

FIB Avangard

September 2014

Data as per 30 September 2014

NAV	
NAV	BGN 1 372 548
NAV per share	BGN 0.5626

Return (%)	
Monthly (MoM)*	-0.51%
Annual (YoY)*	13.09%
Year-to-date*	11.15%
Since Inception (annualized)	-8.03%

Statistics (%)	
Standard Deviation*	10.74%
Monthly alpha – MSCI EM EE *	-1.28%
Beta (β) – MSCI EM EE *	0.240
R ² – MSCI EM EE *	25.29%
Sharpe Ratio (0%)*	0.02

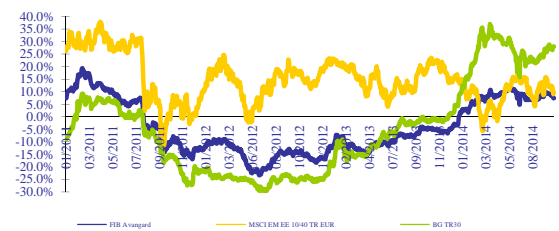
* see notes

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

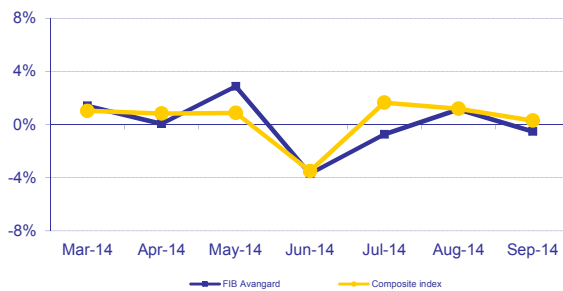
Fact sheet and fee information

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

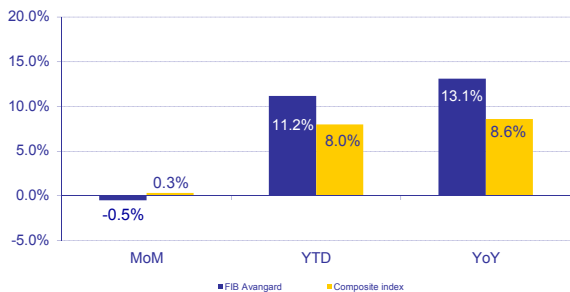
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

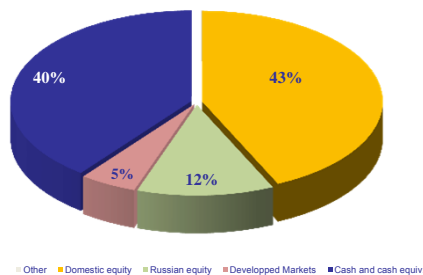


MoM, YoY and YtD return to composite index*



Source: BAAMC, FFBH Asset Management calculations

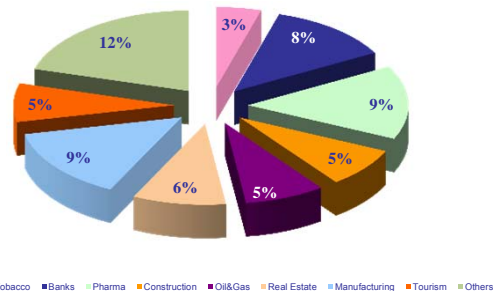
Asset Allocation



Other 40% Domestic equity 43% Russian equity 5% Developed Markets 12% Cash and cash equiv.

Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

September 2014

Data as per 30 September 2014

NAV		Return (%)		Statistics (%)	
NAV	BGN 971 234	Monthly (MoM)*	-0.15%	Standard Deviation*	5.92%
NAV per share	BGN 0.8189	Annual (YoY)	7.81%	Monthly alpha – MSCI EM EE *	-0.92%
		Year-to-date	7.57%	Beta (β) – MSCI EM EE *	0.130
		Since Inception (annualized)	-2.85%	R ² – MSCI EM EE *	27.70%
				Sharpe Ratio (0%)*	0.05

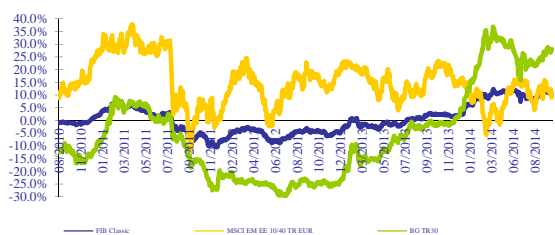
* see notes

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



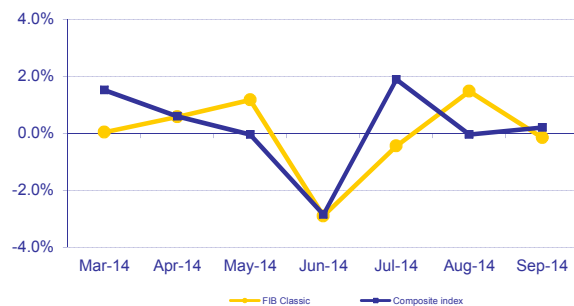
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

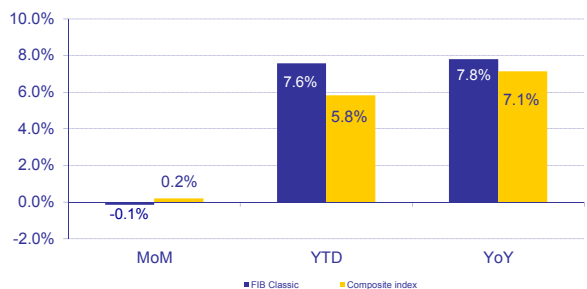
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business Day	Management fee (annual % of average AUM)		2.50%
Incorporation	Bulgaria			

* Minimum subscription is BGN 50

MoM return comparison to composite index*

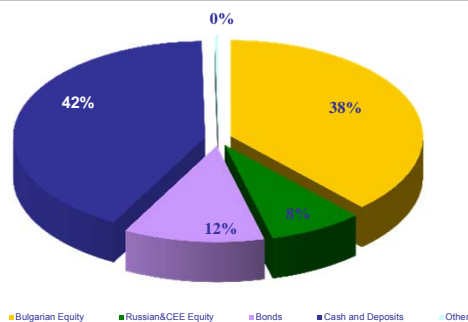


MoM, YoY and YtD return to composite index*



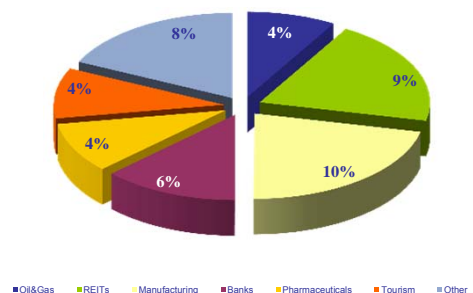
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

September 2014

Data as per 30 September 2014

NAV	
NAV	BGN 1 266 708
NAV per share	BGN 1.2016

Return (%)	
Monthly (MoM)*	0.04%
Annual (YoY)*	7.65%
Year-to-date*	5.88%
Since Inception (annualized)*	2.72%

Statistics (%)	
Standard Deviation*	2.12%
Sharpe Ratio (0%)*	0.30
Interest rates (%)	
Sofibor (3 month)	0.70%
Sofibor (12 month)	2.19%

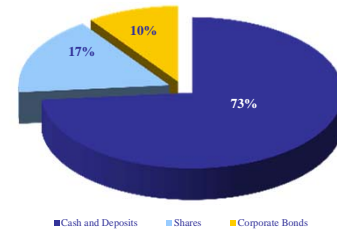
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.25%	12/01/2015	BGN	0.19%
Treasury	1.50%	30/01/2016	BGN	1.10%
Treasury	6.00%	11/10/2018	EUR	1.48%
Treasury	4.00%	09/07/2023	BGN	2.95%
Eurobond	4.25%	09/07/2017	EUR	1.20%
Eurobond	8.25%	15/01/2015	USD	1.59%

Source: Bloomberg

Asset Allocation



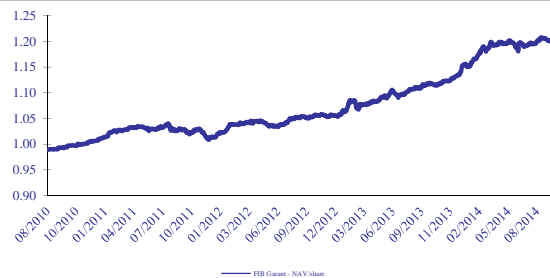
Source: FFBH Asset Management

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

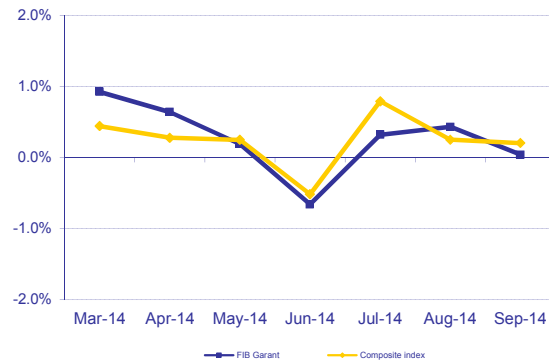


Source: FFBH Asset Management

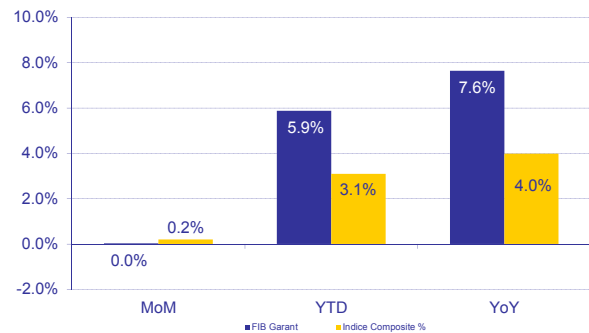
Fact sheet and fee information

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

September 2014

Data as per 30 September 2014

NAV	
NAV	BGN 556 807
NAV per share	BGN 0.5822

Return (%)	
Monthly (MoM)*	-4.72%
Annual (YoY)*	-15.59%
Year-to-date*	-15.64%
Since Inception (annualized)*	-11.39%

Statistics (%)	
Standard Deviation*	19.71%
Monthly alpha – MSCI Russia *	-2.98%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	69.64%
Sharpe Ratio (0%)*	n.m.

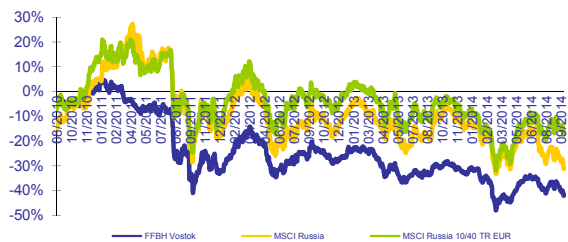
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

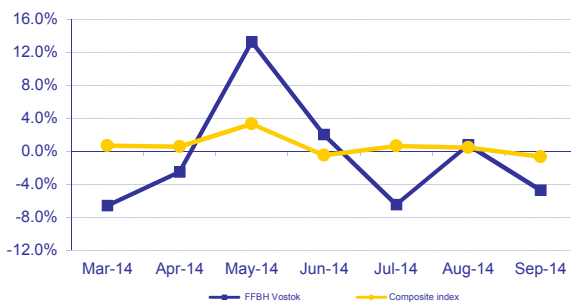


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

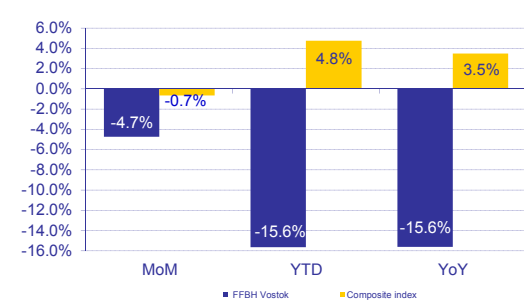
Fact sheet and fee information

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*

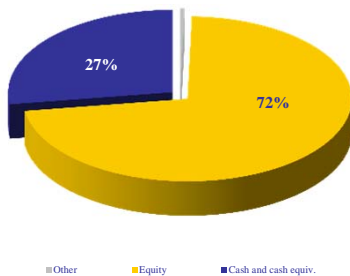


MoM, YoY and YtD return to composite index*



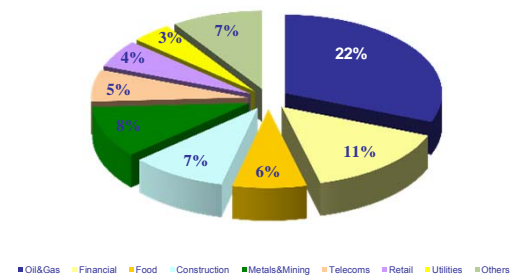
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT September 2014

MARKET OVERVIEW:

- Global indices finished the third quarter down by 2.6% QoQ, measured by MSCI World Index. After new record-breaking readings in August and early September on ECB easing, September brought an almost 3% MoM drop. The latter was caused by comments from Bank of England governor that tightening in UK is closing in, while Fed raised range for end-2015 base interest rate levels. Deceleration in economy data from Eurozone and China also did not help while protests in Honk Kong and air strikes on Islamic State in Iraq and Syria, added to global (geo)political risk premium. In September, we experienced outperformance in Eastern Europe region on de-escalation and ceasefire in Ukraine, boosted by currency appreciations against EUR. Overall, MSCI Eastern Europe ex Russia Index finished up by 4.8% MoM and 3.4% QoQ.
- BSE-Sofia's major indices slipped by about 2% in September and Q3 (SOFIX, -1.7% MoM, -2.1% QoQ) at low volatility. Oncoming snap elections on Oct 5 as well as lack of resolution of Corporate Commercial Bank [6C9 BU, Suspended] case weighed on market mood.
- In end-September we saw the start of BGN 20m capital raise in courier company Speedy AD [0SP BU, +2% MoM, +10.8% QoQ]. A downside move came from heavyweight index member Sopharma [3JR BU, -3.9% MoM], falling on its exposure to Ukraine as its unconsolidated sales declined 11% YoY in August. In September the regular semi-annual rebalancing of BSE indices took place which saw Industrial Capital Holding [4I8 BU, +30% MoM, +34% QoQ] replacing Bulgartabac Holding [57B BU, -15.5% MoM, -35.5% QoQ] in Sofix on decline in the latter free float.
- Russian indices had a dismal finish of Q3 as MSCI Russia fell 6% MoM, ending Q3 down 17.5% QoQ. Russian rouble was worst performing currency in Q3, as RUB basket lost 10.5% QoQ, of which 4.4% in September alone. Poor quarterly performance came on aggravating global sanctions due to escalation in Ukraine in mid-summer. Ceasefire in early September did not help the currency as CBR held unexpectedly benchmark rate intact while Brent oil fell sharply [-8.8% MoM, -15% QoQ] on global economy deceleration. Russian stock indices performed less volatile in local currency on low foreign participation but still Micex dropped 1.7% MoM and 11% QoQ in EUR terms on rouble weakness.
- Leading corporate event in September was arrest of billionaire Vladimir Evtushenkov - owner of largest public investment holding company Sistema [SSA LI, -70% MoM] - on money laundering accusation, related to 2005-2009 acquisition of oil producer Bashneft [BANE RX, -35% MoM] by Sistema. The event had a great dent to investor sentiment as it reminded for Yukos case in 2003, especially after general prosecutor filed suit to cancel Bashneft privatization in 2003 and return its ownership to the state. We expect that it will be a long road before final decision is taken on the case which will raise volatility in Sistema stocks and its investments, including its GSM carrier Mobiletelesystems [MBT US, 14.94, -19% MoM].
- Macrowise, we saw unexpected slowdown of industrial output to zero in August from 1.5% YoY in July. It appears that main reason was weakness in consumption trend as the biggest decline was in consumer-focused manufacturing segments. On the demand side investments accelerated their decline to 2.7% YoY in August from -2% YoY in July. On the contrary, retail trade growth accelerated from 1.2% YoY in July to 1.4% YoY in August. The acceleration was supported by the decline in unemployment to a new low of 4.8%. However, the key reason for the acceleration might be spike in the consumption of food items that were subject to import ban; and thus improvement might be temporary.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit lost 4.7% MoM in September. We remained less invested during the period on uncertainties in the region and local corporate events. Equity allocation in end-month was 72% of assets.

FIB Avangard

- FIB Avangard NAV/unit declined by 0.5% MoM in September, as decline in major regions was mitigated by higher cash allocation. During the period we continued to expand our equity allocation

to developed markets. It reached 5% of end-period assets after we added US auto stocks. Overall, equity allocation advanced slightly to 60% of assets, compared to 58% of assets in previous period.

FIB Classic

- FIB Classic declined by 0.15% MoM in September. Equity allocation remained intact at 46% of assets. Bond allocation declined to 12% of assets as some of short-term corporate bonds matured. We also exited sovereign debt investments on expectations that yield curves have reached record lows and it is a good point to collect capital gains.

FIB Garant

- FIB Garant NAV/unit was virtually unchanged in September. Here, we also saw maturing corporate bonds and exited sovereign debt investments, thus reducing bond allocation by 7% to 10% of assets.

OUTLOOK & STRATEGY:

- Our base case is that there won't be new global market highs in October as markets are starting to price in first Fed base interest rate hike in Q2/Q3 2015 while geopolitical risk is still abundant. Upside might come from ECB, if they start large scale quantitative easing, as monthly size is still unknown. Important for market sentiment will be the start of Q3 reporting season in the US. That said, we deem that in base case global indices will move slightly down in October. Eastern European capital markets might consolidate about current levels in October before Ukrainian parliamentary elections took place.
- We expect higher volatility during first half of October, depending on election results in Bulgaria and the tackling of Corporate Commercial Bank case. In end-month Q3 unconsolidated reports for public companies are due which might affect industrial company performance.
- Russian rouble has reached central bank's intervention levels, so we do not expect further steep devaluation in our base case. Investor sentiment should depend on developments in Ukraine as Oct 26 elections are closing in. Sistema's case developments will also play important role for sentiment of long-term investors in Russia. That said, we expect limited downside from current levels as most large caps in Russia are net gainers from currency devaluation. Support from valuation discount to emerging and developed markets also remains in place. On the other hand upside should also be limited in the short-term on weakness in Brent oil and ongoing sanctions, leading to economy slow down.
- In October we expect to selectively increase equity allocation in our high-yield funds, if global economy outlook improves. We might be net buyers in selected Bulgarian stocks, if they drop below our target levels. Considering bond allocation, we shall be more conservative, looking for shorter duration EUR-denominated corporate 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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