

FFBH Vostok

December 2012

Data as per 28 December 2012

NAV	
NAV	BGN 633 084
NAV per share	BGN 0.7446

Return (%)	
Monthly (MoM)*	2.60%
Annual (YoY)*	9.08%
Year-to-date*	9.08%
Since Inception (annualized)*	-10.33%

Statistics (%)	
Standard Deviation*	20.75%
Monthly alpha – MSCI Russia *	-2.47%
Beta (β) – MSCI Russia *	0.630
R ² – MSCI Russia *	61.75%
Sharpe Ratio (0%)*	n.m.

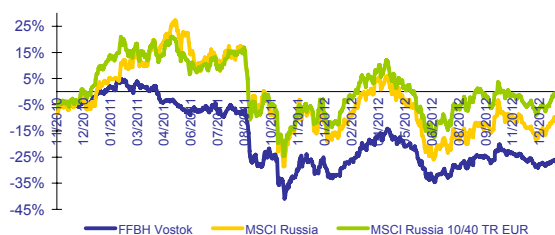
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 high allocation to equities in 2013 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in H2 2013 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR

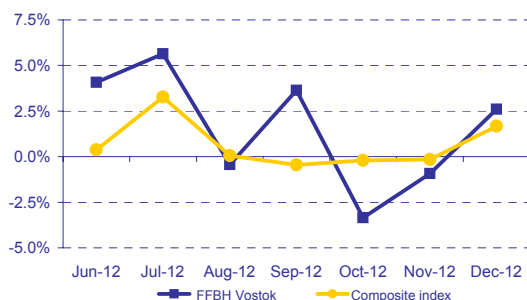


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

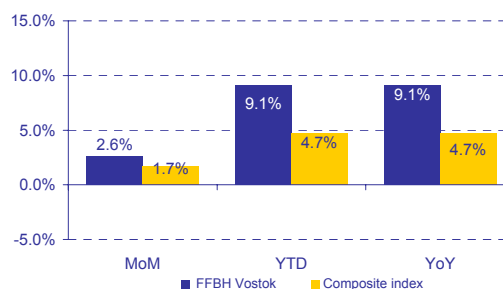
Fact sheet and fee information

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*

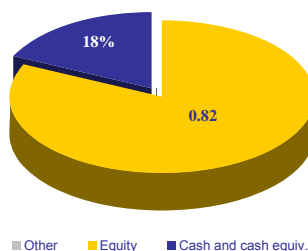


MoM, YoY and YtD return to composite index*



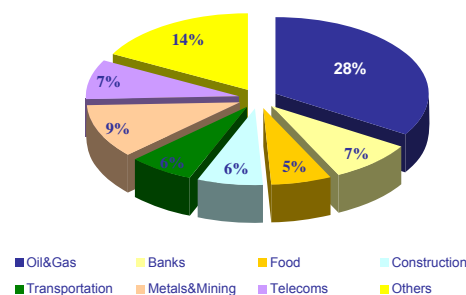
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

December 2012

Data as per 28 December 2012

NAV	
NAV	BGN 842 853
NAV per share	BGN 0.4427

Return (%)	
Monthly (MoM)*	2.51%
Annual (YoY)*	-2.58%
Year-to-date*	-2.58%
Since Inception (annualized)	-14.75%

Statistics (%)	
Standard Deviation*	13.27%
Monthly alpha – MSCI EM EE *	-2.72%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	34.98%
Sharpe Ratio (0%)*	n.m.

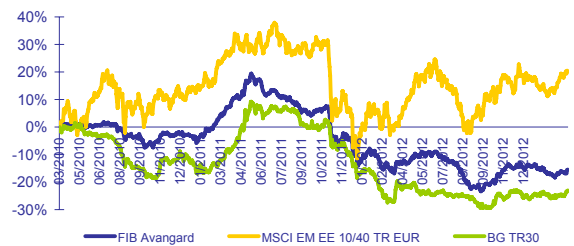
* see notes

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 2013 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

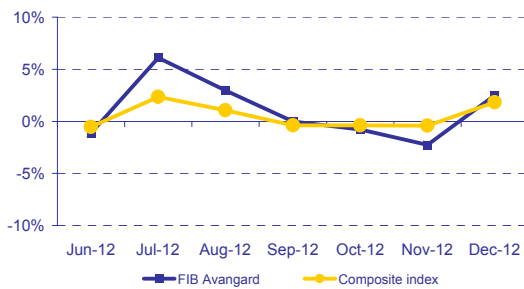
Fact sheet and fee information

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

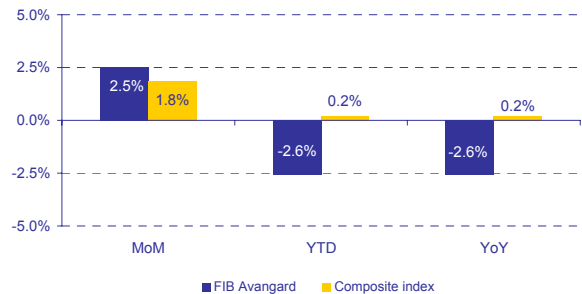
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

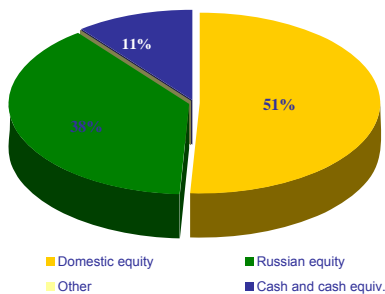


MoM, YoY and YtD return to composite index*



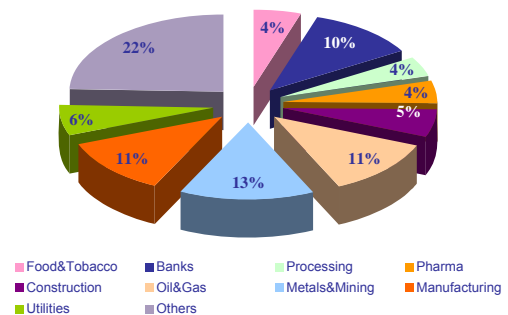
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

December 2012

Data as per 28 December 2012

NAV

NAV	BGN 905 011
NAV per share	BGN 0.7134

Return (%)

Monthly (MoM)*	1.10%
Annual (YoY)	4.59%
Year-to-date	4.59%
Since Inception (annualized)	-6.40%

Statistics (%)

Standard Deviation*	6.72%
Monthly alpha – MSCI EM EE *	-4.13%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	39.15%
Sharpe Ratio (0%)*	n.m.

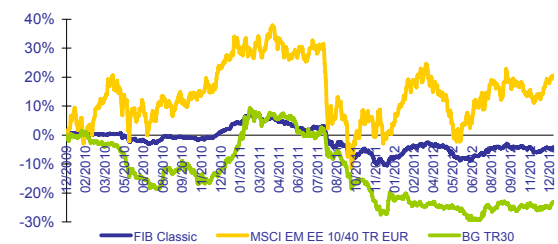
* see notes

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 2013 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in both Bulgaria on expected sentiment improvement throughout 2013 and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in corporate bonds, predominantly, on attractive yields.

FIB Classic vs. MSCI EM EE 10/40

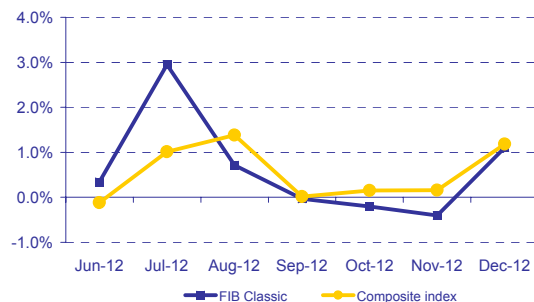


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

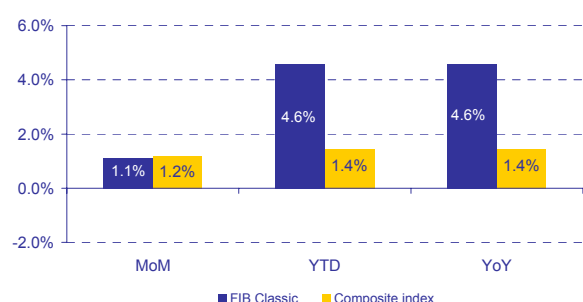
Fact sheet and fee information

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*

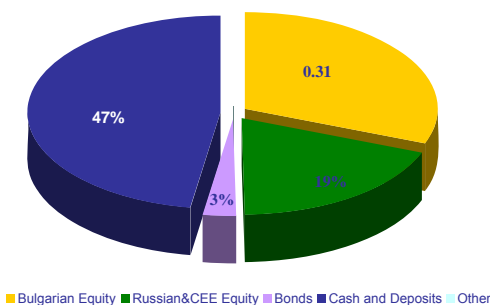


MoM, YoY and YtD return to composite index*



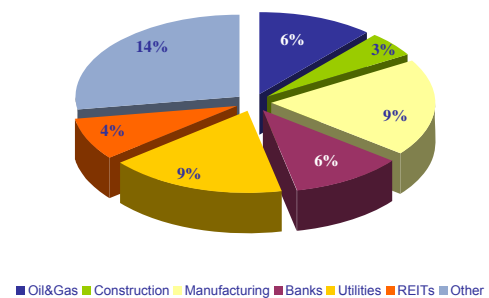
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

December 2012

Data as per 28 December 2012

NAV	
NAV	BGN 864 436
NAV per share	BGN 1.0559

Return (%)	
Monthly (MoM)*	-0.12%
Annual (YoY)*	3.54%
Year-to-date*	3.54%
Since Inception (annualized)*	1.07%

Statistics (%)	
Standard Deviation*	2.29%
Sharpe Ratio (0%)*	0.07
Interest rates (%)	
Sofibor (3 month)	1.43%
Sofibor (12 month)	3.82%

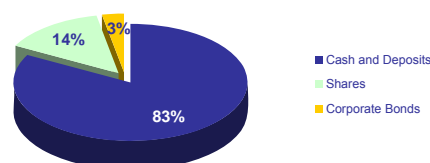
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	7.50%	08/01/2013	BGN	0.55%
Treasury	5.25%	04/02/2014	BGN	0.95%
Treasury	4.50%	17/02/2017	BGN	1.70%
Treasury	5.00%	11/07/2022	BGN	3.31%
Eurobond	4.25%	09/07/2017	EUR	2.05%
Eurobond	8.25%	15/01/2015	USD	1.30%

Source: Bloomberg

Asset Allocation



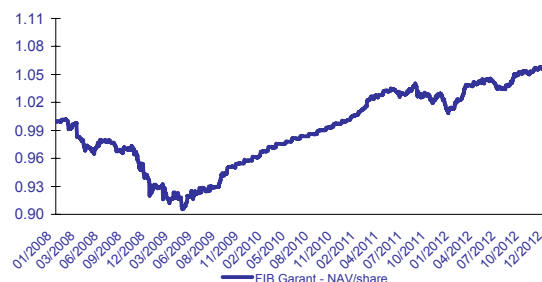
Source: FFBH Asset Management

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 2013 investment strategy includes high allocation to equities on possible sentiment and liquidity improvement on BSE throughout the year. 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 bonds on attractive yields.

FIB Garant



Source: FFBH Asset Management

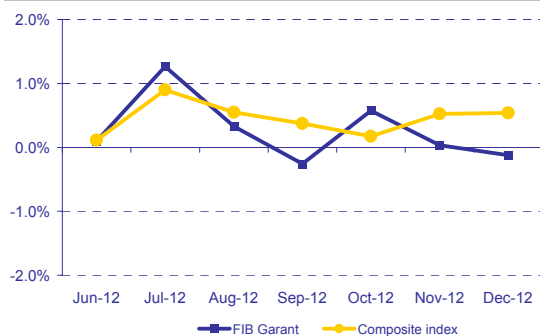
Fact sheet and fee information

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

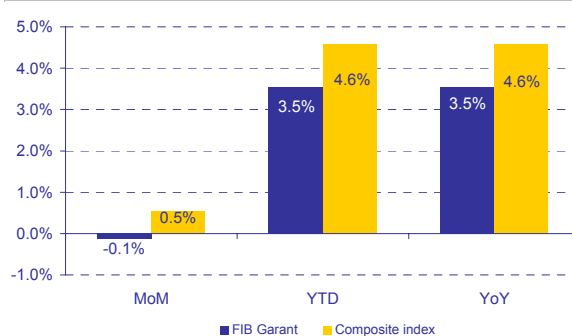
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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 December 2012

Our team wishes you a prosperous New 2013!

MARKET OVERVIEW:

- Global markets finished strongly 2012 as fear about the US "fiscal cliff" subsided while macro data pointed that global economic cycle seemed to have reached its trough. That said, Eastern European stock markets were among top monthly performers on reduced fears about European debt crisis and its negative effect on the region.
- After a strong performance over the last two sessions for 2012, BSE-Sofia caught up with the region and SOFIX finished up by 5.5% MoM. The main index gained 7.4% in 2012, which ranked it among the best performing small European markets. Still, the index remained among the cheapest in terms of valuation but further advances will depend on improvements in liquidity.
- We can call 2012 the year of REIT companies and privatization stories on BSE. We note again the post-privatization profitability improvements in Bulgartabac and its subsidiaries and subsequent tender offers to its subsidiaries' shareholders as well as the successful placement of government's stakes in EnergoPro's and CEZ' local subsidiaries for BGN 68m and BGN 115m, respectively.
- Despite the flat performance in December the BGREIT index finished up by 55% in 2012, supported mostly by companies, focused on agri land, on rising land prices (prices rose by up to 25% last year) and higher dividend yields, both of which shrank the discount between implied market value of land held on balance to its market price. Additionally, the second largest agri fund, ELARG Land Opportunity Fund [4EC BU], initiated its liquidation which is set to be completed soon at prices close to average market levels for the land held.
- As expected Russian indices started to outperform the region in the very end of the month but earlier losses led to a 5% monthly gain only. Overall, the Russian markets gained 10% in USD terms and 12.5% in EUR in 2012 but lagged larger emerging markets as periods of rise in global volatility as well as local political unrests and regulatory changes kept the market from reaching normal valuation level relative to other emerging markets.
- Most significant local event in December was the resolution of the long-lasting shareholders conflict in world's largest nickel producer - Norilsk Nickel [MNOD LI]. The expected improvements in corporate governance practices as well as announced increase in dividend payout led to a 16% MoM performance. Elsewhere, we saw increased interest in gas producers as seasonally cold weather increased demand for the "blue" gas in Europe.
- Russian macro data released in December, however, pointed to an uneven economic growth and while we saw some acceleration in household consumption-related indicators, including disposable income and retail sales, investments and industrial production grew by only 1.2% YoY and 1.9% YoY, respectively, in November. That said, December PMI Manufacturing dropped unexpectedly to 50.0 (52.3 in November) which may indicate further deceleration of GDP growth in Q4 from the 2.9% YoY growth in Q3 2012.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok's NAV per unit gained 2.6% MoM in December and 9.1% in 2012 which ranked it third among mutual funds with similar strategy and among top 10 Bulgarian mutual funds.
- In December we cautiously watched global risk events and kept equity position unchanged at 82% of assets.

FIB Avangard

- FIB Avangard advanced by 2.5% MoM in December which lowered its 2012 loss to 2.6%. There were no major moves in its portfolio during the period.

FIB Classic

- FIB Classic advanced by 1.1% MoM in December and 4.6% for the whole 2012. The fund ranked among top 5 by performance among local mutual funds, following similar strategy on good performance by both equity and bond allocations.

FIB Garant

- FIB Garant remained flat in December but gained 3.5% in 2012. There were no major moves in FIB Garant portfolio during the period.

OUTLOOK & STRATEGY:

- Our base case scenario is for strong start of January on reduced fears about a new recession in US and some improvements in global macro data. The second half of January, however, might be uneven as Q4 results will start to be released globally which might show some EPS declines. Also, we note that the “fiscal cliff” solution was a temporary one and a new confrontation between Republicans and Democrats is looming in the US.
- On BSE the major event of the month would be the release of Q4 preliminary results in the end of the period. Also, we might expect the release of the final terms of Quartzwerk’s acquisition of Kaolin [6K1] but its re-rating impact might be limited to Kaolin only as there are no other close public peers. That said, we expect a muted performance of local indices which are to remain close to end-2012 levels but attractive valuation levels might set foot for a good performance in Q1.
- As pointed previously we have entered the best part of the year for Russian indices, so, if global volatility remains subdued we are to see outperformance of Russian stocks. We also note that despite deceleration of the Russian economy in second half of 2012, its profile remains strong, supported by oil prices and strong domestic demand potential on growing middle class, while valuation levels remain highly attractive both in absolute and relative terms to other emerging markets.
- In January we expect to be more active taking profits when suitable and starting to shift equity allocation to a more cyclical one. Also, we are searching to increase bond allocation in FIB Classic and FIB Garant on declining deposit yields.

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 18 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 8 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.