

FFBH Vostok

March 2013

Data as per 29 March 2013

NAV	
NAV	BGN 627 050
NAV per share	BGN 0.7319

Return (%)	
Monthly (MoM)*	-3.35%
Annual (YoY)*	-8.40%
Year-to-date*	-1.70%
Since Inception (annualized)*	-10.30%

Statistics (%)	
Standard Deviation*	20.23%
Monthly alpha – MSCI Russia *	-0.29%
Beta (β) – MSCI Russia *	0.640
R ² – MSCI Russia *	61.71%
Sharpe Ratio (0%)*	n.m.

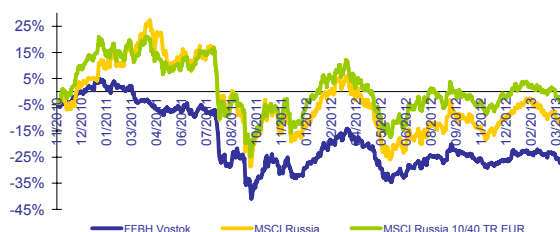
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

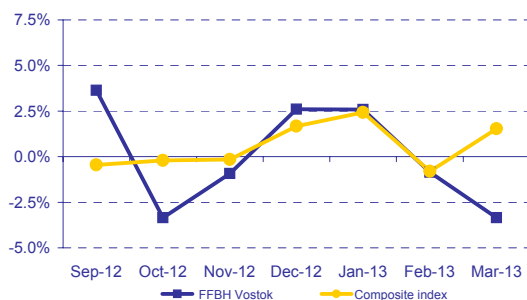


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

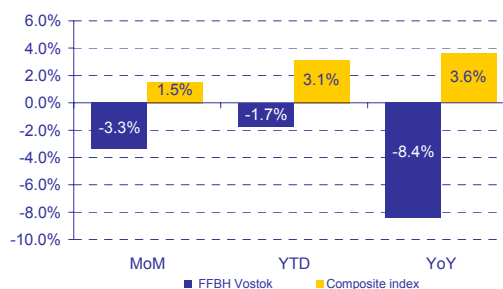
Fact sheet and fee information

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*

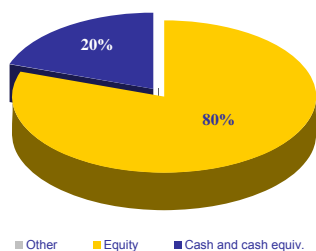


MoM, YoY and YtD return to composite index*



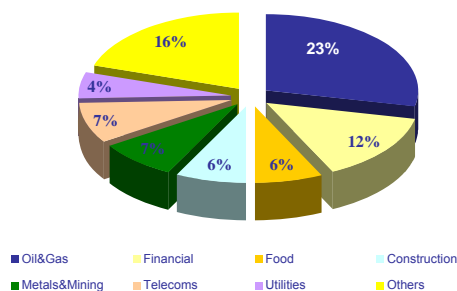
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

March 2013

Data as per 29 March 2013

NAV	
NAV	BGN 879 261
NAV per share	BGN 0.4575

Return (%)	
Monthly (MoM)*	-1.52%
Annual (YoY)*	-0.96%
Year-to-date*	3.35%
Since Inception (annualized)	-13.58%

Statistics (%)	
Standard Deviation*	13.07%
Monthly alpha – MSCI EM EE *	1.02%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	32.00%
Sharpe Ratio (0%)*	n.m.

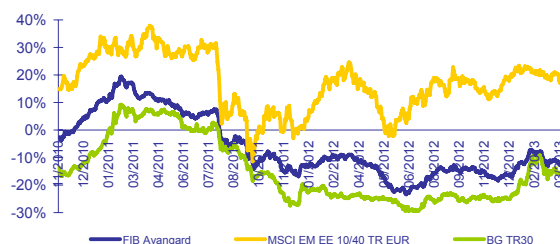
* see notes

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

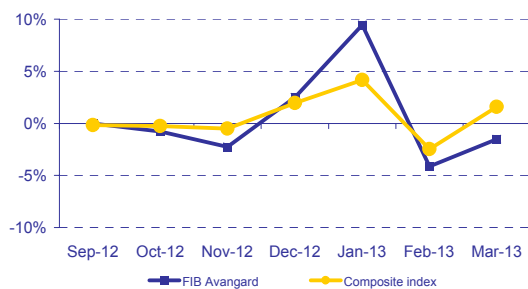
Fact sheet and fee information

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

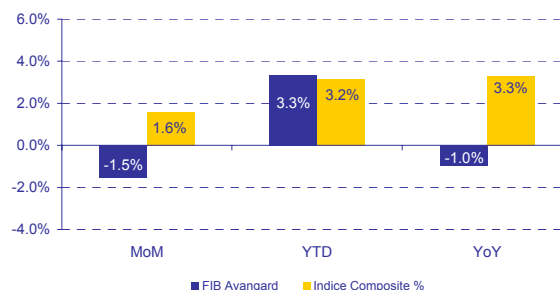
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

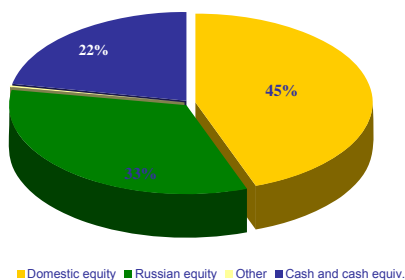


MoM, YoY and YtD return to composite index*



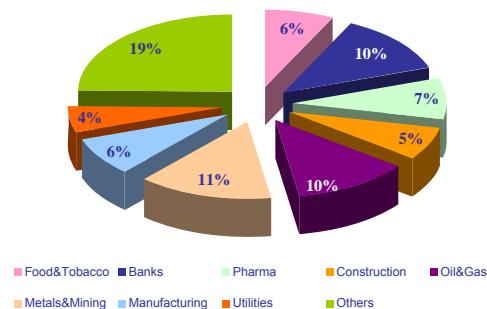
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

March 2013

Data as per 29 March 2013

NAV	
NAV	BGN 946 669
NAV per share	BGN 0.7289

Return (%)	
Monthly (MoM)*	-0.38%
Annual (YoY)	1.89%
Year-to-date	2.17%
Since Inception (annualized)	-5.73%

Statistics (%)	
Standard Deviation*	6.62%
Monthly alpha – MSCI EM EE *	2.15%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	33.90%
Sharpe Ratio (0%)*	n.m.

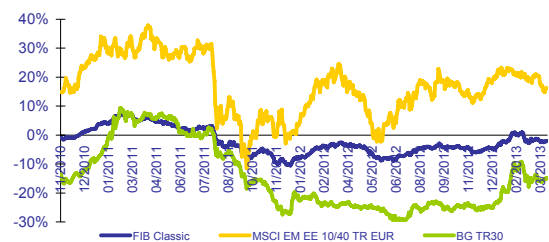
* see notes

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

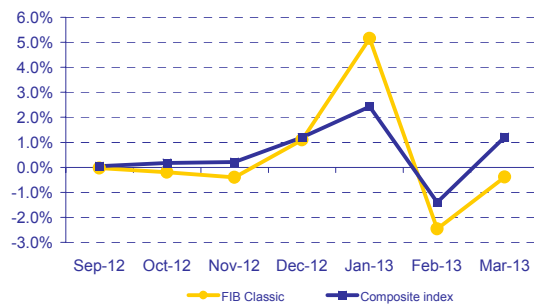


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

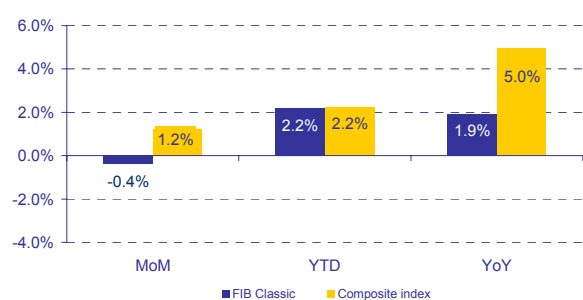
Fact sheet and fee information

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*

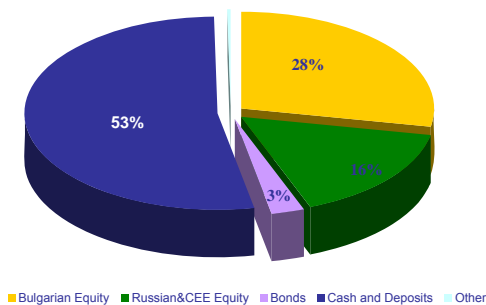


MoM, YoY and YtD return to composite index*



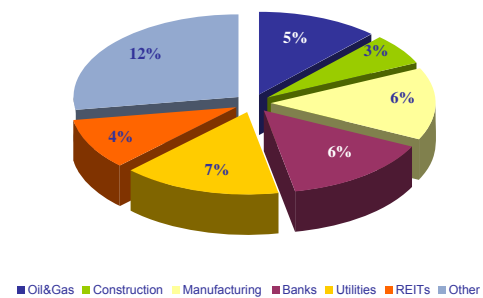
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

March 2013

Data as per 29 March 2013

NAV	
NAV	BGN 882 904
NAV per share	BGN 1.0785

Return (%)	
Monthly (MoM)*	0.37%
Annual (YoY)*	3.51%
Year-to-date*	2.14%
Since Inception (annualized)*	1.42%

Statistics (%)	
Standard Deviation*	2.28%
Sharpe Ratio (0%)*	0.13
Interest rates (%)	
Sofibor (3 month)	1.23%
Sofibor (12 month)	3.35%

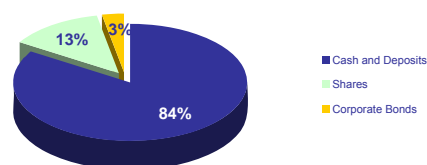
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	5.75%	02/07/2013	BGN	0.26%
Treasury	5.25%	04/02/2014	BGN	0.50%
Treasury	4.50%	17/02/2017	BGN	1.85%
Treasury	5.00%	11/07/2022	BGN	3.19%
Eurobond	4.25%	09/07/2017	EUR	1.93%
Eurobond	8.25%	15/01/2015	USD	1.37%

Source: Bloomberg

Asset Allocation



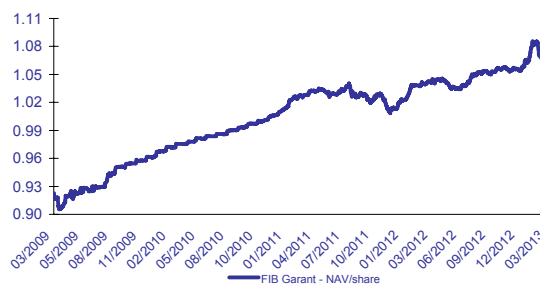
Source: FFBH Asset Management

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

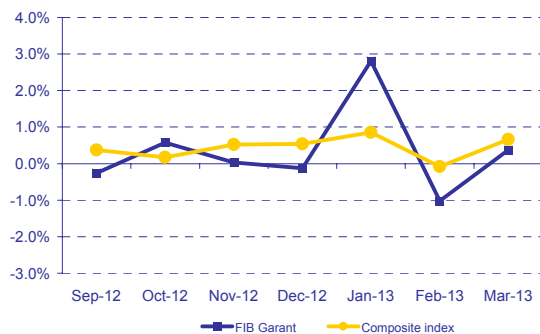
Fact sheet and fee information

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

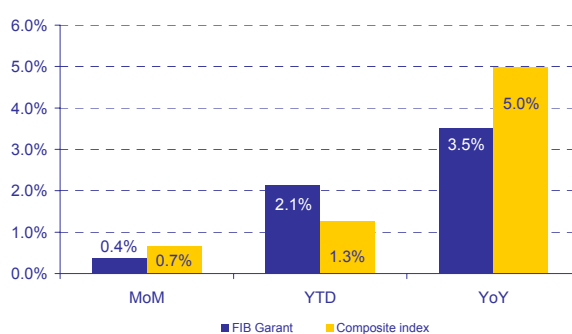
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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 March 2013

MARKET OVERVIEW:

- Capital markets were volatile in March on the back of the bailout of Cyprus. The decision that deposit holders in Cyprus banks should share the burden and lose significant part of their holdings above EUR 100,000 surprised the markets and increased nervousness that this solution might be applied to other troubled EU nations. Still, the positive data from US and Chinese economies, as well as declarations by EU leaders that Cyprus bailout style won't be applied again, calmed down global markets and they managed to register moderate gains. Eastern European markets, however, mostly declined on weak EU macro indicators and decreased interest in the region on reduced economic growth forecasts.
- Bulgarian capital market calmed down in March and registered small gains (SOFIX, 0.6% MoM) on the appointment of caretaking government and the scheduling of preliminary parliamentary election on May 12th. The index gains were supported mostly by REIT companies as dividend season approached. The largest agri REIT Advance Terrafund [6A6] already announced that it planned to distribute BGN 0.50 per share, yielding 22.5%. That said, the sector index BG REIT advanced by 4.6% in March.
- After being among most traded stocks in February interest in electricity distribution companies declined for now as investors were waiting for the decision of the regulator, regarding the started procedure for revocation of the licenses of CEZ local subsidiaries which is due in mid-April.
- In March we also saw the semi-annual revision of BSE indexes. It triggered substantial increase in volumes and sharp price increases of the new members of SOFIX – Albena [6AB] and Zarneni Hrani [T43] about the index revision date, boosted by SOFIX-tracking funds and certificates. Still, in the end of the month interest in these stocks moved back to normal levels and prices declined.
- Russian capital markets were among largest decliners in March, dropping by about 4% on average, mostly on Cyprus bailout terms as Russian deposits accounted for more than 20% of total deposits in Cypriot banks. That said, the USD 20bn Russian deposits in Cyprus were a mere 2% of local savings and presently it is not expected to impede the Russian economy growth by more than 0.3pp even if all money are lost. However, there is another key moment in this saga and that is Cyprus acted as an important offshore transit center for Russian capital over the last 15 years. Currently, most Russian analysts do not expect that these businesses will return back to Russia which means that another financial center should be found and this should at least temporarily increase costs for doing business for some Russian companies.
- During the period economic activity in Russia continued to decelerate and February data showed that GDP growth declined to meagre 0.1% YoY from 1.6% YoY in January. The economy weakening was broadly-based in February as industrial production steepened its decline to 2.1% YoY (-0.8% YoY in January), investments grew at 0.3% YoY only while retail trade decelerated to 2.5% YoY (3.5% YoY in January). On the positive side inflation pressure declined to 7.2% YoY (CPI) which leaves room for the CBR to ease its monetary policy to support growth.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok's NAV per unit declined by 3.3% in March in line with Russian indices. We continued to follow more defensive approach and equities remained at 80% of assets. During the period we made some small investment in the transportation sector in Russia, due to the defensive nature of the particular company and its attractive valuations.

FIB Avangard

- FIB Avangard NAV/unit performed in line with its target region indexes and lost 1.5% MoM. Here, we also took a defensive stance and investments remained at 78% of assets, waiting for clear signs for resolution of the political crisis in Bulgaria and improved growth outlook for target region.

FIB Classic

- FIB Classic lost 0.4% MoM in March. There were no major changes in its equity and bond allocations during the month.

FIB Garant

- The conservative investment strategy of FIB Garant allowed that it advance by 0.4% MoM in March. Here also, there were no major changes in its equity and bond portfolios during the period.

OUTLOOK & STRATEGY:

- Currently, global markets are at a particular point of the market cycle. Most developed economies have shown sustainable signs of bottoming out but all time highs/5-year highs in some developed markets indices in combination with yet another increase in European debt crisis risk should prevent sustainable index gains in our target region in the short-run, according to us. That said, we expect a flattening of index graphs and an uneventful April with the only major obstacle being the process of formation of Italian government.
- We believe that BSE investors will remain focused on the political situation and related risks as mid-May elections are closing. Another important upcoming event is the regulator's decision, regarding the licences of CEZ local subsidiaries. That said, we expect uneventful first half of April but volatility may increase in the second half, depending on decisions about CEZ licenses and the development of the election campaign. In end-April Q1 2013 unconsolidated reports are due and we expect positive data from industrial companies.
- In the short-term we expect some rebound by Russian indices as Cypriot risk seems overdone. Still, weak economic data and metal prices should keep gains at low single digit levels. Over the mid-term Russian indices performance should continue to be highly-correlated to the performance of EU economy. That said, we remain focused on Russian equities as it is the most attractive large capital market by most ratios while the Russian economy remains stable in mid-term, supported by oil prices and strong domestic demand potential.
- In April we will remain cautious and defensive towards Bulgaria while we expect to be slightly more aggressive in Russia. Despite our concerns that other EU states might be included in the bailout list, we deem that global backdrop is improving, although slowly, which favours higher equity allocation in the mid-term.

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

FIB Classic: Composite Index is composed of 20 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.

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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.