

FIB Avangard

June 2014

Data as per 30 June 2014

NAV	
NAV	BGN 1 395 665
NAV per share	BGN 0.5635

Return (%)	
Monthly (MoM)*	-3.69%
Annual (YoY)*	20.30%
Year-to-date*	11.29%
Since Inception (annualized)	-8.31%

Statistics (%)	
Standard Deviation*	10.77%
Monthly alpha – MSCI EM EE *	-6.34%
Beta (β) – MSCI EM EE *	0.240
R ² – MSCI EM EE *	26.44%
Sharpe Ratio (0%)*	0.03

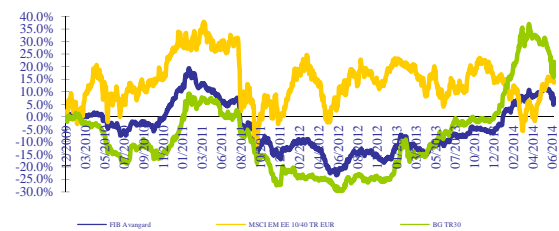
* see notes

Investment strategy

FIB Avangard is a high-yield, actively-managed, mutual fund, incepted 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. Tactically, part of its portfolio might be allocated in capital markets that are expected to be among top-performing global regions.

FIB Avangard's investment strategy for 2014 includes high allocation to liquid and financially stable Bulgarian companies, some allocation to Russian "blue chips" on high commodity prices, hence dividend yields. Additional, allocation is build in EU equities on recovering European economy.

FIB Avangard vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

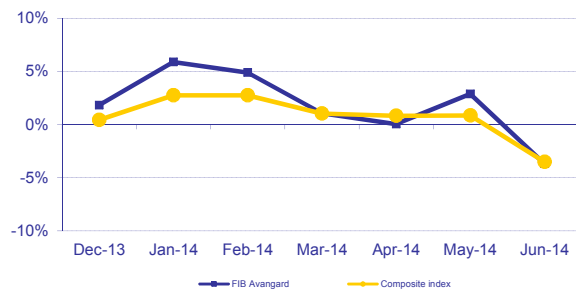
Fact sheet and fee information

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

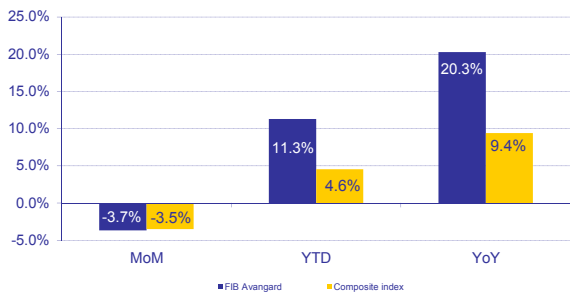
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)		3.00%

* Minimum subscription is BGN 50

MoM return comparison to composite index*



MoM, YoY and YtD return to composite index*



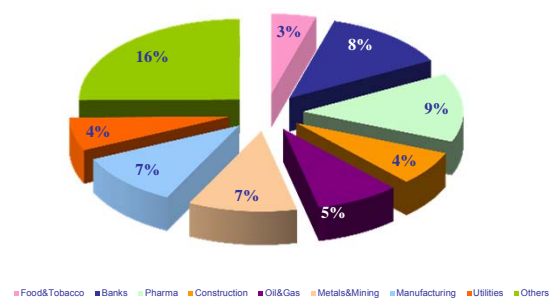
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

June 2014

Data as per 30 June 2014

NAV

NAV	BGN 1 041 552
NAV per share	BGN 0.8127

Return (%)

Monthly (MoM)*	-2.90%
Annual (YoY)	11.68%
Year-to-date	6.64%
Since Inception (annualized)	-3.09%

Statistics (%)

Standard Deviation*	5.79%
Monthly alpha – MSCI EM EE *	-5.55%
Beta (β) – MSCI EM EE *	0.130
R ² – MSCI EM EE *	27.70%
Sharpe Ratio (0%)*	0.32

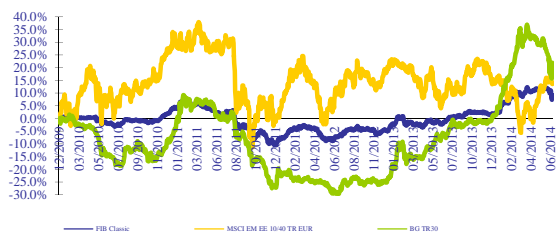
* see notes

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. Some Russian allocation is accepted in high-yield dividend "blue chips". Bond portfolio is allocated both in emerging market sovereign debt and domestic and foreign corporate bonds.

FIB Classic vs. MSCI EM EE 10/40

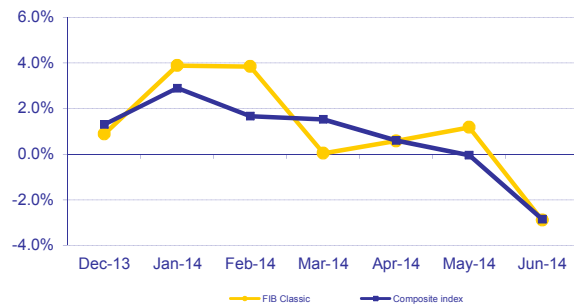


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

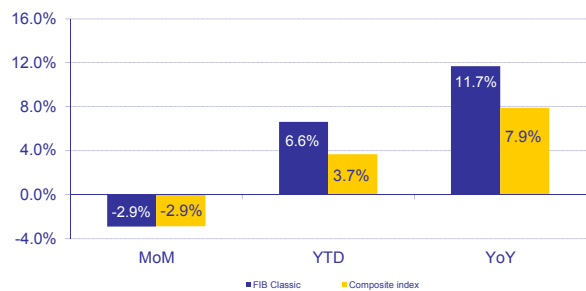
Fact sheet and fee information

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*

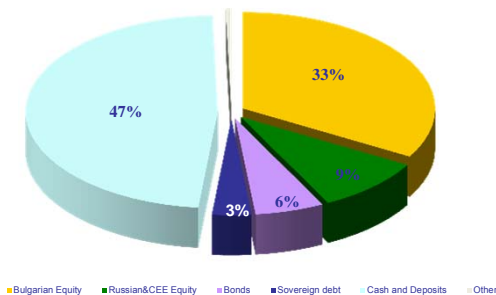


MoM, YoY and YtD return to composite index*



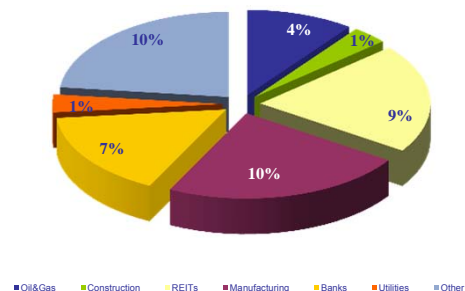
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

June 2014

Data as per 30 June 2014

NAV	
NAV	BGN 1 263 402
NAV per share	BGN 1.1927

Return (%)	
Monthly (MoM)*	-0.66%
Annual (YoY)*	9.37%
Year-to-date*	5.04%
Since Inception (annualized)*	2.70%

Statistics (%)	
Standard Deviation*	2.06%
Sharpe Ratio (0%)*	0.32
Interest rates (%)	
Sofibor (3 month)	0.78%
Sofibor (12 month)	2.57%

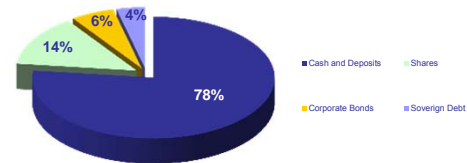
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.25%	12/01/2015	BGN	0.94%
Treasury	1.50%	30/01/2016	BGN	1.27%
Treasury	6.00%	11/10/2018	EUR	2.06%
Treasury	4.00%	09/07/2023	BGN	3.22%
Eurobond	4.25%	09/07/2017	EUR	1.62%
Eurobond	8.25%	15/01/2015	USD	1.40%

Source: Bloomberg

Asset Allocation



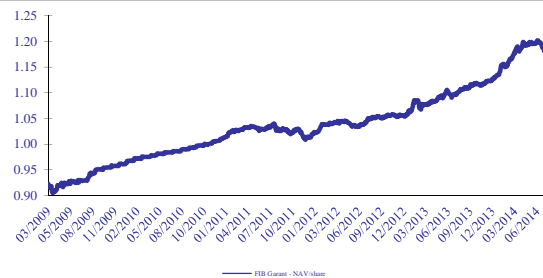
Source: FFBH Asset Management

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 and sovereign bonds.

FIB Garant

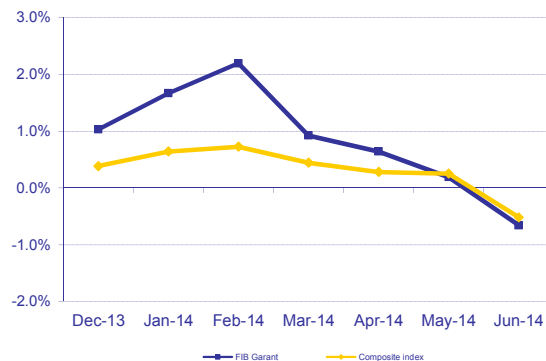


Source: FFBH Asset Management

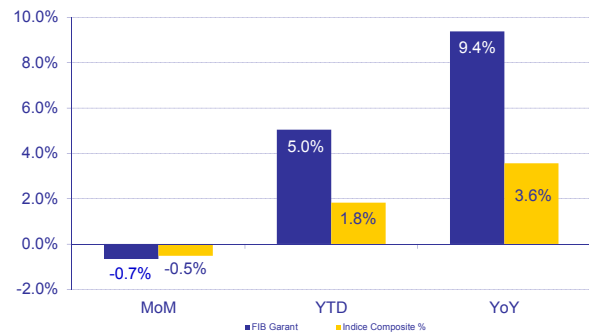
Fact sheet and fee information

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

June 2014

Data as per 30 June 2014

NAV	
NAV	BGN 623 292
NAV per share	BGN 0.6495

Return (%)	
Monthly (MoM)*	2.05%
Annual (YoY)*	0.29%
Year-to-date*	-6.04%
Since Inception (annualized)*	-9.75%

Statistics (%)	
Standard Deviation*	19.47%
Monthly alpha – MSCI Russia *	-1.86%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	68.43%
Sharpe Ratio (0%)*	n.m.

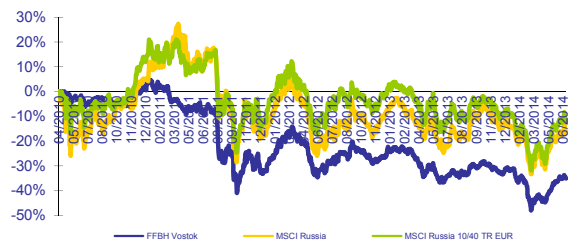
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

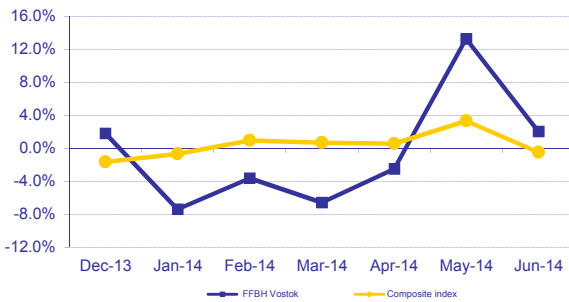


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

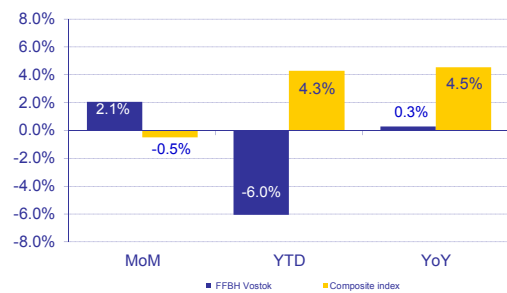
Fact sheet and fee information

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*

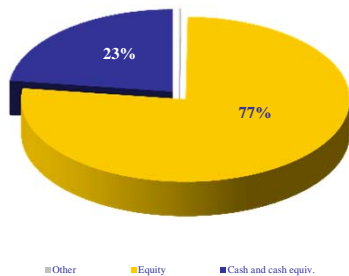


MoM, YoY and YtD return to composite index*



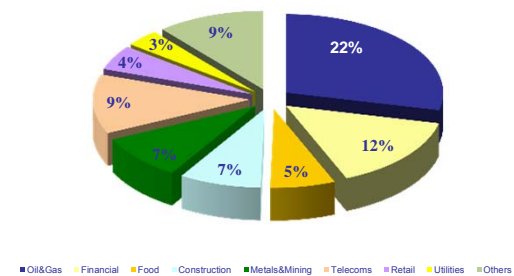
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT June 2014

MARKET OVERVIEW:

- Global markets continued their record-breaking trend in June and MSCI World Index ended the second quarter up by 1.7% MoM and 4.2% QoQ. The global rally continued thanks to another easing of ECB monetary policy and improving data from China. Eastern Europe performed the opposite way and MSCI Eastern Europe ex Russia index stepped back by 2.1% MoM and 1% QoQ in June.
- It was a rollercoaster for BSE-Sofia in June. First, one of the partners in the ruling coalition withdrew its support from the government. After some consultations during the period snap elections were scheduled for October 5. Following the already priced-in increase in political risk, out of nowhere Corporate Commercial Bank [6C9, suspended], number 4 by assets in Bulgaria, asked the central bank to put it under special supervision after a run on its deposits. The news caused a shockwave on BSE but the timely intervention of the central bank calmed down the market and most of the losses were restored. However, it was not the end of the story as some criminal speculation attacks, tried to destabilise the whole banking sector and spurred deposit runs in other banks as well. Fortunately, another well-timed intervention by the central bank and the government saved the day. In the end after its rollercoaster ride Sofix ended down by 9% MoM and QoQ.
- Russian indices continued their come back and advanced by 4% in June and 12% QoQ. Despite continuing tension in Ukraine, some positive comments from Russian officials and refrain from direct military involvement calmed down the market.
- However, macro data continued to be mixed. Despite the unemployment rate dropping to an all-time low of 4.9% and real wage growth accelerating to 5.0% YoY in May, retail trade slowed down to 2.1% YoY in May from 2.7% YoY in April and 3.6% YoY in 1Q14. However, investment trend continued to improve on Crimean accession and its decline decelerated further to 3.8% YoY for Jan-May period.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit advanced by 2% MoM in June, supported by the recovering of Russian indices. During the period we slightly increased equity allocation to 77% of assets, adding some market underperformers in the transportation sector.

FIB Avangard

- FIB Avangard NAV/unit dropped by 3.7% MoM in June, pressed down by underperforming Bulgarian capital market. There were no major moves in fund's assets as we remained seasonally less invested in equities (55% of assets).

FIB Classic

- FIB Classic also declined by 2.9% MoM in June on BSE drop. There were no major changes across fund's assets.

FIB Garant

- FIB Garant declined slightly by 0.7% MoM in June on underperformance of equity allocation. Here, we slightly decreased investments in stocks to 14% of assets on rising volatility.

OUTLOOK & STRATEGY:

- Global markets will be entering summer mood in July and we expect small even no changes in major indices globally all else equal. Events to watch will be mostly geopolitical – Ukraine and Iraq. Investors should also watch out for comments on monetary policy by Fed and ECB. After June underperformance we might see return of interest to Eastern Europe capital markets on its sound fundament.
- SOFIX should be difficult to forecast in July. We have already seen its recovery to almost pre-Corporate Commercial Bank problems' level but political risk is at significant level already. Our base case scenario is that the major index shall oscillate around the 550 level where a level of support for blue chips is found lately. In end-month Q2 financial reports delivery starts in. We expect that it shall be watched closer than usual by investors. An important date for local capital market is July 21 when it is announced that Corporate Commercial Bank would open doors. The bank should be

recapitalised by then by the government and/or by private investors but the statute of minority shareholders in the bank is still unknown.

- Sentiment towards Russian stocks improved significantly lately and they have been moved to overweight by most global research providers. Still, we see some resistance for larger advances due to weak economic performance in H1. Mid-term economic outlook in Russia looks brighter on weakening pressure by EU and US and improved relations with China. We note that Russian stocks trade at significant discount to other major emerging markets which might spur further re-rating but not before settlement of situation in Ukraine. Additionally, Russian market dividend yield is close to 5% which puts the market on the top spot among large emerging peers.
- In July we should watch closely market performance and might add some Bulgarian stocks on market dips. We might continue to increase selectively Russian stocks in FFBH Vostok. In FIB Avangard we continue to increase its geographic spread.

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.

DISCLAIMER

ALL DATA AND CONTENT PUBLISHED IN THIS RELEASE HAVE INFORMATION PURPOSE ONLY AND SHOULD NOT BE CONSIDERED AS COUNSEL, OFFER OR RECOMMENDATION FOR ACQUISITION OR DISPOSITION WITH ANY INVESTMENT OR CONCLUSION OF ANY OTHER DEAL.

THE INVESTMENTS IN MUTUAL FUNDS ARE ASSOCIATED WITH SIGNIFICANT RISK. THERE ARE NO RISK-FREE SECURITIES AND NOBODY CAN CLAIM THAT THE INVESTMENT PURPOSE OF ANY GIVEN MUTUAL FUND WILL BE ACHIEVED. THE NET ASSET VALUE PER SHARE AND ITS RETURN MAY DECREASE, THE RETURN IS NOT GUARANTEED AND THERE IS A RISK THAT THE POTENTIAL INVESTOR CAN NOT RECOVER THE INVESTED AMOUNT. THE INVESTMENTS IN MUTUAL FUNDS IN BULGARIA IS NOT GUARANTEED BY GUARANTEE FUND, CREATED BY THE STATE, OR ANY OTHER TYPE OF GUARANTEE.

PAST PERFORMANCE IS NOT NECESSARY INDICATIVE OF FUTURE RESULTS.

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.