

FIB Avangard

February 2014

Data as per 28 February 2014

NAV	
NAV	BGN 1 226 513
NAV per share	BGN 0.5624

Return (%)	
Monthly (MoM)*	4.89%
Annual (YoY)*	21.05%
Year-to-date*	11.06%
Since Inception (annualized)	-8.76%

Statistics (%)	
Standard Deviation*	10.59%
Monthly alpha – MSCI EM EE *	5.20%
Beta (β) – MSCI EM EE *	0.250
R ² – MSCI EM EE *	28.19%
Sharpe Ratio (0%)*	0.06

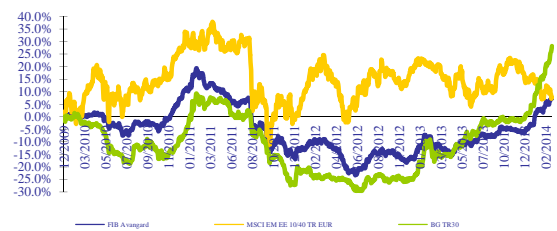
* see notes

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

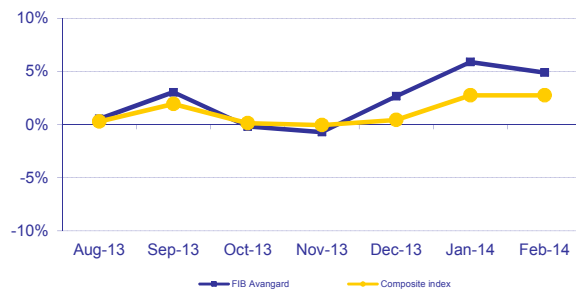
Fact sheet and fee information

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

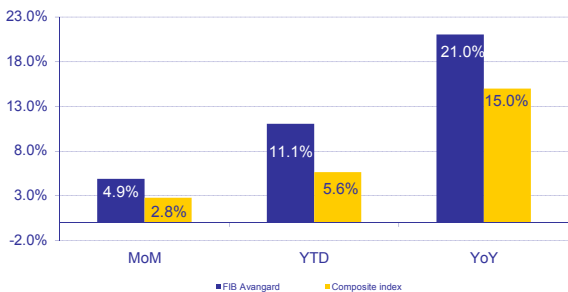
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		3.00%

* Minimum subscription is BGN 50

MoM return comparison to composite index*

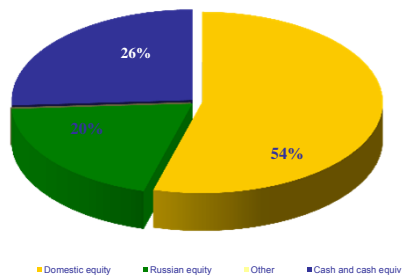


MoM, YoY and YtD return to composite index*



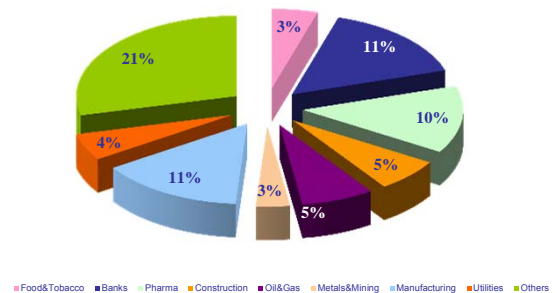
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

February 2014

Data as per 28 February 2014

NAV

NAV	BGN 1 157 612
NAV per share	BGN 0.8221

Return (%)

Monthly (MoM)*	3.85%
Annual (YoY)	12.36%
Year-to-date	7.88%
Since Inception (annualized)	-3.07%

Statistics (%)

Standard Deviation*	5.52%
Monthly alpha – MSCI EM EE *	4.16%
Beta (β) – MSCI EM EE *	0.250
R ² – MSCI EM EE *	29.26%
Sharpe Ratio (0%)*	0.09

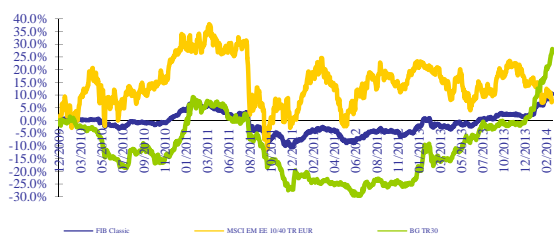
* see notes

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

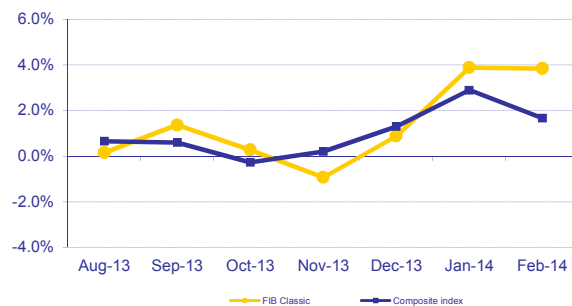


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

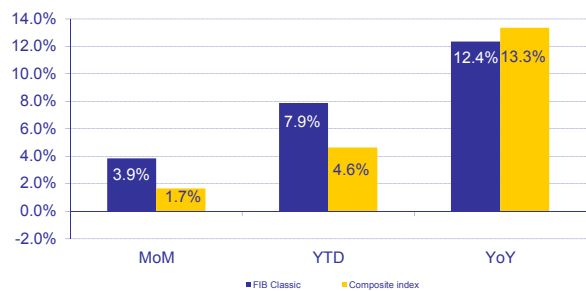
Fact sheet and fee information

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*

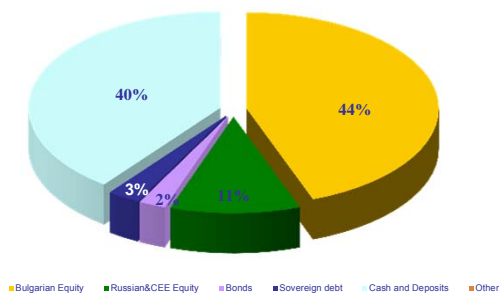


MoM, YoY and YtD return to composite index*



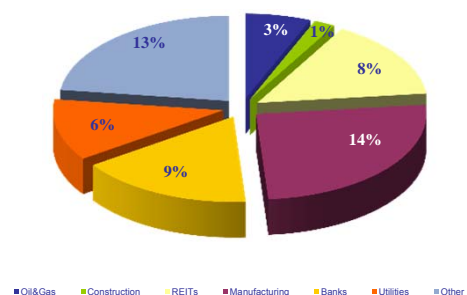
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

February 2014

Data as per 28 February 2014

NAV	
NAV	BGN 1 325 122
NAV per share	BGN 1.1797

Return (%)	
Monthly (MoM)*	2.19%
Annual (YoY)*	9.79%
Year-to-date*	3.90%
Since Inception (annualized)*	2.67%

Statistics (%)	
Standard Deviation*	2.10%
Sharpe Ratio (0%)*	0.34
Interest rates (%)	
Sofibor (3 month)	0.87%
Sofibor (12 month)	2.81%

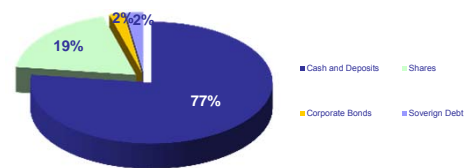
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	3.45%	22/06/2014	BGN	0.27%
Treasury	4.25%	12/01/2015	BGN	0.41%
Treasury	6.00%	11/10/2018	EUR	2.01%
Treasury	4.00%	09/07/2023	BGN	3.31%
Eurobond	4.25%	09/07/2017	EUR	1.56%
Eurobond	8.25%	15/01/2015	USD	0.83%

Source: Bloomberg

Asset Allocation



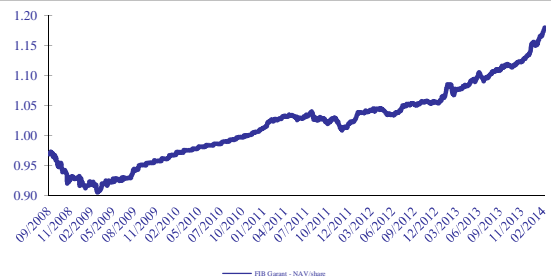
Source: FFBH Asset Management

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

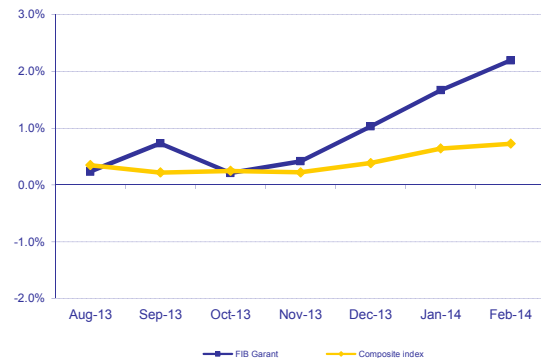


Source: FFBH Asset Management

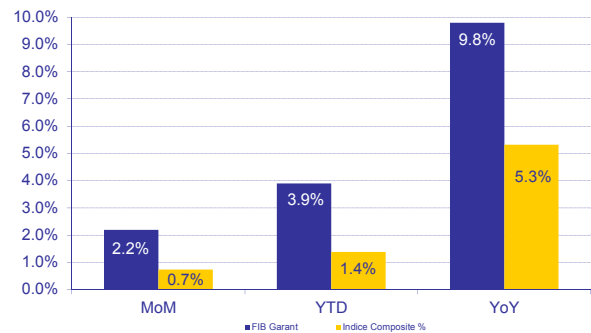
Fact sheet and fee information

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

FFBH Vostok

February 2014

Data as per 28 February 2014

NAV	
NAV	BGN 600 170
NAV per share	BGN 0.6170

Return (%)	
Monthly (MoM)*	-3.61%
Annual (YoY)*	-18.52%
Year-to-date*	-10.74%
Since Inception (annualized)*	-11.72%

Statistics (%)	
Standard Deviation*	19.02%
Monthly alpha – MSCI Russia *	0.46%
Beta (β) – MSCI Russia *	0.650
R ² – MSCI Russia *	65.04%
Sharpe Ratio (0%)*	n.m.

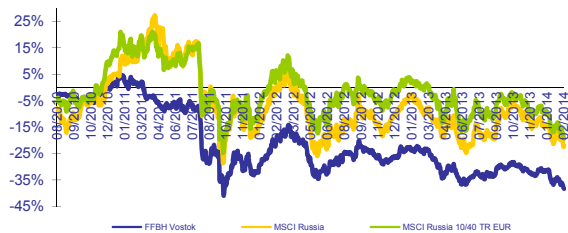
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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



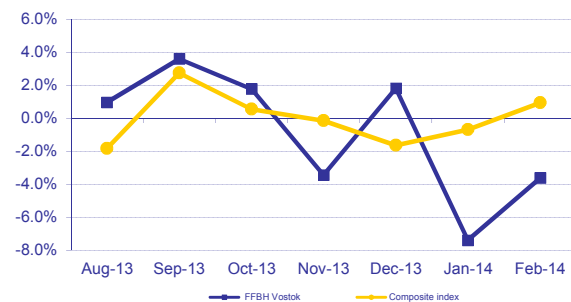
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

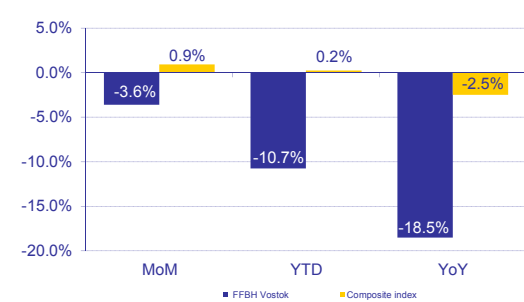
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions Incorporation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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

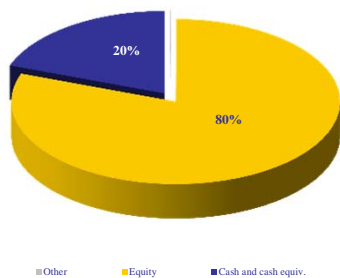


MoM, YoY and YtD return to composite index*



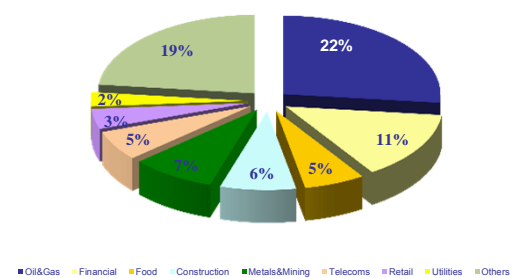
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT Feb 2014

MARKET OVERVIEW:

- Following January sell-offs global indices recovered in February on good economic data. The above was generally true for targeted Eastern Europe region but there were some casualties of the Ukrainian crisis such as Russia and Hungary. That said, the regional MSCI Eastern Europe ex Russia index advanced by 6.9% MoM, thus moving to YtD gain.
- Bulgarian capital market continued its outperformance this time gaining 8.7% MoM and quickly moving to c.20% YtD return by end-Feb. The performance was broad-based and supported by improving consolidated financial performance as reported by most public companies. Among positive surprises we outline First Investment Bank (5F4 BU, +25% MoM) which booked BGN 153m gain from Unionbank acquisition and Trace Group Hold (T57 BU, +35% MoM) where Q4 revenues were double the management guidance and net profit tripled YoY.
- Economic data also helped as in Q4 Bulgaria's seasonally-adjusted GDP growth improved to 1.2% YoY the fastest rate since Q1 2012. Acceleration was helped by healthy 9.6% YoY export growth and 2.5% YoY growth in investments in Q4. That said improving external conditions helped net exports to improve to BGN -0.7bn in 2013 (BGN -2.3bn in 2012).
- Russian indices fell close to 5% in EUR terms as Ukrainian crisis triggered another round of RUB depreciation and the FX rate lost c. 4% against EUR in February. On March 3rd Central Bank of Russia unexpectedly increased its key interest rate by 150 bps to 7% in order to protect local currency which has subsequently stabilised.
- February-released macro statistics came in below consensus as retail trade growth decelerated to 2.4% YoY in January (+3.8% YoY in December) despite 28% YoY retail loan growth. Investments in January turned to negative 7% YoY (0% YoY growth in December) despite Olympic factor which might be explained by currency depreciation.
- Otherwise, in February we saw a strong set of financials by reporting metal & mining companies incl. Severstal [SVST LI] on cost optimizations. During the month Lenta [LNTA LI], Russia's 6th largest food retailer successfully placed 22% of existing shares to raise USD 0.96bn.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit lost 3.6% MoM which was 0.5% better than its benchmark. During the period we entered again in defensive telecom sector on attractive dividend yield and low valuations but as a whole remained defensive and equity allocation moved only a notch to 81% of assets.

FIB Avangard

- FIB Avangard NAV/unit advanced by almost 5% MoM in February. Last month we exited some local industrial companies which has reached full valuation and re-invested in more defensive pharma and REITs sector. This way Bulgarian allocation was up by 3pp to 54% of assets. We also improved dividend yield of foreign portfolio by increasing stake in telecom sector. Still, due to the outperformance of local market, foreign allocation slid by 2pp to 20% of assets.

FIB Classic

- FIB Classic gained another 3.9% MoM in February, supported by appreciation of Bulgarian stocks. Here, we increased stake in REIT companies on positive expectations about dividend yields in the particular stocks.

FIB Garant

- FIB Garant gained 2.2% MoM in February. Here, we also decreased investments in local REIT and pharma companies on dividend expectations.

OUTLOOK & STRATEGY:

- March might be a volatile month as all investors' eyes are on Crimean crisis and its solution. Additionally, we are waiting for confirmation, if soft data in the US on extremely cold weather will strengthen as expected. That said, expected volatility shall offer opportunities for good entry points in our target region as European macro recovery remains strong.

- We expect more muted performance by BSE indices in March as there are no important corporate events being scheduled. We note that investor sentiment as well inflows remain strong but attention will gradually turn to upcoming EU elections in May and its implications for political landscape.
- Russian stocks has recovered halfway after sharp sell-off on March 3rd. Short-term investors might remain nervous before any final political solution for Ukraine and Crimea is found and Russia withdraws its troops. Longer-term, we saw glimpses of improvement in PMI data for February which suggests that if tension de-escalates investors should return to stocks which mostly benefit from current local and external conditions such as commodity exporters. Dividend season is also closing which might raise demand for high-yielding dividend stocks.
- In March we might temporarily decrease of Russian stocks in our non-core portfolios. We remain positive for Bulgaria but might continue to shift allocation to stocks where we see more upside to target price. 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 16 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.

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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.