January 2009

Global Market Report

A Monthly Report on the World Markets

Global Overview

Global overview

Equity markets remained under pressure as macroeconomic data weakened further. In the US, Barack Obama was sworn in as President, and his US$819bn stimulus plan passed through Congress. In the UK, the Bank of England (BoE) cut interest rates to 1.5%, the lowest level in its 315-year history. The UK government announced further stimulus measures including a £50bn asset purchase facility that allows the BoE to purchase a range of assets, including high-quality corporate bonds.

US

- S&P and Dow Jones indices record worst-ever January performance
- US GDP growth fell by 3.8% in the fourth quarter of 2008, better than had been expected
- Backlog of unsold new homes increases from 12.5 months to 12.9 months

Europe

- Annual eurozone inflation down to 1.1%, the lowest level for almost 10 years
- Unemployment rises to highest level since November 2006
- Euro loses value against major currencies

UK

- The UK economy officially enters recession
- Mid-sized companies outperform small- and large-sized counterparts
- UK inflation dips to 3.1%, but remains above 2% target

Asia Pacific

- Leading economic indicators continue to weaken
- Further interest rate cuts and stimulus measures announced to help support the economic outlook
- Bank of Japan downgrades economic forecasts for 2009 and 2010

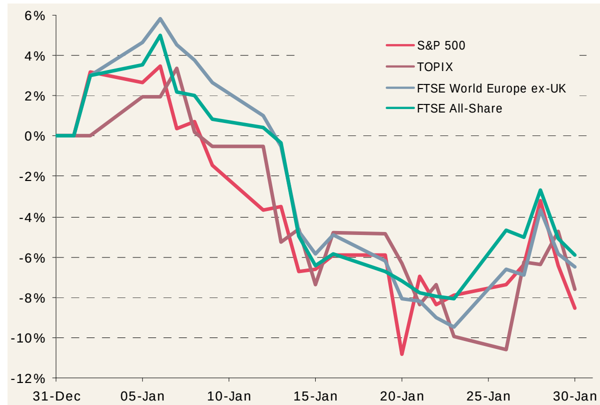
Emerging Markets

- Emerging market equities lose ground on worsening outlook for global economy
- Wide divergence in regional performances
- Chile and Brazil register gains as currency turbulence undermines sentiment in emerging Europe

Fixed Income

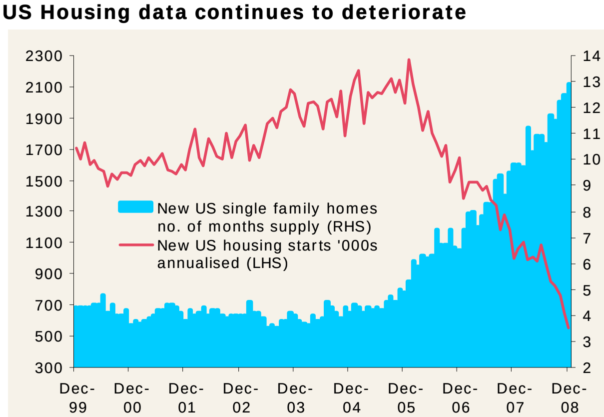
- Government bond yields rise, but remain at low levels
- Sovereign debt of Spain, Portugal and Greece downgraded by Standard & Poor's
- Credit spreads narrow, but remain elevated
- New issue market sees record monthly issuance

Developed equity markets



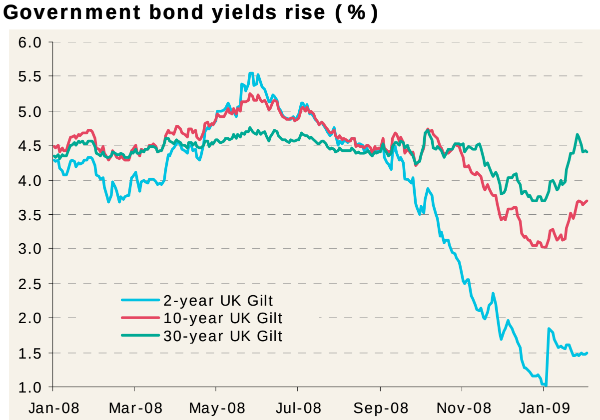
Source: Bloomberg L.P., local currency, capital returns only, rebased to 0, 31 December 2008 to 31 January 2009.

US Housing data continues to deteriorate



Source: Bloomberg L.P., December 1999 to December 2008.

Government bond yields rise (%)



Source: Bloomberg L.P., yield %, 31 January 2008 to 31 January 2009.

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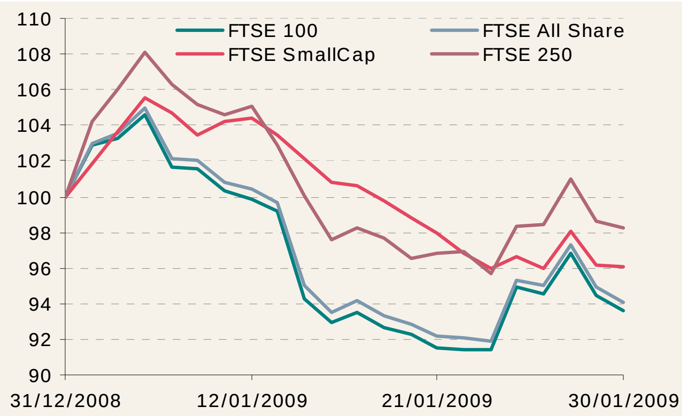
UK

The UK equity market was weak over January, as reflected by the 5.9% fall in the FTSE All-Share index, with the banking and real-estate sectors leading the retreat. Factors which influenced the investment environment included fears that some UK banks could be nationalised, data confirming that the economy had officially entered recession and mounting job losses. Poor performances from large-cap companies Royal Bank of Scotland, Barclays and Lloyds Banking ensured that the FTSE 100 index ended the month lower at 6.4%. The FTSE 250 index and the FTSE SmallCap index performed relatively better than their large-cap counterparts, declining by 1.7% and 3.9%, respectively.

During the month, new measures were introduced to alleviate the effects of the UK economic slowdown. For example, banks were given the opportunity to take up government insurance against their expected bad debts, Northern Rock gained permission to start lending again as well as more time to repay its loans to the government, the Bank of England announced plans to buy up to £50bn worth of assets in companies in all sectors of the economy and finally, the government increased its holding in Royal Bank of Scotland from 58% to 70%.

Aiming to avert a prolonged recession, the Bank of England's Monetary Policy Committee voted 8-1 to cut UK interest rates by 50 basis points to 1.5% at its 8 January meeting, with David Blanchflower voting for a 100 basis-point reduction. UK interest rates are now at their lowest level since the Bank of England was founded in 1694. In other news on the economy, gross domestic product (GDP) contracted by 1.5% quarter-on-quarter (q-o-q) in the fourth quarter of 2008 (provisional figures), compared with a decrease of 0.6% q-o-q in the third quarter of 2008. This was the first time in 16 years that the UK has had two consecutive quarters of economic contraction, thus confirming the country's official entry into recession. Weaker services output and industrial production output data accounted for a large part of the rate of the decline in the GDP number. Elsewhere, UK inflation, as measured by the consumer prices index, came in at 3.1% year on year (y-o-y) in December versus 4.1% y-o-y in November. The decline in the cost of living was partly attributable to the government's cut in VAT from 17.5% to 15%, designed to boost spending in the run-up to Christmas, and the high-street discounting through December. In the housing market, house prices fell by 2.2% month-on-month in December according to Halifax, or 16.2% y-o-y (the largest annual decline since Halifax records began in 1983). This pattern of continued weak data on the housing market was mirrored in building society Nationwide's January housing market survey, which reported that UK house prices fell by 16.6% y-o-y or by 1.3% m-o-m.

FTSE indices one-month returns



Source: Bloomberg L.P., All figures in GB£ capital return, rebased to 100.

United States

Poor economic and corporate earnings news caused the S&P 500 index and the Dow Jones Industrial Average to record their heaviest-ever January declines. The Dow Jones fell by 8.8%, with the wider S&P 500 down by 8.6%. The technology-orientated Nasdaq and the Russell 2000 index for smaller companies fell by 6.4% and 11.2%, respectively.

The US gross domestic product shrank by 3.8% (annualised) in the fourth quarter of 2008. Although this was less than the consensus analyst estimate, it was still the sharpest quarterly contraction recorded since 1982. A marked build-up of inventories meant that de-stocking further into the year would continue to detract from economic growth and add to deflationary pressures. Concerning investors was the fact that plans had still to be finalised as to how to deal with troubled (or toxic) assets linked to US housing. This was further exacerbated by some discouraging data surrounding the sector. Despite house building being at its slowest since 1959, only 23,000 new single family homes were sold in December, the latest figures available. This was the lowest amount ever recorded, when seasonally adjusted, and forced the backlog of unsold new homes out from 12.5 months to 12.9 months supply. A loose estimate has it that home prices will not stabilise until the outstanding inventory is reduced to approximately eight months, so it is currently going the wrong way. Even the data on existing home sales, which was positive at first glance, made poor reading in the detail. There was a 6.5% rise in new home sales from November, but 45% of the transactions were either foreclosed properties sold by banks or distressed homeowners selling for less money than their outstanding mortgage. Of additional concern, the delinquency rate of 'prime' mortgage lending (non-subprime or Alt-A) also deteriorated. 6.9% of prime jumbo loans (averaging US$750,000) were more than 90 days overdue in December 2008, up from 2.6% in December 2007.

In other economic news, industrial production fell twice as much as forecast, December retail sales were off 9.8% from the year before, and the US unemployment rate reached 7.2%, the highest level for 16 years. More generally, Barack Obama was sworn in as President and unveiled his US$819bn stimulus package, which was pushed through Congress without a single Republican backing it. Companies reporting results exceeding analysts' expectations included Colgate Palmolive, Google, Exxon and Chevron. Falling short were Caterpillar, Proctor & Gamble, Time Warner, Ford, ConocoPhillips and Intel. Pharmaceuticals giant Pfizer agreed to buy Wyeth for US$68bn, and John Thain was sacked as head of Merrill Lynch.

S&P 500 one-month sector returns (%)

Source: Datastream, figures in US$, total return.

Level 1		Level 2 - Top 5	
Utilities	-0.8	Health Care Eqpt & Svcs.	4.4
Health Care	-1.3	IT Hardware & Eqpt	-0.3
IT	-3.1	Utilities	-0.8
Energy	-3.2	Energy	-3.2
Materials	-7.2	Pharmaceuticals	-3.6
Consumer Staples	-7.7	**Level 2 - Bottom 5**	
S&P 500	**-8.6**	Banks	-36.8
Consumer Discretionary	-10.6	Diversified Financials	-24.0
Telecom Services	-11.1	Autos & Components	-23.5
Industrials	-12.7	Insurance	-22.5
Financials	-26.6	Real Estate	-18.9

Europe

European equities traded lower during January as poor newsflow, both corporate and economic, continued unabated. Having started the month positively, albeit only for the first few days, the upbeat mood quickly evaporated as job cuts and reduced activity sent eurozone business morale down to a 24-year low, according to the European Commission. oil & gas and health care sectors proved resilient, while financials were once again the laggards.

Inflation plunged to its lowest level for almost 10 years, strengthening the case for further interest rate cuts. Sharp falls in commodity prices and the rapid economic downturn has seen inflation fall from a high of 4% last July to just 1.1% in January. With the recession set to deepen, a further deceleration is expected by economists, with annual inflation set to become negative during 2009. Meanwhile, eurozone unemployment has risen to the highest level since November 2006, as more companies shed staff in an effort to survive the recession. Spanish unemployment, by far the largest in the European Union, rose to 13.9% in December – a level not seen for eight years. Germany opted for a fiscal stimulus package worth €60bn in extra spending and tax cuts to bolster the economy, following on from the earlier package approved in November last year of €12bn.

Spain, Portugal and Greece were downgraded by Standard & Poor's, while Ireland faced possible downgrades from Moody's, as analysts warned that the eurozone faces one of its biggest challenges since inception in January 1999.

Having got close to parity with sterling at the end of 2008, the euro gave up ground to major currencies during January. The single currency finished 6.9%, 8.4% and 9.1% lower against sterling, the US dollar and yen respectively.

In corporate news, Deutsche Post provided some positive results. Europe's biggest mail carrier said operating profit before one-off expense exceeded its €2.4bn goal for 2008 as the company scaled back spending to confront the recession. Elsewhere, results were not so favourable. Santander said profit declined in 2008 after it set aside €350m for costs tied to the alleged Madoff fraud. Nokia slashed its dividend for the first time in seven years and forecast a 10% slide in industry sales. Deutsche Bank reported a record loss in Q4 of around €4.8bn and UBS announced a fourth round of job cuts at its securities division after record losses.

FTSE Europe ex-UK one-month sector returns (%)

Level 1		Level 2 - Top 5	
Oil & Gas	0.6	Aerospace & Defence	11.9
Health Care	-1.3	Support Services	7.6
Technology	-1.7	Software & Services	7.5
Consumer Services	-3.3	Beverages	7.0
Materials	-5.2	Real Estate	3.3
Consumer Goods	-5.2	**Level 2 - Bottom 5**	
FTSE Europe ex uk	**-6.3**	Forestry & Paper	-15.4
Industrials	-7.7	Nonlife Insurance	-14.5
Utilities	-7.8	General Industrials	-13.3
Telecommunications	-8.6	Personal Goods	-12.1
Financials	-10.8	General Financial	-12.0

Source: FactSet. All figures in euro, total returns.

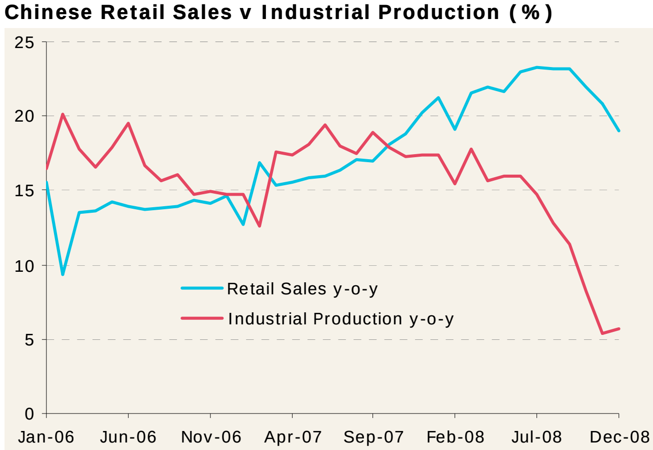
Asia Pacific

Having started the month brightly, Asian stocks gave up their initial gains and ended lower on further concerns about the impact of the global downturn on Asian economies. With the economic backdrop remaining difficult, newsflow was once again characterised by deterioration in leading indicators and the announcement of counter measures from Asian authorities.

China's GDP fell to 6.8% year-on-year (y-o-y) in the fourth quarter, taking growth for 2008 as a whole to 9%, against expansion of 13% in 2007. Chinese exports for December saw volumes fall 2.8% y-o-y, following November's 2.2% contraction, and imports were also weak. However, retail sales, up 19% y-o-y in December, were relatively resilient and industrial production improved modestly in December, albeit from a weak November reading. Further government action was also a positive for China, with US$124bn to be spent over the next three years on reforming the public healthcare system. In other parts of the region, the Reserve Bank of India cut its growth forecasts and reduced interest rates from 6.5% to 5.5%, although, much like China, industrial production improved in December relative to November's performance. In Singapore, GDP contracted 3.7% y-o-y in the fourth quarter, with further narrowing forecast for 2009, but the government also announced a US$13.7bn stimulus package to help limit the downside risks to future growth. Authorities in Thailand passed a US$3.3bn stimulus plan and cut interest rates, with borrowing costs in Korea and Indonesia also reduced.

Japanese equities rose to a two month high in early January on yen weakness and tentative optimism surrounding international government stimulus plans. However, the market's brief bounce was soon derailed by further poor economic and corporate newsflow, which left stocks in negative territory for the month. Volatility was not confined to equity markets, as the yen quickly recovered its early month falls and moved to its highest level for more than 13 years against the US dollar and to a seven year high versus the euro. The Bank of Japan underlined the difficult economic conditions by confirming that all nine of Japan's regional economies deteriorated in the fourth quarter. This contributed to the central bank downgrading its economic forecasts for the fiscal years to March 2009 and March 2010, to -1.8% and -2.0% respectively. Key measures of economic activity also continued to weaken, with machine orders and industrial production both deteriorating sharply. There was more positive news at the end of the month, as a ¥4.8 trillion (US$53.7bn) stimulus plan was approved, although opposition to elements of the plan from the Japanese parliament's upper house could yet delay its implementation.

Chinese Retail Sales v Industrial Production (%)



Source: Bloomberg L.P., January 2006 to December 2008.

Emerging Markets

A worsening outlook for the global economy, accentuated by a fresh wave of uncertainty about the banking system in the developed world, undermined investor sentiment. As a result, stock prices lost ground during January with the MSCI Emerging Markets ($) index falling by 6.6%. Despite this decline, stocks in the Latin American region finished broadly flat, aided by the strong positive performances of Chile and Brazil. Some markets in Asia also did well, most notably in China, where the Shanghai Composite index rose by 9.3% in local currency terms. The weakest performing region was emerging Europe, where recessionary fears and currency turbulence prompted share prices to trade lower. On a more positive note, an easing in credit conditions in early January encouraged some emerging market governments to return to the international bond market.

Performance was mixed in the Latin American region, with stock gains in Brazil and Chile being offset by losses in Mexico. In a bid to shield their economies from a deepening global recession, interest rates were reduced in all three countries. Despite this welcome development, equities in Mexico failed to rally on fears that the country would be harder hit than previously expected by the US downturn. According to Mexico's central bank, the economy may shrink by 1.8% this year, although inflationary pressures, heightened by the peso's weakness, remain an issue. Stock sentiment in Brazil was boosted by the biggest cut in interest rates for five years, as they were lowered to 12.75% from 13.75%. In addition, an announcement from the central bank that it was to provide $20bn to help companies repay international debts was also warmly received by investors. In December, Brazil registered its second biggest monthly flow of foreign direct investment, pushing the annual total in 2008 to a record of $45.1bn. Chilean equities were supported by the government's $4bn stimulus package and the unexpected cut in interest rates from 8.25% to 7.25%.

Currency turbulence, which resulted in the Russian rouble falling to a record low versus the euro and its lowest level versus the US dollar since 1998, unnerved investors in emerging Europe. Russian equities fell on concerns that the country's foreign exchange reserves were being whittled away in order to protect the currency from sliding further. In an effort to boost the rouble and curb inflation, interest rates in Russia were raised. Slowing economic growth and downside risks to earnings undermined investor confidence in Hungary, Poland and the Czech Republic. However, with inflationary pressures waning, interest rates were reduced in Hungary and Poland.

Regional performance one-month returns (%)

MSCI Emerging Markets Free ($)	-6.6%
MSCI Asia Pacific Ex-Japan ($)	-7.7%
MSCI EMF Latin America ($)	-0.3%
MSCI Emerging Markets Europe ($)	-12.2%
Top 5 By Country	
China SE Shanghai Composite	9.3%
Chilean Stock Market Select	7.3%
Tel Aviv 100 Index	6.4%
Brazilian Bovespa	4.7%
MSCI Brazil	4.5%
Bottom 5 By Country	
Russian RTS ($)	-15.3%
MSCI Mexico	-12.7%
Mexican Bolsa	-12.6%
Prague Stock Exchange PX 50	-9.8%
Hang Seng China Enterprises Index	-9.6%

Source: Bloomberg L.P., capital returns, local currency unless otherwise stated.

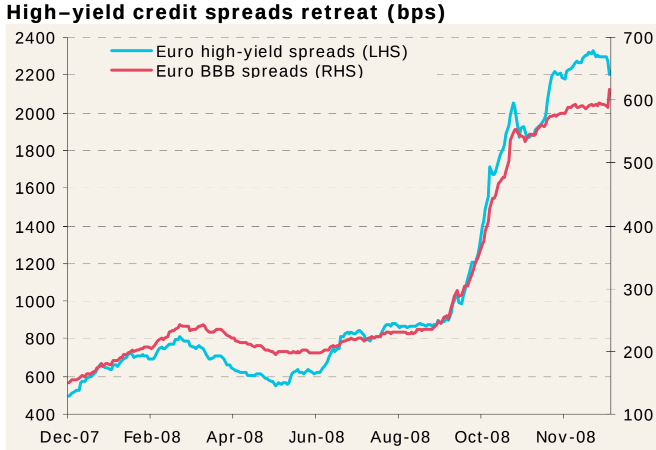
Fixed Income

Fixed interest markets showed signs of stability as the Bank of England (BoE) cut interest rates to the lowest level in its history and the UK officially entered a recession. The UK government announced further stimulus measures, including a £50bn asset purchase facility that allows the BoE to purchase assets, such as high-quality corporate bonds, commercial paper, and paper issued under the Credit Guarantee Scheme. The plan, that is to be financed by the issuance of Treasury bills, allows policymakers to influence conditions within specific sections of the financial markets.

The BoE cut interest rates by a further 0.5% to 1.5%. The minutes reported that the MPC discussed leaving interest rates unchanged at 2%, but with markets expecting 50bps it judged that "leaving the Bank rate unchanged this month, or implementing a larger-than-expected cut, could damage confidence further in both financial markets and the real economy". The UK economy continued to deteriorate. GDP growth for Q4 2008 confirmed that the economy entered a recession at the end of last year, with the 1.5% quarterly drop in output the biggest since Q2 1980. Unemployment rose sharply and public finances data reported that December's net borrowing was much larger than expected. In Europe, the ECB cut interest rates for the fourth consecutive month, to 2.0%. Unemployment rose to a two-year high of 8% while annual eurozone CPI inflation fell from 1.6% in December, to 1.1% in January. A number of governments face rising borrowing costs after the sovereign debt of Spain, Portugal and Greece were downgraded by Standard & Poor's, while Ireland was placed on warning.

In credit markets, spreads over government bonds narrowed. According to data from Merrill Lynch, European high-yield spreads decreased by 250bps, while investment-grade spreads decreased by 28bps. January saw European high-yield bonds post a 10.0% gain in local currency terms, however with sterling rebounding against the euro, returns in sterling were just 1.6%. The new issue market was buoyant, particularly for high-quality bonds. Dealogic reported record monthly issuance of US$130bn. Nokia, for example, issued a total of €1.75bn in five and 10-year paper which saw demand total €9bn. Although Nokia paid more than double the spread over risk-free government debt than they would have the same time last year, the overall cost of funding was still relatively low. Nokia paid 299bps over equivalent Bunds for a five-year issue and a 355bp premium for a 10-year issue. Government bonds yields rose over the month, although they remain at very low levels. Over the month, the yield on the 10-year benchmark rose by 63, 68 and 35bps in the US, UK and Europe, respectively.

High–yield credit spreads retreat (bps)



Source: Bloomberg L.P., 31 December 2007 to 31 January 2009.

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Global equity and commodity index performance - figures to 31 January 2009

Global	1 Month	3 Months	YTD	2008	2007	2006	2005	2004	2003	2002	2001	2000
MSCI World (lc)	-7.2%	-12.3%	-7.2%	-40.1%	2.8%	13.5%	13.7%	9.5%	22.8%	-25.2%	-15.2%	-10.8%
MSCI World ($)	-8.8%	-12.4%	-8.8%	-42.9%	-0.5%	15.8%	14.2%	22.6%	55.5%	-17.1%	-0.7%	-3.1%
MSCI World Value ($)	-11.4%	-14.2%	-11.4%	-41.8%	-5.3%	11.9%	21.3%	18.8%	44.0%	-21.6%	3.5%	1.1%
MSCI World Growth ($)	-6.4%	-10.6%	-6.4%	-42.6%	8.9%	18.8%	8.9%	13.7%	31.0%	-20.6%	-17.5%	-12.2%
MSCI World Small Cap ($)	-7.7%	-10.8%	-7.7%	-46.0%	13.0%	23.8%	13.5%	18.7%	36.9%	-16.6%	-21.5%	-15.2%
MSCI Emerging Markets Free ($)	-6.6%	-7.2%	-6.6%	-39.4%	27.5%	15.8%	26.2%	25.3%	22.9%	-8.4%	-8.8%	4.3%
FTSE World ($)	-8.9%	-12.1%	-8.9%	-51.0%	31.2%	26.2%	17.1%	15.7%	41.9%	-6.3%	-6.8%	-14.9%
FTSE World ex US ($)	-9.3%	-9.9%	-9.3%	-44.2%	13.6%	16.8%	10.2%	17.5%	35.9%	-23.5%	-16.8%	-2.6%
United States & Canada												
Dow Jones Industrials	-8.8%	-14.2%	-8.8%	-33.8%	6.4%	16.3%	-0.6%	3.1%	25.3%	-16.8%	-7.1%	-6.2%
S&P 500	-8.6%	-14.7%	-8.6%	-38.5%	3.5%	13.6%	3.0%	9.0%	26.4%	-23.4%	-13.0%	-10.1%
NASDAQ	-6.4%	-14.2%	-6.4%	-40.5%	9.8%	9.5%	1.4%	8.6%	50.0%	-31.5%	-21.1%	-39.3%
Russell 2000	-11.2%	-17.5%	-11.2%	-34.8%	-2.7%	17.0%	3.3%	17.0%	45.4%	-21.6%	1.0%	-4.2%
S&P/ TSX Composite (Canada)	-3.3%	-10.9%	-3.3%	-19.4%	-1.9%	7.8%	1.1%	-5.7%	12.4%	-21.7%	-14.8%	27.6%
Europe & Africa												
FTSE Europe (£)	-11.8%	-2.8%	-11.8%	-28.2%	9.7%	14.9%	19.3%	9.9%	21.7%	-27.2%	-19.5%	-1.8%
FTSE Europe (euro)	-4.0%	-14.2%	-4.0%	-45.4%	0.6%	17.2%	23.0%	9.4%	12.6%	-31.7%	-17.3%	-2.9%
FTSE Europe ex-UK (£)	-13.9%	-1.8%	-13.9%	-26.8%	12.6%	16.8%	20.6%	10.9%	26.2%	-28.7%	-21.7%	0.2%
FTSE Europe ex-UK (euro)	-6.4%	-13.3%	-6.4%	-44.4%	3.3%	19.1%	24.2%	10.3%	16.7%	-33.1%	-19.5%	-0.9%
MSCI Europe (Growth)	-3.7%	-8.4%	-3.7%	-37.7%	9.0%	14.0%	20.2%	6.4%	10.6%	-31.0%	-21.9%	-11.8%
MSCI Europe (Value)	-8.9%	-12.7%	-8.9%	-44.1%	-2.3%	17.9%	23.1%	12.4%	22.6%	-30.8%	-13.8%	4.5%
CAC 40 (France)	-7.6%	-14.7%	-7.6%	-42.7%	1.3%	17.5%	23.4%	7.4%	16.1%	-33.7%	-22.0%	-0.5%
DAX (Germany)	-9.8%	-13.0%	-9.8%	-40.4%	22.3%	22.0%	27.1%	7.3%	37.1%	-43.9%	-19.8%	-7.5%
Technology All-Share Price (Ger)	-3.7%	-8.8%	-3.7%	-50.1%	22.2%	22.3%	18.2%	-0.3%	62.1%	-63.1%	-60.2%	-40.0%
Ibex 35 (Spain)	-8.1%	-7.3%	-8.1%	-39.4%	7.3%	31.8%	18.2%	17.4%	28.2%	-28.1%	-7.8%	-21.7%
Mib30 (Italy)	-6.3%	-14.6%	-6.3%	-48.4%	-6.5%	17.5%	13.3%	16.9%	11.8%	-26.0%	-26.2%	1.7%
Swiss Market Index	-4.4%	-14.0%	-4.4%	-34.8%	-3.4%	15.8%	33.2%	3.7%	18.5%	-27.8%	-21.1%	7.5%
Amsterdam Exchanges (Netherlands)	1.1%	-7.1%	1.1%	-52.3%	4.1%	13.4%	25.5%	3.1%	4.6%	-36.3%	-20.5%	-5.0%
HSBC European Smaller Cos ex-UK	-2.0%	-9.5%	-2.0%	-49.5%	-3.0%	33.8%	39.6%	--	--	--	--	--
Russian RTS ($)	-15.3%	-30.8%	-15.3%	-72.4%	19.2%	70.7%	83.3%	8.3%	58.0%	38.1%	81.5%	-18.2%
FTSE/JSE Africa All-Share (SA)	-4.4%	-2.0%	-4.4%	-25.7%	16.2%	37.7%	43.0%	21.9%	12.0%	-11.3%	28.1%	-2.6%
UK												
FTSE All-Share	-5.9%	-4.8%	-5.9%	-32.8%	2.0%	13.2%	18.1%	9.2%	16.6%	-25.0%	-15.4%	-8.0%
FTSE 100	-6.4%	-5.2%	-6.4%	-31.3%	3.8%	10.7%	16.7%	7.5%	13.6%	-24.5%	-16.2%	-10.2%
FTSE 250	-1.7%	-0.5%	-1.7%	-40.3%	-4.7%	27.1%	26.8%	19.6%	34.3%	-27.3%	-9.3%	1.6%
FTSE SmallCap	-3.9%	-8.1%	-3.9%	-45.8%	-12.4%	18.2%	19.8%	11.4%	35.9%	-29.4%	-19.0%	2.8%
FTSE TechMARK 100	3.3%	6.1%	3.3%	-25.8%	8.5%	5.6%	19.7%	17.9%	56.4%	-55.9%	-42.6%	-32.2%
Asia Pacific												
Hong Kong Hang Seng	-7.7%	-4.9%	-7.7%	-48.3%	39.3%	34.2%	4.5%	13.2%	34.9%	-18.2%	-24.5%	-11.0%
China SE Shanghai Composite	9.3%	15.1%	9.3%	-65.4%	96.7%	130.4%	-8.3%	-15.4%	10.3%	-17.5%	-20.6%	51.7%
Singapore Times	-0.9%	-2.7%	-0.9%	-49.2%	18.7%	28.0%	14.0%	15.6%	32.8%	-20.3%	-17.3%	-21.8%
Taiwan Weighted	-7.5%	-12.8%	-7.5%	-46.0%	8.7%	19.5%	6.7%	4.2%	32.3%	-19.8%	17.1%	-43.9%
Korean Composite	3.3%	4.4%	3.3%	-40.7%	32.3%	4.0%	54.0%	10.5%	29.2%	-9.5%	37.5%	-50.9%
Thai Stock Exchange	-2.7%	5.1%	-2.7%	-47.6%	26.2%	-4.7%	6.8%	-13.5%	116.6%	17.3%	12.9%	-44.1%
Mumbai Sensex 30	-2.3%	-3.7%	-2.3%	-52.4%	47.1%	46.7%	42.3%	13.1%	72.9%	3.5%	-17.9%	-20.6%
Jakarta Composite	-1.7%	6.0%	-1.7%	-50.6%	52.1%	55.3%	16.2%	44.6%	62.8%	8.4%	-5.8%	-38.5%
Malaysia Kuala Lumpur Composite Index	0.9%	2.4%	0.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%
Philippines Composite Index	-2.6%	-6.5%	-2.6%	-48.3%	21.4%	42.3%	15.0%	26.4%	41.6%	-12.8%	-21.8%	-30.3%
Hang Seng China Enterprises Index	-9.6%	7.9%	-9.6%	-51.1%	55.9%	94.0%	12.4%	-5.6%	152.2%	13.2%	8.2%	-17.7%
Malaysia Kuala Lumpur Composite Index	0.9%	2.4%	0.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%
Japan												
Topix	-7.6%	-8.4%	-7.6%	-41.8%	-12.2%	1.9%	43.5%	10.2%	23.8%	-18.3%	-19.6%	-25.5%
Nikkei 225	-9.8%	-6.8%	-9.8%	-42.1%	-11.1%	6.9%	40.2%	7.6%	24.5%	-18.6%	-23.5%	-27.2%
TSE2	-2.5%	-3.9%	-2.5%	-40.8%	-21.3%	-19.3%	71.4%	40.9%	43.9%	-12.8%	-12.1%	-25.8%
Jasdaq	-8.8%	0.1%	-8.8%	-33.2%	-16.3%	-33.8%	44.1%	33.8%	75.4%	-18.5%	-12.9%	-44.3%
TSE Mothers Index	5.0%	13.5%	5.0%	-58.7%	-29.5%	-56.3%	47.7%	30.6%	133.0%	-36.2%	-23.1%	--
Osaka Hercules index	1.7%	5.0%	1.7%	-58.1%	-34.6%	-51.9%	78.2%	25.4%	--	--	--	--
MSCI Japan Index	-7.7%	-9.2%	-7.7%	-43.6%	-11.3%	6.1%	42.9%	9.7%	21.6%	-19.4%	-19.5%	-20.3%
Latin America												
MSCI EMF Latin America ($)	-0.3%	-4.7%	-0.3%	-52.8%	46.9%	39.3%	44.9%	34.8%	67.1%	-24.8%	-4.3%	-18.4%
MSCI Mexico	-12.7%	-12.0%	-12.7%	-44.0%	9.3%	39.0%	45.2%	45.0%	29.8%	-15.0%	15.9%	-21.5%
MSCI Brazil	4.5%	-4.6%	4.5%	-57.6%	75.3%	40.5%	50.0%	30.5%	102.9%	-33.8%	-21.8%	-14.2%
Argentinean Merval	-0.2%	6.6%	-0.2%	-49.8%	2.9%	35.5%	12.2%	28.3%	104.2%	77.7%	-29.1%	-24.3%
Chilean Stock Market Select	7.3%	2.4%	7.3%	-22.1%	13.3%	37.1%	9.4%	21.0%	48.5%	-15.5%	9.1%	-3.6%
Commodities												
Oil - UK Brent Crude Spot	7.6%	-30.2%	7.6%	-55.5%	56.1%	2.1%	46.3%	32.0%	1.6%	55.4%	-14.4%	-9.4%
Oil - US West Texas Intermediary	-6.5%	-38.5%	-6.5%	-53.5%	57.2%	0.0%	40.5%	33.6%	4.2%	57.3%	-26.0%	4.7%
Reuters CRB Index	-4.0%	-17.9%	-4.0%	-36.0%	16.7%	-7.4%	16.9%	11.2%	8.9%	23.0%	-16.3%	11.1%
Gold Spot Price	5.2%	28.1%	5.2%	5.8%	31.0%	23.2%	17.9%	5.5%	19.4%	24.8%	2.5%	-5.5%
Baltic Dry Index	38.2%	25.7%	38.2%	-91.5%	107.9%	82.7%	-47.7%	-3.5%	174.2%	98.4%	-45.2%	21.2%

Source: Bloomberg L.P., capital returns in local currency unless otherwise stated.

FTSE World Sector Returns (%) - Figures to 29 January 2009					
Best - 1 Month	**Absolute**	**Relative***	**Worst - 1 Month**	**Absolute**	**Relative***
Health Care Equip & Services	2.8	9.6	Banks	-17.2	-10.4
Oil Equipment & Services	1.4	8.2	Forestry & Paper	-16.9	-10.0
Food & Drug Retailers	0.0	6.8	Life Insurance	-15.6	-8.8
Aerospace & Defence	-1.2	5.7	General Industrials	-13.7	-6.9
Software & Services	-1.8	5.0	Nonlife Insurance	-13.0	-6.2
Best - 3 Months	**Absolute**	**Relative***	**Worst - 3 Months**	**Absolute**	**Relative***
Mining	3.3	14.4	Banks	-31.9	-20.8
Electricity	1.0	12.1	Automobiles & Parts	-28.2	-17.1
Mobile Telecoms	0.4	11.5	Forestry & Paper	-25.2	-14.1
Beverages	0.0	11.1	General Financial	-20.8	-9.8
Telecommunications	-0.5	10.6	General Industrials	-19.7	-8.6
Best - YTD	**Absolute**	**Relative***	**Worst - YTD**	**Absolute**	**Relative***
Health Care Equip & Services	2.8	9.6	Banks	-17.2	-10.4
Oil Equipment & Services	1.4	8.2	Forestry & Paper	-16.9	-10.0
Food & Drug Retailers	0.0	6.8	Life Insurance	-15.6	-8.8
Aerospace & Defence	-1.2	5.7	General Industrials	-13.7	-6.9
Software & Services	-1.8	5.0	Nonlife Insurance	-13.0	-6.2

Source: FactSet, figures in US$, total return. *Relative to the FTSE World Index (US$)

Global bond performance - figures to 31 January 2009												
	Current	**Basis Point Movement Over:**										
Government Bonds	**Yield (%)**	**1 Month**	**3 Months**	**YTD**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
US Treasuries 2 year	**0.95**	18.2	-60.2	18.2	-228.3	-176.1	40.8	133.5	124.6	22.1	-142.4	-206.9
US Treasuries 10 year	**2.84**	62.8	-111.3	62.8	-181.1	-67.9	31.1	17.3	-2.8	43.2	-123.5	-6.1
US Treasuries 30 year	**3.60**	92.7	-76.3	92.7	-177.6	-35.8	27.5	-29.1	-24.7	29.4	-68.6	0.9
UK Gilts 2 year	**1.48**	46.4	-141.6	46.4	-331.8	-81.8	99.2	-24.7	13.9	54.5	-100.6	-50.7
UK Gilts 10 year	**3.70**	68.4	-81.9	68.4	-148.5	-23.4	64.0	-43.6	-25.8	42.1	-67.2	16.5
UK Gilts 30 year	**4.40**	69.8	-11.5	69.8	-60.1	9.8	23.1	-42.8	-27.9	23.8	-25.3	47.0
German Bund 2 year	**1.53**	-22.2	-101.0	-22.2	-220.9	8.3	104.0	38.0	-12.3	-11.6	-92.8	-79.7
German Bund 10 year	**3.29**	34.7	-60.4	34.7	-135.8	36.8	63.8	-37.4	-60.8	8.3	-79.4	15.1
German Bund 30 year	**3.87**	34.2	-56.1	34.2	-106.5	55.1	48.0	-71.2	-65.6	9.7	-55.1	4.5
Japanese Gov Bond 2 year	**0.41**	2.6	-14.7	2.6	-33.5	-9.0	51.3	17.7	-1.0	6.5	-5.7	-35.3
Japanese Gov Bond 10 year	**1.30**	12.3	-17.9	12.3	-33.6	-17.5	20.5	3.9	7.1	46.1	-45.9	-27.8
Japanese Gov Bond 20 year	**1.90**	20.0	-21.1	20.0	-39.6	3.0	9.0	-9.0	20.4	34.1	-49.9	-13.6

Source: Bloomberg L.P.

Global currency movements - figures to 31 January 2009										
	Current	**Change Over:**								
	Value	**1 Month**	**3 Months**	**YTD**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Euro/US Dollar	**1.28**	-8.1%	0.8%	-8.1%	-4.3%	10.6%	11.5%	-12.7%	7.9%	19.6%
Euro/GB Sterling	**0.89**	-7.3%	12.5%	-7.3%	30.1%	9.1%	-2.1%	-2.7%	0.4%	8.0%
Euro/Swiss Franc	**1.49**	-0.1%	0.8%	-0.1%	-10.0%	3.0%	3.4%	0.7%	-0.9%	7.5%
Euro/Swedish Krona	**10.70**	-2.4%	8.6%	-2.4%	16.2%	4.5%	-4.0%	4.3%	-0.4%	-0.6%
Euro/Norwegian Krone	**8.87**	-8.7%	4.0%	-8.7%	22.4%	-3.7%	3.1%	-3.0%	-1.9%	15.5%
Euro/Danish Krone	**7.45**	0.1%	0.1%	0.1%	-0.1%	0.0%	-0.1%	0.3%	-0.1%	0.3%
US Dollar/Yen	**89.9**	-0.9%	-8.5%	-0.9%	-18.8%	-6.1%	0.9%	15.1%	-4.6%	-9.5%
US Dollar/Canadian Dollar	**1.23**	1.4%	2.9%	1.4%	22.8%	-14.9%	0.2%	-3.3%	-7.3%	-17.7%
US Dollar/South African Rand	**10.20**	8.4%	4.6%	8.4%	37.2%	-1.8%	10.3%	11.9%	-15.4%	-22.0%
US Dollar/Brazilian Real	**2.31**	-0.2%	7.0%	-0.2%	30.1%	-16.7%	-8.6%	-12.1%	-8.1%	-18.4%
US Dollar/Polish Zloty	**3.48**	17.2%	26.0%	17.2%	20.2%	-15.1%	-10.5%	8.0%	-19.5%	-2.5%
US Dollar/Hungarian Forint	**231.8**	21.8%	14.9%	21.8%	9.8%	-9.1%	-10.8%	17.7%	-13.3%	-6.8%
US Dollar/South Korean Won	**1394.7**	10.7%	3.6%	10.7%	34.6%	0.6%	-7.9%	-2.4%	-13.1%	0.5%
US Dollar/Taiwan Dollar	**33.59**	2.3%	1.7%	2.3%	1.2%	-0.5%	-0.7%	3.3%	-6.4%	-2.0%
US Dollar/Thai Baht	**34.97**	0.7%	-0.1%	0.7%	17.1%	-17.8%	-12.0%	5.4%	-1.8%	-8.1%
US Dollar/Singapore Dollar	**1.51**	5.2%	1.9%	5.2%	-0.1%	-6.3%	-7.7%	1.8%	-3.8%	-2.1%
US Dollar/Argentinean Peso	**3.49**	1.0%	3.0%	1.0%	9.6%	2.9%	1.0%	2.0%	1.5%	-12.0%
GB Sterling/US Dollar	**1.45**	-0.8%	-10.5%	-0.8%	-26.5%	1.3%	13.9%	-10.3%	7.4%	10.7%
GB Sterling/South African Rand	**14.76**	7.6%	-6.3%	-0.8%	0.9%	-1.1%	26.3%	0.4%	-9.1%	-13.6%
Australian Dollar/US Dollar	**0.64**	-9.4%	-4.0%	7.6%	-19.6%	11.2%	7.5%	-6.3%	4.1%	34.4%
New Zealand Dollar/US Dollar	**0.51**	-13.4%	-13.0%	-9.4%	-23.4%	8.8%	3.4%	-5.4%	9.8%	25.2%

Source: Bloomberg L.P.

Important Information