Global Market Report

A Monthly Report on the World Markets

Global Overview

Global overview

The summer rally in equities extended for another month as stocks garnered support from a mixture of upbeat economic data and some positive earnings results. European equities registered the strongest gains, underpinned by the surprising news that France and Germany were the first advanced economies to emerge from a recession. In the US, a rise in manufacturing output and encouraging data on house prices and consumer confidence suggested the recession was ending there to. By contrast, the decision by the Bank of England to extend its quantitative easing programme by another £50 billion added to concerns that the recovery here was more fragile than previously thought. After several months of outperformance, global emerging markets paused for breath as gains in Latin America and EMEA were offset by weakness in emerging Asian stocks, especially in China. In fixed income markets, government and corporate bonds generated positive gains.

US

- Economic indicators point to the recession coming to an end
- However, little encouragement from the consumer sector as retail sales disappoint amid a weak labour market
- White House raises estimate of the 10-year federal budget deficit by US$2 trillion to US$9 trillion

Europe

- France and Germany emerge from recession
- German Ifo at 1-year high while Economic Sentiment Indicators also offer signs of encouragement
- However, unemployment continues to rise

UK

- Another positive month for UK equities
- Cyclical sectors outperformed, while defensive areas of the market lagged
- Quantitative Easing Asset-Purchase programme extended by a further £50bn to £175bn

Asia Pacific

- Japanese economy returned to growth, expanding at an annualised rate of 3.7% in the second quarter
- Signs of economic recovery in Hong Kong and Taiwan sees official GDP targets for 2009 revised higher
- Some disappointment in Chinese economic data prompts profit taking

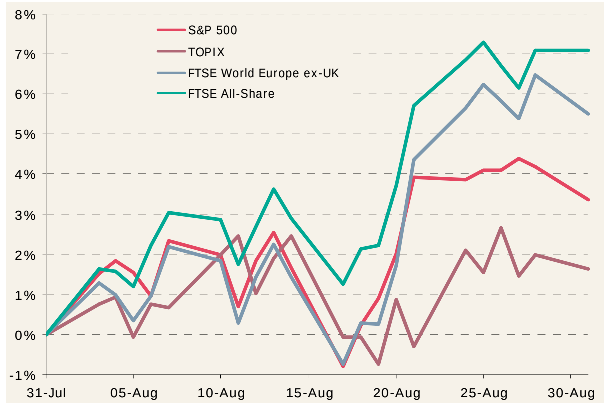
Emerging Markets

- Global emerging market equities dragged marginally lower by China on worries over policy tightening
- EMEA markets boosted by rally in European shares and lower interest rates
- Latin America also advances, benefiting from upbeat US economic data

Fixed Income

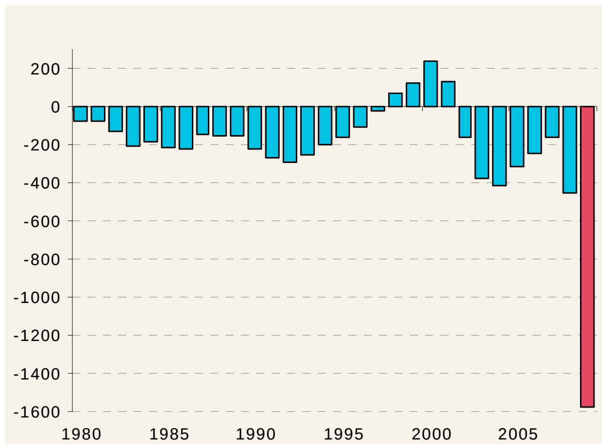
- UK corporate bond market posts fifth consecutive month of positive returns
- Government bonds also register gains despite ongoing issuance concerns
- High-yield defaults increase, although the projected peak default rate falls

Developed equity markets – August 2009



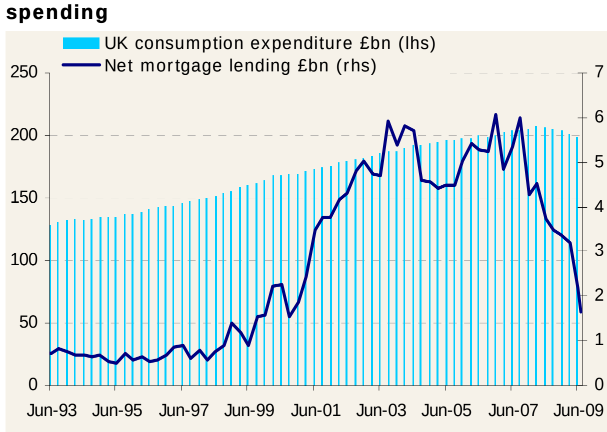
Source: Bloomberg L.P., local currency, capital returns only, rebased to 0, 31 July 2009 to 31 August 2009.

US federal budget deficit/surplus (US$bn) - 2009 estimated



Source: Bloomberg L.P.

UK consumers pay down debt rather than boost spending



Source: Bloomberg L.P., final consumption expenditure data up to end June 09, net mortgage lending includes July 09 figures

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UK

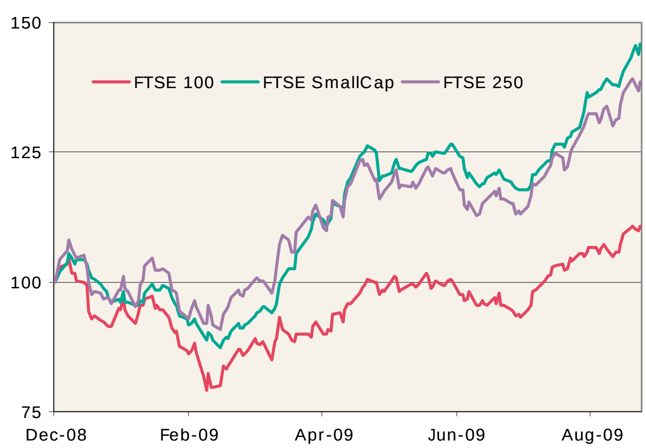
The upward momentum in the UK equity market continued into August, as reflected by the 7.1% rise in the FTSE All-Share index. Similar to previous months, the stock market was driven by strength in cyclical sectors, while defensive areas of the market underperformed. In terms of equity market performance on a market-capitalisation basis, small- and mid-sized companies outperformed, as reflected by the 13.1% and 10.2% rise in the FTSE Small Cap and the FTSE 250 indices, respectively. By contrast, large-capitalisation stocks lagged, as reflected by the 7.2% return of the FTSE 100 index. At the sector level, banks and insurers led the way, while tobacco and pharmaceuticals were weak.

The Bank of England's Monetary Policy Committee (MPC) kept interest rates on hold at 0.5% at the 6th August meeting. However, the market was surprised by the MPC's decision to extend the Quantitative Easing Asset-Purchase programme by a further £50bn to £175bn. With this enlarged remit, the MPC is able to purchase any gilt of three-year maturity or greater. Elsewhere in the economy, July inflation, as measured by the consumer prices index, came in at 1.8% month-on-month; the same as in June. This reading surprised the markets, which had been anticipating a drop in inflation over July. In other news, according to the Office for National Statistics, the UK economy contracted 0.7% in the second quarter of 2009 (first quarter GDP contracted 2.4%). This was better than the previous calculation of a 0.8% contraction.

August witnessed a number of positive macro news on the economy. For instance, data on the housing market continued to show improvement. According to Nationwide's measure of housing market activity, house prices rose for a fourth month in August, up 1.6% month-on-month, helped by a lack of supply and low interest rates. Staying with the housing market, UK mortgage approvals hit a 17-month high in July at 38,181, according to the British Bankers' Association. Elsewhere in the economy, UK retail sales came in at 0.4% month-on-month (m-o-m) in July according to figures from the Office for National Statistics, which was better than expected following an upwardly revised 1.3% m-o-m in June. Household goods, clothing and footwear sales were particularly strong.

However, it was not all good news on the economy. Data on the level of unemployment in the UK revealed a 220,000 rise in the number of people out of work to 2,435,000 in the three months to June. This took the jobless rate to 7.8%.

Smaller companies outperform year to date



Source: Bloomberg L.P.. Data from 31 December 2008 to 31 August 2009. Rebased to 100.

United States

US stock markets recovered from a mid-month fall caused in large part by reaction to the release of poor retail sales and disappointing initial jobless figures. Strong revisions to second-quarter data and a swathe of better economic news helped to ensure that the S&P 500 index finished up by 3.4%. The Dow Jones Industrial Average, the technology-orientated Nasdaq Composite and the smaller companies Russell 2000 rose by 3.5%, 1.5% and 2.8%, respectively. From its low on 9 March to 31 August, the Dow Jones index has climbed 45%.

Signs that the recession is coming to an end and news that pre-tax corporate profits are up 9.2% from the first quarter encouraged investors. Better economic news included the manufacturing Purchasing Managers' Index (PMI) rising 4.0 to 52.9, meaning that manufacturing output increased for the first time in 19 months. US auto sales also increased year-on-year and Ford announced it was increasing production. Industrial capacity utilisation rose to 68.5% in July from 68.1% in June. Durable goods orders were better than expected, as were new home sales and figures for single family home construction. Home prices rose for the first time in three years, and leading indicators and business activity both improved.

Employment news continues to be generally poor. Estimates vary as regards when unemployment will stop expanding. US Treasury Secretary Tim Geithner stated that he did not expect the unemployment rate to top out until the second half of 2010. Other commentators have US unemployment rising for up to another two-and-a-half years. With jobs hard to come by, and many current employees either fearful of redundancy or paying down debt, retail sales remain poor, dropping by 0.1% in July, despite the success of the 'cash for clunkers' policy. Retail sales are down 8.3% from a year before, unadjusted for inflation. Wage growth is currently stagnant, which is a negative for the prospect of a consumer-led recovery, but it contributed to a large gain in second-quarter non-farm productivity. This rose at a 6.6% annual rate, helped by unit labour costs falling 5.9% following job and cost cutting.

In other news, intense debate followed President Obama's announcement that he is empowering the Senate Finance Committee to come up with a plan to overhaul US health care provision. President Obama also nominated Ben Bernanke for a second four-year term as Chairman of the US Federal Reserve. More negatively, the White House revised its federal budget deficit estimate to US$9 trillion over the next 10 years, US$2 trillion larger than previously forecast, with interest payments expected to reach 3.4% of GDP by 2019.

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

Level 1		Level 2 - Top 5	
Financials	12.9	Insurance	15.8
Industrials	4.1	Banks	13.0
S&P 500	**3.4**	Diversified Financials	12.1
Consumer Discretionary	3.3	Real Estate	11.1
IT	2.4	Commercial Services	5.6
Health Care	2.1	**Level 2 - Bottom 5**	
Materials	2.0	Autos & Components	-3.5
Consumer Staples	0.8	Telecom Services	-2.4
Energy	0.4	Household & Pers Prods	-1.5
Utilities	0.2	Food, Beverage & Tob	-0.3
Telecom Services	-2.4	Utilities	0.2

Source: Datastream, figures in US$, total return

Europe

European equities continued their positive momentum during August as favourable data, both economic and corporate, propelled markets to nine-month highs. France, Germany, Portugal and Greece all posted positive second-quarter GDP figures as they were the first developed economies to emerge from recession. Meanwhile second-quarter earnings results from many European companies were broadly supportive to equity markets. Financials once again drove markets higher while utilities and industrials were also strong.

Eurozone GDP overall still fell by 0.1% during the second quarter, though this was a vast improvement on Q1 which saw a 2.5% fall. Despite some economies coming out of recession, the likes of Italy and the Netherlands were still contracting by 0.5% and 0.9% respectively. Further positive data revealed that the German Ifo survey rose to its highest level in a year. The reading was better-than-expected and demonstrated an improving manufacturing picture, albeit from a low base. August's small fall in German unemployment suggests that government incentives are providing welcome support to the labour market, for the time being at least. Unemployment fell by 1,000, leaving the unemployment rate unchanged at 8.3%. The government subsidy, which encourages firms to retain workers for shorter hours, runs out after a maximum of two years, so many fear that sharper increases in unemployment are to come in future, as overall eurozone unemployment is still on the rise with 9.5% of the workforce out of work, the highest level in over 10 years. Europe's economic sentiment index (ESI) was higher across all economies. The German ESI increased particularly sharply and Italy also recorded a healthy gain while there was a more modest rise in the Spanish ESI.

The relatively good news comes as a relief after the deep recession of the past year. However, there are at least two reasons why many economists are not getting too carried away. Firstly, while data from Germany and France suggest that consumer spending rose markedly, this mainly reflected a surge in car sales due to government car scrapping incentives. When these schemes expire at the end of this year, rising unemployment and falling wage growth should cause consumer spending growth to weaken. Second, a rapid expansion in net exports still seems too much to ask. The apparent improvement in Q2 was related partly to a drop in imports, presumably reflecting the earlier weakness of domestic spending. While exports appear to be contracting at slower rates than at the turn of the year, the recovery is only likely to be gradual.

Sector Returns %

Level 1		**Level 2 - Top 5**	
Financials	12.2	Real Estate	18.4
Utilities	8.0	Banks	13.6
Industrials	6.6	Travel & Leisure	13.4
FTSE Europe ex uk	**5.6**	Life Insurance	11.5
Technology	4.4	Forestry & Paper	9.8
Consumer Services	3.6	**Level 2 - Bottom 5**	
Oil & Gas	3.1	Automobiles & Parts	-8.9
Telecommunications	2.4	Mining	-4.5
Materials	1.6	General Retailers	-3.2
Health Care	1.0	Leisure Goods	-1.5
Consumer Goods	0.3	Tobacco	-0.5

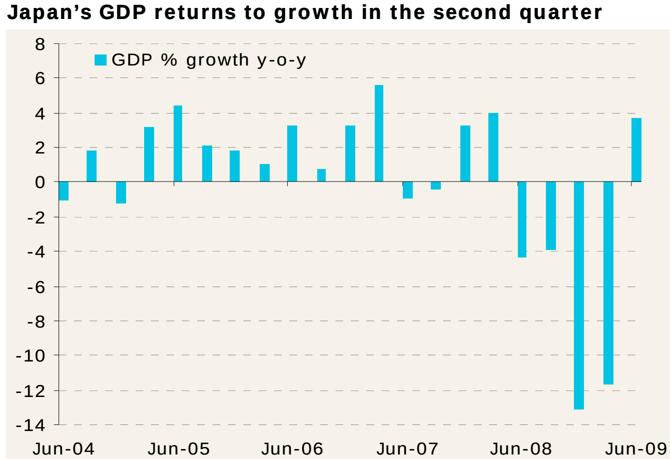
Source: Factset. All figures in euro, total return

Asia Pacific

Economic data in China that fell short of expectations raised doubts about the strength of recovery in Asia's dominant economy and left equities in the region mixed. Chinese stocks experienced the largest declines as disappointing foreign direct investment, export and industrial production data hit sentiment. Comments from Premier Wen Jiabao underlined that challenges remain given the weakness in external demand, which remains a key component in achieving sustainable economic growth. In order to support the recovery, the government reiterated its commitment to maintaining low interest rates and high levels of domestic spending. Corporate earnings in China were also mixed. Banks generally beat estimates as strong loan growth boosted profits, but insurance group Ping An was among those to miss estimates. There was more upbeat economic news in Hong Kong and Taiwan, where official GDP forecasts were revised higher. Hong Kong's economy grew 3.3% in the second quarter compared to -4.3% in the first three months of the year. Economic activity in Singapore was also stronger than expected, with the initial estimate of -3.7% for the second quarter revised up to -3.5%. Interest rates were cut in Indonesia, but with second quarter GDP reaching 4% rates are now expected to remain on hold. Interest rates were also held in the Philippines as authorities expect the economy to gradually regain upward momentum.

Data released during August showed that Japan's economy returned to growth in the second quarter, expanding at an annualised rate of 3.7%. This ended a run of four consecutive quarters of negative growth and was built on stabilisation in conditions globally, together with the positive impact of extensive government stimulus measures. Despite the stronger performance of the economy, the Bank of Japan highlighted that downside risks to growth remain and they stated their willingness to extend emergency credit facilities into 2010 should it be necessary. Unemployment continued to rise, reaching a record 5.7% in July, with the jobs to applicant ratio also establishing a new record low, falling to 0.42. The inflation picture in Japan also deteriorated further, with the core measure of CPI descending to -2.2% in July from -1.7% in June. Corporate earnings were generally better than expected and helped Japan's main stock indices to maintain their recent strength. Toyota increased earnings forecasts for the current fiscal year and Honda detailed plans to increase production to satisfy rising demand in Asia. Panasonic and Bridgestone were also among the companies to increase earnings expectations during the month, while banking groups Sumitomo Mitsui and Mizuho Financial announced plans to raise fresh capital through the sale of preferred securities.

Japan's GDP returns to growth in the second quarter



Source: Bloomberg L.P., 30 June 2005 to 30 June 2009.

Emerging Markets

Following several months of strong performance, global emerging equities paused for breath during August with the MSCI Emerging Markets (US$) index falling by a modest 0.5%. From a regional perspective, Asia was the weakest performer, with stocks in China declining the most in value due to worries over policy tightening. The local China A-share market was the hardest hit, falling by 21.8%. By comparison, equities in Latin America and EMEA registered gains, most notably in Hungary, Argentina, Poland and Turkey. Although emerging markets underperformed in the month, they have still returned superior gains versus developed markets on a year-to-date basis.

The MSCI EM Latin America (US$) index rose by 1.9%. Within the region, stocks in Mexico and Peru led the gains, followed by Brazil. Although economic data in Mexico was generally weak – the economy shrank by more than 10% during the second quarter from the same period a year earlier – more upbeat news from the US, its largest trading partner, boosted investors' confidence that the worst was probably now over for Mexico. There was also better news from the Brazilian economy, with the unemployment rate falling unexpectedly to 8.0% in July. With real wages also increasing for the first time in six months, this underlined expectations of sustained consumer spending in the months ahead. As such, consensus estimates as to how much the Brazilian economy will expand next year were revised upwards to 4.0%. Equities in Peru were underpinned by the country's investment-grade status being affirmed by S&P, with the ratings agency citing the country's solid economic growth prospects.

The outperformance of emerging European equities was aided by a rally in Western European share prices, falling interest rates and receding recessionary fears. Sentiment was also enhanced, following confirmation that France and Germany were no longer in recession and that key export markets in Western Europe were returning to growth. Economic news in emerging Europe was less upbeat; the Russian economy contracted by a record 10.9% during the second quarter as rising unemployment levels sapped consumer demand. Retail sales also dropped sharply in July at the fastest rate for almost ten years. However, the risk assessment for the region continues to stabilise and improve. The spread between US Treasuries and emerging market bonds narrowed by 10bps to 389bps. The cost of insuring against debt default in Russian bonds fell below those issued by California during August.

Regional performance one-month returns (%)

Emerging Markets	-0.5
Developed Markets	3.9
Asia	-3.0
EMEA	3.7
Latin America	1.9
Top five by country	
Hungary	12.9
Argentina	12.8
Egypt	9.1
Poland	6.2
Turkey	6.1
Bottom five by country	
Hong Kong	-7.3
China	-7.0
Chile	-4.5
Taiwan	-3.6
Singapore	-3.4

Source: Datastream, price returns %, US$, 31 July 2009 to 31 August 2009.

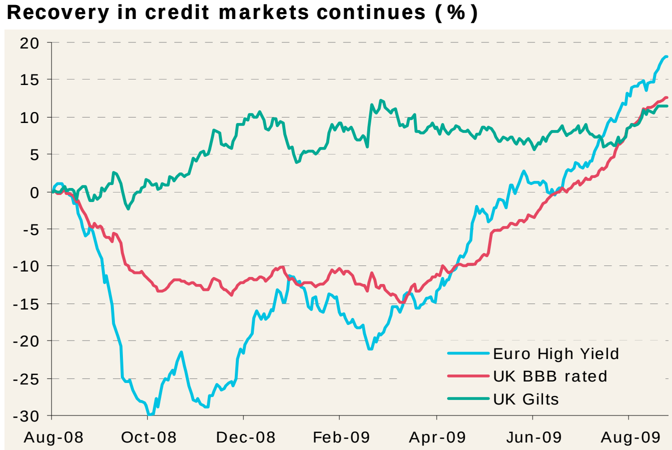
Fixed Income

Both government and corporate bond markets saw positive returns during August. According to data from Merrill Lynch, sterling BBB rated spreads decreased by 51bps, for a 5.8% gain while European high-yield spreads decreased by 104bps, posting a 6.8% gain in sterling terms. New issuance remained healthy despite the traditional August lull. EADS saw orders top €9bn in just half an hour for a €1bn 4.625% bond. Banks continued to find support with Barclays receiving bids of €6.7bn on a €2bn 10-year senior unsecured deal. Moody's reported that the European high-yield default rate rose in July to 6.7%, the highest level since late 2003, although still someway below the 2002 peak of just below 16%. More encouragingly though, having forecast in March that defaults would peak at 21% in the final quarter of 2009, Moody's is now expecting the default rate to peak at 12% in the first quarter of 2010, before declining to 8.7% by July 2010. Elsewhere, despite continued heavy supply, including a record weekly total of US$75bn by the US Treasury, government bonds saw positive returns. Over the month, the yield on the 10-year benchmark bond fell by 8bps, 25bps and 3bps in the US, UK and Europe respectively. Sterling three-month interbank lending rates continued to fall, declining from 0.89% to 0.69% over the month, to the lowest spread over bank rate since February 2008.

In the UK, the Bank of England extended quantitative easing to £175bn, citing weaker than expected GDP and money growth as the reason. The subsequent minutes reported a 6-3 split in voting for the £50bn increase. Annual CPI inflation remained unchanged at 1.8%, while RPI rose from -1.6% to -1.4%. Sterling gave back some of its recent gains over the month, losing 2.5% against the US dollar and 3.1% against the euro.

In Europe there were positive quarterly GDP releases from Germany and France, however eurozone GDP contracted marginally, dragged down by large falls in Dutch and Italian GDP. The eurozone composite PMI index increased sharply, and for the sixth consecutive month, after increases in both the manufacturing and services indices. The German Ifo business climate index also improved further after gains in both the current conditions and business expectations components. While forward-looking indicators pointed towards an improvement in economic conditions, eurozone unemployment hit a 10-year high with the number exceeding 15m, a seasonally adjusted rate of 9.5%. Despite increasing from -0.7% to -0.2%, annual eurozone CPI inflation was negative in August for the third consecutive month. Leading indicators also improved in the US for the fourth month in a row, with the Conference Board indicating, "economic activity will likely begin to recover soon". Consumer confidence also improved by more than expected after recent increases in the stock market and signs that house prices are bottoming.

Recovery in credit markets continues (%)



Source: Bloomberg L.P., 31 December 2008 to 31 July 2009

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August 2009

Global Market Report

A Monthly Report on the World Markets

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

Global	1 Month	3 Months	YTD	2008	2007	2006	2005	2004	2003	2002	2001	2000
MSCI World (lc)	3.5%	10.8%	14.6%	-40.1%	2.8%	13.5%	13.7%	9.5%	22.8%	-25.2%	-15.2%	-10.8%
MSCI World ($)	3.9%	11.9%	18.0%	-42.9%	-0.5%	15.8%	14.2%	22.6%	55.5%	-17.1%	-0.7%	-3.1%
MSCI World Value ($)	5.7%	13.6%	17.1%	-41.8%	-5.3%	11.9%	21.3%	18.8%	44.0%	-21.6%	3.5%	1.1%
MSCI World Growth ($)	2.1%	10.2%	18.7%	-42.6%	8.9%	18.8%	8.9%	13.7%	31.0%	-20.6%	-17.5%	-12.2%
MSCI World Small Cap ($)	6.0%	16.3%	30.7%	-46.0%	13.0%	23.8%	13.5%	18.7%	36.9%	-16.6%	-21.5%	-15.2%
MSCI Emerging Markets Free ($)	-0.5%	8.6%	48.0%	-39.4%	27.5%	15.8%	26.2%	25.3%	22.9%	-8.4%	-8.8%	4.3%
FTSE World ($)	3.8%	12.0%	20.4%	-51.0%	31.2%	26.2%	17.1%	15.7%	41.9%	-6.3%	-6.8%	-14.9%
FTSE World ex US ($)	4.1%	12.7%	26.0%	-44.2%	13.6%	16.8%	10.2%	17.5%	35.9%	-23.5%	-16.8%	-2.6%
United States & Canada												
Dow Jones Industrials	3.5%	11.7%	8.2%	-33.8%	6.4%	16.3%	-0.6%	3.1%	25.3%	-16.8%	-7.1%	-6.2%
S&P 500	3.4%	11.0%	13.0%	-38.5%	3.5%	13.6%	3.0%	9.0%	26.4%	-23.4%	-13.0%	-10.1%
NASDAQ	1.5%	13.2%	27.4%	-40.5%	9.8%	9.5%	1.4%	8.6%	50.0%	-31.5%	-21.1%	-39.3%
Russell 2000	2.8%	14.1%	14.5%	-34.8%	-2.7%	17.0%	3.3%	17.0%	45.4%	-21.6%	1.0%	-4.2%
S&P/ TSX Composite (Canada)	0.8%	4.8%	20.9%	-19.4%	-1.9%	7.8%	1.1%	-5.7%	12.4%	-21.7%	-14.8%	27.6%
Europe & Africa												
FTSE Europe (£)	8.2%	13.8%	8.4%	-28.2%	9.7%	14.9%	19.3%	9.9%	21.7%	-27.2%	-19.5%	-1.8%
FTSE Europe (euro)	5.1%	13.4%	19.0%	-45.4%	0.6%	17.2%	23.0%	9.4%	12.6%	-31.7%	-17.3%	-2.9%
FTSE Europe ex-UK (£)	8.8%	14.7%	7.2%	-26.8%	12.6%	16.8%	20.6%	10.9%	26.2%	-28.7%	-21.7%	0.2%
FTSE Europe ex-UK (euro)	5.7%	14.4%	17.7%	-44.4%	3.3%	19.1%	24.2%	10.3%	16.7%	-33.1%	-19.5%	-0.9%
MSCI Europe (Growth)	2.6%	9.8%	10.8%	-37.7%	9.0%	14.0%	20.2%	6.4%	10.6%	-31.0%	-21.9%	-11.8%
MSCI Europe (Value)	8.6%	15.7%	18.6%	-44.1%	-2.3%	17.9%	23.1%	12.4%	22.6%	-30.8%	-13.8%	4.5%
CAC 40 (France)	6.6%	11.5%	13.5%	-42.7%	1.3%	17.5%	23.4%	7.4%	16.1%	-33.7%	-22.0%	-0.5%
DAX (Germany)	2.5%	10.6%	13.6%	-40.4%	22.3%	22.0%	27.1%	7.3%	37.1%	-43.9%	-19.8%	-7.5%
Technology All-Share Price (Ger)	5.2%	13.1%	33.2%	-50.1%	22.2%	22.3%	18.2%	-0.3%	62.1%	-63.1%	-60.2%	-40.0%
Ibex 35 (Spain)	4.7%	20.6%	23.6%	-39.4%	7.3%	31.8%	18.2%	17.4%	28.2%	-28.1%	-7.8%	-21.7%
FTSEMib (Italy)	9.0%	12.8%	15.2%	-49.5%	-7.0%	16.0%	15.5%	14.9%	14.4%	-27.3%	-26.0%	2.5%
Swiss Market Index	4.5%	16.2%	12.3%	-34.8%	-3.4%	15.8%	33.2%	3.7%	18.5%	-27.8%	-21.1%	7.5%
Amsterdam Exchanges (Netherlands)	4.6%	14.2%	20.5%	-52.3%	4.1%	13.4%	25.5%	3.1%	4.6%	-36.3%	-20.5%	-5.0%
HSBC European Smaller Cos ex-UK	10.5%	17.6%	43.9%	-49.5%	-3.0%	33.8%	39.6%	--	--	--	--	--
Russian RTS ($)	4.8%	-1.9%	68.8%	-72.4%	19.2%	70.7%	83.3%	8.3%	58.0%	38.1%	81.5%	-18.2%
FTSE/JSE Africa All-Share (SA)	2.8%	9.5%	15.9%	-25.7%	16.2%	37.7%	43.0%	21.9%	12.0%	-11.3%	28.1%	-2.6%
UK												
FTSE All-Share	7.1%	11.9%	14.1%	-32.8%	2.0%	13.2%	18.1%	9.2%	16.6%	-25.0%	-15.4%	-8.0%
FTSE 100	6.5%	11.1%	10.7%	-31.3%	3.8%	10.7%	16.7%	7.5%	13.6%	-24.5%	-16.2%	-10.2%
FTSE 250	10.2%	16.4%	38.6%	-40.3%	-4.7%	27.1%	26.8%	19.6%	34.3%	-27.3%	-9.3%	1.6%
FTSE SmallCap	13.1%	18.5%	45.8%	-45.8%	-12.4%	18.2%	19.8%	11.4%	35.9%	-29.4%	-19.0%	2.8%
FTSE TechMARK 100	7.7%	12.5%	24.5%	-25.8%	8.5%	5.6%	19.7%	17.9%	56.4%	-55.9%	-42.6%	-32.2%
Asia Pacific												
Hong Kong Hang Seng	-4.1%	8.5%	37.1%	-48.3%	39.3%	34.2%	4.5%	13.2%	34.9%	-18.2%	-24.5%	-11.0%
China SE Shanghai Composite	-21.8%	1.3%	46.5%	-65.4%	96.7%	130.4%	-8.3%	-15.4%	10.3%	-17.5%	-20.6%	51.7%
Singapore Times	-2.5%	11.3%	47.2%	-49.2%	18.7%	28.0%	14.0%	15.6%	32.8%	-20.3%	-17.3%	-21.8%
Taiwan Weighted	-3.6%	-0.9%	48.7%	-46.0%	8.7%	19.5%	6.7%	4.2%	32.3%	-19.8%	17.1%	-43.9%
Korean Composite	2.2%	14.0%	41.6%	-40.7%	32.3%	4.0%	54.0%	10.5%	29.2%	-9.5%	37.5%	-50.9%
Thai Stock Exchange	4.7%	16.6%	45.2%	-47.6%	26.2%	-4.7%	6.8%	-13.5%	116.6%	17.3%	12.9%	-44.1%
Mumbai Sensex 30	0.0%	7.1%	62.4%	-52.4%	47.1%	46.7%	42.3%	13.1%	72.9%	3.5%	-17.9%	-20.6%
Jakarta Composite	0.8%	22.2%	72.8%	-50.6%	52.1%	55.3%	16.2%	44.6%	62.8%	8.4%	-5.8%	-38.5%
Malaysia Kuala Lumpur Composite Index	-0.1%	12.5%	33.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%
Philippines Composite Index	3.1%	20.7%	54.0%	-48.3%	21.4%	42.3%	15.0%	26.4%	41.6%	-12.8%	-21.8%	-30.3%
Hang Seng China Enterprises Index	-7.0%	8.2%	42.9%	-51.1%	55.9%	94.0%	12.4%	-5.6%	152.2%	13.2%	8.2%	-17.7%
Malaysia Kuala Lumpur Composite Index	-0.1%	12.5%	33.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%
Japan												
Topix	1.6%	7.6%	12.4%	-41.8%	-12.2%	1.9%	43.5%	10.2%	23.8%	-18.3%	-19.6%	-25.5%
Nikkei 225	1.3%	10.2%	18.4%	-42.1%	-11.1%	6.9%	40.2%	7.6%	24.5%	-18.6%	-23.5%	-27.2%
TSE2	3.6%	15.3%	19.9%	-40.8%	-21.3%	-19.3%	71.4%	40.9%	43.9%	-12.8%	-12.1%	-25.8%
Jasdaq	2.1%	15.3%	4.8%	-33.2%	-16.3%	-33.8%	44.1%	33.8%	75.4%	-18.5%	-12.9%	-44.3%
TSE Mothers Index	-3.2%	13.8%	38.7%	-58.7%	-29.5%	-56.3%	47.7%	30.6%	133.0%	-36.2%	-23.1%	--
Osaka Hercules index	1.5%	6.6%	28.4%	-58.1%	-34.6%	-51.9%	78.2%	25.4%	--	--	--	--
MSCI Japan Index	1.3%	7.1%	12.6%	-43.6%	-11.3%	6.1%	42.9%	9.7%	21.6%	-19.4%	-19.5%	-20.3%
Latin America												
MSCI EMF Latin America ($)	1.9%	8.3%	58.6%	-52.8%	46.9%	39.3%	44.9%	34.8%	67.1%	-24.8%	-4.3%	-18.4%
MSCI Mexico	5.0%	16.7%	33.9%	-44.0%	9.3%	39.0%	45.2%	45.0%	29.8%	-15.0%	15.9%	-21.5%
MSCI Brazil	1.5%	5.6%	71.4%	-57.6%	75.3%	40.5%	50.0%	30.5%	102.9%	-33.8%	-21.8%	-14.2%
Argentinean Merval	3.6%	12.3%	65.0%	-49.8%	2.9%	35.5%	12.2%	28.3%	104.2%	77.7%	-29.1%	-24.3%
Chilean Stock Market Select	-1.6%	2.4%	33.6%	-22.1%	13.3%	37.1%	9.4%	21.0%	48.5%	-15.5%	9.1%	-3.6%
Commodities												
Oil - UK Brent Crude Spot	-3.0%	5.8%	64.7%	-55.5%	56.1%	2.1%	46.3%	32.0%	1.6%	55.4%	-14.4%	-9.4%
Oil - US West Texas Intermediary	0.7%	5.5%	56.9%	-53.5%	57.2%	0.0%	40.5%	33.6%	4.2%	57.3%	-26.0%	4.7%
Reuters CRB Index	-1.5%	0.2%	10.5%	-36.0%	16.7%	-7.4%	16.9%	11.2%	8.9%	23.0%	-16.3%	11.1%
Gold Spot Price	-0.1%	-2.6%	8.6%	5.1%	31.0%	23.0%	18.0%	5.5%	19.3%	24.7%	2.5%	-5.5%
Baltic Dry Index	-27.7%	-30.7%	212.8%	-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.

ATLANTIC TRUST
PRIVATE WEALTH MANAGEMENT

August 2009

Global Market Report

A Monthly Report on the World Markets

FTSE World Sector Returns (%) - figures to 31 August 2009

Best - 1 Month	Absolute	Relative*	Worst - 1 Month	Absolute	Relative*
Forestry & Paper	13.6	9.6	Automobiles & Parts	-1.5	-5.6
Banks	11.6	7.5	Mining	-0.1	-4.1
Nonlife Insurance	10.2	6.1	Tobacco	0.2	-3.9
Const & Bldg Mats	9.4	5.4	Industrial Metals	0.3	-3.7
Aerospace & Defence	7.6	3.5	Leisure Goods	1.2	-2.9
Best - 3 Months	**Absolute**	**Relative***	**Worst - 3 Months**	**Absolute**	**Relative***
Forestry & Paper	26.4	13.7	Oil & Gas Producers	0.6	-12.1
Banks	24.9	12.2	Oil Equipment & Services	1.8	-10.8
Life Insurance	20.2	7.6	Mining	5.7	-7.0
Const & Bldg Mats	17.8	5.1	Travel & Leisure	7.7	-4.9
Industrial Engineering	17.8	5.1	Aerospace & Defence	7.9	-4.8
Best - YTD	**Absolute**	**Relative***	**Worst - YTD**	**Absolute**	**Relative***
Industrial Metals	56.7	33.6	Electricity	1.3	-21.9
Mining	48.6	25.4	Household Goods	5.4	-17.8
Technology Hardware	45.8	22.7	Fixed-Line Telecoms	6.1	-17.0
Automobiles & Parts	43.1	20.0	Pharmaceuticals & Biotech	6.5	-16.6
Oil Equipment & Services	42.5	19.3	Gas, Water & Multiutilities	7.3	-15.9

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

Global bond performance - figures to 31 August 2009

Government Bonds	Current Yield (%)	Basis Point Movement Over: 1 Month	3 Months	YTD	2008	2007	2006	2005	2004	2003	2002	2001
US Treasuries 2 year	**0.97**	-14.3	5.3	20.4	-228.3	-176.1	40.8	133.5	124.6	22.1	-142.4	-206.9
US Treasuries 10 year	**3.40**	-8.2	-6.1	118.6	-181.1	-67.9	31.1	17.3	-2.8	43.2	-123.5	-6.1
US Treasuries 30 year	**4.18**	-12.0	-15.8	150.2	-177.6	-35.8	27.5	-29.1	-24.7	29.4	-68.6	0.9
UK Gilts 2 year	**0.84**	-36.7	-21.7	-17.9	-331.8	-81.8	99.2	-24.7	13.9	54.5	-100.6	-50.7
UK Gilts 10 year	**3.55**	-24.5	-19.1	53.6	-148.5	-23.4	64.0	-43.6	-25.8	42.1	-67.2	16.5
UK Gilts 30 year	**4.12**	-38.6	-43.6	41.9	-60.1	9.8	23.1	-42.8	-27.9	23.8	-25.3	47.0
German Bund 2 year	**1.24**	-2.0	-17.5	-51.1	-220.9	8.3	104.0	38.0	-12.3	-11.6	-92.8	-79.7
German Bund 10 year	**3.25**	-4.3	-32.8	30.9	-135.8	36.8	63.8	-37.4	-60.8	8.3	-79.4	15.1
German Bund 30 year	**3.98**	-3.4	-37.8	44.8	-106.5	55.1	48.0	-71.2	-65.6	9.7	-55.1	4.5
Japanese Gov Bond 2 year	**0.25**	-3.1	-10.5	-12.6	-33.5	-9.0	51.3	17.7	-1.0	6.5	-5.7	-35.3
Japanese Gov Bond 10 year	**1.31**	-10.9	-18.0	13.6	-33.6	-17.5	20.5	3.9	7.1	46.1	-45.9	-27.8
Japanese Gov Bond 20 year	**2.09**	-6.0	-6.4	38.7	-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 August 2009

	Current Value	Change Over: 1 Month	3 Months	YTD	2008	2007	2006	2005	2004
Euro/US Dollar	**1.43**	0.7%	1.6%	2.8%	-4.3%	10.6%	11.5%	-12.7%	7.9%
Euro/GB Sterling	**0.88**	3.2%	0.8%	-8.0%	30.1%	9.1%	-2.1%	-2.7%	0.4%
Euro/Swiss Franc	**1.52**	-0.4%	0.5%	1.8%	-10.0%	3.0%	3.4%	0.7%	-0.9%
Euro/Swedish Krona	**10.22**	-0.8%	-5.0%	-6.8%	16.2%	4.5%	-4.0%	4.3%	-0.4%
Euro/Norwegian Krone	**8.63**	-1.5%	-3.3%	-11.2%	22.4%	-3.7%	3.1%	-3.0%	-1.9%
Euro/Danish Krone	**7.44**	0.0%	-0.1%	0.0%	-0.1%	0.0%	-0.1%	0.3%	-0.1%
US Dollar/Yen	**92.8**	-1.9%	-2.9%	2.2%	-18.8%	-6.1%	0.9%	15.1%	-4.6%
US Dollar/Canadian Dollar	**1.10**	1.7%	0.5%	-9.8%	22.8%	-14.9%	0.2%	-3.3%	-7.3%
US Dollar/South African Rand	**7.78**	0.0%	-2.5%	-17.3%	37.2%	-1.8%	10.3%	11.9%	-15.4%
US Dollar/Brazilian Real	**1.88**	0.4%	-4.7%	-19.0%	30.1%	-16.7%	-8.6%	-12.1%	-8.1%
US Dollar/Polish Zloty	**2.86**	-1.9%	-10.6%	-3.8%	20.2%	-15.1%	-10.5%	8.0%	-19.5%
US Dollar/Hungarian Forint	**189.7**	1.5%	-5.5%	-0.3%	9.8%	-9.1%	-10.8%	17.7%	-13.3%
US Dollar/South Korean Won	**1249.2**	2.2%	-0.4%	-0.8%	34.6%	0.6%	-7.9%	-2.4%	-13.1%
US Dollar/Taiwan Dollar	**32.92**	0.3%	0.9%	0.3%	1.2%	-0.5%	-0.7%	3.3%	-6.4%
US Dollar/Thai Baht	**34.01**	0.0%	-0.9%	-2.1%	3.1%	-6.7%	-12.0%	5.4%	-1.8%
US Dollar/Singapore Dollar	**1.44**	0.2%	-0.3%	0.3%	-0.1%	-6.3%	-7.7%	1.8%	-3.8%
US Dollar/Argentinean Peso	**3.85**	0.6%	2.8%	11.6%	9.6%	2.9%	1.0%	2.0%	1.5%
GB Sterling/US Dollar	**1.63**	-2.5%	0.8%	11.7%	-26.5%	1.3%	13.9%	-10.3%	7.4%
GB Sterling/South African Rand	**12.68**	-2.5%	-1.7%	11.7%	0.9%	-1.1%	26.3%	0.4%	-9.1%
Australian Dollar/US Dollar	**0.84**	1.3%	5.4%	-7.6%	-19.6%	11.2%	7.5%	-6.3%	4.1%
New Zealand Dollar/US Dollar	**0.68**	3.9%	7.5%	19.6%	-23.4%	8.8%	3.4%	-5.4%	9.8%

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