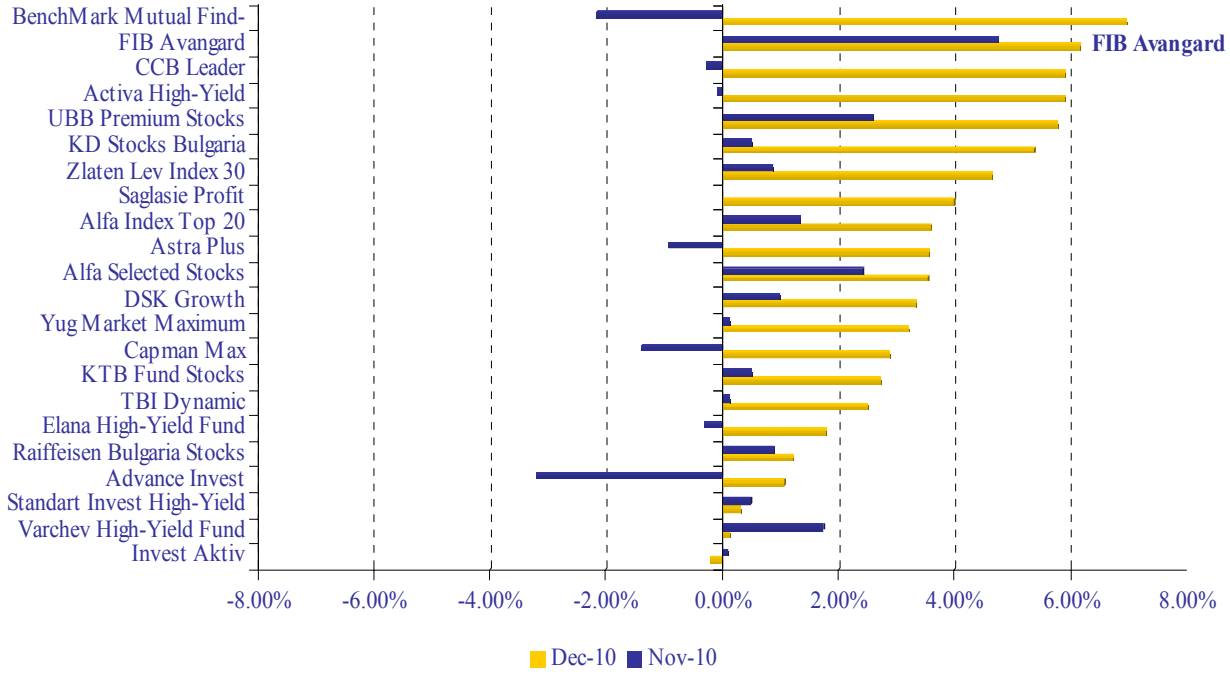
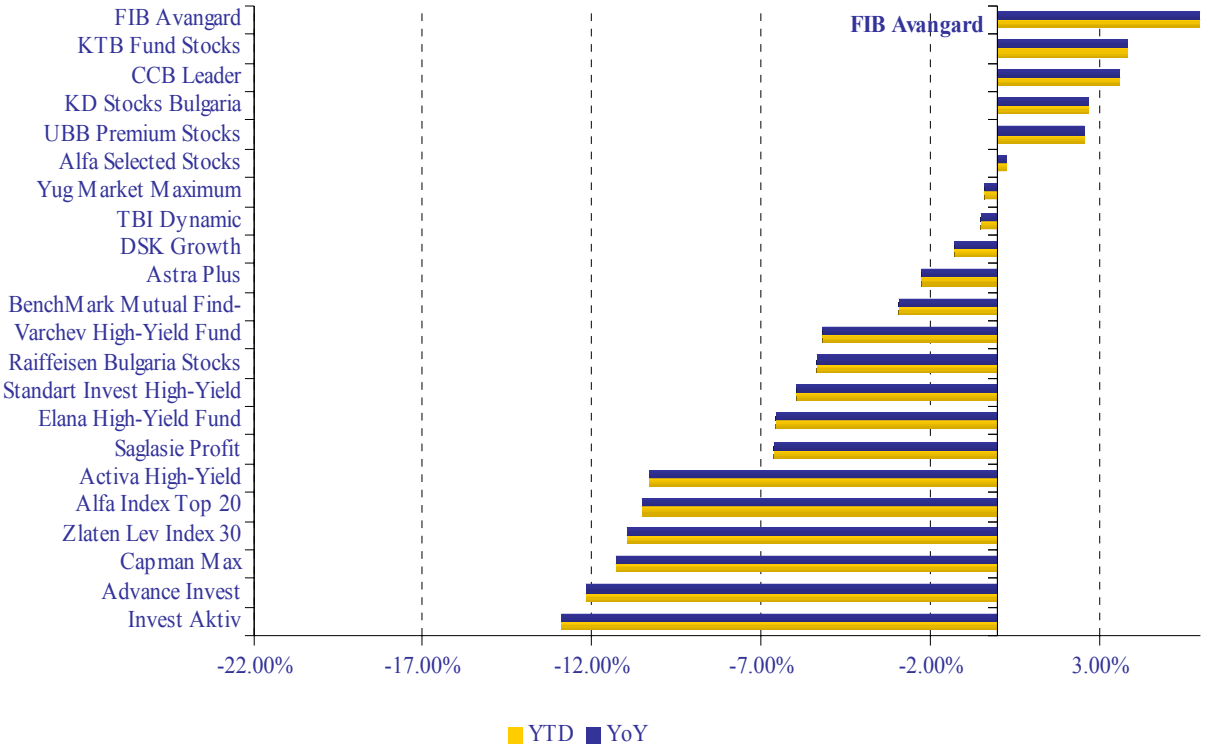
MoM return comparison – high-yield funds



Note: Selected funds invest primarily in stocks listed on BSE and are not sector funds Source: BAAMC

YoY and YtD return comparison – high-yield funds



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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.

Alpha (α) – MSCI EM EE is the difference between the annual return of NAV per share of FIB Avangard and the annual return of MSCI EM Eastern Europe 10/40 Total Return EUR Index over the last three years or since benchmarking to this index, whichever is smaller. If the relevant period is smaller than one year we use YtD data/

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.

R^2 – 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.

Sharpe Ratio has been calculated using the weekly returns of NAV per share of FIB Avangard over the last five years or since the inception of the fund, whichever is smaller, and using 0% as risk-free return.

ALL DATA AND CONTENT PUBLISHED IN THIS RELEASE HAVE INFORMATION PURPOSE ONLY AND SHOULD NOT BE CONSIDERED AS COUNSEL, OFFER OR RECOMMENDATION FOR ACQUISITION OR DISPOSITION WITH ANY INVESTMENT OR CONCLUSION OF ANY OTHER DEAL.

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PAST PERFORMANCE IS NOT NECESSARY INDICATIVE OF FUTURE RESULTS.

WE NOTE THAT ANYONE WHO WANTS TO SUBSCRIBE SHARES IN FIB AVANGARD SHOULD MAKE A DECISION BASED ON THE INFORMATION PUBLISHEDD IN THE MOST RECENT PROSPECTUS OF FIB AVANGARD, DATED 25 AUGUST 2008. The prospectus and fund's by-laws are available in FFBH Asset Management office – 2 Enos Street, 5th floor, Sofia 1408, Bulgaria, ph. num: +359 (2) 810 6400, website: www.ffbham.bg and First Investment Bank branches, explicitly listed at www.ffbham.bg.