

Index	Value 31.10.2009	Monthly change	12 m change
SOFIX	457.61	-4.69%	-7.02%
BG 40	123.32	-6.30%	-12.69%
BG TR 30	349.78	-4.70%	-2.60%
BG REIT	48.24	-2.23%	-12.18%

SOFIX

Company	Price 30.09.2009	Price 31.10.2009	%Change
ALB (6AB)	40.50	40.00	-1.23%
EUBG (4EH)	1.56	1.52	-2.56%
ELARG (4EC)	0.93	0.82	-11.83%
ENM (E4A)	11.83	10.41	-12.00%
IHLBL (4ID)	2.14	1.98	-7.48%
KAO (6K1)	6.00	6.01	0.17%
MCH (5MH)	6.00	5.90	-1.67%
MONBAT(5MB)	7.52	7.02	-6.65%
NEOH (3NB)	36.71	32.07	-12.64%
OTZK (5OTZ)	15.81	15.27	-3.42%
ORGH (5ORG)	101.19	90.02	-11.04%
SFARM (3JR)	4.19	4.08	-2.63%
ELTOS (SL9)	2.23	2.05	-8.07%
BACB (5BN)	20.01	18.26	-8.75%
CORP (6C9)	55.09	59.80	8.55%
FIB (5F4)	2.97	2.86	-3.70%
CCB (4CF)	1.49	1.52	2.01%
TRACE (T57)	80.29	73.23	-8.79%
CHIM (6C4)	2.53	2.54	0.40%
HDPAT (6H2)	3.51	2.93	-16.52%

Summary

- ↪ Low turnover in anticipation of Q3 financial statements marked the performance of the Bulgarian Stock Exchange – Sofia (BSE) in October. Market capitalization declined by almost 5% to BGN 11.428bn. The annual decline lagged to 14%.
- ↪ One of the largest corporate bankruptcies ever took place in the end of the month, when CIT Group Inc., the largest US lender, filed for Chapter 11 protection.
- ↪ Consumer prices were flat in September, but year-to-date deflation reached 0.1%, The National Statistical Institute (NSI) reported.

Indices

- ↪ BSE's official indices, as well as most indices in South Eastern Europe, moved in negative direction. A bright spot in the region were the stock markets in Macedonia, Russia and Ukraine.
- ↪ SOFIX lost 4.69% and pared its September gains. The benchmark finished only 7% below its year-ago value. BG 40 declined by 6.30% and BG TR 30 by 4.70%. The broad index was 12.69% down since October 2008 and BG TR 30 fell by 2.60%.
- ↪ The specialized index for real estate companies BG REIT lost 2.23% and its decline for the last twelve months reached 12.18%.
- ↪ The Macedonian benchmark MIB 10 was the main gainer in South-Eastern Europe, up by 12.76%, while MOSTE in Montenegro fell by 21.98%.
- ↪ World's major stock markets ended October mostly lower. In France CAC 40 lost 4.95% and the German DAX 30 fell by 4.58%.

World markets

- ↪ CIT Group Inc., a major lender to small and midsize companies, filed for Chapter 11 bankruptcy protection. With roughly USD 60bn in assets, CIT's filing is probably the fourth-largest bankruptcy in U.S. history, ranking between General Motors and Enron. Due to the financial crisis most of CIT's loans went bad and resulted in losses for billions of US dollars. Even the Government's bailout of USD 2.3bn failed to revive the struggling giant.
- ↪ Reserve Bank of Australia raised the overnight cash rate by 25 basis points to 3.25%. Australia is the first industrialized country that raises interest rates this year and is quickly coming out of recession.
- ↪ Price of West Texas Intermediate crude oil hit a 52-week high at USD 81.35 per barrel as a result of strong economic data in China and the USA. On October 30 WTI futures for delivery in December traded at USD 79.93.

Eastern European Markets

Index	Value 31.10.2009	Monthly change	12 months Change
Croatia CROBEX	2 197.36	-2.39%	-2.05%
Macedonia MIB-10	3 101.88	12.76%	16.50%
Romania BET	4 397.40	1.63%	57.22%
Serbia BELEX 15	825.97	-2.39%	22.17%
Montenegro MOSTE	948.97	-21.98%	62.43%
Ukraine PFTS	553.29	6.96%	137.63%
Turkey ISE 100	47 910.30	-2.48%	71.53%
Russia RTSI	1 254.52	7.49%	77.16%
Morgan Stanley MSCI EM	191.03	4.05%	38.15%

World Markets

Index	Value 31.10.2009	Monthly change	12 months Change
USA DJIA	9 712.28	0.01%	4.16%
USA S&P 500	1 057.08	-1.98%	6.96%
USA NASDAQ	2 122.42	-3.64%	18.84%
Japan Nikkei 225	9 978.64	0.56%	17.00%
Germany DAX	5 675.16	-4.58%	8.56%
UK FTSE 100	5 133.90	-1.74%	15.24%
France CAC 40	3 795.41	-4.95%	3.46%

Banking Sector

Bank	Price 31.10.2009	P/E	P/B
FIB (5F4)	2.86	7.40	0.82
CORP(6C9)	59.80	6.67	1.34
BACB(5BN)	18.26	5.27	1.17
CCB (4CF)	1.52	5.57	0.52

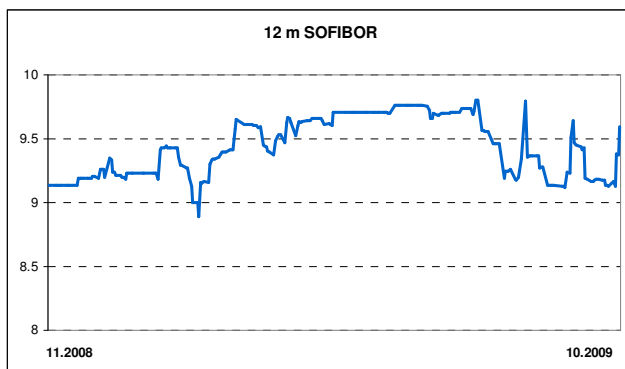
Corporate news

- ↪ The silica producer Kaolin reported 25% decline of Q3 2009 non-consolidated net earnings to BGN 6.3mn. Sales fell by 16% to BGN 76.367mn. In the previous quarter Kaolin posted 19% decline compared to Q2 2008. Assets expanded from BGN 197.06mn in the end of 2008 to BGN 205.572mn. Net cash flow was negative: BGN - 7.585mn. In October Kaolin's subsidiary Solarpro launched a PV panel factory in the town of Silistra. Solarpro also produces and operates power generation systems using solar energy and other renewables.
- ↪ The blue-chip conglomerate Eurohold Bulgaria sold the 28,000 sq.m. office building Auto Union Center to the Greek company Blue House for EUR 27.3mn. Eurohold acquired the building a couple of months ago with the purchase of the car-dealing company Auto Union. Both transactions resulted in profit of EUR 7mn for Eurohold. Excluding this transaction, the conglomerate posted net loss of BGN 8.846mn in Q3 compared to net profit of BGN 34.032 in the third quarter of 2008. Earnings from operations with financial assets declined from BGN 38.871mn to BGN 0.079mn. Eurohold's management announced expansion plans despite the global economic crisis. The company said it is considering the acquisition of car dealers in Romania and Serbia, as well as a leasing company in Romania. Eurohold will also invest in distressed companies operating in the car dealing, leasing and insurance businesses.
- ↪ FairPlay Properties REIT finished the third quarter of 2009 with net profit of BGN 1.47mn. The REIT reported sales for BGN 22.9mn, of which 75% or BGN 17.1mn come from finalized transactions for 81 apartments in the holiday complexes "Santa Marina" and "St. Ivan Rilski". The rest of the income was formed by rents and exploitation of investment properties, as well as from establishing of construction right. The company expects revenues of more than BGN 4.3mn by the end of the year from sale agreements that are already signed, but not finalized. For the first nine months of 2009 FairPlay Properties REIT has sold 126 apartments with TBA 9 856 sq. m. for the total sum of BGN 26,8mn. In September FPP sold a construction right for a land-plot in Plovdiv to the German supermarket operator Lidl. The transaction was estimated at EUR 2.265mn excluding VAT.
- ↪ The bottling company Devin announced almost 70% growth of third quarter net profit to BGN 2.864mn. Sales rose from BGN 53.726mn to BGN 54.518mn. Net cash flow was positive: BGN 2.018mn. In the end of September the private equity fund Advent International acquired a major stake in the bottler.
- ↪ Bulgarian – American Credit Bank posted Q3 net profit of BGN 23.901mn, or 45.58% lower than in the same period of 2008. Interest revenues were steady at BGN 51.85. Bad loans grew from 5.8% to 10% of total loans.

Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Status Finance	31.28%	43.60%
Avrora Capital Global	19.29%	20.38%
Advance Eastern Europe	13.56%	35.88%
Expat New Europe Stocks	12.61%	17.30%
BenchMark Fund 4	7.89%	8.11%
TBI Treasury	7.19%	6.69%
CCB Activ	6.90%	15.11%
Varchev High Yield	3.75%	3.84%
BenchMark Fund 5	3.64%	3.83%
Iug Market Optimum	3.24%	2.76%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
BKM Balanced	10.45%	11.76%
BenchMark Fund 6	8.85%	7.36%
Raiffeisen Money Market	7.05%	5.71%
CCB Garant	7.03%	7.84%
Raiffeisen Bonds Fund	6.94%	6.11%
Elana Money Market	5.87%	4.67%
TBI Eurobond	4.58%	3.88%
DSK Standard	4.26%	4.38%
Sentinel Rapid	3.93%	3.12%
TBI Comfort	2.76%	5.47%



Mutual funds

Net assets of mutual funds rose by BGN 8.5mn for the period September 15 – October 15 and totaled BGN 360mn, reported the online media Investor.bg. In the previous period net assets increased by almost BGN 10mn. DSK's Growth and Balance funds are still the largest mutual funds with assets of BGN 20.28mn and BGN 19.76mn respectively. CCB Leader (BGN 16.09mn) was displaced by Raiffeisen Money Market (BGN 16.14mn) from the third position.

Mutual funds with high or balanced risk profile outperformed the conservative ones in terms of yield for the last twelve months. Status Finance Fund (31.28%) was the best performer among the aggressive funds, followed by Avrora Capital Global (19.29%) and Advance Eastern Europe (13.56%).

Among conservative funds, BehnchMark fund 6 (8.85%) fell behind BKM Balanced (10.45%). Raiffeisen Money Market (7.05%) held the third position.

Macroeconomics

Consumer prices were flat in September, reported the National Statistical Institute (NSI). Year-to-date deflation reached 0.1%, but the Consumer Price Index (CPI) still measured inflation of 0.2% since September 2008.

Producer Price Index (PPI) rose by 1.2% m/m in September but was 7.8% down since September 2008. Prices went up in manufacturing (1.8%) and mining industry (0.6%). In paper manufacturing prices fell by 1.3%. In August the PPI index rose by 0.2% on monthly basis but plunged by 10.8% y/y.

NSI reported a new drop in total business climate in October. The continuing decline in construction, trade and services led to further deterioration of total business climate. The indicator was positive only in manufacturing. In October the indicator fell by 1.3 percentage points to levels last seen in 1999.

In August Bulgaria's gross external debt (GED) stood at EUR 36.138bn, or BGN 264mn lower than in July, due to lower debt of the banking sector. GED accounted for 107.9% of the projected GDP for 2009 (EUR 33.889bn), the Bulgarian National Bank (BNB) reported.

Foreign direct investments (FDI) reached EUR 1.952bn in the end of August, or BGN 67.7mn higher than in the end of July. The ratio FDI/current account deficit was estimated at 88.6%, up from 76.8% in July.

In the end of August the FOB trade deficit reached EUR 3.095bn (-9.2% of the projected GDP), up from EUR 2.817bn in July.

The 12-month SOFIBOR fluctuated between 9.130 and 9.596 percentage points. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered in the Bulgarian interbank market. In September the reference rate closed at 9.641.

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