

FIB Avangard

July 2014

Data as per 31 July 2014

NAV	
NAV	BGN 1 415 274
NAV per share	BGN 0.5593

Return (%)	
Monthly (MoM)*	-0.74%
Annual (YoY)*	15.15%
Year-to-date*	10.46%
Since Inception (annualized)	-8.31%

Statistics (%)	
Standard Deviation*	10.94%
Monthly alpha – MSCI EM EE *	4.76%
Beta (β) – MSCI EM EE *	0.240
R ² – MSCI EM EE *	25.37%
Sharpe Ratio (0%)*	0.04

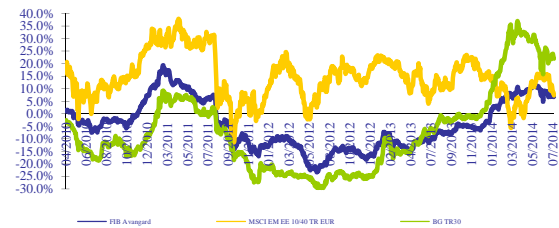
* see notes

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. 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

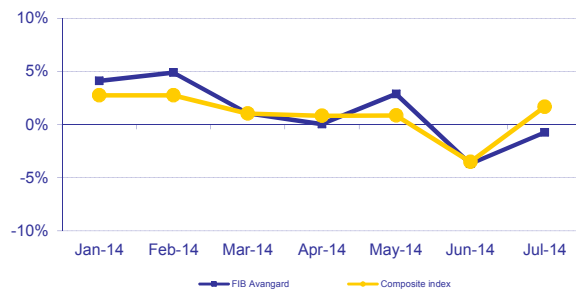
Fact sheet and fee information

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

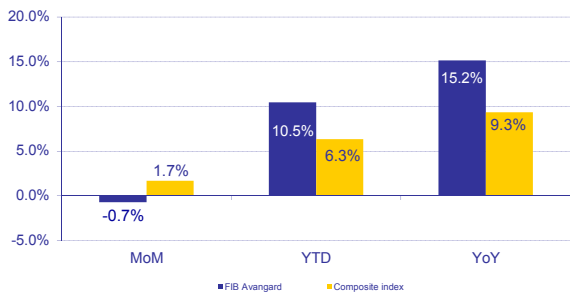
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

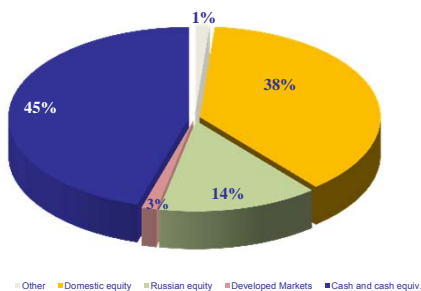


MoM, YoY and YtD return to composite index*



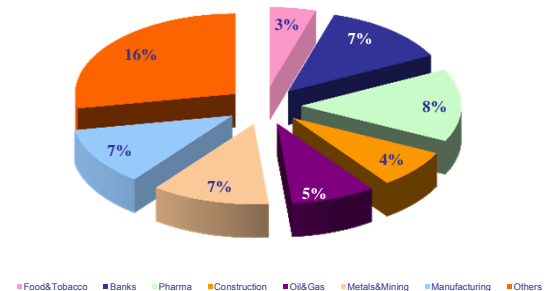
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

July 2014

Data as per 31 July 2014

NAV		Return (%)		Statistics (%)	
NAV	BGN 1 033 863	Monthly (MoM)*	-0.44%	Standard Deviation*	5.94%
NAV per share	BGN 0.8090	Annual (YoY)	8.02%	Monthly alpha – MSCI EM EE *	5.05%
		Year-to-date	6.16%	Beta (β) – MSCI EM EE *	0.130
		Since Inception (annualized)	-3.12%	R ² – MSCI EM EE *	26.43%
				Sharpe Ratio (0%)*	0.06

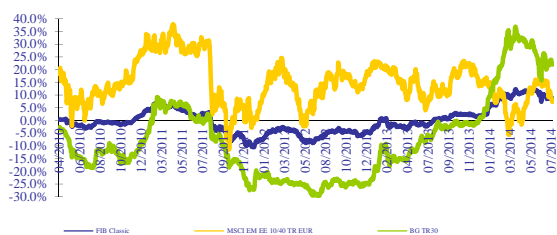
* see notes

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

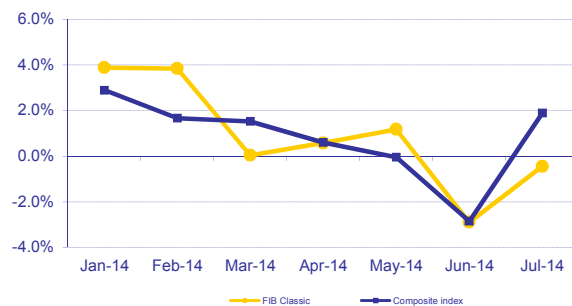


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

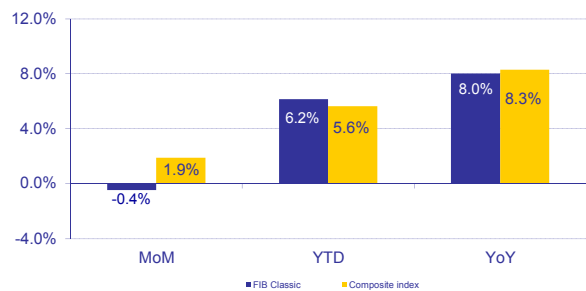
Fact sheet and fee information

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*

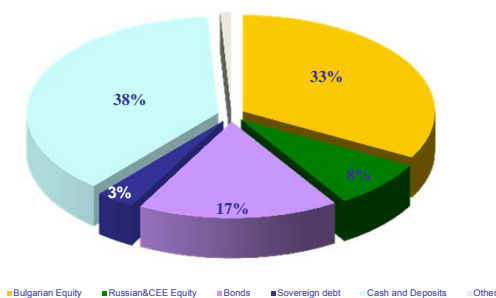


MoM, YoY and YtD return to composite index*



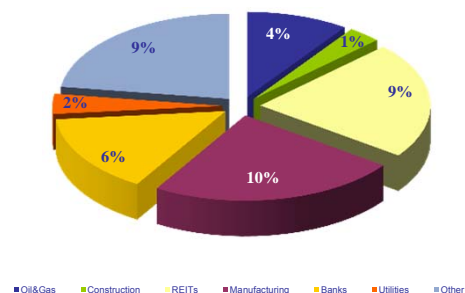
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

July 2014

Data as per 31 July 2014

NAV	
NAV	BGN 1 261 886
NAV per share	BGN 1.1966

Return (%)	
Monthly (MoM)*	0.32%
Annual (YoY)*	8.17%
Year-to-date*	5.38%
Since Inception (annualized)*	2.72%

Statistics (%)	
Standard Deviation*	2.16%
Sharpe Ratio (0%)*	0.32
Interest rates (%)	
Sofibor (3 month)	0.75%
Sofibor (12 month)	2.32%

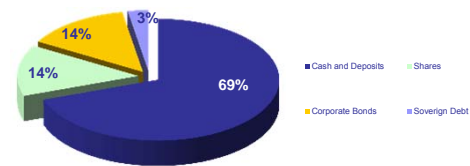
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.25%	12/01/2015	BGN	0.31%
Treasury	1.50%	30/01/2016	BGN	1.54%
Treasury	6.00%	11/10/2018	EUR	1.64%
Treasury	4.00%	09/07/2023	BGN	3.11%
Eurobond	4.25%	09/07/2017	EUR	1.42%
Eurobond	8.25%	15/01/2015	USD	1.12%

Source: Bloomberg

Asset Allocation



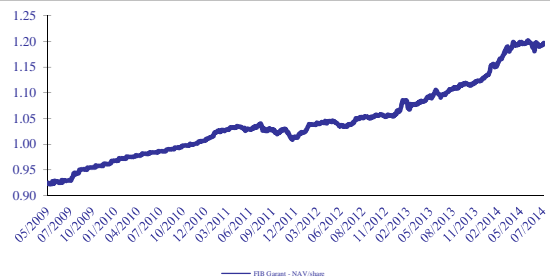
Source: FFBH Asset Management

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

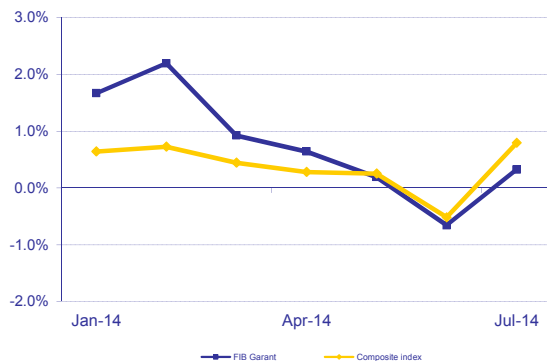


Source: FFBH Asset Management

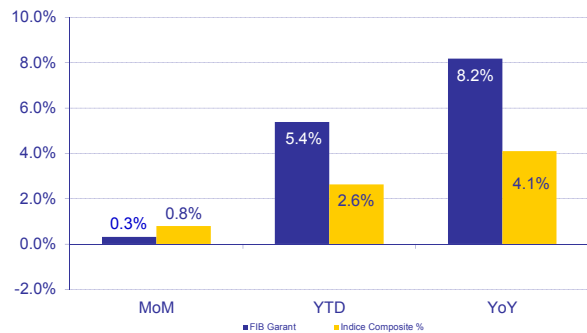
Fact sheet and fee information

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

July 2014

Data as per 31 July 2014

NAV	
NAV	BGN 622 169
NAV per share	BGN 0.6075

Return (%)	
Monthly (MoM)*	-6.48%
Annual (YoY)*	-8.03%
Year-to-date*	-12.13%
Since Inception (annualized)*	-10.96%

Statistics (%)	
Standard Deviation*	19.67%
Monthly alpha – MSCI Russia *	-1.54%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	68.63%
Sharpe Ratio (0%)*	n.m.

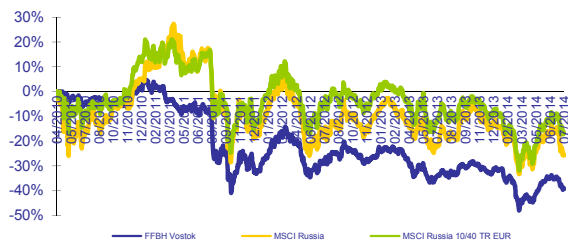
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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



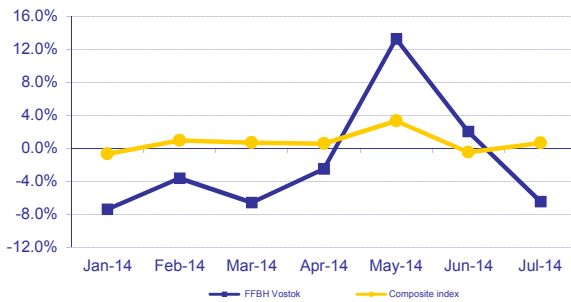
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

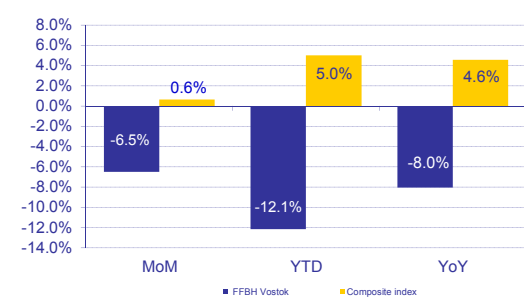
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	High-yield fund	Entry fee	0.50%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.50%	0.00%
Subscriptions/ Redemptions Incorporation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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

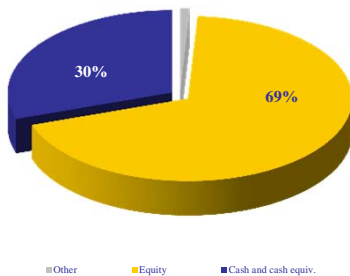


MoM, YoY and YtD return to composite index*



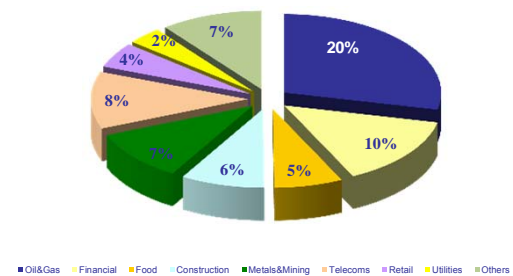
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT July 2014

MARKET OVERVIEW:

- Global markets ended their 3-month winning streak in July as MSCI World Index declined by 1.7% MoM. The markets stalled because of another increase in geopolitical risk in Ukraine and Israel, Argentine's second default in 13 years as well as weakening economic data from Europe. Eastern Europe was among most hurt regions on its proximity to geopolitical events and EU economy underperformance.
- BSE-Sofia performed less volatile in July but Sofix still ended down by 2% MoM. There was no solution to Corporate Commercial Bank [6C9, suspended] case as special supervision was extended to September. In end-month Q2 financial reports started coming in. Overall, we might rate them as slightly positive as manufacturers saw stable export demand while public banks mostly reported improvements in NIM, due to drop in deposit rates.
- Russian indices were among worst performers due to events in Ukraine as RTS declined by 8% MoM. There was a new round of sanctions imposed on Russia, following the tragedy with Malaysian Airways plane. The most important included a ban for Russian state banks to borrow from global markets in EUR and USD for more than 90 days as well as issue new equity in these currencies. In the energy sector Rosneft was cut off USD debt markets while new oil technology exports to Russia were also banned by EU. The EU sanctions should be reconsidered in three months. The effect of these actions might include another rate hike by Russian central bank and additional need to support market liquidity. The new technology ban is expected to have a limited effect for now but should limit exploration for non-conventional oil in Arctics and tight oil reserves.
- Macrowise, retail trade continued to decelerate to 0.7% YoY in June (2.1% in May), suppressed by weakening real wage growth to 1.7% YoY (2.1% YoY in May). Investments continued to improve on Crimean accession and turned positive in June at 0.7% YoY. Industrial output growth shrank to 0.4% YoY in June from 2.8% YoY in May.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit dropped by 6.5% MoM in July on Russian indices underperformance. We remained conservative during the period as equity allocation dropped to 70% of assets, compared to 77% of assets the previous month.

FIB Avangard

- FIB Avangard NAV/unit dropped by 0.7% MoM in July on decline in Bulgarian and Russian indices. During the period we decreased exposure to Bulgarian utility sector on high regulatory risk. We continued to unfold our global strategy, adding new global stocks in service industry. In the end asset allocation was slightly changed as equities dropped by c.2% to 53% of assets.

FIB Classic

- FIB Classic was slightly down by 0.4% MoM in July. During period we increased bond allocation by 10% to 20% of assets as we took more defensive approach, due to global volatility.

FIB Garant

- FIB Garant advanced slightly by 0.3% MoM in July as corporate bonds yield compensated for decline in equity allocation. Here, we also increased bond allocation by 8% to 16.7% of assets.

OUTLOOK & STRATEGY:

- We expect that equity volatility shall be significant in August. Currently, markets look nervous by the record-breaking trend this year and are more sensible to dynamics of the Russia-West dispute and slow economic advance in Europe. That said, Eastern Europe may continue to suffer from its proximity to conflict regions and slower-than-expected recovery of EU economy.
- We expect slight downward pressure on BSE indices in the first half of the month before caretaker government enters office effectively. In the second half of the month we expect to see some improvement in liquidity as people get back from summer vacation. Q2 consolidated financial reports delivery is also due in end-August but most of significant reports are already released.

- Sentiment towards Russian stocks dropped significantly lately. After recent events most global research providers moved the market to underweight again. We expect that short-term volatility to continue as there are no signs that the Eastern Ukraine conflict is close to resolution. Economic outlook in Russia looks obscure on sanctions set by EU and US. Still, we note that Russian stocks trade at significant discount to other major emerging markets and specific events like Severstal's [SVST LI, +19% MoM] sale of US subsidiaries and distribution of special dividend which might spur significant re-rating in certain sectors or stocks. Additionally, Russian market dividend yield is close to 5% which puts the market on the top spot among large emerging peers.
- In August we expect to increase equity allocation on market weakness in target regions except on Russia. In FIB Classic and FIB Garant we will continue to watch for buy opportunities in bonds.

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: $\frac{1}{n} \sum R_i$, 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.