

FFBH Vostok

January 2014

Data as per 31 January 2014

NAV		Return (%)		Statistics (%)	
NAV	BGN 622 678	Monthly (MoM)*	-7.40%	Standard Deviation*	19.09%
NAV per share	BGN 0.6402	Annual (YoY)*	-16.19%	Monthly alpha – MSCI Russia *	2.21%
		Year-to-date*	-7.40%	Beta (β) – MSCI Russia *	0.650
		Since Inception (annualized)*	-11.08%	R ² – MSCI Russia *	64.73%
				Sharpe Ratio (0%)*	n.m.

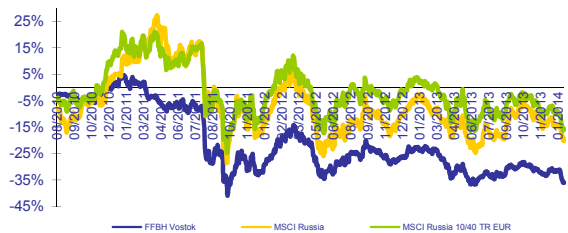
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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



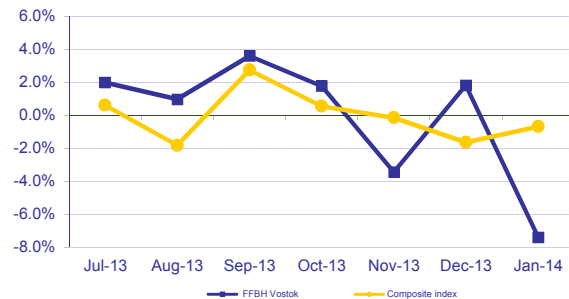
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

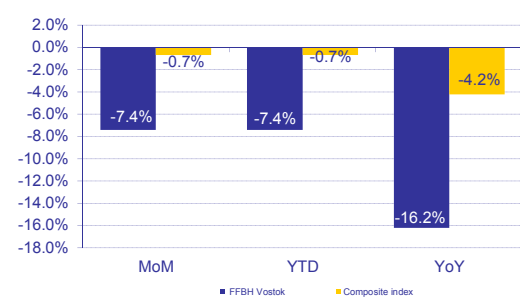
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		2.50%
Incorporation	Bulgaria			

* Minimum subscription is BGN 50

MoM return comparison to composite index*

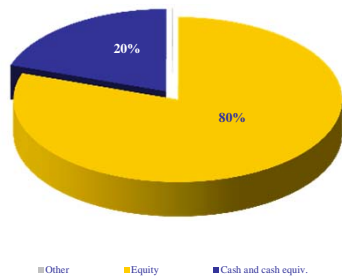


MoM, YoY and YtD return to composite index*



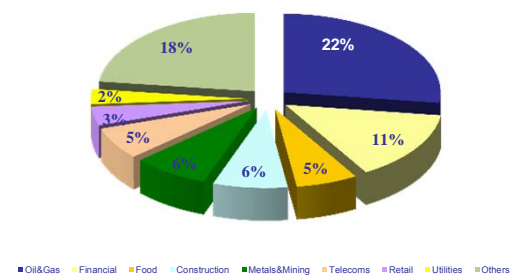
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Avangard

January 2014

Data as per 31 January 2014

NAV	
NAV	BGN 1 171 756
NAV per share	BGN 0.5362

Return (%)	
Monthly (MoM)*	5.89%
Annual (YoY)*	10.64%
Year-to-date*	5.89%
Since Inception (annualized)	-9.56%

Statistics (%)	
Standard Deviation*	10.54%
Monthly alpha – MSCI EM EE *	13.17%
Beta (β) – MSCI EM EE *	0.250
R ² – MSCI EM EE *	28.46%
Sharpe Ratio (0%)*	0.04

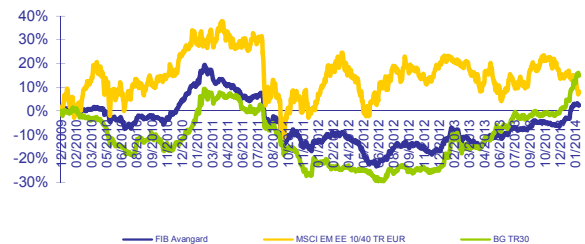
* see notes

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

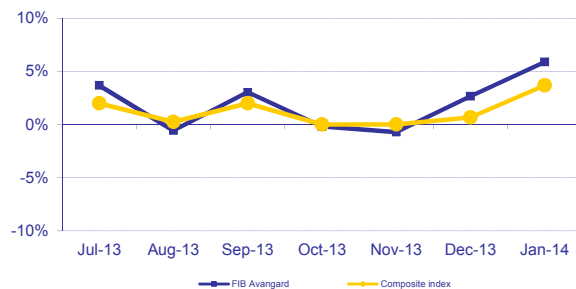
Fact sheet and fee information

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

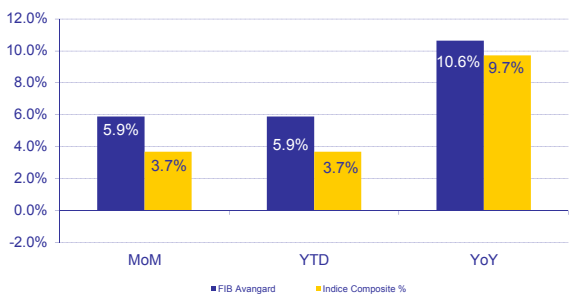
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

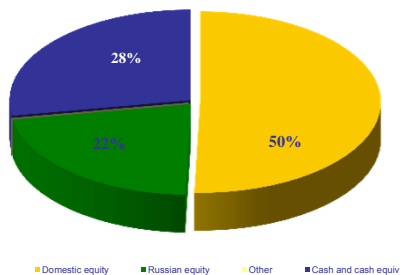


MoM, YoY and YtD return to composite index*



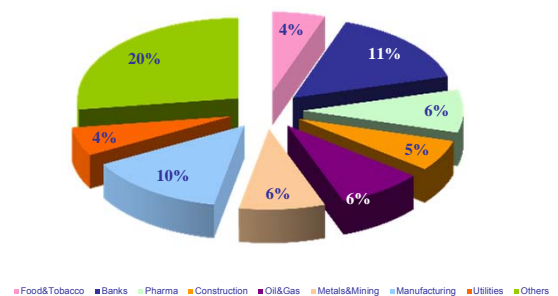
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

January 2014

Data as per 31 January 2014

NAV

NAV	BGN 1 089 141
NAV per share	BGN 0.7621

Return (%)

Monthly (MoM)*	3.88%
Annual (YoY)	5.54%
Year-to-date	3.88%
Since Inception (annualized)	-3.70%

Statistics (%)

Standard Deviation*	5.47%
Monthly alpha – MSCI EM EE *	11.16%
Beta (β) – MSCI EM EE *	0.140
R ² – MSCI EM EE *	29.90%
Sharpe Ratio (0%)*	0.07

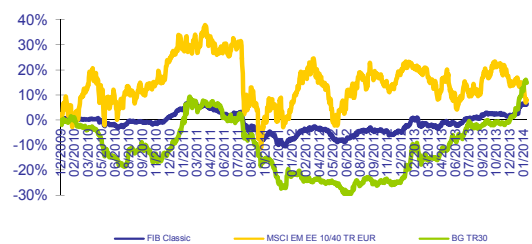
* see notes

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

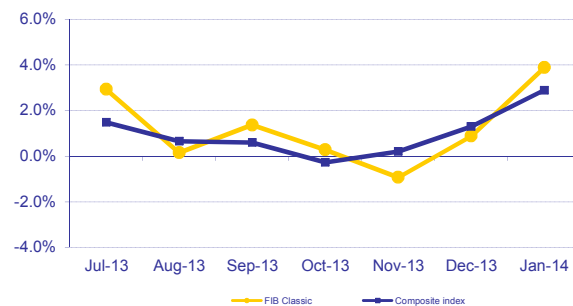


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

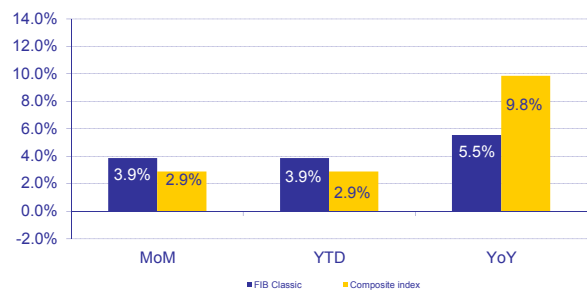
Fact sheet and fee information

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*

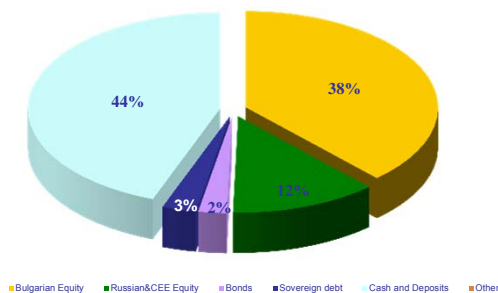


MoM, YoY and YtD return to composite index*



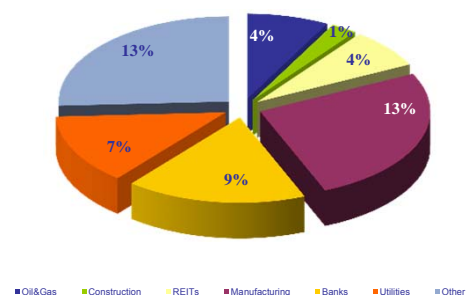
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

January 2014

Data as per 31 January 2014

NAV

NAV	BGN 998 856
NAV per share	BGN 1.1544

* see notes

Return (%)

Monthly (MoM)*	1.67%
Annual (YoY)*	6.34%
Year-to-date*	1.67%
Since Inception (annualized)*	2.34%

Statistics (%)

Standard Deviation*	2.14%
Sharpe Ratio (0%)*	0.31

Interest rates (%)

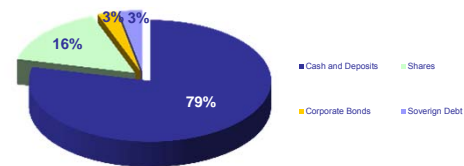
Sofibor (3 month)	0.92%
Sofibor (12 month)	2.88%

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	5.20%	04/02/2014	BGN	0.77%
Treasury	4.25%	12/01/2015	BGN	0.82%
Treasury	6.00%	11/10/2018	EUR	2.01%
Treasury	4.00%	09/07/2023	BGN	3.42%
Eurobond	4.25%	09/07/2017	EUR	1.69%
Eurobond	8.25%	15/01/2015	USD	0.85%

Source: Bloomberg

Asset Allocation



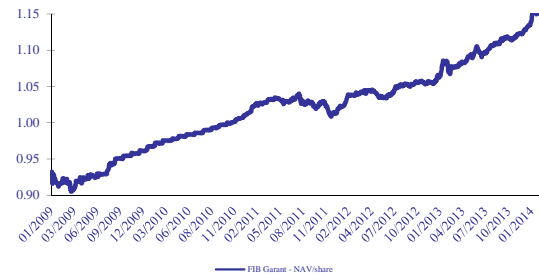
Source: FFBH Asset Management

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

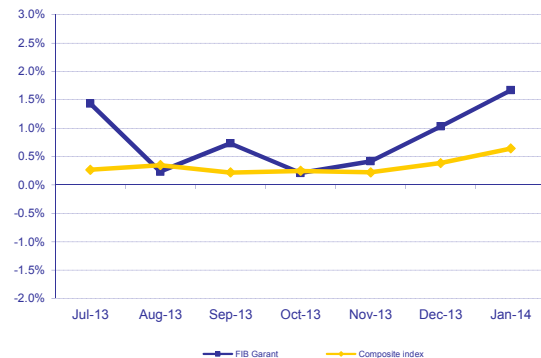


Source: FFBH Asset Management

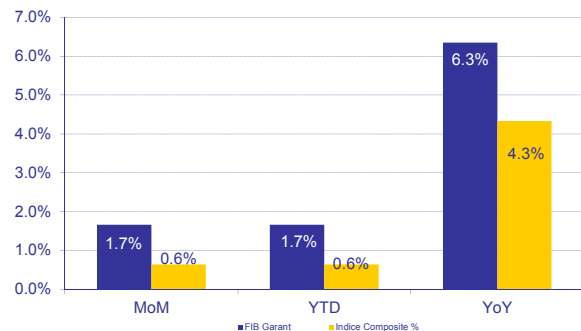
Fact sheet and fee information

Type	Open-end equity fund	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 Jan 2014

MARKET OVERVIEW:

- Global indices retreated in end-January on sell-offs of emerging currencies due to Fed's tapering and weakening economy data from China and USA. As a result MSCI World registered its worst January performance since 2010 and lost 3.7% MoM. Eastern Europe followed the trend and lost 3.5% in EUR terms, as measured by MSCI EE ex Russia index. Most regional currencies suffered from global sell-off as Polish zloty depreciated by 2.5% MoM, Hungarian forint by 5% MoM and Czech krona by 1% MoM all against EUR.
- Bulgarian capital market started the new year stronger than expected. Sofix gained 11% MoM, moving to its highest value since Oct 2008. The rally was led by financial sector and industrial companies but all blue chips advanced.
- Preliminary unconsolidated 2013 reports were released during the period. They confirmed rising demand for exporting companies, although not all of them managed to expand margins on steepening direct costs. Otherwise, market was quiet from corporate releases with top event being First Investment Bank's [5F4 BU] mandatory tender offer at BGN 2.43/share.
- Russian indices underperformed rest of emerging markets on faster RUB depreciation and lost c. 9% in EUR terms in January. Negative performance was aggravated by disappointing local macro statistics as 2013 GDP growth came below consensus at 1.3% YoY (3.4% YoY in 2012).
- Investment and industry production trends improved slightly in December but still finished at -0.3% YoY and +0.3% YoY, respectively, for the whole year. Major reason for investment contraction was 1.5% YoY decline in non-housing construction while industrial output suffered from order decline in manufacturing sector. That said, retail trade advanced by 3.9% YoY in 2013 (6.3% YoY in 2012) and remained key growth driver for GDP growth.
- Otherwise, January was quiet month due to New Year's and Christmas holidays in Russia. Gazprom [OGZD LI] reported Q3 2013 financials which surprised with strong FCF generation and higher profitability. Additionally, company announced that it considered a buyback and we saw a temporary jump in the stock. Q4 2013 reporting season was opened by Rosneft [ROSN LI] in the very beginning of February with solid numbers. The reported 2013 profit suggested a 60% YoY increase in annual DPS which implied a 5.3% dividend yield at current prices.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit lost 7.4% in January on a 5% depreciation of RUB against EUR but still managed to outperform market by 2%. In January we moved defensively by selling investments in industrial sector, thus decreasing investments in equities by 5% to 80% of assets

FIB Avangard

- FIB Avangard continued its appreciation on outperformance of Bulgarian capital market. Last month its NAV/share gained almost 6% MoM. During the period we sold investments in manufacturing and industrial sector in Bulgaria on diminishing valuation gaps and uninspiring 2013 financial reports. As a result equity allocation in Bulgaria was at 51% of assets, while foreign was 22% of assets.

FIB Classic

- FIB Classic gained 3.9% MoM in January, supported by appreciation of Bulgarian stocks. Last month we decreased investments in long-term corporate bonds by 4% to 5% assets.

FIB Garant

- FIB Garant gained 1.7% MoM in January. Here, we also decreased investments in long-term corporate bonds and moved in short-term instruments.

OUTLOOK & STRATEGY:

- Global volatility has risen since start of the year as global economic surprise index has softened since December highs. Currently, we expect that volatility to persist but it shall offer opportunities for good entry points in our target region as European economy continues to accelerate.

- We expect more muted performance by BSE indices in February but it remains a buyer market as inflows continue to be strong. Key events for the period should be 2013 preliminary consolidated reports as we expect that their price impact to increase.
- Russian rouble has stabilized just recently and we expect less overall pressure on emerging FX in February. That said, we might see rebound during the period but in the short-term market will remain focused on political risk, stemming from Ukraine, and soft economy data. Longer-term, we expect that 2014 will be a good year for Russian stocks on general improvement in global economy, which should support commodity demand. Valuations remain attractive with investors turning eye on rising dividend yield as 2014 dividend announcements are to start in April.
- In February we might selectively increase equity allocation across all funds with focus on dividend paying stocks. We also continue to watch for good opportunities to increase 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 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: $\sum (1/n \cdot R_i)$, 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.