



**FINANCIAL
PARTNERS**



RMB
ASSET MANAGEMENT

Weekly Review

Week ending 16th April 2010

The week just passed has provided a plethora of interesting and noteworthy events for market participants. The combination of a volcano in Iceland, legal fireworks in the US and political damp squibs in the UK led to a weakening of equity markets as the week drew to a close. Perhaps the best use of these recent events is to draw attention away from Greece, and the ongoing uncertainty associated with the yet finalised bail-out package. Despite the change of focus, Greece's CDS has moved out to the levels seen in mid February suggesting continued anxiety regarding Greek debt.

The ash cloud that is emanating from the Icelandic volcano, Eyjafjallajökull, has caused immense disruption for European airlines as much of northern Europe became a 'no fly zone' last week. Tens of thousands of flights have been cancelled stranding travellers and costing airlines an estimated USD200 million per day. Indeed airlines have begun to lobby governments for state aid and the UK government is considering sending the Royal Navy to 'rescue' Britons stranded abroad. This saga is going to cause a significant difficulty for airlines, coming after an already torrid two years. Indeed, in the past couple of days, the share price of BA, The British flag carrier, has fallen nearly 7.5%.

BA's fall pales into insignificance compared to the falls experienced by Goldman Sachs stock following the SEC's

accusation of fraud regarding CDO products sold in 2007. Goldman have robustly denied the charges, but their stock fell 12.8% on Friday and has opened this week lower.

A final disappointment last week was the poor showing from all of the UK's Prime Ministerial candidates in the country's first ever televised political hustings between these candidates. The Liberal Leader, Nick Clegg fared the best, with the Tories and Labour underwhelming. This has aided the Liberals and brought them out from the political shadows and heightens the possibility of a hung parliament, which has been received poorly by the markets.

These events have been reflected in the markets, as the MSCI World fell -0.1% in US Dollar terms for the week and the MSCI Emerging Markets Index fell -1.1% over the same period. On the whole, debt reacted positively as one might expect, with global government bonds returning 0.9% in US Dollars. The investment grade corporate markets performed similarly with the Citigroup WorldBIG Index gaining 0.8%, reflecting credit's outperformance. The listed property markets were weak, reflecting the negative sentiment in the equity markets, returning -1.2%. Commodities reacted positively to the global news flow, with the Rogers Broad Commodity Index gaining 0.4% in US Dollar terms.

Goldman Sachs Stock Price (\$)



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

Returns to 16 April 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Equities					
United States	S&P 500 NR	USD	-0.2	2.0	7.3
United Kingdom	FTSE All Share TR	GBP	-0.3	1.5	8.0
Continental Europe	MSCI Europe ex UK NR	EUR	-0.6	1.2	4.7
Japan	Topix TR	JPY	-0.1	1.0	9.9
Australia	S&P/ASX 300 TR	AUD	0.8	2.3	3.5
Global	MSCI World NR	USD	-0.1	1.9	5.2
Global emerging markets	MSCI World Emerging markets TR	USD	-1.1	2.3	4.7
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	USD	0.7	0.5	1.6
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	0.8	1.1	1.6
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	1.1	1.2	3.5
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	1.1	1.8	6.4
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	0.5	-0.3	0.9
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	GBP	0.6	0.1	4.1
Euro Government Bonds	Citigroup EMU GBI TR	EUR	0.3	0.0	2.1
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	0.6	0.6	3.9
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	EUR	1.5	1.9	11.0
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	0.2	0.4	0.3
Australian Government	JP Morgan Australia GBI TR	AUD	0.1	0.0	0.7
Global Government bonds	JP Morgan Global GBI	USD	0.9	0.8	-0.3
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	USD	0.8	0.6	-0.2
Global Convertible bonds	UBS Global Convertible Bond	USD	0.2	1.6	4.3
Emerging Market Bonds	JP Morgan EMBI +	USD	1.0	1.5	5.1

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

Returns to 16 April 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Property					
US Property securities	MSCI US REIT TR	USD	-3.4	1.0	10.8
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	GBP	-1.0	0.7	-0.2
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	EUR	-1.5	-0.6	5.8
Australian property securities	FTSE EPRA/NAREIT Australia TR	AUD	2.7	2.7	1.3
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	USD	0.6	2.6	3.4
Global Property securities	FTSE EPRA/NAREIT Developed CR	USD	-1.2	1.4	4.5
Currencies					
Euro		USD	0.5	-0.2	-5.9
Sterling		USD	0.3	1.6	-4.6
Yen		USD	1.3	1.3	0.9
Australian Dollar		USD	-0.4	1.1	3.1
Rand		USD	-1.6	-0.7	-0.4
Commodities					
Commodities	RICI TR	USD	0.4	2.5	0.2
Agricultural Commodities	RICI Agriculture TR	USD	2.4	3.5	-6.7
Oil	Brent Crude Index (ICE) CR	USD	2.8	7.3	12.0
Gold	Gold index	USD	-0.1	3.2	2.4

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