

FIB Avangard

October 2015

Data as per 30 October 2015

NAV	
NAV	BGN 1 215 691
NAV per share	BGN 0.5149

Return (%)	
Monthly (MoM)*	2.80%
Annual (YoY)*	-6.28%
Year-to-date*	-2.98%
Since Inception (annualized)	-8.01%

Statistics (%)	
Standard Deviation*	10.73%
Monthly alpha – MSCI EM EE *	-1.87%
Beta (β) – MSCI EM EE *	0.222
R ² – MSCI EM EE *	26.64%
Sharpe Ratio (0%)*	0.08

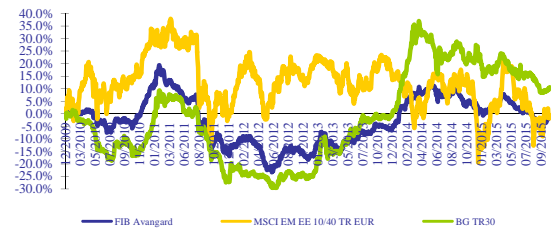
* see notes

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

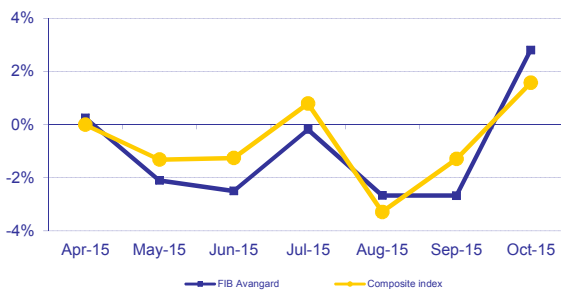
Fact sheet and fee information

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

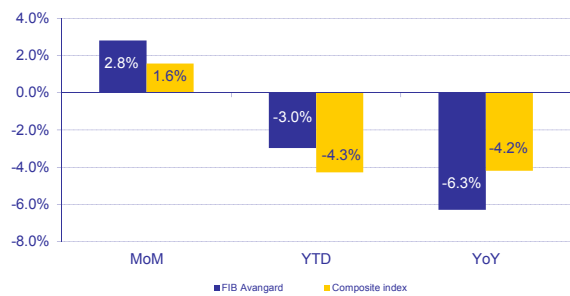
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.50%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.50%	0.00%
Management fee (annual % of average AUM)	3.00%	

* Minimum subscription is BGN 50

MoM return comparison to composite index*

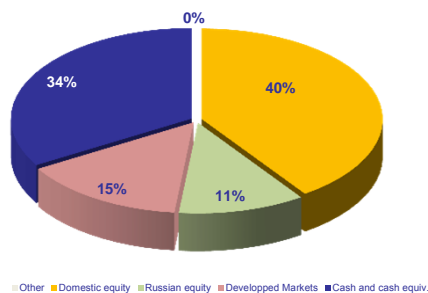


MoM, YoY and YtD return to composite index*



Source: BAAMC, FFBH Asset Management calculations

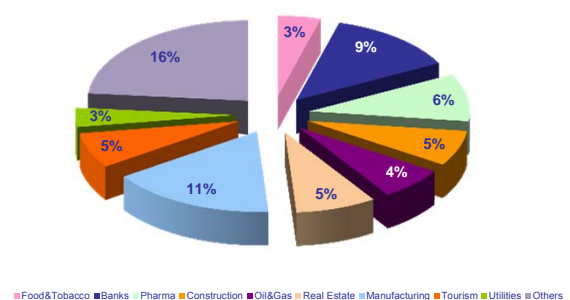
Asset Allocation



Other Domestic equity Russian equity Developed Markets Cash and cash equiv.

Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FFBH Vostok

October 2015

Data as per 30 October 2015

NAV	
NAV	BGN 519 474
NAV per share	BGN 0.5662

Return (%)	
Monthly (MoM)*	7.28%
Annual (YoY)*	1.02%
Year-to-date*	23.96%
Since Inception (annualized)*	-9.75%

Statistics (%)	
Standard Deviation*	21.97%
Monthly alpha – MSCI Russia *	0.14%
Beta (β) – MSCI Russia *	0.658
R ² – MSCI Russia *	61.47%
Sharpe Ratio (0%)*	n.m.

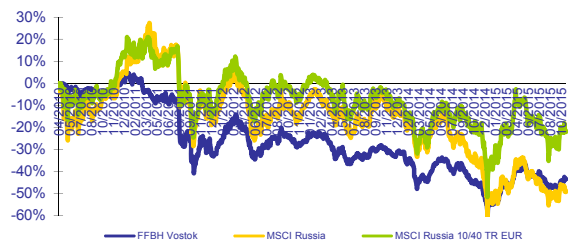
* Stats based on standard deviation are not published during the first year of existence; for methodologies see notes

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

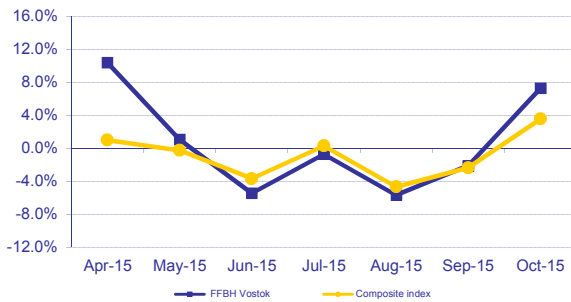


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

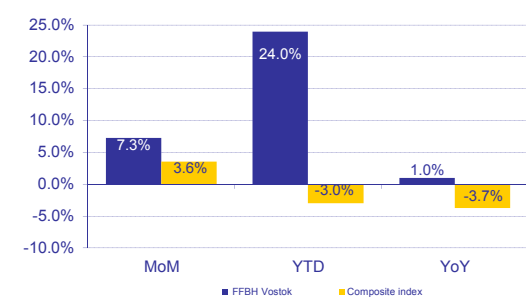
Fact sheet and fee information

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*

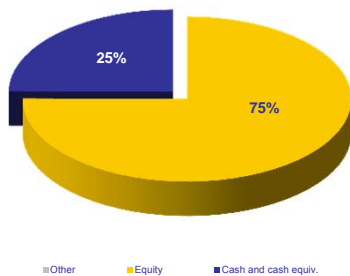


MoM, YoY and YtD return to composite index*



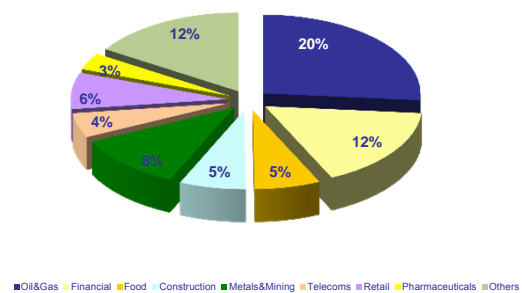
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Classic

October 2015

Data as per 30 October 2015

NAV

NAV	BGN 914 023
NAV per share	BGN 0.7826

Return (%)

Monthly (MoM)*	1.77%
Annual (YoY)	-1.91%
Year-to-date	1.03%
Since Inception (annualized)	-3.04%

Statistics (%)

Standard Deviation*	6.42%
Monthly alpha – MSCI EM EE *	-2.91%
Beta (β) – MSCI EM EE *	0.137
R ² – MSCI EM EE *	28.50%
Sharpe Ratio (0%)*	0.23

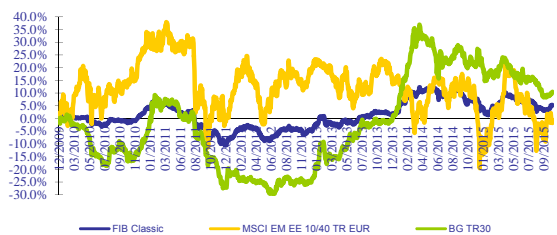
* see notes

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

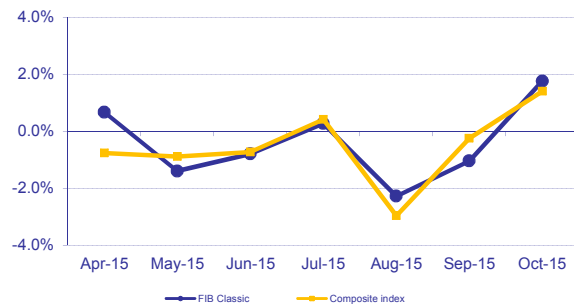


Source: Bloomberg, BSE-Sofia, FFBH Asset Management

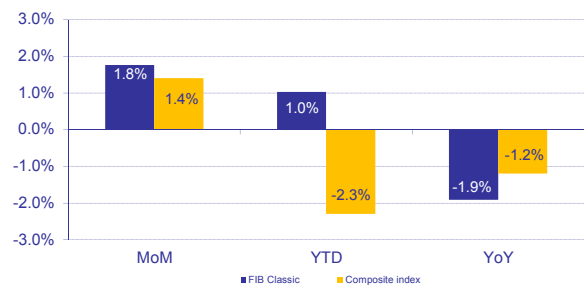
Fact sheet and fee information

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*

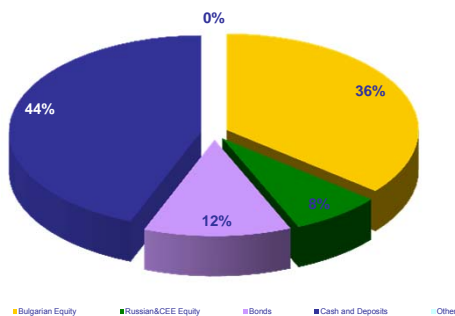


MoM, YoY and YtD return to composite index*



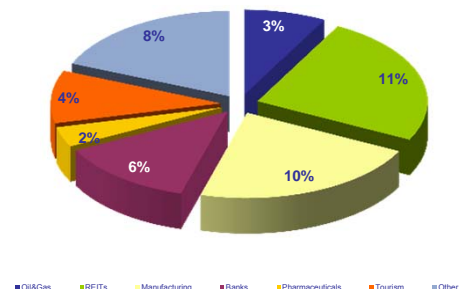
Source: BAAMC, FFBH Asset Management calculations

Asset Allocation



Source: FFBH Asset Management

Equity Portfolio



Source: FFBH Asset Management

FIB Garant

October 2015

Data as per 30 October 2015

NAV	
NAV	BGN 1 031 464
NAV per share	BGN 1.2085

Return (%)	
Monthly (MoM)*	0.50%
Annual (YoY)*	0.92%
Year-to-date*	1.44%
Since Inception (annualized)*	2.41%

Statistics (%)	
Standard Deviation*	2.48%
Sharpe Ratio (0%)*	1.54
Interest rates (%)	
Sofibor (3 month)	0.49%
Sofibor (12 month)	1.57%

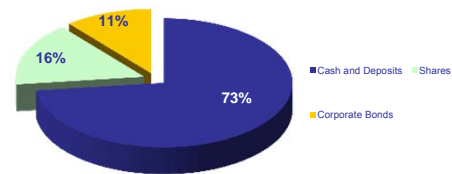
* see notes

Yield on selected Bulgarian treasuries (%)

Type	Coupon	Maturity (dd/mm/yy)	Currency	Yield
Treasury	4.00%	30/03/2016	EUR	0.35%
Eurobond	4.25%	09/07/2017	EUR	0.31%
Eurobond	2.00%	26/03/2022	EUR	1.87%
Eurobond	2.95%	03/09/2024	EUR	2.43%
Eurobond	2.63%	26/03/2027	EUR	2.83%
Eurobond	3.13%	26/03/2035	EUR	3.75%

Source: Bloomberg

Asset Allocation



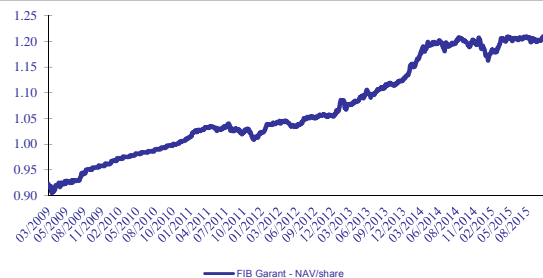
Source: FFBH Asset Management

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

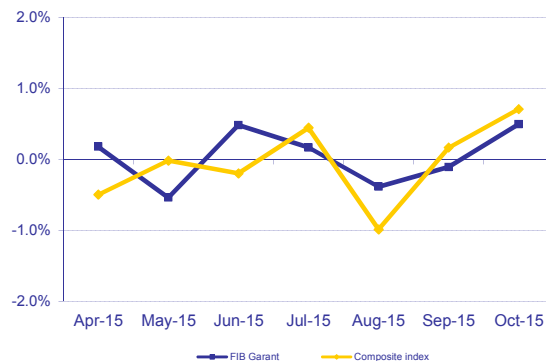
Fact sheet and fee information

Type	Open-end equity fund
Classification	Balanced-conservative
Manager	FFBH Asset Management
Custodian	First Investment Bank
Subscriptions/ Redemptions	Every Business Day
Incorporation	Bulgaria

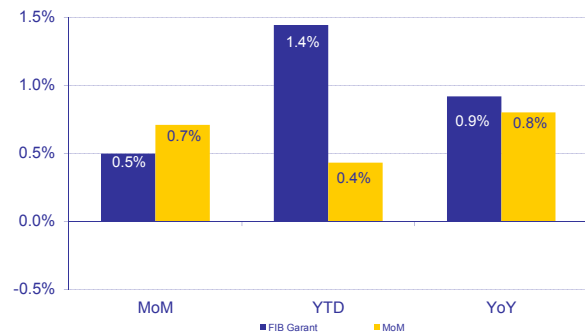
Subscription*	up to BGN 100,000	more than BGN 100,000
Entry fee	0.15%	0.00%
Holding Period	up to 24 months	over 24 months
Redemption fee	0.15%	0.00%
Management fee (annual % of average AUM)	1.50%	

* 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

PORTFOLIO MANAGER'S COMMENT October 2015

MARKET OVERVIEW:

- Global equity markets finished October exceptionally strong, posting one of the best monthly gains in last five years and erasing most of August and September losses. Better than expected financial reports in US and Europe, as well as ECB statement that they will consider an increase in size and duration of the ongoing asset purchases program in December helped to turn around investor sentiment. Despite the strong performance in Western Europe (MSCI Europe, +8.2% MoM), Eastern parts underperformed (MSCI Eastern Europe ex Russia, +0.1% MoM). This was mainly due to the election results in Poland, where the conservative Law and Justice party came to power which is considered negative for local pension fund assets and capital markets as a whole.
- In the second half of October we saw some increase in retail traders' activity on BSE which led to 1% MoM gain in Sofix. During period Q3 unconsolidated reports were released, showing figures that mostly surprised on the upside. We note improvements in margins for industrial companies, due to lower input prices. Banks also showed improved cost/income and NIM ratios but low credit growth and high provisioning kept profitability uninspiring.
- First and second tours of municipal elections were held in Bulgaria on Oct 25th and Nov 1st, respectively, and results affirmed the dominant position of GERB – the leading party in the ruling coalition. Its partners also achieved decent results which we view as a reason for gradual decrease in political risk premium for Bulgarian equities.
- After another volatile month Brent oil gained 2.5% MoM in USD in October. It was enough to reverse investor sentiment towards Russian stock and indices posted 6% MoM in USD after 3% MoM gain of local currency against USD-EUR basket. Largest gainers in October were among financial sector companies due to improved sentiment while retailers lagged on weak sector data released.
- As mentioned, retail sales unexpectedly deteriorated to -10.4% YoY in September after a -9.1% YoY reading in August. At the same time unemployment decreased by 0.1% pp to 5.2% which should support a more positive development in retail sales during Q4. Industrial production and investments both came above expectation and improved when compared to previous month but remained in negative territory. Industrial production contracted by 4.3% YoY in September, while investments did so by 5.6% YoY.

PORTFOLIO ALLOCATIONS:

FFBH Vostok

- FFBH Vostok performed better than its benchmark in October and gained 7.3% MoM. There were no significant changes in fund's equity allocation which slightly rose to 75% of assets, due to stocks appreciation.

FIB Avangard

- FIB Avangard NAV/unit advanced by 2.8% MoM in October on better performance by its foreign allocation. Overall, equities remained little changed at 66% of assets in end-month.

FIB Classic

- FIB Classic gained 1.8% MoM in October on the positive performance by equity allocation. Asset allocation was little changed in the end of the month.

FIB Garant

- FIB Garant NAV/unit was up by 0.5% MoM in October. There were no changes in assets during last month.

OUTLOOK & STRATEGY:

- Our base case is that global volatility shall return with the count-down to the important ECB meeting on Dec 3rd and FED's Open Market Committee on Dec 16th. Still, we expect that markets in Europe will finish up in November both due to solid fundamentals and the improvements in macro data. Near-term we see that both political and geopolitical risk shall diminish in Eastern Europe with the exception of Poland. That said, our base case is for flat performance of regional aggregates due to the heavy weight of Poland but country-wise SEE indices might outperform.

- We expect that interest in BSE shall continue to rise gradually, in case that global sentiment remains positive. Consolidated reports are due in end-month and investors should follow closely the figures for holding companies. On political side the voting of 2016 state budget should take place in November and its final version shall determine the near-term focus of government policy.
- The Russian market is entering its best part of the year, so we expect that positive moves to continue, if regional conflicts remain under control. Of course, investors should have in mind that Russia is an emerging market and market direction should be heavily influenced by the oncoming central bank decisions in Europe and US. So, these events may act as a cap for the market for now.
- If liquidity improves further in Bulgaria, we expect to use it to reduce local exposure, due to overall change in funds investment strategy. At the same time we shall continue to add developed European equity in time of market stress as we expect it to remain the best performing region at the start of next year. Regarding bonds, we choose to remain conservative as there is downside risk, related to UK and US monetary policies.

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 15 mutual funds that apply similar investment strategy to FIB Avangard and measures their equal-weighted return.

FIB Classic: Composite Index is composed of 18 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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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.