

FFBH Vostok

October 2012

Data as per 31 October 2012

NAV	
NAV	BGN 610, 417
NAV per share	BGN 0.7324

Return (%)	
Monthly (MoM)*	-3.36%
Annual (YoY)*	-2.18%
Year-to-date*	7.30%
Since Inception (annualized)*	-11.52%

Statistics (%)	
Standard Deviation*	21.24%
Monthly alpha – MSCI Russia *	0.38%
Beta (β) – MSCI Russia *	0.630
R ² – MSCI Russia *	61.41%
Sharpe Ratio (0%)*	n.m.

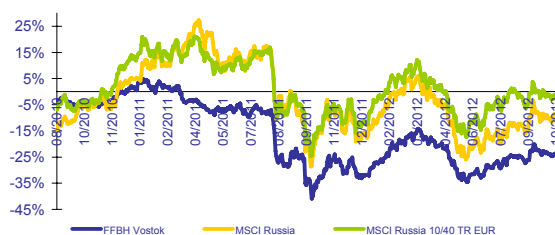
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

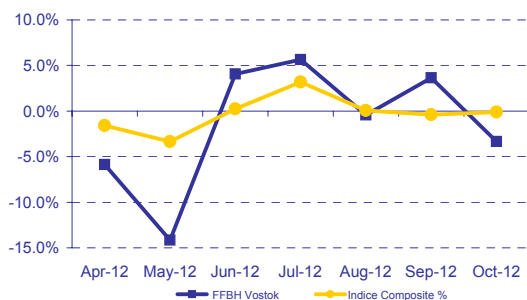


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

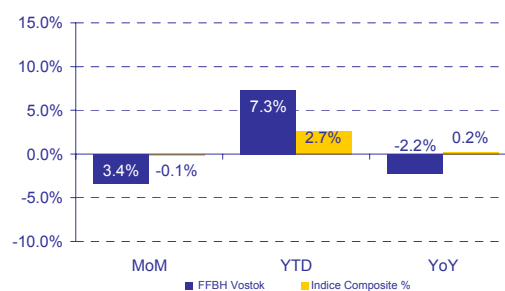
Fact sheet and fee information

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*

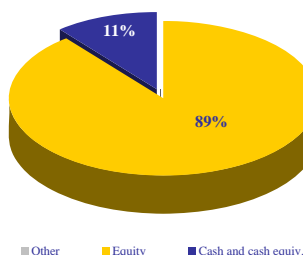


MoM, YoY and YtD return to composite index*



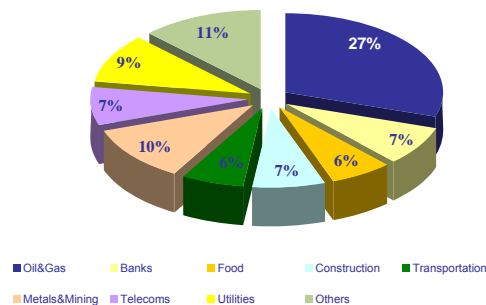
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

October 2012

Data as per 31 October 2012

NAV	
NAV	BGN 838, 113
NAV per share	BGN 0.4418

Return (%)	
Monthly (MoM)*	-0.78%
Annual (YoY)*	-8.26%
Year-to-date*	-2.78%
Since Inception (annualized)	-15.22%

Statistics (%)	
Standard Deviation*	13.34%
Monthly alpha – MSCI EM EE *	2.04%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	35.06%
Sharpe Ratio (0%)*	n.m.

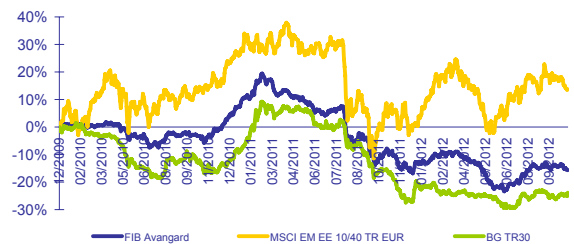
* see notes

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

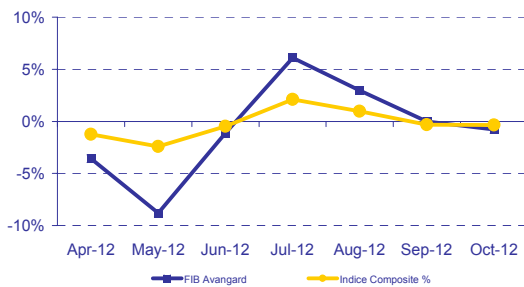


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

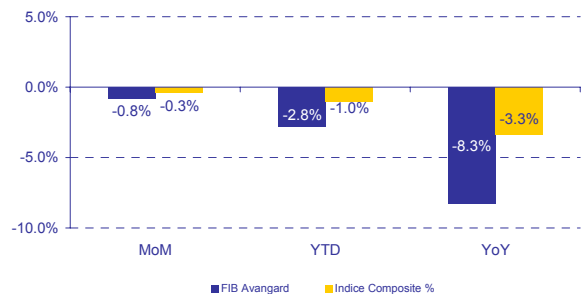
Fact sheet and fee information

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*

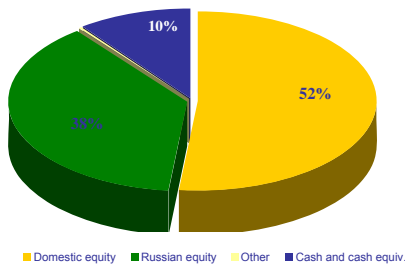


MoM, YoY and YtD return to composite index*



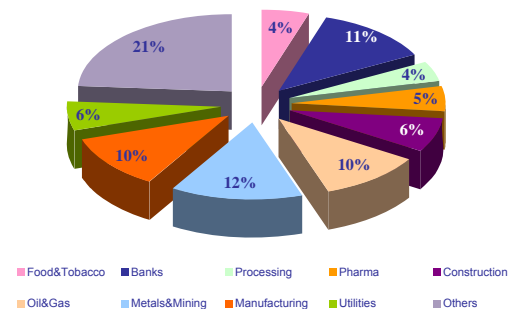
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

October 2012

Data as per 31 October 2012

NAV	
NAV	BGN 897, 966
NAV per share	BGN 0.7084

Return (%)	
Monthly (MoM)*	-0.20%
Annual (YoY)	-0.03%
Year-to-date	3.87%
Since Inception (annualized)	-6.73%

Statistics (%)	
Standard Deviation*	6.74%
Monthly alpha – MSCI EM EE *	2.63%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	39.56%
Sharpe Ratio (0%)*	n.m.

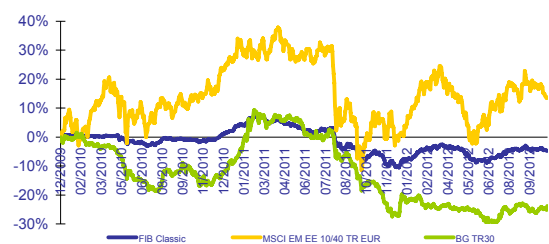
* see notes

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

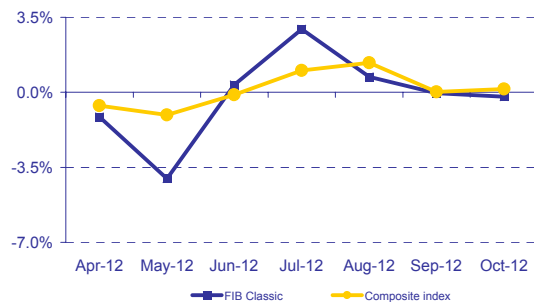


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

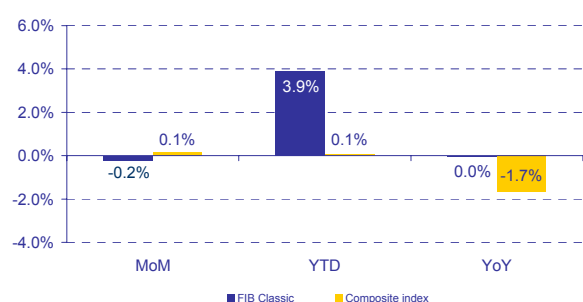
Fact sheet and fee information

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*

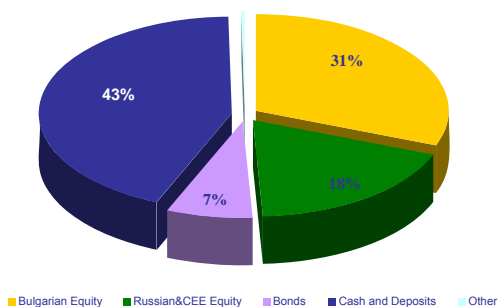


MoM, YoY and YtD return to composite index*



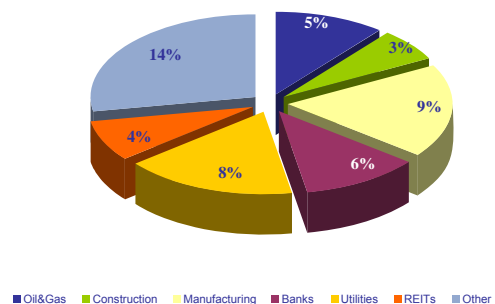
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

October 2012

Data as per 31 October 2012

NAV	
NAV	BGN 863, 718
NAV per share	BGN 1.0569

Return (%)	
Monthly (MoM)*	0.57%
Annual (YoY)*	2.88%
Year-to-date*	3.63%
Since Inception (annualized)*	1.12%

Statistics (%)	
Standard Deviation*	2.29%
Sharpe Ratio (0%)*	0.07
Interest rates (%)	
Sofibor (3 month)	1.58%
Sofibor (12 month)	4.13%

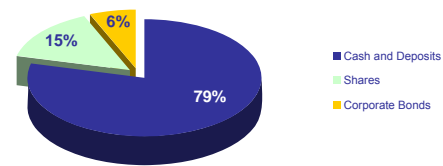
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	7.50%	08/01/2013	BGN	0.54%
Treasury	5.25%	04/02/2014	BGN	1.00%
Treasury	4.50%	17/02/2017	BGN	2.19%
Treasury	5.00%	11/07/2022	BGN	3.03%
Eurobond	4.25%	09/07/2017	EUR	2.16%
Eurobond	8.25%	15/01/2015	USD	1.39%

Source: Bloomberg

Asset Allocation



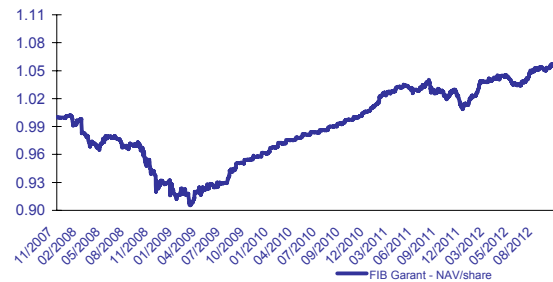
Source: FFBH Asset Management

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

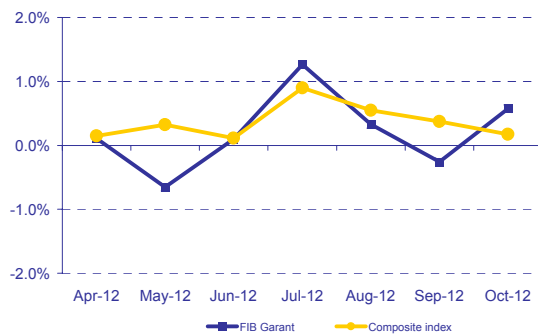


Source: FFBH Asset Management

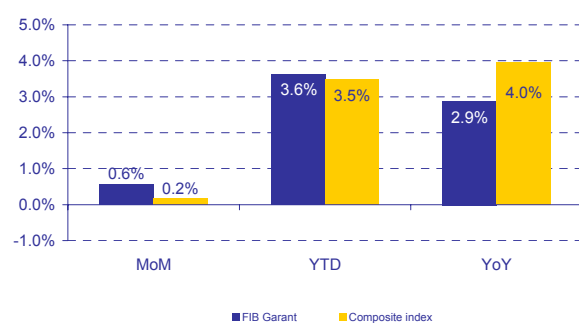
Fact sheet and fee information

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 October 2012

MARKET OVERVIEW:

- Most CEE equity markets continued to advance in October, keeping the momentum gained by the global monetary easing. Still, the rise was limited to some extent by the weak global macro data, released during the period, as well as the uncertainties, arising from the oncoming presidential elections in the US.
- Bulgarian market moved inline and blue-ship SOFIX index advanced in October (329.7, +1.8% MoM). After its sharpest monthly loss in more than a year BGREIT Index was flat in October as interest in REIT companies regained some ground.
- The story of the month was the successful BGN 185m privatization of state's minority stakes in the local electricity distribution and sales companies of CEZ and Energo-Pro. In contrast to the privatization of EVN Bulgaria Grids and EVN Bulgaria Sales in end-2011, the four new listed stocks should remain public for now as Energo-Pro stated that it doesn't intend currently to make tender offer to minority holders, while CEZ did not participate in the offering. We note that Energo-Pro Sales and CEZ Distribution may even be eligible for inclusion in some of BSE indices on their next revisions in March 2013. Separately, Bulgartabac Holding raised the tender offer price for Sofia-BT to BGN 71.70 (BGN 64.02), which was approved by the local regulator. Thus, we expect that in recent months Bulgartabac to remain the only truly public company in the tobacco sector.
- We note that Q3 reporting season started in the very end of October. It is too early to call its directions but we note that banks continue to suffer by virtually non-existent credit growth which thins their net interest incomes and margins while industrial company revenues are down on the year, due to the slow down in the Eurozone.
- Russian indices were down by close to 5% in October, due to global risk aversion to commodity-related stocks on weak macro data and falling commodity prices (Brent oil dropped by 2.5%). The most significant event on the market was the acquisition of 100% in TNK-BP, controlling 95% of Russian third largest oil producer TNK-BP Holding, from British Petroleum and Alfa-Access-Renova by local incumbent Rosneft [ROSN LI]. Following the USD 53bn deal (USD 45bn in cash and 12.8% of Rosneft existing shares) Rosneft would become the largest global oil producer with 4.7mn boepd (barrels of oil equivalent per day). Also BP would become the second largest shareholder in Rosneft at an implied entry price of USD 8.40 per share. All the above as well as the positive 3Q results led to massive market outperformance and Rosneft, gained 20% in the month period to Nov 1.
- Otherwise, metal & mining companies published their trading updates for Q3 which were in line with expectations and showed slight decline in QoQ volumes and prices in the non-precious metals segment.
- September Russian macro data also weighed on index performance as it was mostly below consensus figures. Retail trade growth failed to recover in September, despite accelerating inflation and was 4.4% YoY, compared to 4.3% YoY in August. Additionally, CBR announced that it intends to limit consumer loan growth by raising reserve requirements on loans with annual rate above 25%. Investment growth moved to negative territory on a 7.2% YoY slump in housing construction in September. On the bright side PMI Manufacturing continued to edge up to 52.9 in October compared to 52.4 (+2.7% MoM) in September which will most probably lead to some acceleration in industrial production towards the year-end.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- In October FFBH Vostok's NAV per unit lost 3.4% MoM, slightly better than its benchmark. During the period we added some cyclical metal&mining stocks as we expect improvements in macro environment towards the year-end. We also increased stake in utilities sector as we saw good short-term opportunities in specific names. Overall, we increased equity allocation up to 90% of assets.

FIB Avangard

- FIB Avangard fell slightly by 0.8% in October as Bulgarian allocation could not fully compensate for the decline in Russian names. During the period we participated in both Energo-Pro and CEZ privatizations while divesting stakes in Bulgartabac's subsidiaries on tender offers.

FIB Classic

- FIB Classic was almost flat in October. Here, we also participated in local privatization, thus bringing equity allocation to almost 50%. We also added mid-term Bulgarian corporate bonds on attractive yields.

FIB Garant

- In FIB Garant equity allocation was brought up to 15% of assets by stakes in local utilities sector while bonds allocation was doubled to 6% of assets. All the above led to 0.6% monthly return.

OUTLOOK & STRATEGY:

- We expect uneven start of November for global equities as everybody is waiting to see the winner in the White House race as well as the change of power in China. Both events should shape the performance for equities by the year-end. On macro level we will be waiting for Q3 GDP releases in Eurozone but most importantly to see if regional leading indicators will rebound from 3-year lows. Also, we expect that influence of hurricane Sandy's damages on US economy might lead to some rise in volatility as USA was the strongest major developed economy lately.
- On BSE we might see some return of liquidity in blue chip names as 2012 state's privatization plan has been completed. We expect that SOFIX will remain close to end-October levels as despite low valuation levels, Q3 financials should mostly disappoint. The most significant short-term event would be the SPO of leading courier company Speedy, which will test the strength of the primary market after the good results from the privatization.
- Despite the disappointment in October, we still deem that Russian indices are set to outperform global indices in Q4 on improvement in leading indicators globally. The Rosneft-TNK-BP deal might also be the catalyst that leads to narrowing the 5-year high discount to both developed and emerging markets. In conclusion, our long-term focus on Russian equities remains in place on strong economic profile, supported by oil price and strong domestic demand potential on growing middle class.
- In November we expect to leave our overall equity allocation unchanged, if global volatility remains sustained. That said, we are still ready to exploit short-term opportunities both in Bulgaria and Russia. In FIB Classic and FIB Garant it might be expected to increase our bond 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 19 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 7 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.