

Index	Value 28.12.2009	Monthly change	12 m change
SOFIX	427.27	-5.42%	19.13%
BG 40	117.16	-4.60%	8.67%
BG TR 30	334.84	-2.81%	22.73%
BG REIT	48.01	-0.39%	-1.07%

## SOFIX

Company	Price 30.11.2009	Price 28.12.2009	%Change
ALB (6AB)	39.06	41.00	4.97%
EUBG (4EH)	1.40	1.41	0.71%
ELARG (4EC)	0.84	0.80	-4.76%
ENM (E4A)	10.00	9.13	-8.70%
IHLBL (4ID)	1.88	1.75	-6.91%
KAO (6K1)	5.91	5.70	-3.55%
MCH (5MH)	5.79	5.36	-7.43%
MONBAT(5MB)	6.75	6.50	-3.70%
NEOH (3NB)	31.00	26.54	-14.39%
OTZK (5OTZ)	14.55	14.43	-0.82%
ORGH (5ORG)	86.27	85.41	-1.00%
SFARM (3JR)	4.03	3.91	-2.98%
ELTOS (SL9)	1.99	2.33	17.09%
BACB (5BN)	17.01	17.09	0.47%
CORP (6C9)	59.99	57.50	-4.15%
FIB (5F4)	2.69	2.27	-15.61%
CCB (4CF)	1.46	1.30	-10.96%
TRACE (T57)	70.25	62.32	-11.29%
CHIM (6C4)	2.84	2.70	-4.93%
HDPAT (6H2)	2.77	2.30	-16.97%

## Summary

- ↪ Bulgarian stocks lost ground in December on thin turnover. Total market capitalization of the Bulgarian Stock Exchange – Sofia (BSE) fell by further 4.18% to BGN 11.598bn.
- ↪ Greece was downgraded by world's leading credit agencies on fears of a default on its soaring debt and deteriorating public finances.
- ↪ The National Statistical Institute (NSI) reported inflation of 0.1% in November and deflation of 0.1% for the period November 2008 – November 2009.

## Indices

- ↪ BSE's official indices ended 2009 mixed. All major global stock markets posted solid gains, but the year was extremely successful for the Russian and Turkish markets, which saw triple-digit growths.
- ↪ SOFIX lost 5.42% in December but gained 19.13% for the year. The benchmark was 64.37% above its lowest level from February, when stock markets around the globe were in a freefall. BG 40 declined by 4.60% for the month but finished the year with a gain of 8.67%. BG TR 30 was the best performing Bulgarian index, up by 22.73% in 2009. In December BG TR 30 fell by 2.81%.
- ↪ The sector-based index BG REIT was the worst performer for the last 12 months, down by 1.07%. In December BG REIT lost 0.39%.
- ↪ Stock market indices in Turkey and Russia advanced by 100.01% and 128.62% respectively. The Ukrainian benchmark PFTS gained 90.07%.
- ↪ All major stock markets around the globe posted solid gains, with Nasdaq Composite up by 43.89%.

## World markets

- ↪ Greece saw its credit rating downgraded by Fitch Ratings, Standard & Poor's and Moody's on fears of deteriorating public finances. Country's debt soared to EUR 300bn and budget deficit is expected to reach 12% of GDP. The European Central Bank was reluctant to help the struggling country. Major Greek banks also saw their credit ratings slashed. The Greek major stock market index, Athens Composite, lost 9.44% in December.
- ↪ Reserve Bank of Australia raised the overnight cash rate by further 25 basis points to 3.75%. Central banks of the USA, UK, Canada and Switzerland kept interest rates steady on their regular meetings.
- ↪ Crude oil prices fell to 3-months low at USD 69.56 in the middle of December, but a strong rally in the second half of the month sent prices back above USD 79 per barrel. EUR/USD traded in range 1.42 – 1.50, closing at 1.43.

## Eastern European Markets

Index	Value 28.12.2009	Monthly change	12 months Change
Croatia CROBEX	2 004.06	-3.63%	28.60%
Macedonia MIB-10	2 751.88	-7.19%	35.08%
Romania BET	4 690.57	-3.12%	58.99%
Serbia BELEX 15	663.77	-2.56%	17.44%
Montenegro MOSTE	638.99	-1.86%	36.09%
Ukraine PFTS	572.91	-3.64%	90.07%
Turkey ISE 100	52 825.00	16.48%	100.01%
Russia RTSI	1 444.61	5.07%	128.62%
Morgan Stanley MSCI EM	208.79	1.71%	77.48%

## World Markets

Index	Value 28.12.2009	Monthly change	12 months Change
USA DJIA	10 428.05	0.80%	18.82%
USA S&P 500	1 115.10	1.78%	23.45%
USA NASDAQ	2 269.15	5.81%	43.89%
Japan Nikkei 225	10 546.44	12.84%	19.04%
Germany DAX	5 957.43	5.89%	26.62%
UK FTSE 100	5 412.88	4.28%	22.07%
France CAC 40	3 936.00	6.95%	22.31%

## Banking Sector

Bank	Price 28.12.2009	P/E	P/B
FIB (5F4)	2.27	6.25	0.63
CORP(6C9)	57.50	6.46	1.23
BACB(5BN)	17.09	6.37	1.02
CCB (4CF)	1.30	5.00	0.45

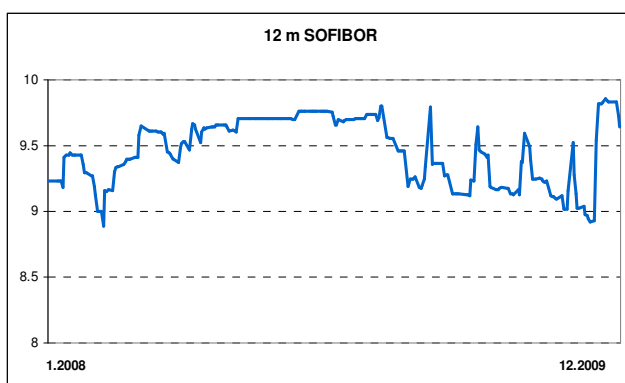
## Corporate news

- ↪ The engineering company Enemona, which is in a process of capital increase through a warrants issue, sold receivables to its subsidiary Energy and Energy Savings Fund for the total amount of BGN 1.306mn. The European Bank for Reconstruction and Development (EBRD) is considering investment in Enemona's project for biomass cogeneration unit in Nikopol (TPP Nikopol), the bank said. EBRD's participation may reach 70% of the investment, which is estimated at BGN 120mn. Construction works would take approximately 30 months to complete and the exploitation period is estimated at 25 years. Meanwhile, 565 128 unused rights from the capital increase were sold on an auction at average price of BGN 0.25.
- ↪ Shareholders of the diversified holding Eurohold Bulgaria will vote on a proposal to guarantee a loan of EUR 10mn provided by the European Bank for Reconstruction and Development (EBRD) to Eurohold's leasing unit Eurolease Auto. The proposal will be voted on January 18, when the company will hold an extraordinary meeting. In the meantime, Eurohold completed the restructuring of its business organization. Leasing affiliates in Bulgaria, Romania and Macedonia will be united in the newly established Eurolease group.
- ↪ Monbat, the manufacturer of car batteries, retired 10 780 shares in December at the average price of BGN 6.89. The company extended the term of its sixth share buyback procedure to June 13, 2010. Monbat may buy back up to 117 217 shares at prices between BGN 6.0 and BGN 9.0, which accounts for 0.30% of the shareholders' equity. Monbat's sales went up by 3.15% in November to BGN 16.8mn, the first y/y increase for the last 12 months. Meanwhile, all administrative obstacles concerning Monbat's recycling plant in Serbia are resolved and production is ready to start.
- ↪ Bulgartabak Holding, the state-owned manufacturer of tobacco products, will distribute as dividends BGN 40.0mn from retained earnings. Approximately BGN 35.0mn will go to the state budget because the Ministry of Economy is a major shareholder of the conglomerate. In June the holding distributed BGN 27mn or 3.66 per share from its 2008 net profit.
- ↪ Investment Company Galata, a 60%-owned by Chimimport real estate company, went public in December through a secondary public offering. On the first trading day Chimimport sold 2 890 shares at BGN 9 000 per share, which is the second highest price in BSE's history. Investment Company Galata is developing a residential complex near the city of Varna and has market capitalization of BGN 90mn.
- ↪ Bulgarian-American Credit Bank (BACB) issued three-year mortgage – backed bonds with coupon of 7.5% and face value payable at maturity for the total sum of EUR 15mn. This is the seventh bond issue of BACB and its purpose is to refinance maturing debt. The bonds are secured with mortgage loans from BACB's credit portfolio.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months/YTD
Status Finance	43.04%
Advance Eastern Europe	34.99%
Avrora Capital Global	20.53%
KTB Shares Fund	17.40%
Standard Balanced	16.72%
Standard Invest	16.33%
Expat New Europe Stocks	16.05%
Benchmark Fund 4	15.39%
KTB Balanced	14.94%
CCB Active	12.85%

Top 10 Mutual funds -yield (low risk)	Change last 12 months/YTD
BKM Balanced	10.47%
BenchMark Fund 6	8.99%
CCB Garant	7.94%
TBI Treasury	7.19%
Sentinel Principal	7.11%
Raiffeisen Bonds Fund	6.91%
Raiffeisen Money Market	6.86%
Astra Ballanced	6.72%
Astra Cash	6.19%
TBI Comfort	6.03%



## Mutual funds

- ↪ Net assets of mutual funds declined by more than 12% in December to BGN 315mn. In November net assets fell by 11% to BGN 337mn. Raiffeisen Money Market Fund ended 2009 as the largest mutual fund with assets of BGN 36.1mn., followed by DSK's Balance (BGN 19.3mn) and Growth (BGN 18.7mn), reported the online media Profit.bg.
- ↪ In 2009, mutual funds with high or balanced risk profile outperformed the conservative ones in terms of yield. In the first half of the year, many aggressive funds reported negative yield but the market rally in the last six months helped them to level off. Status Finance Fund (43.04%) was the best performer in this group of funds, followed by Advance Eastern Europe (34.99%) and Avrora Capital Global (20.53%).
- ↪ Among conservative funds, BKM Balanced (10.47%) held the leading position, followed by BehnchMark Fund 6 (8.99%) and CCB Garant (7.94%).

## Macroeconomics

- ↪ Consumer prices rose by 0.1% in November, reported the National Statistical Institute (NSI). Year-to-date inflation was 0.1%, but the Consumer Price Index (CPI) measured deflation of 0.1% since November 2008.
- ↪ Producer Price Index (PPI) rose by 0.3% m/m in November and was 5.3% down since November 2008. Prices went up in manufacturing (0.3%) and mining industry (2.4%) but declined in electricity production (-0.1%). In October the PPI index fell by 0.4% on monthly basis but plunged by 8.3% y/y.
- ↪ Total business climate declined by 1.3 basis points in December after the slight increase by 0.4 in the previous month. The indicator moved lower due to deterioration in services and retail trading. In November the total business climate advanced by 0.4 percentage points.
- ↪ Bulgaria's gross external debt (GED) stood at EUR 36.789bn in October, or EUR 96.4mn lower than in September, due to diminishing debt of the banking sector and higher payments of Bulgarian subsidiaries to their foreign parent companies. GED accounted for 109.9% of the projected GDP for 2009 (EUR 33.889bn), the Bulgarian National Bank (BNB) reported.
- ↪ Foreign Direct Investments (FDI) reached EUR 2.332bn in the end of October, up by EUR 1.3mn for the month. The ratio FDI/current account deficit was estimated at 94.7%, down from 105% in September.
- ↪ In the end of October the FOB trade deficit reached EUR 3.497bn (-10.4% of the projected GDP), up from EUR 3.241bn in September.
- ↪ The 12-month SOFIBOR fluctuated between 8.918 and 9.860 percentage points. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market. In October the reference rate closed at 9.646.

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