

FFBH Vostok

July 2013

Data as per 31 July 2013

NAV	
NAV	BGN 582 055
NAV per share	BGN 0.6605

Return (%)	
Monthly (MoM)*	1.99%
Annual (YoY)*	-10.06%
Year-to-date*	-11.29%
Since Inception (annualized)*	-11.83%

Statistics (%)	
Standard Deviation*	20.15%
Monthly alpha – MSCI Russia *	0.87%
Beta (β) – MSCI Russia *	0.530
R ² – MSCI Russia *	64.30%
Sharpe Ratio (0%)*	n.m.

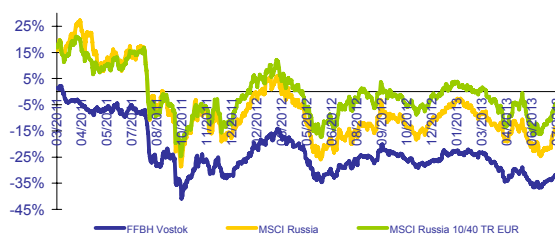
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

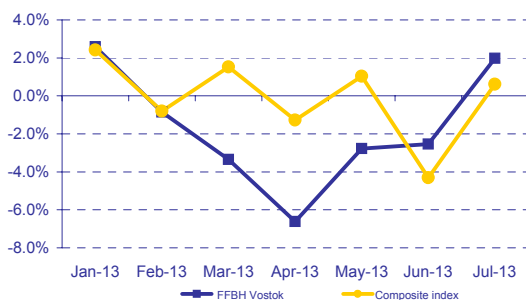


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

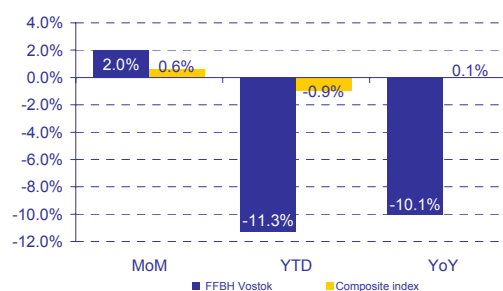
Fact sheet and fee information

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*

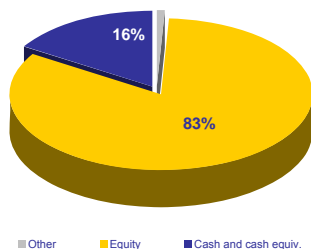


MoM, YoY and YtD return to composite index*



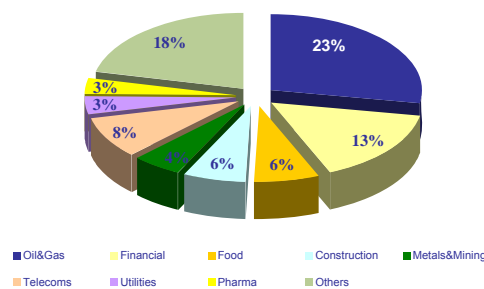
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

July 2013

Data as per 31 July 2013

NAV	
NAV	BGN 943 049
NAV per share	BGN 0.4857

Return (%)	
Monthly (MoM)*	3.88%
Annual (YoY)*	12.32%
Year-to-date*	9.72%
Since Inception (annualized)	-11.91%

Statistics (%)	
Standard Deviation*	12.86%
Monthly alpha – MSCI EM EE *	2.68%
Beta (β) – MSCI EM EE *	0.260
R ² – MSCI EM EE *	32.50%
Sharpe Ratio (0%)*	n.m.

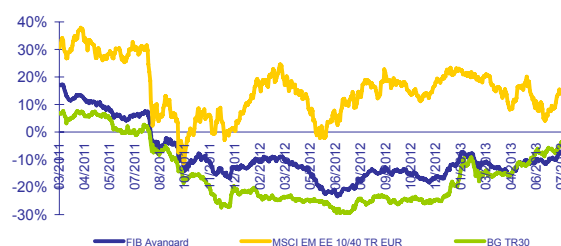
* see notes

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

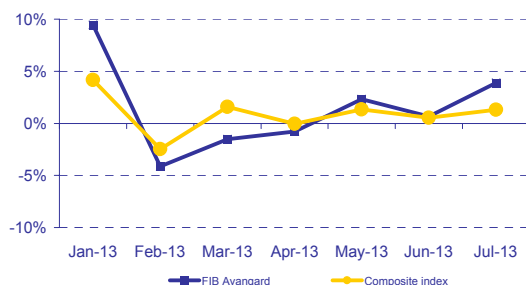
Fact sheet and fee information

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

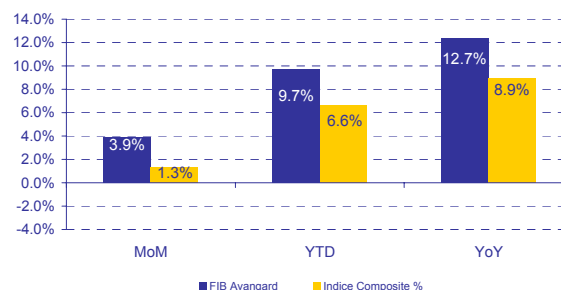
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

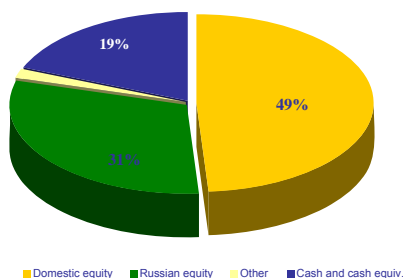


MoM, YoY and YtD return to composite index*



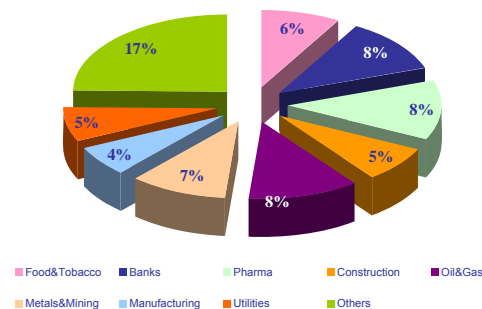
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

July 2013

Data as per 31 July 2013

NAV	
NAV	BGN 974 919
NAV per share	BGN 0.7490

Return (%)	
Monthly (MoM)*	2.93%
Annual (YoY)	6.23%
Year-to-date	4.99%
Since Inception (annualized)	-4.95%

Statistics (%)	
Standard Deviation*	6.59%
Monthly alpha – MSCI EM EE *	1.73%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	34.88%
Sharpe Ratio (0%)*	n.m.

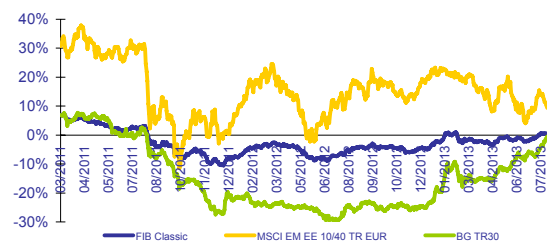
* see notes

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

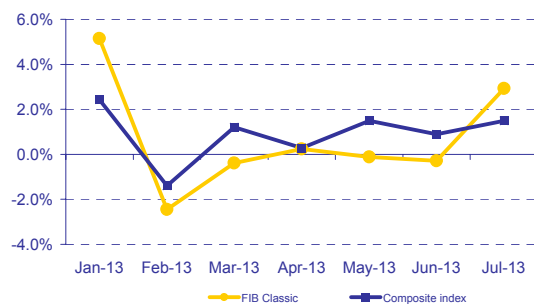


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

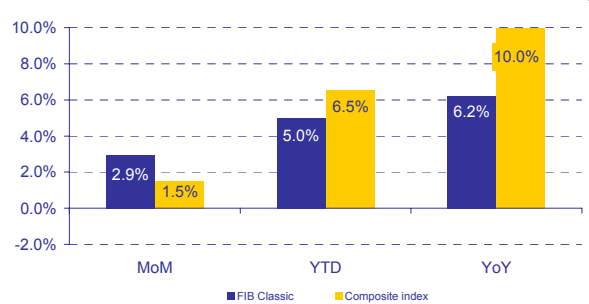
Fact sheet and fee information

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*

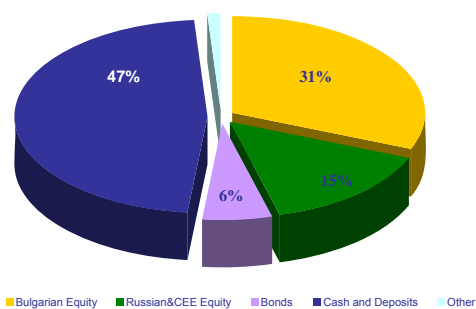


MoM, YoY and YtD return to composite index*



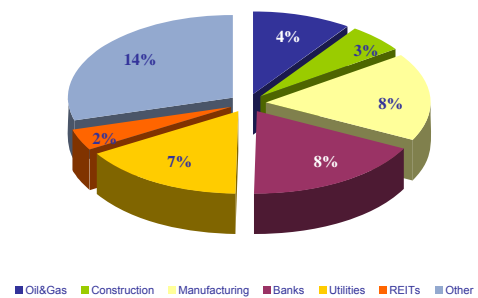
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

July 2013

Data as per 31 July 2013

NAV	
NAV	BGN 905 093
NAV per share	BGN 1.1062

Return (%)	
Monthly (MoM)*	1.43%
Annual (YoY)*	5.33%
Year-to-date*	4.76%
Since Inception (annualized)*	1.79%

Statistics (%)	
Standard Deviation*	2.33%
Sharpe Ratio (0%)*	0.16
Interest rates (%)	
Sofibor (3 month)	1.13%
Sofibor (12 month)	3.06%

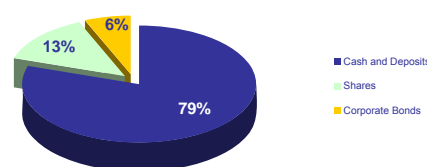
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	5.20%	04/02/2014	BGN	0.86%
Treasury	4.25%	12/01/2015	BGN	1.09%
Treasury	6.00%	11/10/2018	EUR	2.63%
Treasury	4.00%	09/07/2023	BGN	3.74%
Eurobond	4.25%	09/07/2017	EUR	2.23%
Eurobond	8.25%	15/01/2015	USD	1.28%

Source: Bloomberg

Asset Allocation



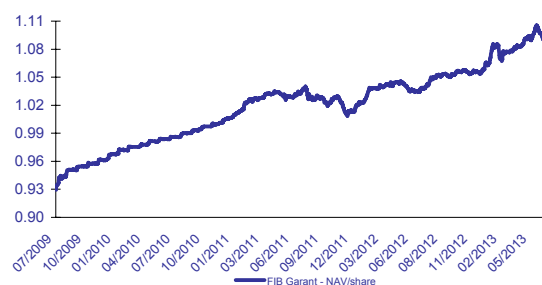
Source: FFBH Asset Management

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

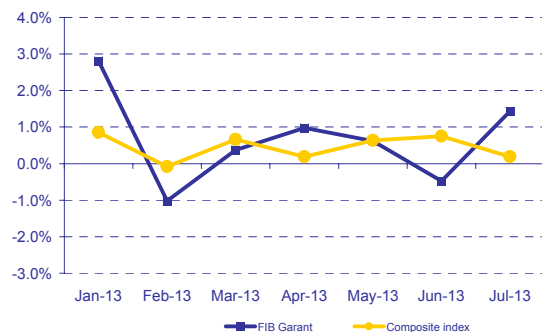


Source: FFBH Asset Management

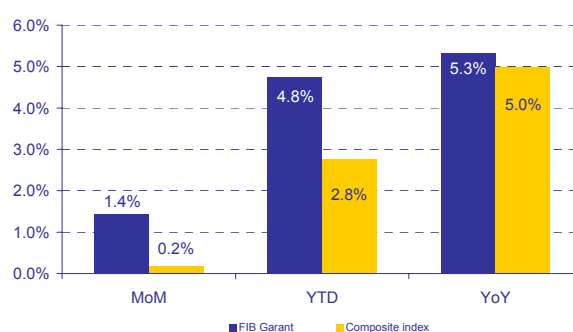
Fact sheet and fee information

Type	Open-end equity fund	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 July 2013

MARKET OVERVIEW:

- Global markets calmed down in July as Fed's chairman announced that the pace of withdrawal of monetary stimulus will not be on a preset schedule but will depend on the recovery of US labour markets. That was exactly what capital markets wanted to hear and MSCI World Index recouped all previous month losses, advancing by 5.2% MoM, despite alarming signs that China economy is slowing down. Eastern Europe was among the best performing regions, despite drop of Hungarian indices on ongoing IMF negotiations. Regional index advanced by 4.5% MoM in July. The good performance has been helped by data for first expansion in Europe's manufacturing since July 2011.
- BSE-Sofia continued its impressive run in 2013 and the local SOFIX index advanced by 4.1% MoM, while YtD return reached 32.5%. This time the advance was supported mainly by the financial sector which was among laggards in H1 2013.
- End-month companies started to report H1 2013 parent financial results which showed improved profitability in the banking sector on surging net commission income and declining average yields on deposits. Manufacturing companies also reported accelerated topline growth on recovery in export markets. On the negative side electricity sector companies posted disappointing figures as the state regulator continued its efforts to contain utility prices which decreased profitability down the chain.
- Russian stocks finally broke the downward trend in July, advancing by 3.5% in RUB terms and 1% in EUR terms. The trend was supported by rising energy prices as Brent oil gained almost 6% MoM in July and economy outlook for EU, which is Russia's main trade partner, improved. Larger gains were withheld by disappointing economy growth with GDP growth estimated at 1.9% YoY in Q2 2013 by Ministry of Economic Development after 1.6% YoY in Q1. In Q2 the main driver behind recent economic expansion – retail trade, slowed down to 3.5% YoY growth from 4.0% in Q1. Industrial output grew a meagre 0.3% YoY in Q2, up from virtually zero in Q1, while investments remained negative. A warning sign for industrial activity came from the first negative reading in PMI Manufacturing (49.2 in July) since August 2011 on declining output and new orders.
- July was rather uneventful of corporate news as the bulk of Q2 results are yet to be announced. The most important news was Uralkali's [URKA LI] announcement in end-month that it is ending its trading partnership with Belaruskali in BPC joint venture and switching trading strategy from being price taker to volume-over-price. The news verbally shook the fertilizer industry globally and wiped out 20-30% of market caps of potash producers. We note that potash market where Uralkali holds 20% of global volumes and more than 25% of reserves have been in oligopoly mode since long ago. Now, everybody expects increased competition which will lower prices (Uralkali estimated drop in price per ton to below USD 300 from USD 400-450 currently) and margins and shut down ineffective market players.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok advanced by 2% MoM in July, outperforming its benchmark by 1% and cutting YtD loss to 11.3%. There were no significant changes in fund's portfolio during the period.

FIB Avangard

- Strong performance by Bulgarian indices and rebounding Russian stocks resulted in 3.9% monthly gain for FIB Avangard. During the period we made tactical decisions to increase stake in domestic financial sector which was the best local performer during the period. As a result local investments reached 49% of assets in end-July, up by 3pp MoM.

FIB Classic

- FIB Classic also benefitted from rising Bulgarian stocks and advanced by 3% MoM. Here, we also added domestic financial stocks, thus raising local allocation by 2pp MoM to 31% of assets

FIB Garant

- FIB Garant's units gained 1.4% MoM in July on rising stocks and corporate bonds. There were no significant changes in fund's portfolio during the period.

OUTLOOK & STRATEGY:

- We expect that August would be a volatile month as usual in recent years. We see both positive and negative triggers for our target Eastern Europe region as EU is on track to escape recession by end-2013 while Chinese economy growth might continue to soften more than projected. There is still significant risk that first tightening of US monetary policy will happen in September as initially announced. That said, we expect that over the short-term Eastern Europe will benefit from any further recovery signs of EU economy and our base case is for positive performance of the region.
- BSE-Sofia continues to advance despite significant political risks for continuing protests and new snap elections. We view that downside risk are starting to prevail over upside risks that include attractive valuations and recovery of export markets. That said, we deem that August should be a quiet month as the Parliament is off for vacation and investors would be focused on oncoming Q2 financial reports that should be positive overall.
- We revise our end-2013 expectations for Russian indices advance down to 5-10% from the 10-15% initially projected on slow down from China which will limit commodity prices. Still, we view significant short-term potential if EU recovery continues as it accounts for more than 40% of Russian exports. We also note that valuations remain attractive and we might soon start to see upward earnings revisions in companies with larger exposure to Europe. So, we remain focused on Russian equities and consider that improvements in trade balance and expected H2 acceleration of retail trade will improve the sentiment towards Russia.
- In August our tactical allocation will be looking for event-driven opportunities in both in Bulgaria and Eastern Europe and we might see increase in equity allocation across all mutual funds. We would be more defensive towards corporate bonds as yields might surge again in the autumn, depending on global monetary policy.

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.

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.