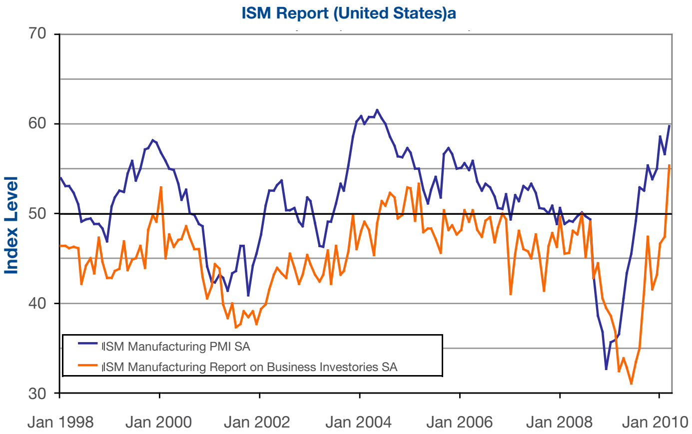
Weekly Review

Week ending 2nd April 2010

Last week saw equities and the majority of other risk assets ending both March and the first quarter of 2010 on a high. Despite a sluggish start to the year global equities have rallied sharply since the middle of February and produced a strong return of 6.2% in US Dollar terms in March. This brought returns for the quarter into positive territory with a gain of 3.2%, a small margin ahead of global emerging market equities which rose 2.4%. Fixed income securities also produced strong returns in March, from investment grade debt which edged only marginally higher through to high yield bonds in the US and Europe which gained 3.0% and 5.1% respectively in local currency terms. Government bonds produced mixed returns for the month and the quarter, but the global government bond index has declined by -1.8% and -1.0% respectively in US Dollar terms over these periods, primarily driven by the translation effects of a strong US Dollar.



Although the past week was relatively quiet as a result of many markets being closed for Easter, there were some noteworthy economic data releases which reinforced the view that the global recovery is on a firm footing and correspondingly risk assets continued to edge higher. In the United States the latest ISM survey reported a further increase in optimism amongst manufacturers and put the composite index at its highest level since 2004. This was driven by an increase in new orders, increasing daylight between exports and imports and also a sharp rise in the inventories index which moved into growth territory following almost four years of liquidation. Payroll figures from the US provided further cause for optimism as it was reported that 162,000 jobs were created in March. The official unemployment rate remains highly elevated at 9.7% but a return to job creation remains good news nonetheless and also one would expect that the more gradual the rate of improvement then the more likely the Fed are to maintain loose monetary conditions.

On this backdrop equities posted gains across all major regions last week with the MSCI World index rising by 1.7%. Emerging markets outperformed developed markets as they gained 3.6%, with Russia among the key contributors as the energy-rich country benefited from oil rising to an 18 month high of USD 84 per barrel. Fixed income asset classes produced decent returns of as much as 1.1% in the case of UK Gilts and augmented the gains made over the rest of the month. Most major currencies strengthened versus the US Dollar with the exception of the Japanese Yen which weakened by -1.5%. For the full month the Yen depreciated by almost 5% versus the Greenback.

Finally, the current week has proved slightly more eventful thus far. Greece has returned to the headlines as a result of the government trying to bypass IMF lending conditions, the UK election was confirmed for May 6th as poll results continue to indicate risk of a hung parliament, and the Reserve Bank of Australia continued their monetary tightening with a further 25bps rate hike.

Source: RMB Asset Management / Bloomberg / JP Morgan / Lipper Hindsight. April 2010.

Returns to 2 April 2010

Asset Class/Region	Index	Currency	Week	March 2010	Year to date
Equities					
United States	S&P 500 NR	**USD**	1.0	6.0	6.0
United Kingdom	FTSE All Share TR	**GBP**	0.7	6.8	7.6
Continental Europe	MSCI Europe ex UK NR	**EUR**	1.2	7.6	4.9
Japan	Topix TR	**JPY**	3.2	10.4	10.0
Australia	S&P/ASX 300 TR	**AUD**	0.3	5.7	1.9
Global	MSCI World NR	**USD**	1.7	6.2	4.3
Global emerging markets	MSCI World Emerging markets TR	**USD**	3.6	8.1	4.3
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	**USD**	0.1	-0.9	1.1
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	**USD**	-0.2	0.1	-0.2
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	**USD**	-0.1	0.3	1.7
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	**USD**	0.2	3.0	4.6
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	**GBP**	1.1	0.9	1.4
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	**GBP**	0.8	1.9	4.1
Euro Government Bonds	Citigroup EMU GBI TR	**EUR**	0.4	0.6	2.3
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	**EUR**	0.4	1.0	3.3
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	**EUR**	0.7	5.1	9.1
Japanese Government	JP Morgan Japan Government Bond Index TR	**JPY**	0.1	-0.2	0.1
Australian Government	JP Morgan Australia GBI TR	**AUD**	0.1	-0.9	0.8
Global Government bonds	JP Morgan Global GBI	**USD**	0.4	-1.8	-1.0
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	**USD**	0.3	-1.0	-0.9
Global Convertible bonds	UBS Global Convertible Bond	**USD**	0.7	3.4	3.3
Emerging Market Bonds	JP Morgan EMBI +	**USD**	0.4	2.1	3.7

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Returns to 2 April 2010

Asset Class/Region	Index	Currency	Week	March 2010	Year to date
Property					
US Property securities	MSCI US REIT TR	**USD**	-0.8	10.0	10.2
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	**GBP**	0.5	5.7	-0.5
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	**EUR**	3.1	7.0	7.0
Australian property securities	FTSE EPRA/NAREIT Australia TR	**AUD**	-0.4	0.1	-1.9
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	**USD**	1.6	4.9	1.6
Global Property securities	FTSE EPRA/NAREIT Developed CR	**USD**	0.9	6.6	3.6
Currencies					
Euro		**USD**	1.0	-0.9	-5.6
Sterling		**USD**	2.5	-0.4	-5.4
Yen		**USD**	-1.5	-4.9	-0.9
Australian Dollar		**USD**	1.8	2.5	2.4
Rand		**USD**	2.3	4.4	1.2
Commodities					
Commodities	RICI TR	**USD**	3.7	0.7	-1.0
Agricultural Commodities	RICI Agriculture TR	**USD**	-0.1	-6.2	-9.2
Oil	Brent Crude Index (ICE) CR	**USD**	2.7	4.6	5.4
Gold	Gold index	**USD**	2.5	0.7	-0.1

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