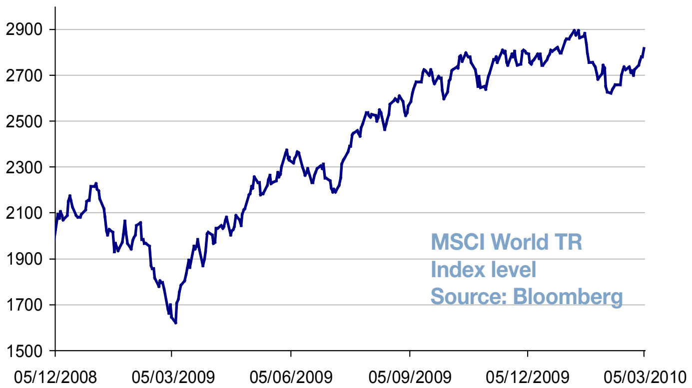
Weekly Review

Week ending 5th March 2010

The first week of March was met with a positive response from the equity markets. February was blighted by concerns regarding sovereign risk, but the increasingly conciliatory tones emanating from Europe meant that the markets relaxed a little. Year to date the developed markets are now in positive territory in local currency terms with the MSCI World Index up 0.5%. Over the past week, the developed markets added 3.3% to counter the gradual declines in equity valuations last month. Emerging markets have continued to chart a similar but slightly more volatile path, with the MSCI EM Index gaining 4.2% in the past week. Year to date, however, emerging markets equities are still in negative territory, returning -1.3%. Japan is the laggard within the developed world, having delivered below 2% for the week.



The coming week marks the anniversary of the bottoming of the global equity markets. Despite the significant gains of most risk assets from the bottom, the markets remain concerned about the potential risks in the global financial system. It is now apparent that the gigantic stimulus projects which began over a year ago have stabilised the system, but concern remains regarding what happens next. From a graph of the MSCI World's returns from the bottom, it appears that the initial animal spirits are petering out and the markets are broadly flat since October 2009, despite some volatility in the intervening period.

From a macro economic perspective, the past week gave few reasons to be especially pessimistic. The data out of the US, for example, generally were consistent with consensus. In the past week global government bonds returned -0.8% in local currency terms and year to date their returns are flat. The credit markets outperformed government debt as the sell off was tempered by the yield spread over the reference rates. The Citigroup World Broad Investment Grade index, which includes both governments and investment grade securities returned -0.4% demonstrating the outperformance of the credit component over government holdings. The resistance to drawdown was also evident in the other areas of 'non government' fixed income – global convertibles added 1.3% in the week and high yield was up a similar amount in local currency terms.

The listed property market performed similarly to the broader equity markets, with the FTSE EPRA/NAREIT Global Index, which is comprised of the developed markets only, gained 3.1% in the past week. Year to date, however, the returns from this asset class lag the broader equity markets slightly, having returned -0.4% in local currency terms.

The US Dollar has performed well year to date gaining against most majors. The Yen is an exception and despite a negative weekly return of -1.9%, the Japanese currency has gained 2.8% over the greenback year to date. The commodity currencies remain strong, with the Australian Dollar gaining 1.4% over the week and the South African Rand adding 3.0%. Commodities have not had a strong start to 2010 in US Dollar terms, thanks in part to the strength of the dollar. Agriculture has returned -5.9% and broader commodities have benefitted from the strength of oil and gold (which are both in positive territory year to date) to return -1.9%.

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. March 2010.

Returns to 5 March 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Equities					
United States	S&P 500 NR	**USD**	3.1	3.1	2.4
United Kingdom	FTSE All Share TR	**GBP**	4.6	4.6	4.3
Continental Europe	MSCI Europe ex UK NR	**EUR**	5.0	5.0	1.0
Japan	Topix TR	**JPY**	1.9	1.9	0.4
Australia	S&P/ASX 300 TR	**AUD**	3.2	3.2	-1.2
Global	MSCI World NR	**USD**	3.3	3.3	0.5
Global emerging markets	MSCI World Emerging markets TR	**USD**	4.2	4.2	-1.3
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	**USD**	-0.4	-0.4	1.6
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	**USD**	0.0	0.0	0.4
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	**USD**	-0.2	-0.2	1.8
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	**USD**	1.1	1.1	2.6
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	**GBP**	-0.2	-0.2	0.1
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	**GBP**	0.1	0.1	2.1
Euro Government Bonds	Citigroup EMU GBI TR	**EUR**	0.0	0.0	1.6
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	**EUR**	0.1	0.1	2.4
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	**EUR**	1.6	1.6	5.3
Japanese Government	JP Morgan Japan Government Bond Index TR	**JPY**	0.1	0.1	0.2
Australian Government	JP Morgan Australia GBI TR	**AUD**	0.1	0.1	1.7
Global Government bonds	JP Morgan Global GBI	**USD**	-0.8	-0.8	0.0
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	**USD**	-0.4	-0.4	-0.2
Global Convertible bonds	UBS Global Convertible Bond	**USD**	1.3	1.3	0.6
Emerging Market Bonds	JP Morgan EMBI +	**USD**	1.0	1.0	2.5

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. March 2010.

Returns to 5 March 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Property					
US Property securities	MSCI US REIT TR	**USD**	3.9	3.9	3.7
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	**GBP**	5.7	5.7	-0.9
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	**EUR**	4.6	4.6	4.1
Australian property securities	FTSE EPRA/NAREIT Australia TR	**AUD**	2.2	2.2	0.7
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	**USD**	1.9	1.9	-2.0
Global Property securities	FTSE EPRA/NAREIT Developed CR	**USD**	3.1	3.1	-0.4
Currencies					
Euro		**USD**	-0.3	-0.3	-5.2
Sterling		**USD**	-0.8	-0.8	-6.5
Yen		**USD**	-1.9	-1.9	2.8
Australian Dollar		**USD**	1.4	1.4	1.0
Rand		**USD**	3.0	3.0	-1.0
Commodities					
Commodities	RICI TR	**USD**	1.1	1.1	-1.9
Agricultural Commodities	RICI Agriculture TR	**USD**	-2.1	-2.1	-5.9
Oil	Brent Crude Index (ICE) CR	**USD**	1.6	1.6	1.4
Gold	Gold index	**USD**	2.4	2.4	0.9

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. March 2010.

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