



FINANCIAL
PARTNERS



RMB
ASSET MANAGEMENT

Weekly Review

Week ending 6th May 2011

Global equity markets were weaker last week, with shares in the US, Europe and Asia Pacific excluding Japan falling by approximately -2.0% in local currency terms. Japan, which arguably remains dislocated from other major markets due to March's earthquake, was closed from Tuesday to Thursday for the country's "Golden Week" holiday. Upon the resumption of normal trading on Friday, the Topix Index of leading Japanese shares fell by 1.1%. The MSCI World Index shed -2.3% last week, led by energy and material-related stocks which traded lower as the bull run in commodities suffered a setback. Commodity prices including copper, cocoa, silver and palladium all fell in last week's trading. The Rogers International Commodity Index lost -8.6% during the week, with oil down -2.8% to USD 116.10 per barrel for Brent Crude and gold -3.7% lower at USD 1495.6 per troy ounce. The moves appeared to validate the view of central bankers in the US and UK that inflation pressures would prove transient, justifying their decision to hold interest rates at their current floor. Emerging markets underperformed global developed equities on the downside, falling by -3.4%. Year to date developed markets have outperformed their emerging counterparts by 5.1%, with investors aggressively reallocating capital away from the latter as confidence grows in the prospects for established economies.

Elsewhere in markets, global government bonds gained 0.2% in US Dollar terms during the week, as measured by the JP Morgan Global Government Bond Index. Weaker sentiment prompted the spread between corporate bond yields and government debt to widen marginally, as aggregate investment grade bonds fell by -0.2%. In property markets, all major regions posted losses, ranging from -0.7% for UK Real Estate Investment Trusts (REITs) to 2.5% in Australia in local currency terms. The US Dollar strengthened last week, reversing its trend from the previous month, with the trade weighted Dollar Index up 1.7 points to 74.6 from its low at the end of April.

In North Africa, plain clothed police officers were reported to have fired on protesters in the Libyan city of Dera'a, site of a 10-day siege by military forces. The total death toll in

the seven-week uprising has passed 600, alongside arrests, torture and disappearances. In Libya, Colonel Gaddafi's forces have been accused of kidnapping people indiscriminately in Misrata in an attempt to spread fear, amid widespread reports of looting and other abuses, in particular against women. Finally, in Zimbabwe, President Robert Mugabe appears to be readying himself for next year's general election, based on excerpts from the electoral register. 16,828 voters on the current register appear to have been born on 1 January 1901, making them 101 years old in a country with an average life-expectancy of 44.8 years.

Greece's problems over its burgeoning public debt will come to a head in eight weeks, with the publishing of a crucial report from the International Monetary Fund. Austerity measures have as yet failed to bring the country's finances under control and it is currently at risk of falling behind the timetable for reducing its deficit, a condition of the original EUR 110bn bailout package administered exactly one year ago. Prime Minister George Papandreou was forced to deny reports that Greece was preparing to exit the euro over the weekend, following sensationalist headlines in German magazine *Der Spiegel* on Friday. Portugal agreed the terms of its EUR 78bn bailout late on Tuesday evening. Prime Minister José Sócrates' assertion that the terms of the bailout would be less stringent than those placed on Greece may yet prove a case of political point scoring, with the key terms as yet unknown. The bailout, however, requires ratification from all EU member states, with Finland having emerged as a potential hurdle in recent weeks due to growing support for the eurosceptic True Finns party. The Bank of England and European Central Bank both left rates on hold at their monetary policy meetings last Thursday. The regular monthly meeting by the ECB was expected to broach a timetable for further interest rate rises, following the 25 basis point hike at the start of April. Portugal's auction of government bills on Wednesday was well supported, with EUR 1.1bn successfully allocated at an average rate of 4.7% (down from 5.5% in April), as was Spain's bond auction the following day.

Returns to 6 May 2011

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Equities					
United States	S&P 500 NR	USD	-2.1	2.9	6.6
United Kingdom	FTSE All Share TR	GBP	-2.2	3.1	1.9
Continental Europe	MSCI Europe ex UK NR	EUR	-1.7	3.7	3.9
Japan	Topix TR	JPY	0.6	-2.0	-3.6
Asia Pacific (ex Japan)	MSCI AC Asia Pacific (ex Japan) TR	USD	-2.3	4.8	5.2
Global	MSCI World NR	USD	-2.3	4.3	6.7
Global emerging markets	MSCI World Emerging Markets TR	USD	-3.4	3.1	1.6
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	USD	0.6	1.2	1.6
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	0.3	2.6	5.0
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	0.8	1.7	3.4
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	0.2	1.5	5.7
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	0.4	2.0	1.5
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	GBP	0.5	2.1	3.7
Euro Government Bonds	Citigroup EMU GBI TR	EUR	0.5	0.4	-0.4
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	0.2	1.0	1.3
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	EUR	0.4	1.7	6.2
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	0.0	0.4	-0.3
Australian Government	JP Morgan Australia GBI TR	AUD	0.3	0.5	2.6
Global Government bonds	JP Morgan Global GBI	USD	0.2	3.1	3.8
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	USD	-0.2	3.0	4.0
Global Convertible bonds	UBS Global Convertible Bond	USD	-1.3	3.0	6.3
Emerging Market Bonds	JP Morgan EMBI +	USD	0.5	1.4	2.6

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. May 2011.

Returns to 6 May 2011

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Property					
US Property securities	MSCI US REIT TR	USD	-1.4	5.7	10.6
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	GBP	-0.7	5.8	11.2
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	EUR	-0.9	2.7	5.1
Australian property securities	FTSE EPRA/NAREIT Australia TR	AUD	-2.5	0.1	1.0
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	USD	-2.0	3.0	-2.7
Global Property securities	FTSE EPRA/NAREIT Developed CR	USD	-1.5	5.0	6.6
Currencies					
Euro		USD	-2.2	4.6	8.1
Sterling		USD	-1.5	4.1	4.9
Yen		USD	0.7	2.1	0.6
Australian Dollar		USD	-1.6	5.8	5.1
Rand		USD	-1.4	2.6	-0.9
Commodities					
Commodities	RICI TR	USD	-8.6	3.0	3.3
Agricultural Commodities	RICI Agriculture TR	USD	-5.2	-2.1	-2.1
Oil	Brent Crude Index (ICE) CR	USD	-2.8	9.0	30.4
Gold	Gold index	USD	-3.7	7.3	5.3

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