

FFBH Vostok

June 2012

Data as per 29 June 2012

NAV	
NAV	BGN 555, 578
NAV per share	BGN 0.6951

Return (%)	
Monthly (MoM)*	4.07%
Annual (YoY)*	-23.34%
Year-to-date*	1.84%
Since Inception (annualized)*	-15.20%

Statistics (%)	
Standard Deviation*	22.12%
Monthly alpha – MSCI Russia *	-2.50%
Beta (β) – MSCI Russia *	0.640
R ² – MSCI Russia *	60.68%
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 90% in equities and up to 50% invested in bonds.

FFBH Vostok's targets high allocation to equities in 2012 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in H2 2012 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR

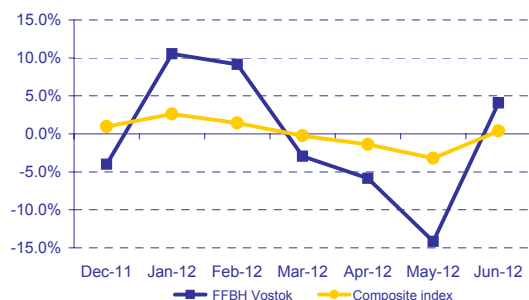


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

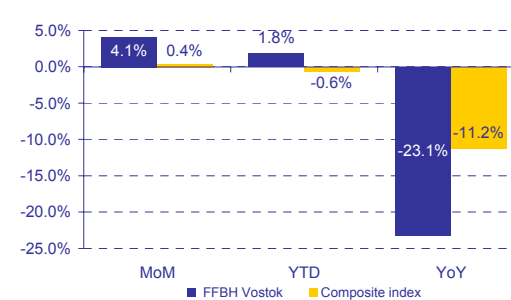
Fact sheet and fee information

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*

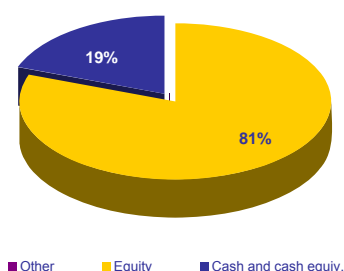


MoM, YoY and YtD return to composite index*



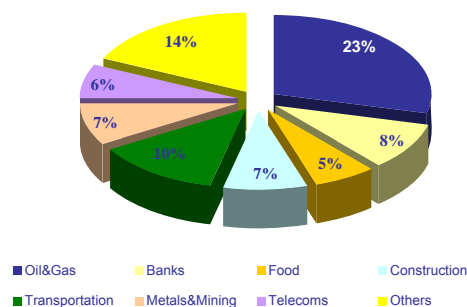
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

June 2012

Data as per 29 June 2012

NAV	
NAV	BGN 772, 178
NAV per share	BGN 0.4076

Return (%)	
Monthly (MoM)*	-1.11%
Annual (YoY)*	-25.53%
Year-to-date*	-10.31%
Since Inception (annualized)	-17.70%

Statistics (%)	
Standard Deviation*	13.53%
Monthly alpha – MSCI EM EE *	-9.56%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	36.26%
Sharpe Ratio (0%)*	n.m.

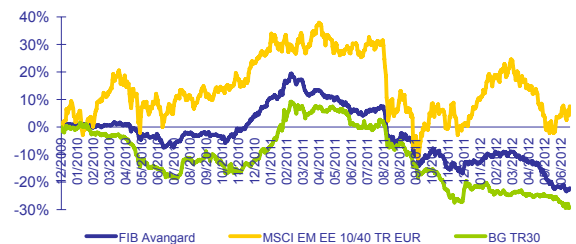
* see notes

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 2012 includes allocation to liquid and financially stable Bulgarian companies and achievement of sizeable stake in Russian "blue chips" on high oil prices and domestic consumption stories.

FIB Avangard vs. MSCI EM EE 10/40

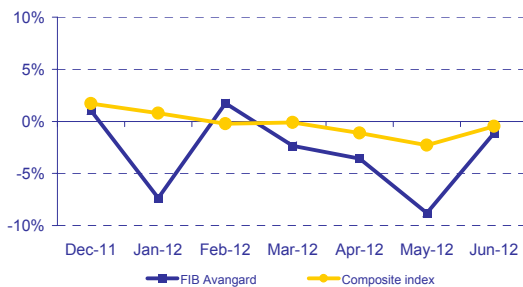


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

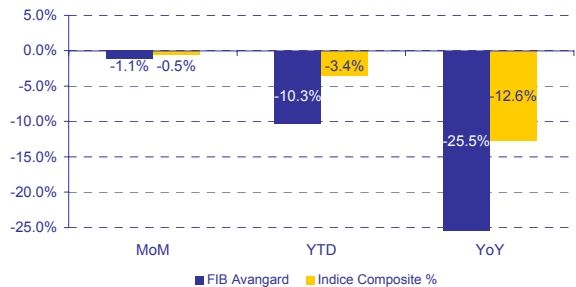
Fact sheet and fee information

Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
FSC 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)	3.00%	
Incorporation	Bulgaria	* Minimum subscription is BGN 50		

MoM return comparison to composite index*

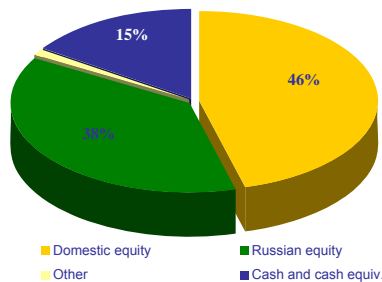


MoM, YoY and YtD return to composite index*



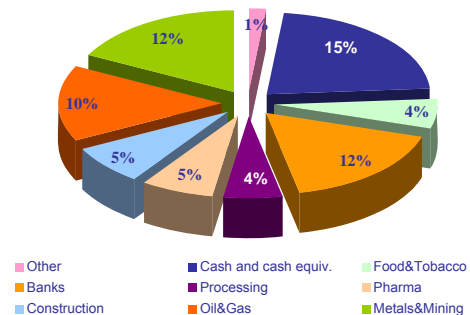
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

June 2012

Data as per 29 June 2012

NAV	
NAV	BGN 865, 630
NAV per share	BGN 0.6849

Return (%)	
Monthly (MoM)*	0.35%
Annual (YoY)	-9.18%
Year-to-date	0.41%
Since Inception (annualized)	-7.89%

Statistics (%)	
Standard Deviation*	6.88%
Monthly alpha – MSCI EM EE *	-8.10%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	39.14%
Sharpe Ratio (0%)*	n.m.

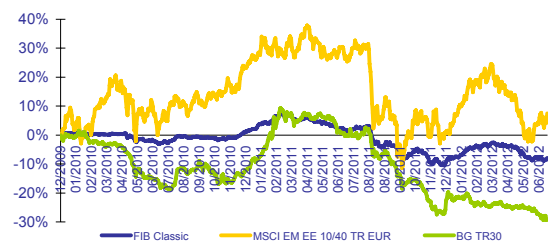
* see notes

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 2012 is based on more aggressive approach by increasing equity allocation in both Bulgaria on expected sentiment improvement in H2 2012 and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in sovereign debt and investment grade corporate bonds.

FIB Classic vs. MSCI EM EE 10/40

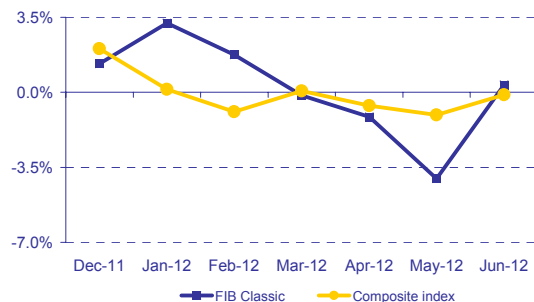


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

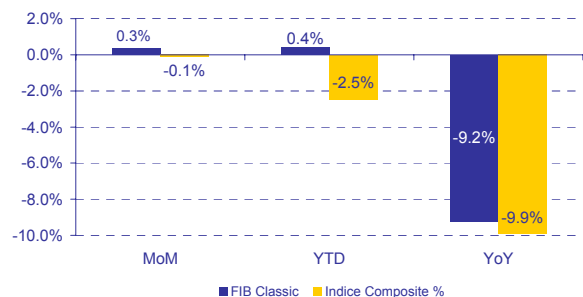
Fact sheet and fee information

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*

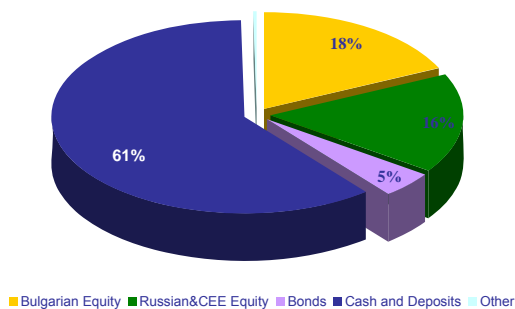


MoM, YoY and YtD return to composite index*



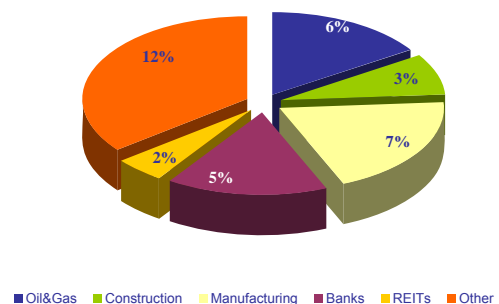
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

June 2012

Data as per 29 June 2012

NAV	
NAV	BGN 842, 983
NAV per share	BGN 1.0370

Return (%)	
Monthly (MoM)*	0.10%
Annual (YoY)*	0.70%
Year-to-date*	1.69%
Since Inception (annualized)*	0.79%

Statistics (%)	
Standard Deviation*	2.36%
Sharpe Ratio (0%)*	0.05
Interest rates (%)	
Sofibor (3 month)	2.46%
Sofibor (12 month)	5.46%

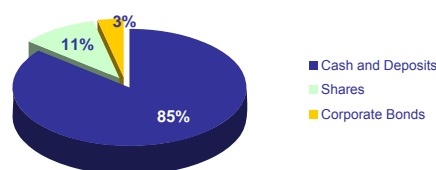
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	2.00%	03/08/2012	EUR	0.13%
Treasury	4.25%	20/02/2013	BGN	2.26%
Treasury	4.50%	17/02/2017	BGN	3.89%
Treasury	5.00%	19/07/2021	BGN	4.96%
Eurobond	7.50%	15/01/2013	EUR	1.33%
Eurobond	8.25%	15/01/2015	USD	3.46%

Source: Bloomberg

Asset Allocation



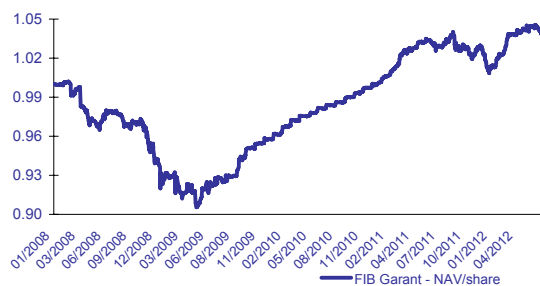
Source: FFBH Asset Management

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 2012 investment strategy includes increased allocation to equities on possible sentiment and liquidity improvement on BSE in H2 2012. 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 investment grade emerging market government debt.

FIB Garant

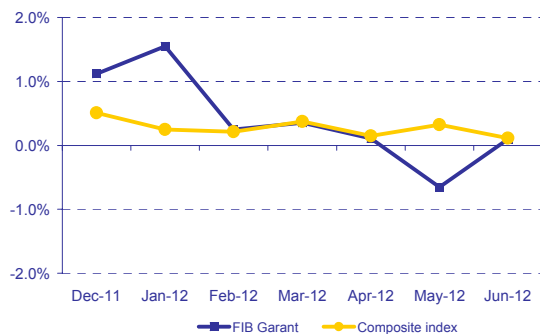


Source: FFBH Asset Management

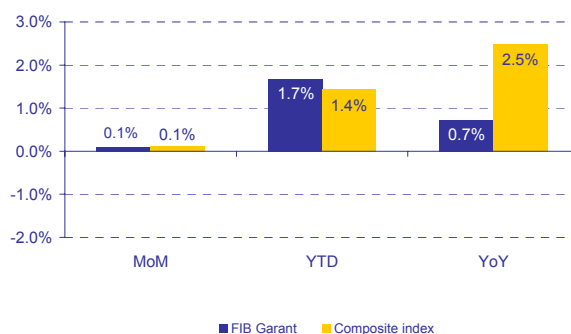
Fact sheet and fee information

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 JUNE 2012

MARKET OVERVIEW:

- The second quarter finished on a strong note for global markets as the last week's EU summit brought some relief that EU leaders will manage to stem the debt crisis in the region. Additional help came from the positive outcome from Greek elections where a government was finally formed. That said, Q2 decline in MSCI World Index was limited to 5.8%, after 5% MoM jump in June alone.
- Bulgarian stock market continued its usual trend – traditional blue chips declined (SOFIX, -0.3% MoM) while REIT companies advanced by 4.5% MoM (BGREIT Index) on high dividend expectations for next year. June was quiet on company news which partially explains the dropping turnover which was down 70% YoY. We note that since July 2 BSE has extended its working hours from 9.30-13.45 to 10:00-17:00 as a measure to improve foreign investors' access to the market.
- On the first working day of July Bulgaria managed to place a 5-year 4.25% EUR 950m bond issue, first foreign issue since 2002. The issue was oversubscribed 5-times at 4.436% YTM and was placed about 20 bps lower than the initially expected MS+350 bps. We consider the news positive and hope to see some spill over to oncoming privatization deals in the energy sector.
- Russian indices were among top 5 performers in June with RTS rising 8.7% MoM as commodities recovered sharply in end-month and the RUB gained more than 1% against USD. Domestic policy finally started to move slowly towards more supportive and investor-friendly (except on utilities) which also eased some political risk, incorporated in market prices. In June we saw a supportive Q1 reporting season coming to an end which might trigger good summer performance if global risk declines.
- Russian macro data was positive for all sectors and particularly good for consumption. Retail sales grew by 6.8% YoY in May on record-low unemployment rate of 5.4%, 11% YoY growth in real wage and 43% YoY retail loan growth. Industrial production also recovered to 3.7% YoY in May after a weak performance in April. However, PMI Manufacturing index (51.0 points, -4.1% MoM) contracted sharply in June on slowing export orders which somewhat confirms the expectations of a weaker 2H 2012 on global growth worries.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- In June FFBH Vostok's NAV per unit gained 4.1% MoM, performing slightly worse than its benchmark due to our overweight rating on small and mid caps. Our equity allocation remained unchanged at about 80% of assets, thus preparing for the starting market recovery.

FIB Avangard

- In FIB Avangard we slightly increased foreign equity allocation, benefitting from market declines in mid-June. Still, the negative performance of financial shares in Bulgaria led to 1.1% MoM decline in NAV/share.

FIB Classic

- In FIB Classic we took more conservative approach and both equity and bond allocations remained unchanged.

FIB Garant

- In FIB Garant we also took more conservative approach and both equity and bond allocations remained unchanged.

OUTLOOK & STRATEGY:

- Market sentiment improved significantly in end-June and should carry over in the first weeks of July. Now, that the EU politicians made some decisions that should prevent the escalation of Eurozone debt crisis for now, the market has turned its attention to the central bankers in expectation of monetary easing. That said, the performance in July will be highly dependent on ECB, FED and other central bank's decisions as the global economy is clearly slowing down and it will take some time before latest decisions trickle down to the economy.

- As predicted SOFIX continued to hover about 300 despite the attractive valuation metrics for most liquid Bulgarian companies. We still expect that this will be the case in the summer as market activity declines further, while positive sentiment elsewhere takes some time before reaches BSE.
- Still, there are some specific short-term market triggers to watch including: the government's privatization plans in the energy and the electricity distribution sectors, especially after the successful sovereign debt placement, and the Q2 financial results of REIT companies.
- Russian equity performance should continue to be dependent mostly on global trends but strongly outperforming on the way up on attractive valuations and good financial performance in most sectors. Additional boost might come from a decrease in equity risk premiums if government policy firmly turns its attention to growth support and privatization.
- That said, our long-term focus on Russian equities remains in place on resilience of local economy and strong debt profile, supported by still high oil price and strong domestic demand potential on growing middle class. The high market beta is also positive for the Russian investment case, if monetary policy in major economies remains expansionary and Eurozone debt crisis finally finds a permanent cure.
- In Bulgaria we shall continue to stick to blue-chip companies but will be looking for attractive opportunities among mid-caps as well.
- In conclusion depending on global monetary policy we shall move to more aggressive investment strategy to equity allocation in all mutual funds under management but will also try to reap some short-term profits to minimize risk. In FIB Classic and FIB Garant we will continue to watch for attractive bond issues and might increase our allocation.

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

FIB Classic: Composite Index is composed of 22 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: $\sum (1/n * R_i)$, 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.