

FFBH Vostok

July 2012

Data as per 31 July 2012

NAV	
NAV	BGN 592, 051
NAV per share	BGN 0.7344

Return (%)	
Monthly (MoM)*	6.10%
Annual (YoY)*	-20.61%
Year-to-date*	7.59%
Since Inception (annualized)*	-12.60%

Statistics (%)	
Standard Deviation*	21.86%
Monthly alpha – MSCI Russia *	-1.32%
Beta (β) – MSCI Russia *	0.640
R ² – MSCI Russia *	60.73%
Sharpe Ratio (0%)*	n.m.

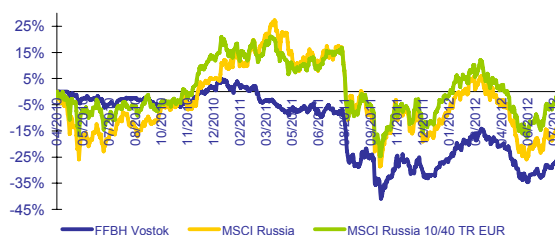
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

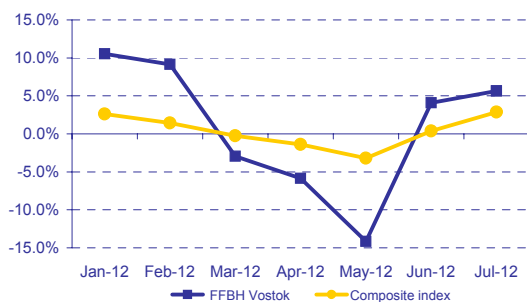


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

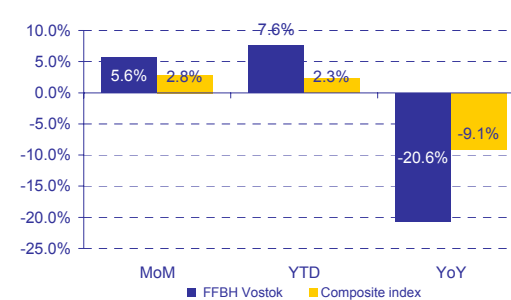
Fact sheet and fee information

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*

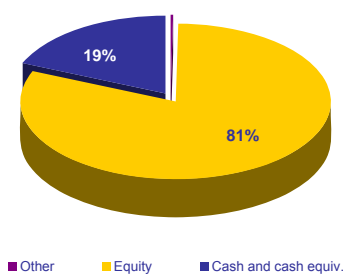


MoM, YoY and YTD return to composite index*



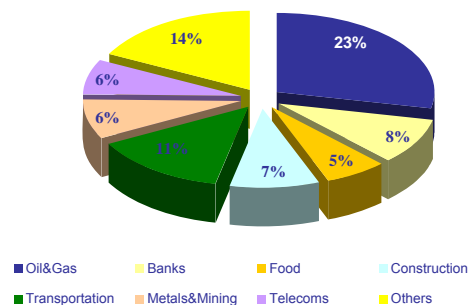
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

July 2012

Data as per 31 July 2012

NAV	
NAV	BGN 820, 466
NAV per share	BGN 0.4324

Return (%)	
Monthly (MoM)*	6.10%
Annual (YoY)*	-23.16%
Year-to-date*	-4.84%
Since Inception (annualized)	-16.35%

Statistics (%)	
Standard Deviation*	13.53%
Monthly alpha – MSCI EM EE *	1.03%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	35.63%
Sharpe Ratio (0%)*	n.m.

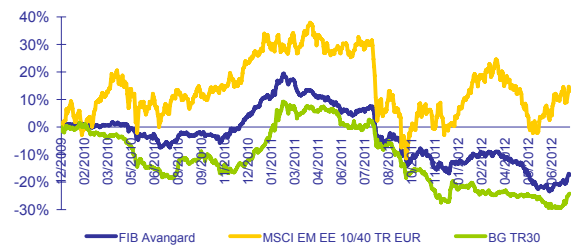
* see notes

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

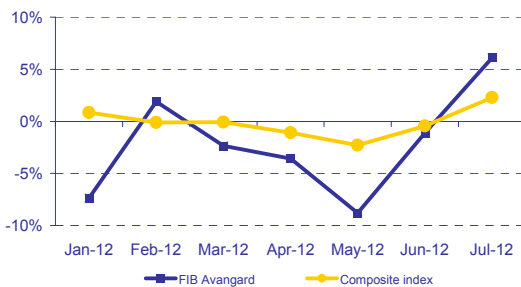
Fact sheet and fee information

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

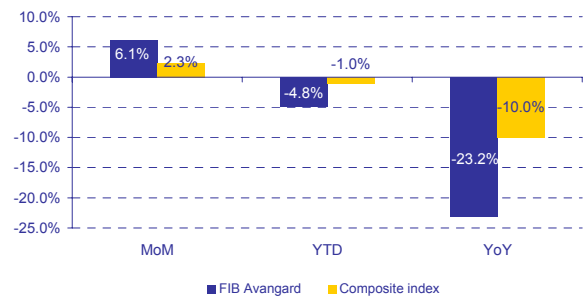
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

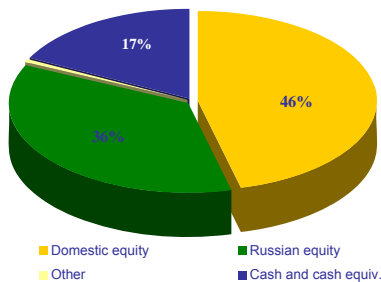


MoM, YoY and YtD return to composite index*



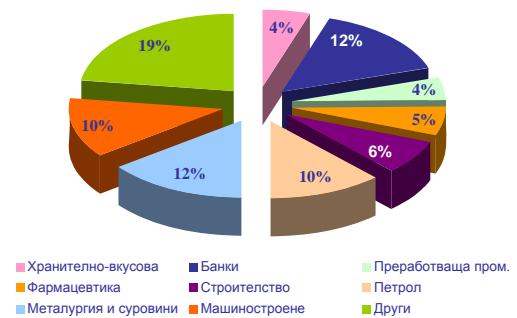
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

July 2012

Data as per 31 July 2012

NAV	
NAV	BGN 891, 170
NAV per share	BGN 0.7051

Return (%)	
Monthly (MoM)*	2.95%
Annual (YoY)	-8.10%
Year-to-date	3.37%
Since Inception (annualized)	-7.17%

Statistics (%)	
Standard Deviation*	6.87%
Monthly alpha – MSCI EM EE *	-2.12%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	38.95%
Sharpe Ratio (0%)*	n.m.

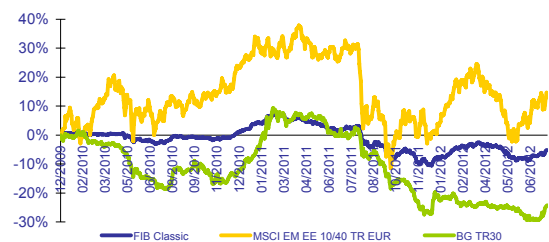
* see notes

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

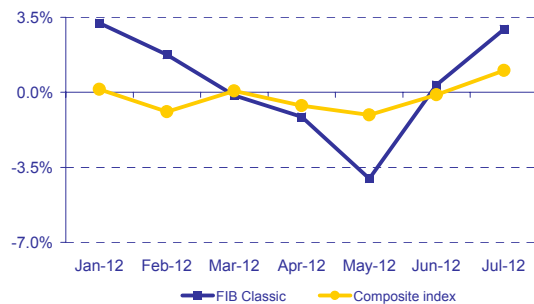


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

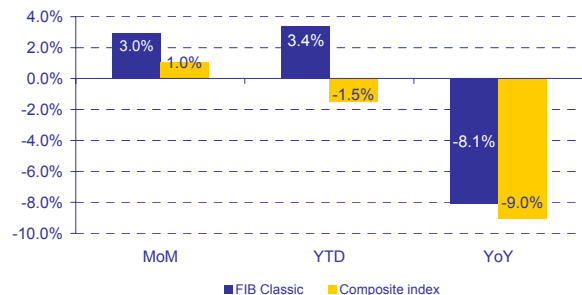
Fact sheet and fee information

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*

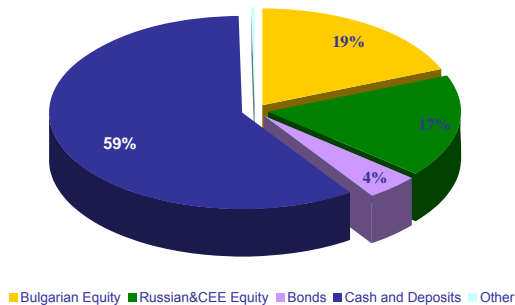


MoM, YoY and YtD return to composite index*



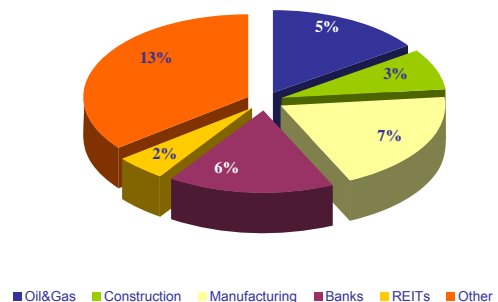
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

July 2012

Data as per 31 July 2012

NAV	
NAV	BGN 853, 652
NAV per share	BGN 1.0502

Return (%)	
Monthly (MoM)*	1.27%
Annual (YoY)*	1.30%
Year-to-date*	2.97%
Since Inception (annualized)*	1.05%

Statistics (%)	
Standard Deviation*	2.34%
Sharpe Ratio (0%)*	0.06
Interest rates (%)	
Sofibor (3 month)	1.83%
Sofibor (12 month)	4.59%

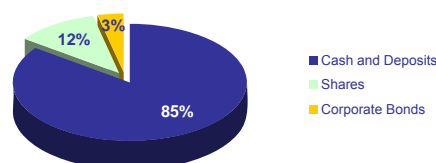
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	7.50%	08/01/2013	BGN	0.69%
Treasury	4.25%	20/02/2013	BGN	2.12%
Treasury	4.50%	17/02/2017	BGN	3.33%
Treasury	5.00%	19/07/2021	BGN	4.28%
Eurobond	7.50%	15/01/2013	EUR	0.841%
Eurobond	8.25%	15/01/2015	USD	2.51%

Source: Bloomberg

Asset Allocation



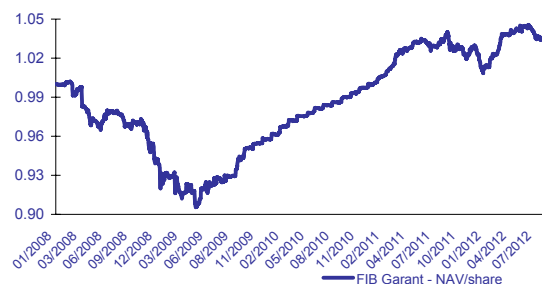
Source: FFBH Asset Management

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

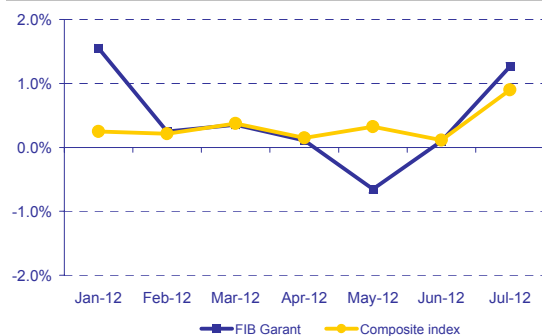
Fact sheet and fee information

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

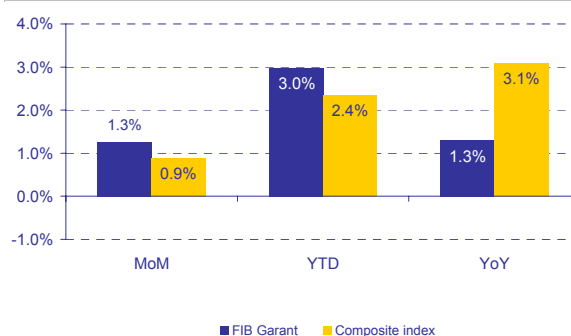
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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

PORTFOLIO MANAGER'S COMMENT JULY 2012

MARKET OVERVIEW:

- After an early drop global indices finished slightly on positive territory in July, due to renewed hopes for further monetary easing in Europe and US. However, volatility increased as global economic data, especially from Europe, continued to weaken and capital markets swung between gains and losses during the period.
- Bulgarian stock market finally broke the downward trend in 2012. SOFIX was among top 5 global monthly performers and advanced 7% MoM while YtD loss shrank down to just 2.6%. During the period most of blue chips attracted buying interest on valuations while low liquidity helped as well. Outperforming BGREIT Index advanced for eighth consecutive month and reached 74.78 (+5.9% MoM, +45.9% YtD) as agriland REITs continued to be marked up on cheap implied valuation of land held.
- The Q2 reporting season in Bulgaria started in end of the month with non-consolidated results, being delivered. Although positive surprises (tobacco companies predominantly) were a rare event, it did not spoil market performance, as much more negative development was already incorporated. As a main trend in reports we should outline high cost inflation for industrial companies, mainly on growing energy prices, which was not transferred successfully to end-clients and has depressed margins.
- Russian indices advanced in July with RTS rising 2.2% MoM in USD, thus managing to erase its YtD loss. Despite the increase the Russian market lagged the 7.2% MoM gain of Brent oil as the trading updates and financials reported during the period disappointed mainly while macro data experienced some slow down in end of quarter (see below).
- In Russia during the period retail sales data continued to be strong (+6.9% YoY), supported by retail lending and real wage growth (+12.9% YoY). However, CPI accelerated to 4.4% YtD in July from 3.2% YtD in end-June on high food inflation which might negatively influence consumer dynamics in second half of the year. Industrial production (+1.9% YoY in June) and investments (+4.7% YoY) slowed down and disappointed investors. That said, July PMI Manufacturing rebounded from three month low to 52.0 on new orders and production which provided some relief for the industry for now.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- In July FFBH Vostok's NAV per unit gained 5.6% MoM, performing almost in line with its benchmark. Our equity allocation remained unchanged at about 80% of assets, thus being well positioned for a market recovery. During the period we took decision to hedge 75% of fund's USD exposure.

FIB Avangard

- The outperformance of Bulgarian shares led to 6.1% MoM gain in FIB Avangard units. During the period we slightly decreased our foreign equity allocation, realizing some short-term profits, while leaving Bulgarian investments intact. During the period we hedged 50% of fund's USD exposure.

FIB Classic

- In FIB Classic we continued our more conservative approach and both equity and bond allocations remained unchanged. During the period we took decision to hedge fund's USD exposure.

FIB Garant

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

OUTLOOK & STRATEGY:

- Market sentiment improved significantly in end-July but the trend in August should mostly depend on central bankers as economic data is expected to come in weak. That said, expectations, especially for the Eurozone economy, are already too low and any positive development might trigger the market up.

- As predicted, SOFIX hovered about 300 points till end-July when some sudden buying interest moved it above 310 level. Currently, we expect that the market will keep current level through August but some liquid positions might attract interest as they underperformed in July.
- The list of short-term market triggers remains the same: the government's privatization plans in the energy and the electricity distribution sectors, as well as for the stock exchange, and low valuations.
- Russian equity performance should continue to be dependent mostly on global trends. However, lately the market has become more watchful towards local political developments as some trials against opposition activists have started lately. Nevertheless, we deem that upside triggers prevail as discount to emerging markets is close to historical highs while additional boost might come from declining equity risk premiums if government policy 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 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 is eased as expected.
- 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. The USD hedge is expected to remain in place for the time being.

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 20 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.

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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.