expatcapital

EXPAT NEW EUROPE STOCKS

1 FEBRUARY 2011

1. COMMENTS ABOUT OUR RESULTS

We are satisfied with the recent performance of the fund. On a trailing 12-month basis, the return of the fund reached a maximum of **+31.3%** on 19 March 2010, but declined to **+2.40%** on 31 January 2011. This change comes from a bad performance in August and October 2010 on the Bulgarian and foreign markets where the fund has invested, as well as from the very good results in March and April 2009.

2. GENERAL INFORMATION AND QUOTATIONS

Quotations and statistics

Current indicators and quotations	
Net asset value per share (BGN)	974.9401
Net asset value (BGN)	358 516.30
Number of outstanding shares	367.7316
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 984.6895
Between BGN 100,000.01 and 500,000	BGN 979.8148
Between BGN 500,000.01 and 2,000,000	BGN 976.8900
Above BGN 2,000,000	BGN 974.9401
Redemption price (according to the period) – if you withdraw your investment from the fund	
Up to 12 months	BGN 965.1907
From 12 to 24 months	BGN 970.0654
Over 24 months	BGN 974.9401
Yield (%)	
For the last 12 months	+2.40%
Since the beginning of the public offering (on an annual basis)	-0.96%
Since the beginning of the year	-1.79%
Average monthly return (after six months from the IPO)	+0.86%
Highest monthly profit	+10.05%
Highest monthly loss	-5.70%

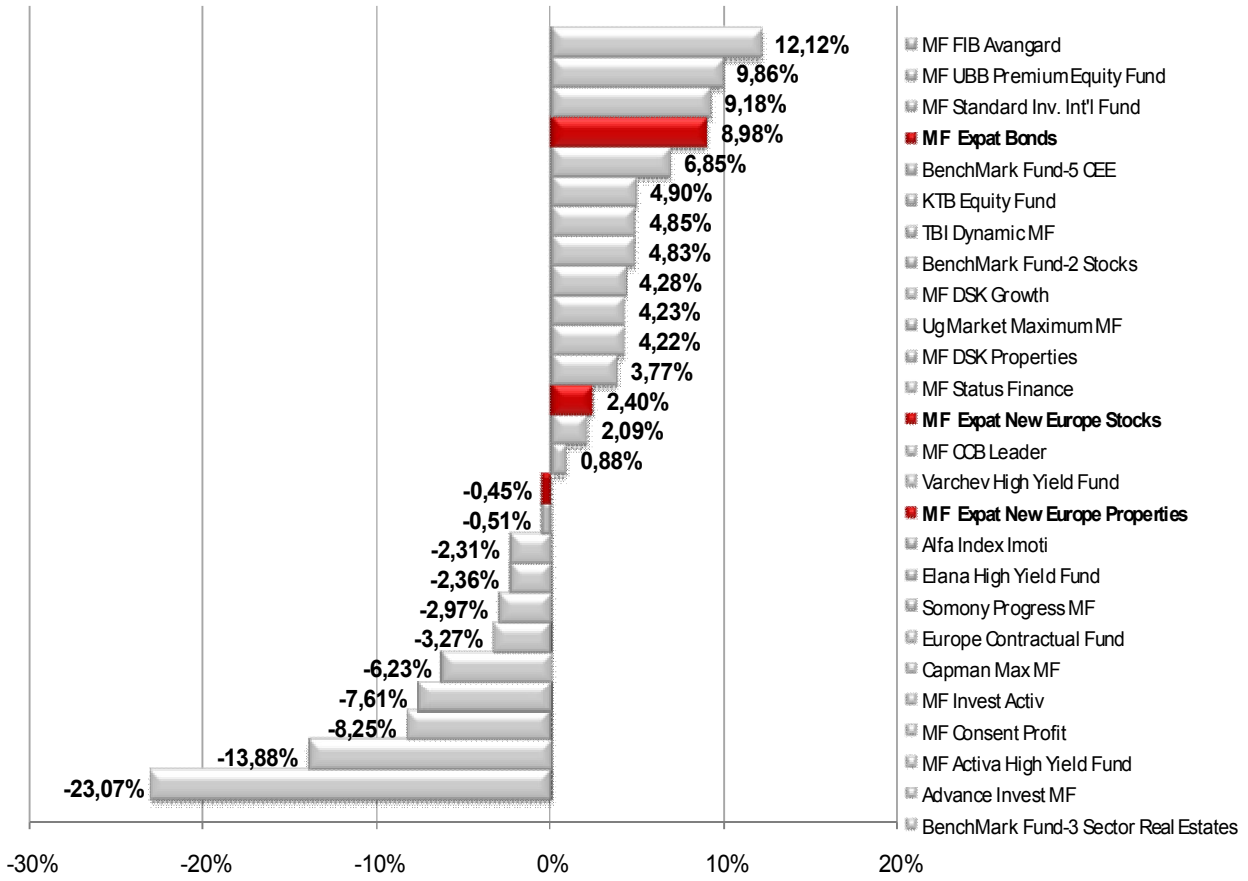
Source: Expat Asset Management

COMMENTS

The mutual fund **Expat New Europe 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 decrease the risk through skillful management and diversification in times of market downturns, such as the one of the last two 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 deposit and take out money every day.

3. COMPARATIVE PERFORMANCE OF THE FUND

Performance of selected funds for the last 12 months, %



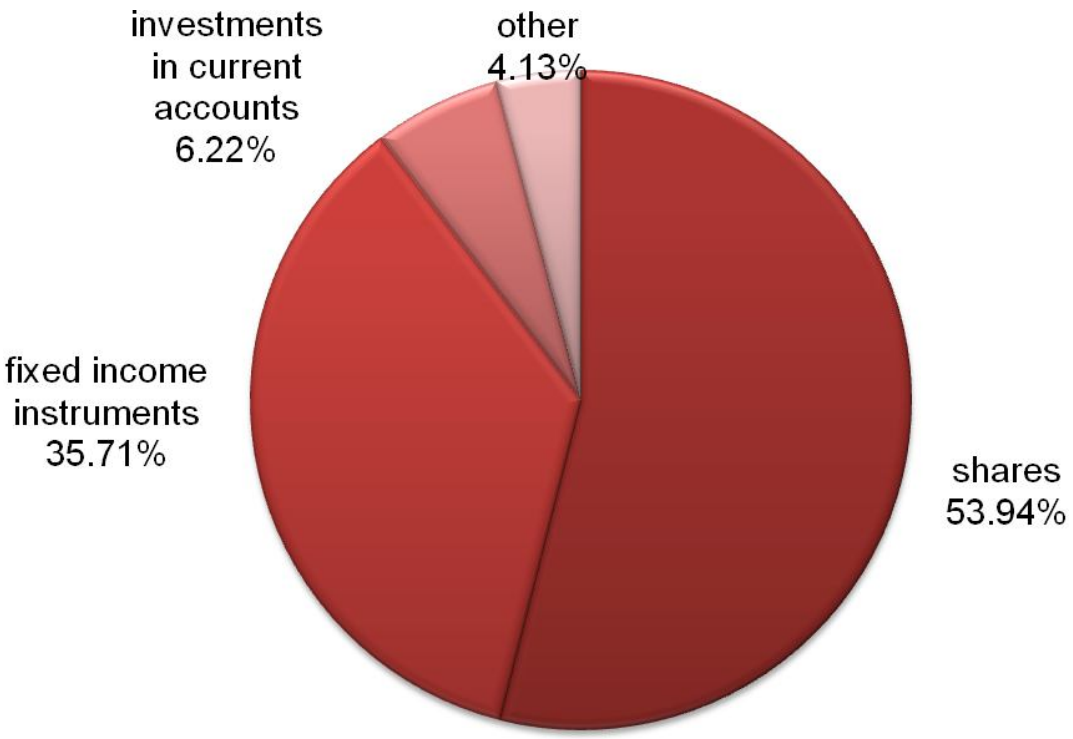
Source: Expat Asset Management, Bulgarian Association of Asset Management Companies
Note: There are about 100 funds in Bulgaria. In this chart we have selected some of the biggest and most popular funds. We have not selected only funds which could be considered favourable for our comparison.

COMMENTS

Our mutual fund **Expat New Europe Stocks** has achieved one of the positive returns in the market during the last 12 months: **+2.40%.** 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, instruments with higher-yield and repurchase agreements, etc.) – especially during periods when we expect the markets to decline. Such a strategy provides better protection during market crashes but lower the maximum possible profits as market rises. We expect the share of highly undervalued stocks to increase in the future.

4. CURRENT PORTFOLIO STRUCTURE

Portfolio structure according to the fund's assets



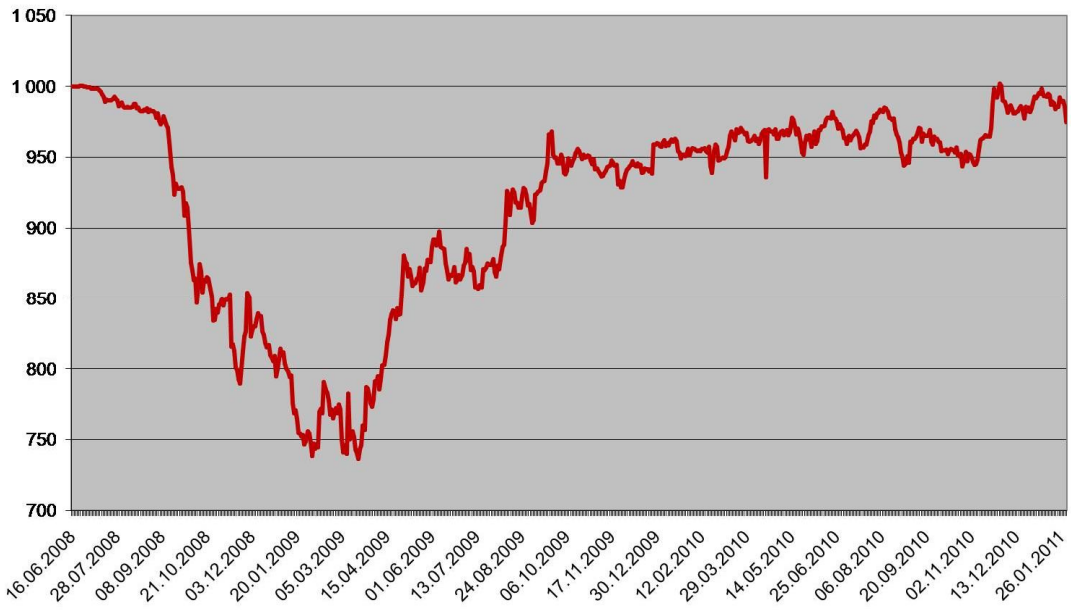
Source: Expat Asset Management

COMMENTS

Our current strategy is to identify new markets and companies that we could add to the portfolio of the mutual fund **Expat New Europe Stocks**. January was better than December for the capital market in Bulgaria and the indices finished in the green territory: SOFIX finished at +9.88% and BG40 – at +7.01. However, for the period our fund finished with a negative yield. Last month we closed the entire position in one Hungarian company. In January we opened a new exposure in one Romanian company and made a successful arbitrage with the shares of one Bulgarian company. We sold a part of one Bulgarian position at a very attractive level and increased the investment in another one. 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.

5. NET ASSET VALUE PER SHARE

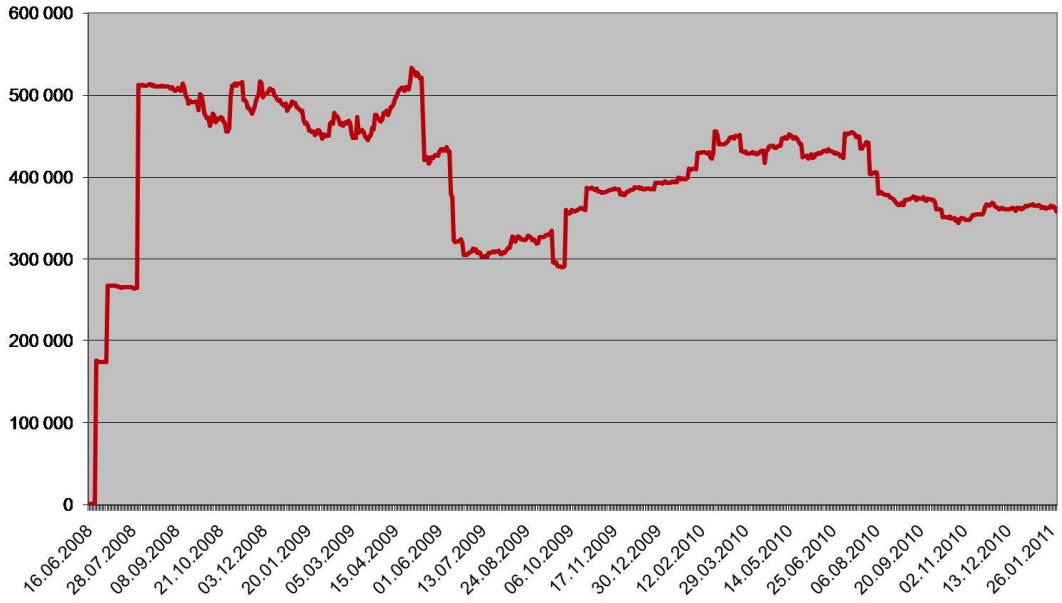
Net asset value per share (BGN per share)



Source: Expat Asset Management

6. NET ASSET VALUE OF THE FUND

Net asset value (BGN) – all the assets of the fund



Source: Expat Asset Management

7. CONTACTS

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