

## July 2011

### In Brief

#### Expat New Europe Stocks

The yield of the fund remains negative and differs with our expectations. On a trailing 12-month basis, the return of the fund reached a maximum of **+31.3%** on 19 March 2010, but declined to **-1.81%** on 31 July 2011. This change comes from a bad performance in August and October 2010 in the Bulgarian and foreign markets where the fund has invested, as well as from the very good results in March and April 2009. June and July did not bring any good news as well, with some small exceptions. (Page 2)

#### Expat New Europe Properties

We are currently satisfied on average with the performance of the fund – for the last twelve months it has realized a **+2.77%** yield. For the last 12 months, the fund is ranked among the first funds investing in real estate related instruments in Bulgaria. We have focused on capital preservation, as most instruments related to real estate have fallen down in value. Our most relevant benchmark, BGREIT lost -6.76% in July alone. (Page 3)

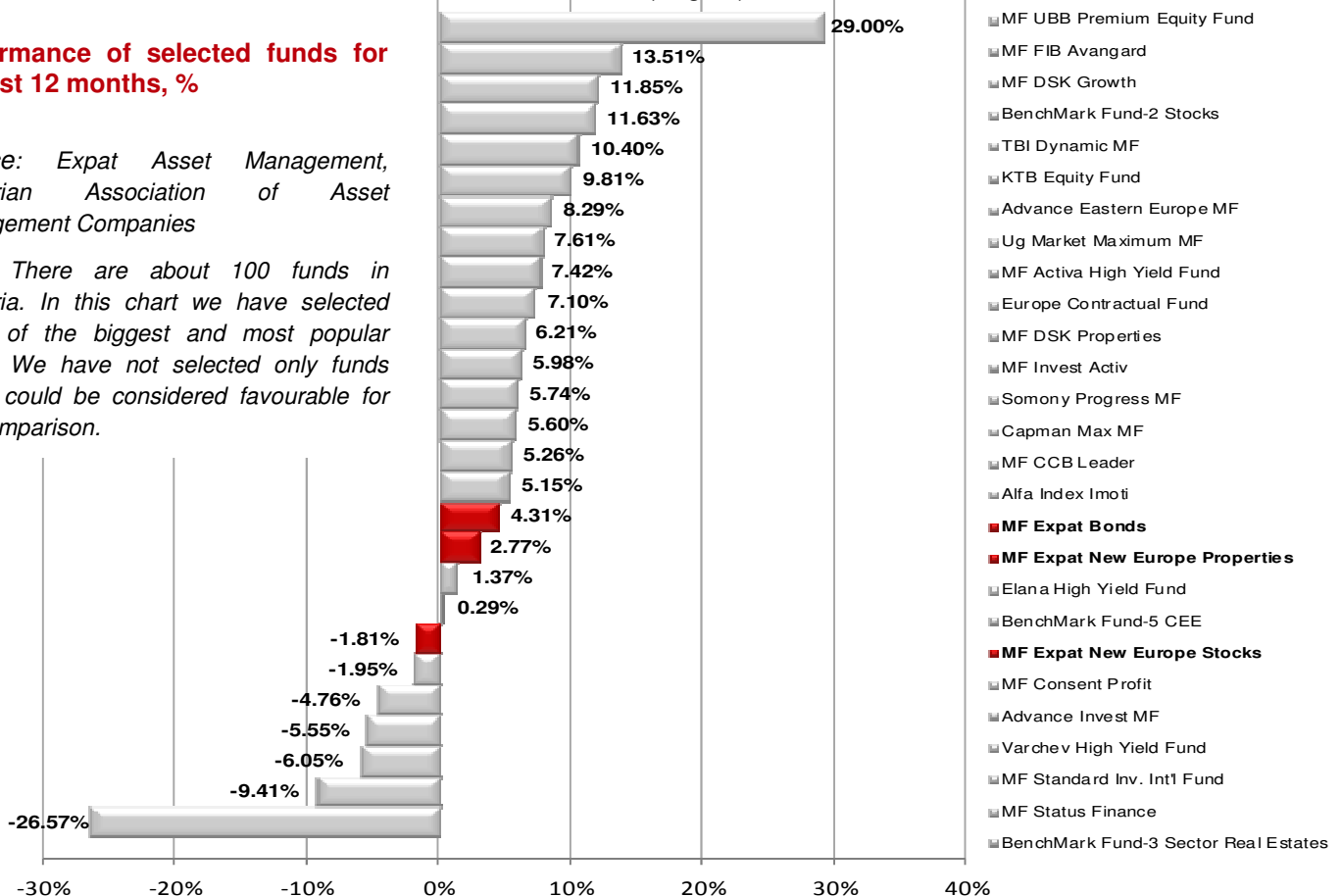
#### Expat Bonds

We are satisfied on the average with the results of the fund so far. For a little more than 19 months – from 19 November 2009 to 31 July 2011 – we have achieved a **+12.01%** yield (absolute, not annualized). This is because of our ability to find high-yielding bank deposits, identify bonds with an acceptable risk-return profile, and perform profitable short-term and low-risk operations with instruments suitable for the profile of our fund. Expat Bonds ranks second among the money market funds in Bulgaria, which we consider a considerable success. (Page 4)

#### Performance of selected funds for the last 12 months, %

Source: Expat Asset Management, Bulgarian Association of Asset Management Companies

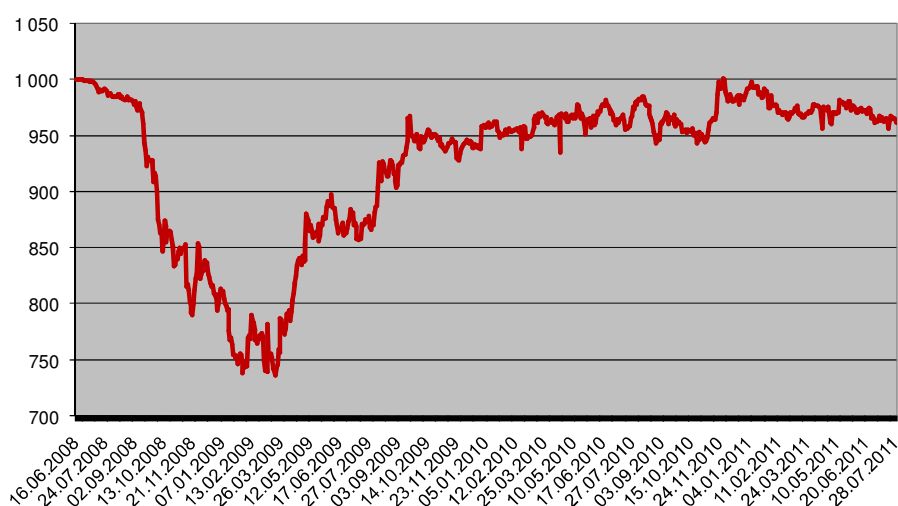
Note: There are about 100 funds in Bulgaria. In this chart we have selected some of the biggest and most popular funds. We have not selected only funds which could be considered favourable for our comparison.



## Quotations and Statistics

Current indicators and quotations	
Net asset value per share (BGN)	961.9145
Net asset value (BGN)	355 057.83
Number of outstanding shares	369.1158
Beginning of the public offering	16.06.2008
Issue price (according to the amount) – if you invest now in the fund	
Up to BGN 100,000	BGN 971.5336
Between BGN 100,000.01 and 500,000	BGN 966.7241
Between BGN 500,000.01 and 2,000,000	BGN 963.8383
Above BGN 2,000,000	BGN 961.9145
Redemption price (according to the period) – if you withdraw your investment from the fund	
Up to 12 months	BGN 952.2954
From 12 to 24 months	BGN 957.1049
Over 24 months	BGN 961.9145
Yield (%)	
For the last 12 months	-1.28%
Since the beginning of the public offering (on an annual basis)	-1.24%
Since the beginning of the year	-3.10%
Average monthly return (after six months from the IPO)	+0.68%
Highest monthly profit	+10.05%
Highest monthly loss	-5.70%

## Net Asset Value per Share



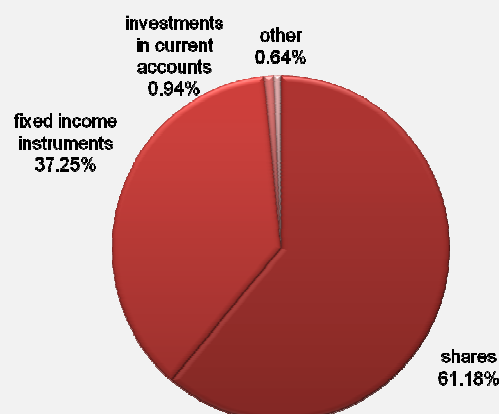
## COMMENTS

**Expat N. E. Stocks** is suitable for investors who would like to have exposure to the Bulgarian and East European stock markets through collective investment strategies. In “good years”, profits could be significant. Our team is trying to decrease the risk through skillful management and diversification in times of market downturns, such as the one of the last several years. Despite the crisis, all our funds have kept their quotations very close to their starting levels of 2008, and this we consider a success. We advise our clients to invest in more than one of our funds in order to diversify risk. A big advantage of our mutual funds is that the clients can deposit and take out money every day.

**Expat N. E. Stocks** has achieved a negative return in the market during the last 12 months: **-1.81%**. The fund has comparatively low risk and volatility (price movements up and down) for the following reason: part of the funds is in instruments other than stocks (bank deposits, higher-yield instruments, repurchase agreements, etc.) – especially during periods when we expect the markets to decline. Such a strategy provides better protection during market crashes but lower than the maximum possible profits as market rises. We expect the share of highly undervalued stocks to increase in the future.

Our current strategy is to identify new markets and companies that we could add to the portfolio of **Expat N. E. Stocks**. July was better than June for the capital market in Bulgaria, but it is not enough, considering that it registered losses in the last 4 months. The indices finished in the green territory: SOFIX finished at +0.72% and BG40 at +2.34%. For the period our fund finished with a positive yield – +0.01%. Last month, we increased our exposure in two Bulgarian companies, at capital gain and we opened new exposures in one Bulgarian and one foreign company. Our deposits are with preferential interest rates (up to 7.5% p.a.), which we are ready to redirect to shares which we might consider strongly undervalued. Currently, we are waiting for the right moment to invest in companies that we have identified.

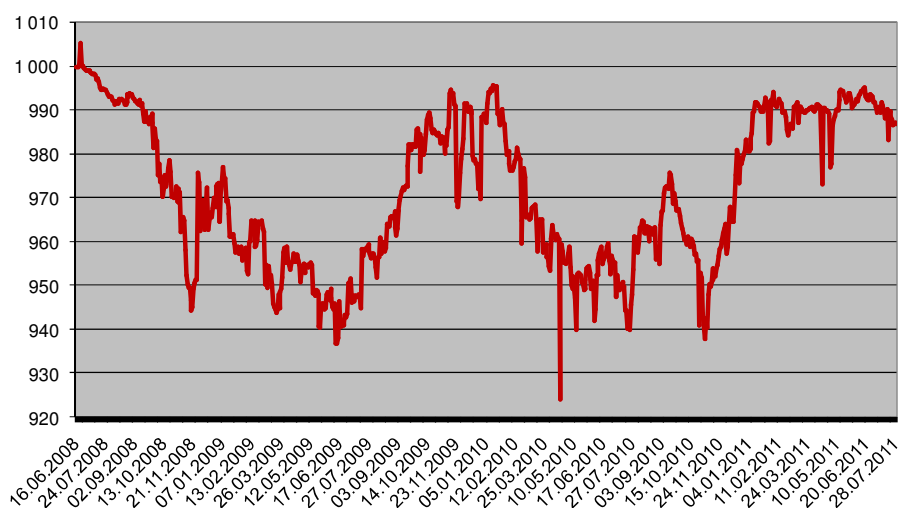
### Portfolio Structure



## Quotations and Statistics

Current indicators and quotations	
Net asset value per share (BGN)	986.7930
Net asset value (BGN)	442529.99
Number of outstanding shares	448.4527
Beginning of the public offering	16.06.2008
Issue price (according to the amount) – if you invest now in the fund	
Up to BGN 100,000	BGN 996.6609
Between BGN 100,000.01 and 500,000	BGN 991.7270
Between BGN 500,000.01 and 2,000,000	BGN 988.7666
Above BGN 2,000,000	BGN 986.7930
Redemption price (according to the period) – if you withdraw your investment from the fund	
Up to 12 months	BGN 976.9251
From 12 to 24 months	BGN 981.8590
Over 24 months	BGN 986.7930
Yield (%)	
For the last 12 months	+2.66%
Since the beginning of the public offering (on an annual basis)	-0.43%
Since the beginning of the year	+0.56%
Average monthly return (after six months from the IPO)	+0.04%
Highest monthly profit	+1.92%
Highest monthly loss	-1.86%

## Net Asset Value per Share



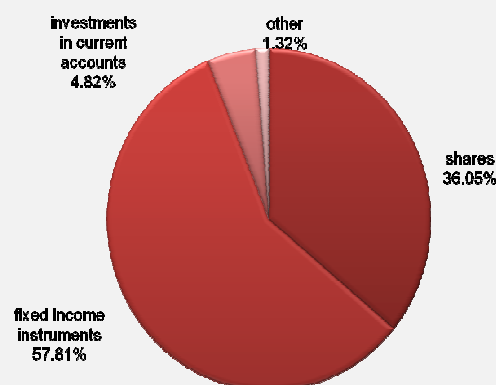
## COMMENTS

**Expat N. E. Properties** is suitable for investors who would like to have exposure through a collective scheme to the Bulgarian and East European real estate markets and instruments connected to them. In “good years”, profits could be significant. Our team is trying to decrease the risk through skillful management and diversification in times of market downturns, such as the one of the last several years. Despite the crisis, all our funds have kept their quotations very close to their starting levels of 2008, and this we consider a success. We advise our clients to invest in more than one of our funds in order to diversify risk. A big advantage of mutual funds is that the clients can invest and take out money every day.

The return of **Expat N. E. Properties** for the last 12 months is **+2.77%**, because the whole asset category – real estate – had a tough year. In addition, the upper charts show that this fund has very low volatility. Even in its lowest point it had only fallen by 9% from its maximum, which makes it a good conservative instrument. Our expectations about the future profitability are higher, as the fund has invested in shares of REITs which we consider undervalued.

Our current strategy for **Expat N. E. Properties** is to increase slightly the amounts invested in stocks and in other funds. We have focused on some East-European stocks, as well as on some West-European real estate funds investing in Bulgarian and East-European real estate. July was worse than June for the real estate market as BGREIT was down -6.76%. Our fund ended the month with a negative result – **-0.50%**. In July, we have no new exposures as we wait for better prices of the stocks of the identified companies. The deposits are with preferential interest rates, and we are ready to redirect them to stocks that we consider undervalued. Currently, we continue to identify companies that could be interesting to our funds.

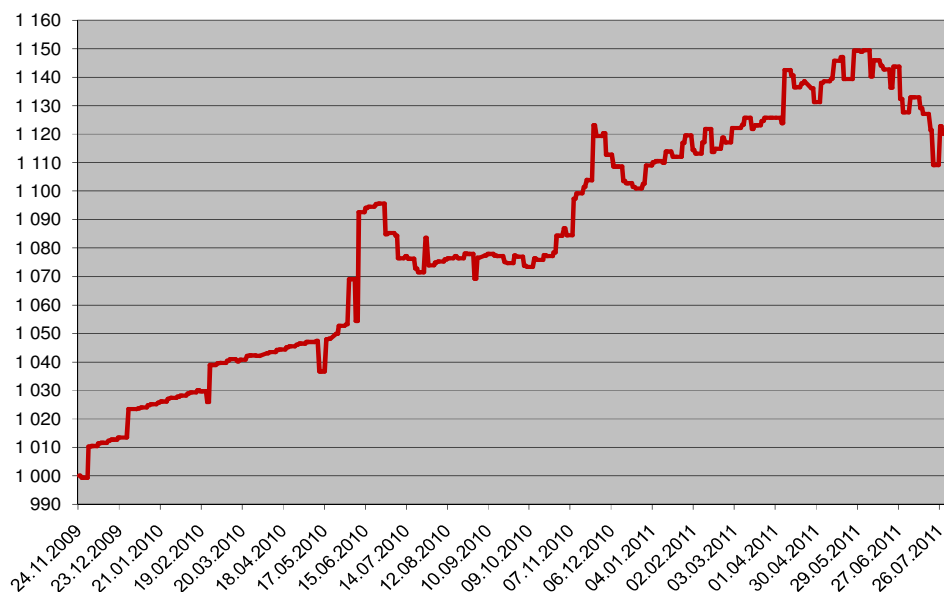
### Portfolio Structure



## Quotations and Statistics

Current indicators and quotations	
Net asset value per share (BGN)	1 120.1439
Net asset value (BGN)	3 905 199.06
Number of outstanding shares	3 486.3369
Beginning of the public offering	19.11.2009
Issue price (according to the amount) – if you invest now in the fund	
Up to BGN 100,000	BGN 1 121.2640
Between BGN 100,000.01 and 500,000	BGN 1 120.7040
Above BGN 500,000	BGN 1 120.1439
Redemption price (according to the period) – if you withdraw your investment from the fund	
Up to 12 months and up to BGN 100,000	BGN 1 117.9036
Up to 12 months and between BGN 100,000.01 and 500,000	BGN 1 118.4637
Up to 12 months and above BGN 500,000.01	BGN 1 119.0238
Over 12 months and up to BGN 100,000	BGN 1 119.0238
Over 12 months and above BGN 100,000.01	BGN 1 120.1439
Yield (%)	
For the last 12 months	+4.31%
Since the beginning of the public offering (on an annual basis)	+6.93%
Since the beginning of the year	+1.00%
Average monthly return (after six months from the IPO)	+0.47%
Highest monthly profit	+3.32%
Highest monthly loss	-1.01%

## Net Asset Value per Share



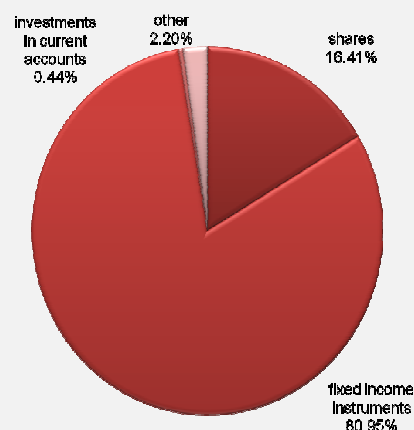
## COMMENTS

**Expat Bonds** is suitable for investors whose main priority is to preserve their savings and not to lose the principal. The fund will not invest in any risky instruments or operations if there is a possibility of financial losses. The fund invests in low-risk, high-yield bank deposits (with preferential terms – up to 7.5%), bonds, and high-yield repurchase agreements. Our goal is to have a higher yield than the bank interest rates. We have one major **advantage**: the investments in our funds are 100% **liquid**. The clients can invest and withdraw their funds whenever they decide to do so. With these characteristics, Expat Bonds could be used as a substitute for a current account and is suitable for active people who are not certain about the timing of their revenues and expenses.

**Expat Bonds** has achieved a **+4.31%** return during the last 12 months: The fund has low risk and volatility (price movements up and down) for the following reason: a large part of the funds are in bank deposits, bonds and repurchase agreements, etc. We expect the share of bonds to increase in the future.

Our current strategy for **Expat Bonds** is to invest larger amounts in corporate bonds as we think that they offer attractive yields at the moment. We have a high percentage of assets in deposits with banks at high interest rates (most of them around 7% p.a.), but we are ready to invest in investment grade bonds at the right moment.

### Portfolio Structure



## ETHICS

Our business is all about trust. We do our business with integrity, following the standards of good business ETHICS. We place the interests of our clients and investors above our own.

## XTEND

We aspire to achieve a leading position in the asset management industry in Bulgaria by offering an innovative and EXTENSIVE portfolio of investment vehicles. We constantly look for new and better ways to deliver our clients state-of-the-art service.

## PASSION

We love what we do. Smart investments and successful deals are our PASSION. We offer our clients our professionalism and emotion.

## ACHIEVE

Our mission is to develop trustworthy relationships with our investors by working closely with them to understand their requirements and help them ACHIEVE their financial objectives. Our business is about money. We strive for superior returns on our clients' investments.

## TEAMWORK

Our business is about people. Our market knowledge, client relationships and technical expertise are based on our human capital. We are a dedicated TEAM combining experienced professionals and young motivated people with outstanding education and skills.



1000 Sofia, Bulgaria  
96A G. S. Rakovski Str.  
Tel.: +359 2 980 1881  
Fax: +359 2 980 7472  
E-mail: office@expat.bg  
Web: www.expats.bg

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