

FIB Avangard

October 2014

Data as per 31 October 2014

NAV	
NAV	BGN 1 340 036
NAV per share	BGN 0.5494

Return (%)	
Monthly (MoM)*	-2.37%
Annual (YoY)*	10.61%
Year-to-date*	8.51%
Since Inception (annualized)	-8.26%

Statistics (%)	
Standard Deviation*	10.79%
Monthly alpha – MSCI EM EE *	-7.34%
Beta (β) – MSCI EM EE *	0.230
R ² – MSCI EM EE *	25.46%
Sharpe Ratio (0%)*	0.02

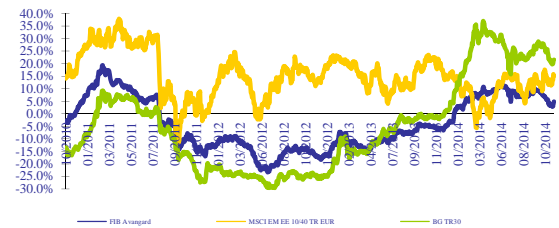
* see notes

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

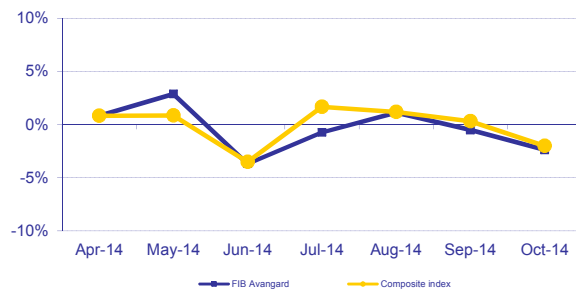
Fact sheet and fee information

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

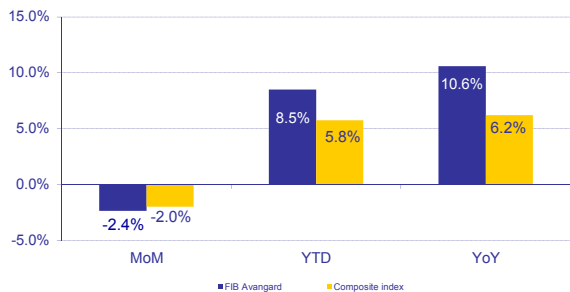
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

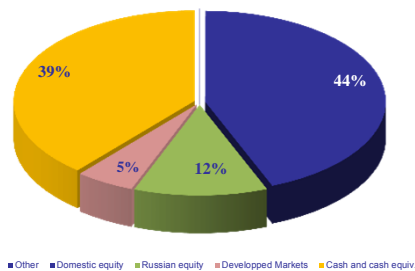


MoM, YoY and YtD return to composite index*



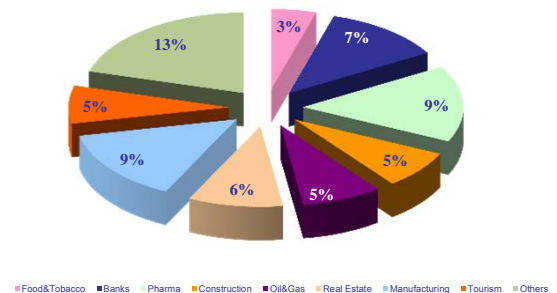
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

October 2014

Data as per 31 October 2014

NAV

NAV	BGN 944 454
NAV per share	BGN 0.7978

Return (%)

Monthly (MoM)*	-2.68%
Annual (YoY)	4.63%
Year-to-date	4.69%
Since Inception (annualized)	-3.20%

Statistics (%)

Standard Deviation*	6.03%
Monthly alpha – MSCI EM EE *	-7.64%
Beta (β) – MSCI EM EE *	0.130
R ² – MSCI EM EE *	27.02%
Sharpe Ratio (0%)*	0.04

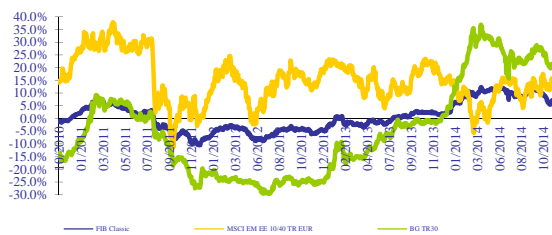
* see notes

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

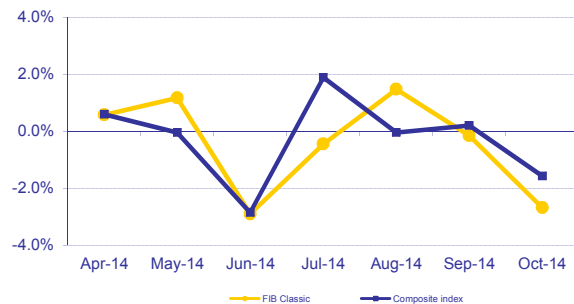


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

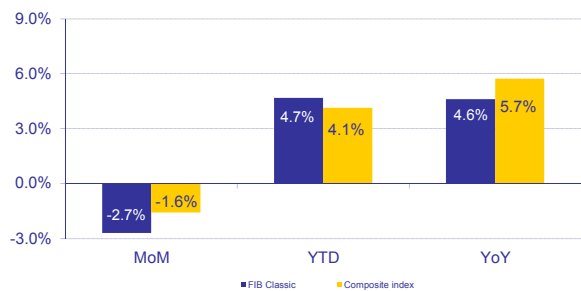
Fact sheet and fee information

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*

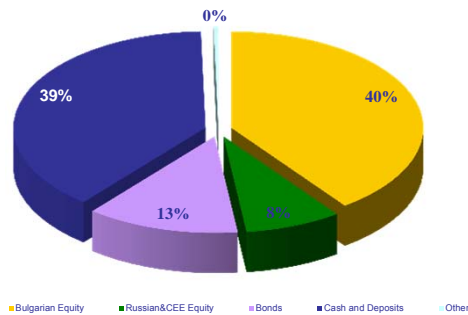


MoM, YoY and YtD return to composite index*



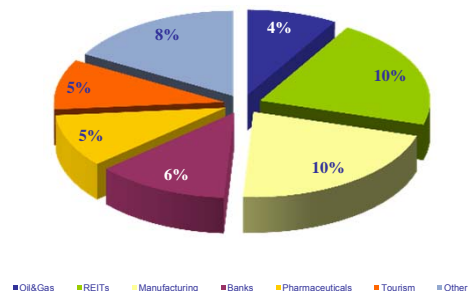
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

October 2014

Data as per 31 October 2014

NAV	
NAV	BGN 1 265 894
NAV per share	BGN 1.1975

Return (%)	
Monthly (MoM)*	-0.39%
Annual (YoY)*	7.00%
Year-to-date*	5.46%
Since Inception (annualized)*	2.63%

Statistics (%)	
Standard Deviation*	2.16%
Sharpe Ratio (0%)*	0.29
Interest rates (%)	
Sofibor (3 month)	0.65%
Sofibor (12 month)	2.16%

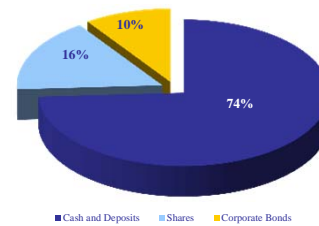
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.25%	12/01/2015	BGN	0.75%
Treasury	1.50%	30/01/2016	BGN	1.20%
Treasury	6.00%	11/10/2018	EUR	1.47%
Treasury	4.00%	09/07/2023	BGN	3.22%
Eurobond	4.25%	09/07/2017	EUR	1.23%
Eurobond	8.25%	15/01/2015	USD	1.23%

Source: Bloomberg

Asset Allocation



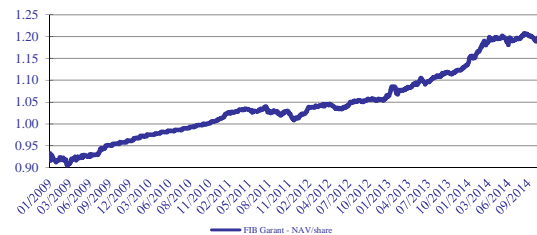
Source: FFBH Asset Management

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

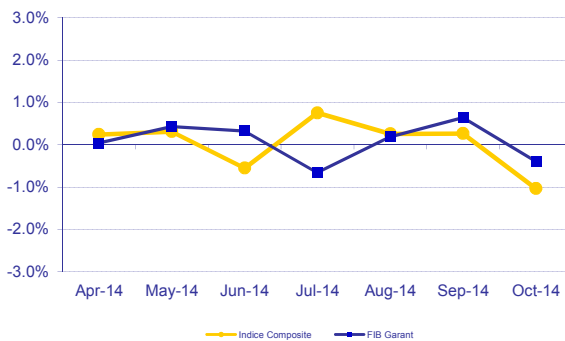


Source: FFBH Asset Management

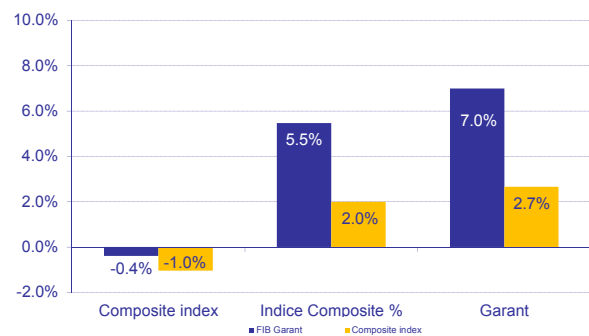
Fact sheet and fee information

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

October 2014

Data as per 31 October 2014

NAV	
NAV	BGN 534 045
NAV per share	BGN 0.5605

Return (%)	
Monthly (MoM)*	-3.90%
Annual (YoY)*	-20.30%
Year-to-date*	-18.93%
Since Inception (annualized)*	-11.96%

Statistics (%)	
Standard Deviation*	19.63%
Monthly alpha – MSCI Russia *	-3.11%
Beta (β) – MSCI Russia *	0.660
R ² – MSCI Russia *	69.95%
Sharpe Ratio (0%)*	n.m.

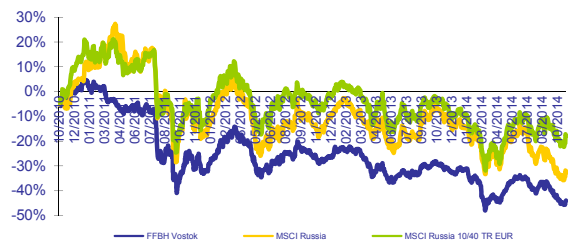
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

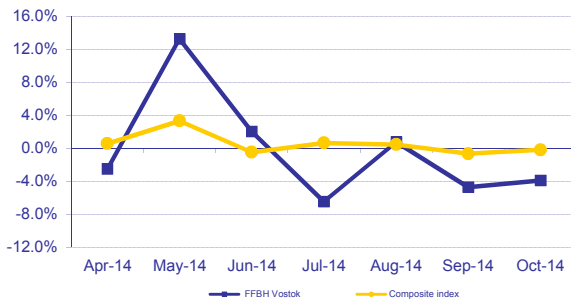


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

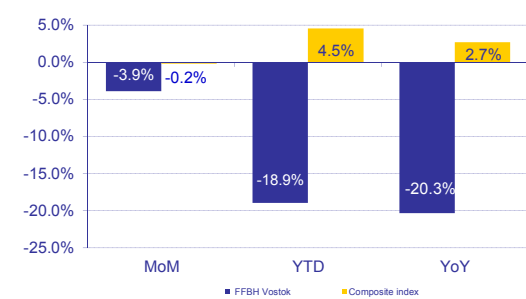
Fact sheet and fee information

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*

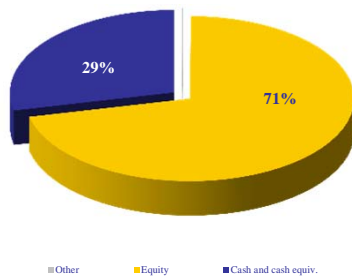


MoM, YoY and YtD return to composite index*



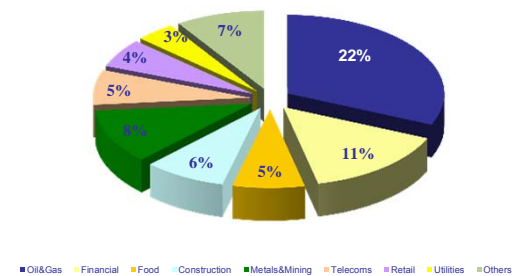
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT October 2014

MARKET OVERVIEW:

- Global indices recovered from mid-month slump and finished up by 0.6% as measured by MSCI World Index. Developed markets outperformed on easing of monetary policy by Bank of Japan, as well as covered bond purchases by ECB. Above expectations earnings season in the US also helped. Emerging markets were mostly down outside Asia including Eastern Europe as they lacked the potency of recovery, shown by Western counterparts. Elections in Eastern Ukraine also weighed on sentiment of regional investors. Overall, MSCI Eastern Europe ex Russia Index finished down by 3.6% MoM.
- BSE-Sofia's SOFIX was down by 3.6% in October on political risks, related to difficulties in formation of new government. Corporate Commercial Bank [6C9 BU, Suspended] case was back to headlines as auditor's report suggested necessary impairments of BGN 4.2bn which, if booked, would mean negative shareholder's equity of BGN 3.5bn. Here, the next key date is November 20th when bank's conservation period is over. Supposedly, by then there will be a final political decision on how to proceed.
- In end-October we saw the start of Q3 reporting season. Industrial companies reported YoY drop in revenues on their exposure to former Soviet Union. Still, reports were above our expectations and most of the companies managed to sustain margins.
- RTS was down by 3.6% MoM in October but all the move came from 8% depreciation of the RUB against USD. In end-October Central bank of Russia tried to support local currency and fight off increasing inflation by raising unexpectedly refinancing interest rate by 1.5pp to 9.5%. But oncoming transition to float rate in 2015 and weak oil price, countered the move. Additionally, EU sanctions were extended to March 2015.
- Among corporate events Russian court supported de-privatisation of Bashneft [BANE RX]. However, prosecutors did not expand claims against Sistema [SSA LI, +17% MoM] which supported some price recovery. Markets outperformed in local currency also on positive trading update by steel and oil&gas companies and improvements in macro data flow.
- Macrowise, we saw strong acceleration in industrial production to 2.8% YoY in September, against flat performance in August. However, most of it was due to increase in military spending (up by 33% YoY in 9mo 2014). Investments continued to decline at 2.8% YoY in September after 2.7% YoY decline in August on weakening in housing construction and sanctions. Retail trade accelerated to 1.7% YoY growth (+1.4% YoY in August) on non-food segment. However, real wage growth was negative 1% on faster CPI of 8.4 YoY.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok NAV/unit performed in line with Russian indices and was down by 3.9% in October. Equity allocation remained at 71% of assets in end-month.

FIB Avangard

- FIB Avangard NAV/unit declined by 2.4% MoM in October on underperformance of BSE-Sofia. Equity allocation was unchanged at 61% of assets with 44% of assets in Bulgarian equities.

FIB Classic

- FIB Classic lost 2.7% MoM in October. There were no major changes during the period.

FIB Garant

- FIB Garant NAV/unit was slightly down by 0.4% in October on decline in equities.

OUTLOOK & STRATEGY:

- We expect flat index performance in first half of November. Important events during period include mid-term election results in USA and GDP data in Europe. Overall, earning season is across mid-point and we expect that markets will increasingly focus on forward-looking macro data. Last month experience showed that risk of Ebola outbreak in developed countries could have substantial short-term influence on global performance. Eastern European capital markets direction in November is

more unclear due to possibility of increase in intensity of Ukrainian conflict, following Eastern Ukraine elections, held on November 2.

- The performance of Bulgarian capital market shall continue to be dependent on formation of a new government and tackling of Corporate Commercial Bank case. In end-month Q3 consolidated reports for public companies are due. The other scheduled corporate events is BGN 8m Korado Bulgaria [4PX] capital increase which shall present evidences for market breadth and investor readiness to invest in tier 2 stocks.
- As suggested Russian market performance shall depend on whether Eastern Ukraine elections shall lead to new sanctions for Russia. Sistema case shall continue to attract investor's attention as its owner's house arrest terms end on Nov 16. That said, most important for non-Russian investors shall be the move of Russian rouble. Most analysts' forecasts are it shall recover back to 39-41 RUB/USD by year-end which we deem plausible, if crude oil recovers back above 90 USD/bbl.
- In November we might increase equity allocation in our high-yield funds, if outlook improves. We might be net buyers in selected Bulgarian stocks, if they drop below our target levels.

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 7 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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