

FFBH Vostok

December 2013

Data as per 30 December 2013

NAV	
NAV	BGN 660 293
NAV per share	BGN 0.6913

Return (%)	
Monthly (MoM)*	1.82%
Annual (YoY)*	-7.15%
Year-to-date*	-7.15%
Since Inception (annualized)*	-9.47%

Statistics (%)	
Standard Deviation*	19.20%
Monthly alpha – MSCI Russia *	0.10%
Beta (β) – MSCI Russia *	0.650
R ² – MSCI Russia *	64.56%
Sharpe Ratio (0%)*	n.m.

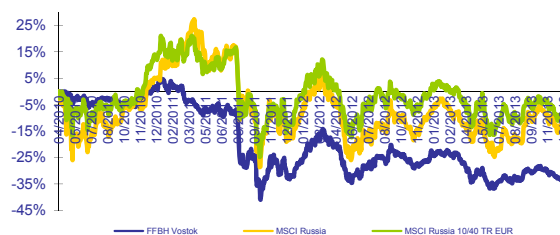
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 2014 – stock picking "blue-chip" and cyclical companies on cheap forward-looking multiples, high oil prices, global economy acceleration in 2014 and strong convergence potential among domestic consumption stories.

FFBH Vostok vs. MSCI Russia 10/40 EUR

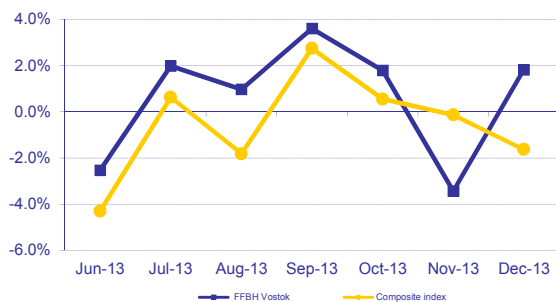


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

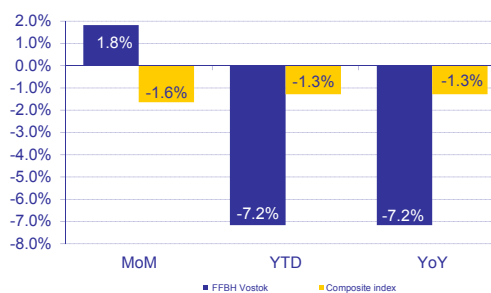
Fact sheet and fee information

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*

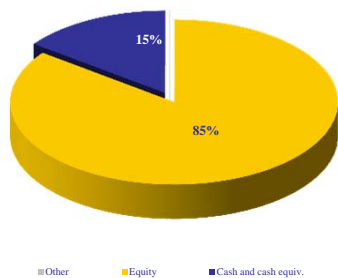


MoM, YoY and YtD return to composite index*



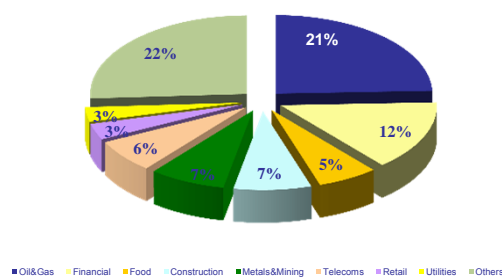
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

December 2013

Data as per 30 December 2013

NAV		Return (%)		Statistics (%)	
NAV	BGN 1 118 339	Monthly (MoM)*	2.66%	Standard Deviation*	10.55%
NAV per share	BGN 0.5063	Annual (YoY)*	14.38%	Monthly alpha – MSCI EM EE *	3.56%
		Year-to-date*	14.38%	Beta (β) – MSCI EM EE *	0.260
		Since Inception (annualized)	-10.54%	R ² – MSCI EM EE *	31.66%
				Sharpe Ratio (0%)*	n.m.

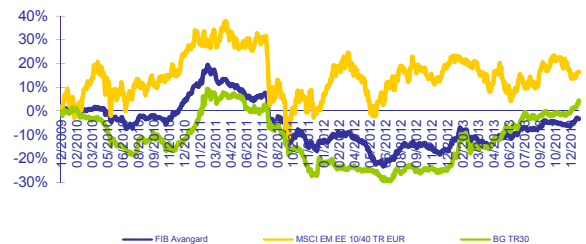
* see notes

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 2014 includes high allocation to liquid and financially stable Bulgarian companies and allocation in Russian "blue chips" on high oil prices and domestic consumption stories.

FIB Avangard vs. MSCI EM EE 10/40



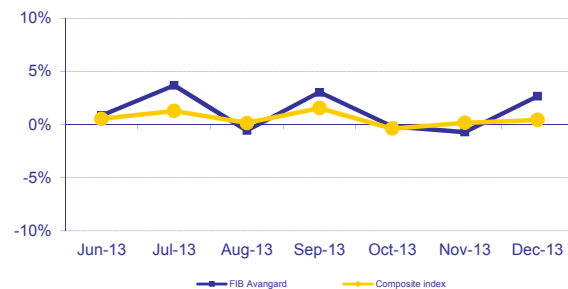
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

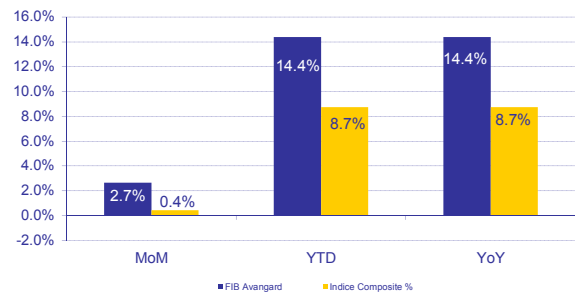
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
FSC Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		3.00%
Incorporation	Bulgaria			

* Minimum subscription is BGN 50

MoM return comparison to composite index*

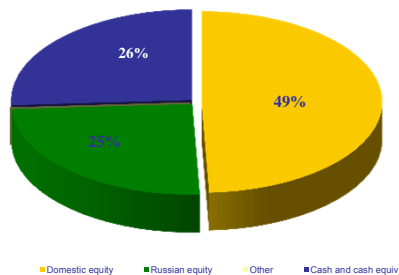


MoM, YoY and YtD return to composite index*



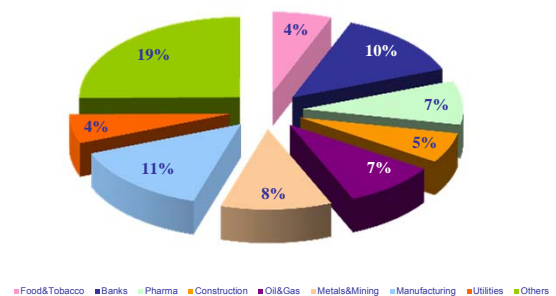
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

December 2013

Data as per 30 December 2013

NAV	
NAV	BGN 995 008
NAV per share	BGN 0.7621

Return (%)	
Monthly (MoM)*	0.88%
Annual (YoY)	6.83%
Year-to-date	6.83%
Since Inception (annualized)	-4.35%

Statistics (%)	
Standard Deviation*	5.40%
Monthly alpha – MSCI EM EE *	1.79%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	34.20%
Sharpe Ratio (0%)*	0.02

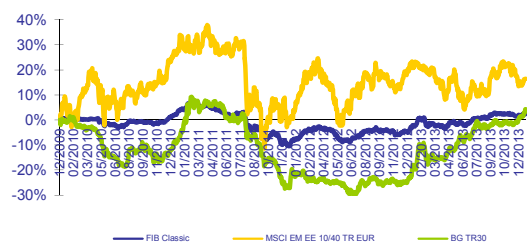
* see notes

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 2014 is based on more equity-focused approach by holding equity allocation close to fund's limits. Equities will be concentrated in both Bulgaria on fundamental and sentiment improvement and Russia on high oil prices and domestic consumption convergence stories. We intend to allocate the bond portfolio in corporate bonds, predominantly.

FIB Classic vs. MSCI EM EE 10/40

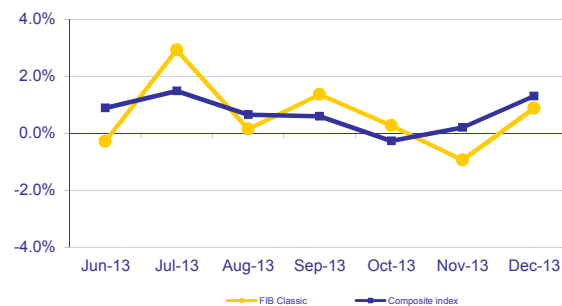


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

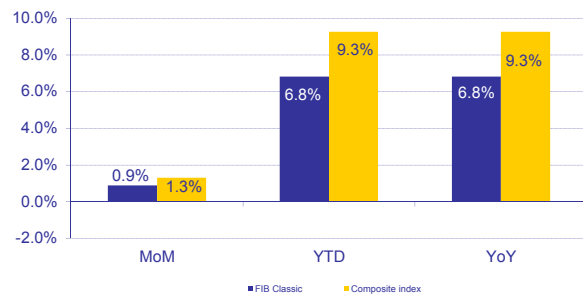
Fact sheet and fee information

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*

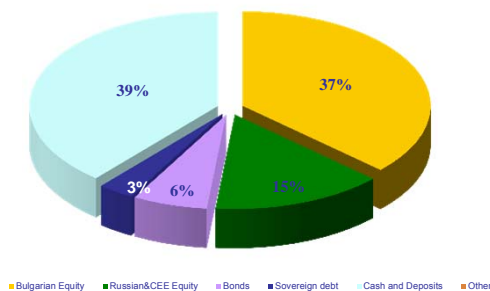


MoM, YoY and YtD return to composite index*



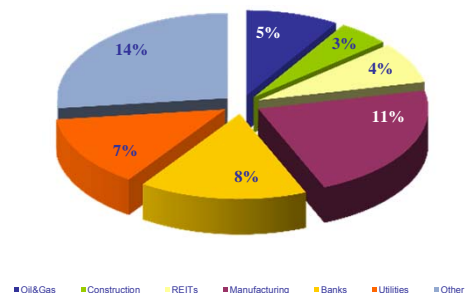
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

December 2013

Data as per 30 December 2013

NAV	
NAV	BGN 982 477
NAV per share	BGN 1.1355

Return (%)	
Monthly (MoM)*	1.03%
Annual (YoY)*	7.53%
Year-to-date*	7.53%
Since Inception (annualized)*	2.10%

Statistics (%)	
Standard Deviation*	2.08%
Sharpe Ratio (0%)*	0.27
Interest rates (%)	
Sofibor (3 month)	0.97%
Sofibor (12 month)	2.86%

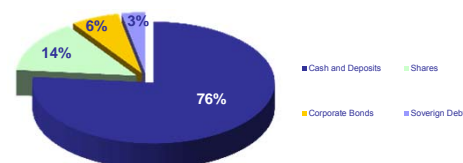
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	5.20%	04/02/2014	BGN	0.20%
Treasury	4.25%	12/01/2015	BGN	0.46%
Treasury	6.00%	11/10/2018	EUR	2.32%
Treasury	4.00%	09/07/2023	BGN	3.51%
Eurobond	4.25%	09/07/2017	EUR	1.79%
Eurobond	8.25%	15/01/2015	USD	0.82%

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 2014 investment strategy includes high allocation to equities on sentiment and liquidity improvement on BSE. 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.

FIB Garant



Source: FFBH Asset Management

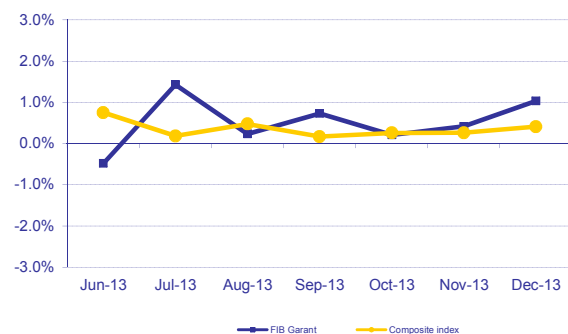
Fact sheet and fee information

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

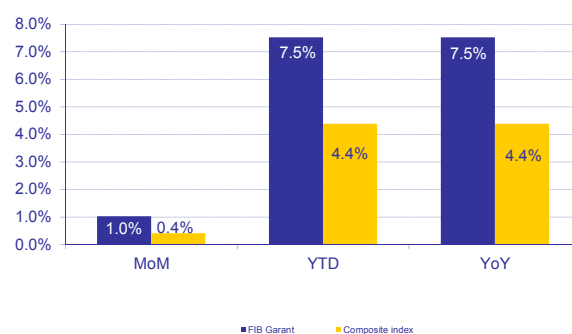
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)		1.50%

* 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 Dec 2013

Our team wishes you a happy and prosperous 2014!

MARKET OVERVIEW:

- Global indices finished a record-breaking 2013 on positive note. MSCI World gained 2% MoM in December, adding up to 24% YoY full year gain that set up all-time highs across many capital markets. That said, our target Eastern Europe region was two sides story. South Eastern Europe was among top global performers mainly on the stabilization of Greece and bounce back of EU economy in second half of 2013. However, heavyweight Russian and Polish capital markets posted high single digit declines in EUR which dragged regional MSCI index on negative territory.
- As expected, Sofix finished strong 2013 with 5% YoY gain to 491.52 points. BSE major index registered 42% gain in 2013 which ranked it first by a wide margin in Europe and took it back to August 2009 level. All blue chips posted significant gains on a mix of improved risk appetite despite anti-government protests; increased activity by local and foreign institutional investors; improved financial performance and elimination of supply overhangs in some positions.
- 2013 top three blue chips performers were Sopharma ([3JR], +90.6% YoY) on increased institutional investors activity and a share buyback, Chimimport ([6C4], +85.9% YoY) on the exit of large institutional investor that was creating supply overhang over last couple of years and Central Cooperative Bank ([4CF], +80.2% YoY) on improved risk appetite.
- Among top capital market stories of the year were some M&A-related events with the sale of Kaolin (delisted) to Quartzwerke at a BGN 208m valuation, being the leading one that confirmed attractive valuation of local assets.
- As mentioned above Russian indices posted declines in 2013 helped by currency devaluation (9% decline against USD/EUR basket). Commodities as measured by S&P GSCI Index (-2.5% in 2013) declined for first time since 2008 on weak global economy growth and monetary tightening expectations (gold especially). Weak commodity market decreased attractiveness of Russian investment case and MSCI Russia Index lost 6% in EUR and 2.5% in USD in 2013.
- Top performing stocks in 2013 were domestic demand driven – retailer Magnit (MGNT LI, +67%) and telecommunications-involved Sistema (SSA LI, +64%) and Megafon (MFON LI, +50%).
- That said, retail sales continued to perform well in November, growing at 3.9% YoY in Jan-Nov 2013. However, investments dropped by 0.8% YoY over the same periods due to weak export demand and local construction activity.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit lost 7.2% in 2013, after a 1.8% gain in December. During the year we stuck to a more defensive strategy, underweighting commodity-producing sectors on weak export demand. In December we increased investments in local retail sector on positive expectations for 2014.

FIB Avangard

- FIB Avangard investments returned 14.4% in 2013, helped entirely by local equity investments as foreign allocation underperformed. In December we increased both local and foreign equity investments up to 49% and 25%, respectively, adding up high yield dividend paying stocks.

FIB Classic

- FIB Classic gained 0.9% in December to finish the year at 6.8% annual return. In December 2013 we increased equity allocation up to 52% of assets.

FIB Garant

- FIB Garant was the best performing Bulgarian mutual funds in its class and yielded 7.5% in 2013, after another 1% gain in December. In December we slightly increased equity allocation to 14%, adding domestic dividend-paying stocks.

OUTLOOK & STRATEGY:

- We enter 2014 at record-high levels for developed market indices. Overall, global economy, especially, in Europe is building momentum but the FED is just about to start scaling down its massive monetary stimulus. That said, we expect a volatile start of 2014 for our target region as most investors are expecting a mild correction in major global markets in first half of 2014.
- We expect positive start for BSE indices in January as recent acquisition of 20% in Neochim at 65% premium to market price by group of investors around Borealis is yet another proof of significant undervaluation of local market. The key event to watch in January is the start of Q4 reporting season in the end of the month.
- January is usually one of the strongest months for Russian stocks. However, global volatility, if there, might hold back index performance during the month. That said, we expect that 2014 will be a good year for Russian stocks on general improvement in global economy and China, in particular, which should support commodity demand. Valuations are also attractive while economy seems to be bottoming on strengthening of local demand.
- Our equity strategy in January will be to stick to or slightly increase domestic allocation on improving perspectives. We will be watching closely global events and might reduce foreign equity allocation, if expectation for increased volatility materializes.

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.