

FIB Avangard

March 2015

Data as per 31 March 2015

NAV	
NAV	BGN 1 348 859
NAV per share	BGN 0.5538

Return (%)	
Monthly (MoM)*	2.48%
Annual (YoY)*	-2.58%
Year-to-date*	4.35%
Since Inception (annualized)	-7.71%

Statistics (%)	
Standard Deviation*	10.89%
Monthly alpha – MSCI EM EE *	-0.25%
Beta (β) – MSCI EM EE *	0.228
R ² – MSCI EM EE *	25.75%
Sharpe Ratio (0%)*	0.12

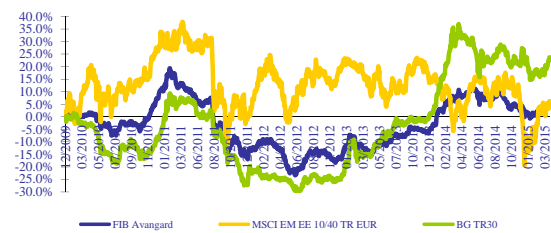
* see notes

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 2015 includes high allocation to liquid and financially stable Bulgarian companies, some allocation to developed markets blue chips on valuations and easy global monetary policy.

FIB Avangard vs. MSCI EM EE 10/40



Source: Bloomberg, BSE-Sofia, FFBH Asset Management

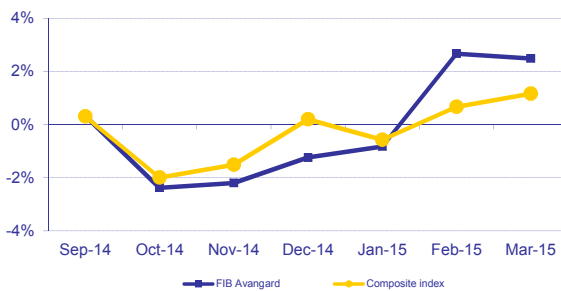
Fact sheet and fee information

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

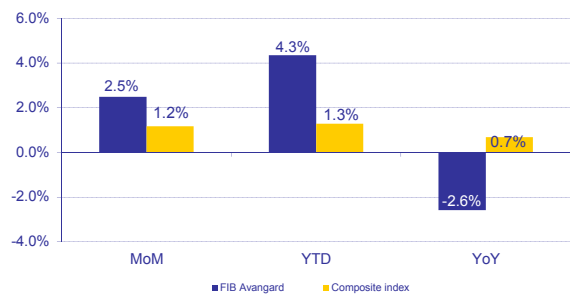
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

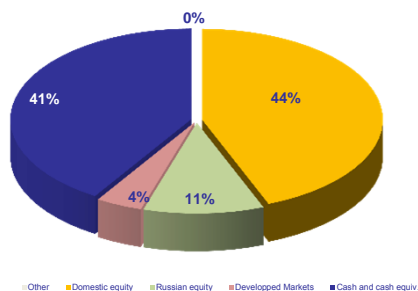


MoM, YoY and YtD return to composite index*



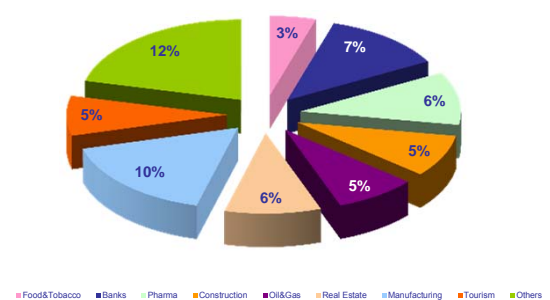
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

March 2015

Data as per 31 March 2015

NAV		Return (%)		Statistics (%)	
NAV	BGN 955 743	Monthly (MoM)*	3.42%	Standard Deviation*	6.34%
NAV per share	BGN 0.8051	Annual (YoY)	-2.11%	Monthly alpha – MSCI EM EE *	0.69%
		Year-to-date	3.93%	Beta (β) – MSCI EM EE *	0.139
		Since Inception (annualized)	-2.90%	R ² – MSCI EM EE *	28.45%
				Sharpe Ratio (0%)*	0.24

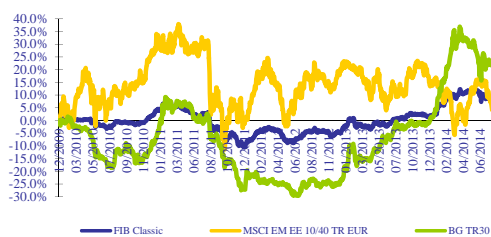
* see notes

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 2015 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 European 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



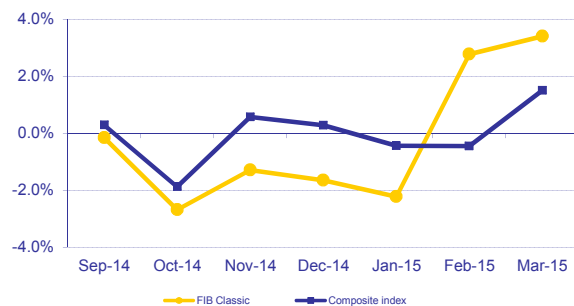
Source: Bloomberg, BSE-Sofia, FFBH Asset Management

Fact sheet and fee information

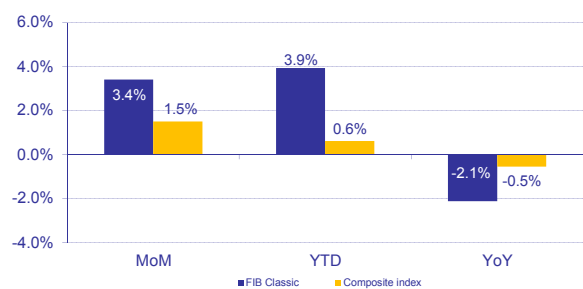
Type	Open-end equity fund	Subscription*	up to BGN 100,000	more than BGN 100,000
Classification	Balanced fund	Entry fee	0.35%	0.00%
Manager	FFBH Asset Management	Holding Period	up to 24 months	over 24 months
Custodian	First Investment Bank	Redemption fee	0.35%	0.00%
Subscriptions/ Redemptions	Every Business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

* Minimum subscription is BGN 50

MoM return comparison to composite index*

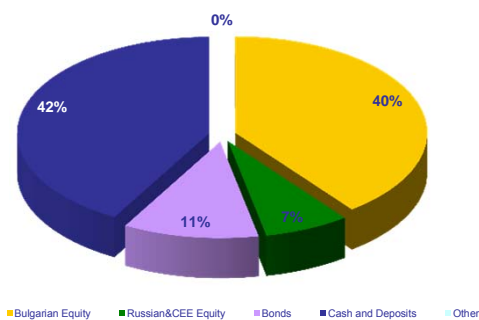


MoM, YoY and YtD return to composite index*



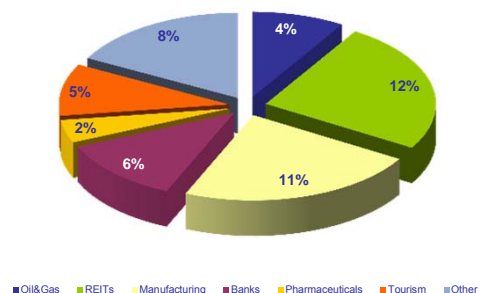
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

March 2015

Data as per 31 March 2015

NAV	
NAV	BGN 1 105 916
NAV per share	BGN 1.2048

Return (%)	
Monthly (MoM)*	2.21%
Annual (YoY)*	1.19%
Year-to-date*	1.14%
Since Inception (annualized)*	2.56%

Statistics (%)	
Standard Deviation*	2.41%
Sharpe Ratio (0%)*	1.71
Interest rates (%)	
Sofibor (3 month)	0.36%
Sofibor (12 month)	1.31%

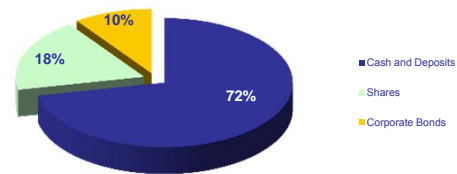
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	1.50%	30/01/2016	BGN	0.55%
Eurobond	4.25%	09/07/2017	EUR	0.74%
Eurobond	2.00%	26/03/2022	EUR	1.96%
Eurobond	2.95%	03/09/2024	EUR	2.28%
Eurobond	2.63%	26/03/2027	EUR	2.59%
Eurobond	3.13%	26/03/1935	EUR	3.20%

Source: Bloomberg

Asset Allocation



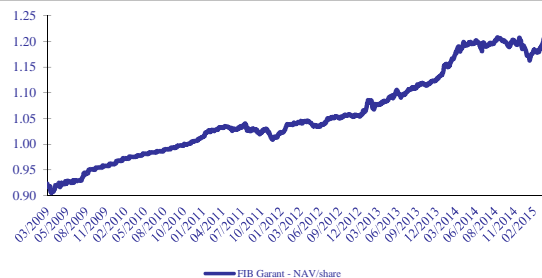
Source: FFBH Asset Management

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 2015 investment strategy includes significant allocation to equities on valuations and sentiment 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

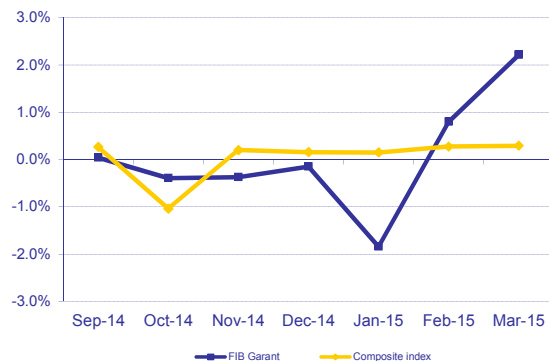


Source: FFBH Asset Management

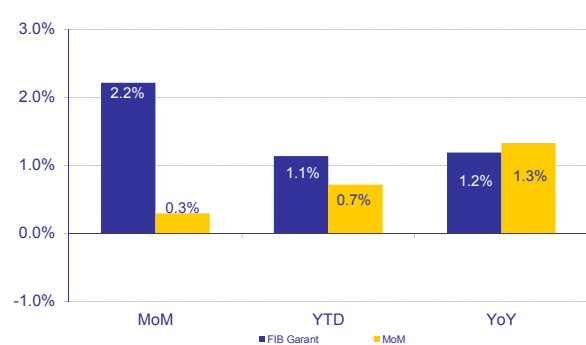
Fact sheet and fee information

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

March 2015

Data as per 31 March 2015

NAV	
NAV	BGN 488 490
NAV per share	BGN 0.5461

Return (%)	
Monthly (MoM)*	1.50%
Annual (YoY)*	-5.26%
Year-to-date*	19.57%
Since Inception (annualized)*	-11.48%

Statistics (%)	
Standard Deviation*	20.74%
Monthly alpha – MSCI Russia *	-0.12%
Beta (β) – MSCI Russia *	0.651
R ² – MSCI Russia *	72.68%
Sharpe Ratio (0%)*	n.m.

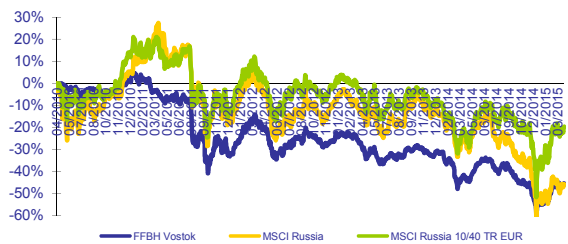
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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 conservative allocation to equities in start 2015 – stock picking state independent "blue-chip" companies, benefiting on cheap Russian ruble.

FFBH Vostok vs. MSCI Russia 10/40 EUR

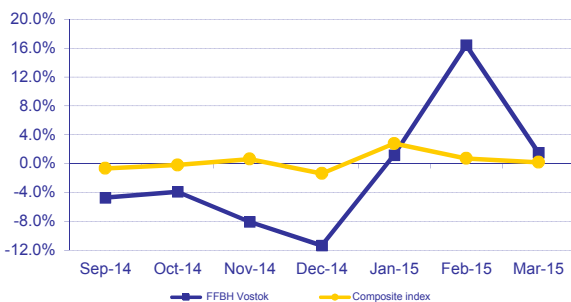


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

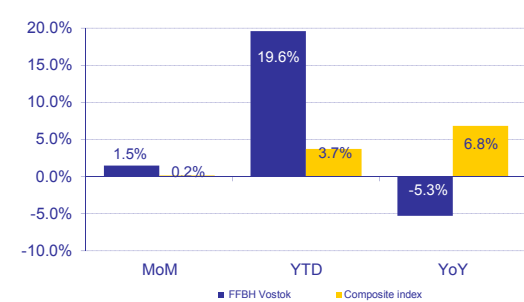
Fact sheet and fee information

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*

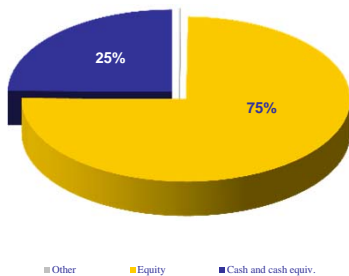


MoM, YoY and YtD return to composite index*



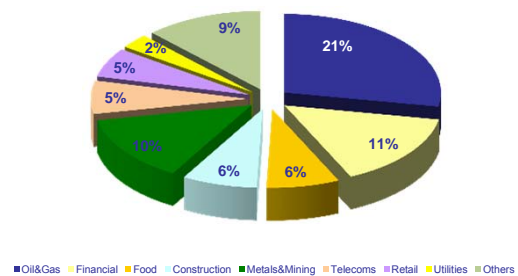
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

PORTFOLIO MANAGER'S COMMENT March 2015

MARKET OVERVIEW:

- MSCI World Index registered second consecutive quarterly gain, finishing Q1 up by 1.8% QoQ on strong performance by European markets due to the start of ECB's APP (asset purchase program). Last month MSCI Europe reached its highest level since mid-2007 as investors boosted its Q1 performance to 16% QoQ, after 1.3% MoM gain in March. Eastern Europe region outperformed on easier monetary policy in the Eurozone and de-escalation of Ukrainian conflict. MSCI Emerging Europe ex Russia index advanced by 4.2% MoM last month and finished the quarter up by 11% QoQ.
- BSE-Sofia showed some signs of revival in March, as Sofix gained 5.4% MoM on mitigation of regulatory risks. Still, BSE's main benchmark could not erase YtD loss and was down by 1.5% QoQ in first quarter. The improved sentiment last month was mainly due to announced amendments to property law that should allow public companies (controlled by EU entities) to own Bulgarian agricultural land even if they have non-EU minority shareholders. It was no surprise that among top performers were Advance Terrafund [6A6 BU] and Agria Group Holding [A72 BU], finishing up 4.6% MoM and 24.5% MoM, respectively.
- On March 31 the Labour Ministry proposed changes to the pension insurance model, which, if voted, shall leave second pillar instalments of newcomers to labour market in private pension funds by default. This is expected to additionally decrease political/regulatory risk premium for Bulgarian stocks in near term as some of the widely-criticized changes in the pension insurance code in December are de-facto being reverted now.
- In end-March dividend announcements were made by some public companies. We note positive surprises coming from Stara Planina Hold [5SR BU, +6.4% MoM] subsidiaries and provisioning of 0.27 BGN/share (10.3% dividend yield) by Advance Terrafund.
- Fund flows in Russia remained positive in March but increased volatility in oil prices held index gains at 2.5% MoM in EUR terms. Russian rouble continued its strong performance in March on better than expected macro indicators and less tension in Ukraine. It gained 8.4% MoM in March and 7.7% QoQ in Q1 against basket and was the second best performing currency globally against both EUR and USD.
- In March the Russian central bank turned its focus to reviving economic growth and cut its refinancing rate by 1% down to 14%. Slow-down in CPI growth also helped the decision but CPI remained elevated and is projected to have reached 17% in end-March.
- February macro data showed that investments in Russia contracted by 6.5% YoY (-6.3% YoY in January) while retail sales were down by 7.7% YoY (-4.5% YoY in January) in real terms on high inflation and 9.9% YoY drop in real wages. Despite the deterioration, economists are less pessimistic about Russian economy now as employment remains strong (5.8% unemployment rate) and is expected to support consumption after initial shockwave subsides.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- The strong performance of Russian stocks lifted FFBH Vostok's NAV/share by 19.6% QoQ in first quarter and 1.5% MoM in March alone. There were no major changes in fund's assets in March and equity allocation was 75% of assets in end-month.

FIB Avangard

- FIB Avangard NAV/unit advanced by 2.5% MoM in March and 4.4% QoQ in first quarter on strong performance of foreign portfolio. During period equity allocation remained flat at 59% of assets with 44% of assets invested in Bulgarian stocks.

FIB Classic

- FIB Classic gained 3.4% MoM in March, supported by advances in equity allocation as well as rising bond prices on ECB easing. First quarter gains came at 3.9% QoQ.

FIB Garant

- FIB Garant NAV/unit advanced by 2.2% in March, supported by BSE gains. NAV/share advanced by 1.1% QoQ in first quarter.

OUTLOOK & STRATEGY:

- It shall be all about Greece in April. Risks are expected to rise as almost €3.1bn debt and interest is due in April and Greek government needs EU approval of proposed reform package in order to ensure debt servicing. Another important check for global markets is the start of Q1 reporting season, especially in US where the strong dollar is expected to depress earnings and short-term outlook for exporters and multinationals. Regarding the expected presence of Greece in headlines throughout April, we expect that Eastern Europe outperformance should stall in near term.
- As discussed above, the latest proposals, regarding pension insurance reform, are much more neutral than before and should positively affect investor sentiment. Still, situation is not perfect as people might be allowed to transfer back and forth their savings between universal pension funds and the solidarity pillar (National Social Security Institute) and discussions on details will continue. Our expectations are that BSE should continue to catch up with regional peers in April on attractive valuation and dividend announcements. Company-wise, Q1 unconsolidated reports are to be published in end-month and investors should search for evidences that export-oriented companies are gaining from cheap EUR and pickup in Eurozone economic activity.
- We expect that Russian markets performance in April shall be closely correlated to oil price movements. The strong performance of Russian rouble has put domestic demand-related companies back into investor radar as now expectations are that consumption contraction will be less severe. In April dividend announcement for most major companies are to be made and will attract market attention. Additionally, investors are to continue to watch events in Ukraine.
- Near-term strategy for funds under management includes decrease in Bulgarian allocation and increase in investments on developed markets. We continue to be more conservative about Russian investments outside our dedicated fund – FFBH Vostok. Regarding bond allocation, we are in a search of bonds with attractive risk-return characteristics.

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 17 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: $\frac{1}{n} \sum R_i$, where n is the number of mutual funds, using similar strategies.

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