Global Market Report

A Monthly Report on the World Markets

Global Overview

Global overview

Global equity markets saw some stability in December, with most markets registering gains in sterling terms. Governments and policy makers continued to offer assistance including support for car manufacturers in the US and Europe. Interest rates were cut in a number of regions, including the US, UK, eurozone and Japan as economic news continued to deteriorate.

US

- Main US stock markets were flat over the month in US dollar terms, but are down by a third over the year
- Poor economic news spurs further interest rate cuts
- General Motors and Chrysler are given access to federal funds
- Bernard Madoff hedge fund is revealed as US$50bn fraud

Europe

- ECB delivers biggest interest-rate cut in its 10-year history as economy weakens further
- Euro surges 10% versus US dollar during December, still below its July peak
- Manufacturing and service industries contract at fastest pace on record

UK

- UK stock market rebounds in December
- UK interest rates cut to 2%; the lowest level since 1951
- Sterling flirts with parity against the euro as it hits a record low
- Annual CPI inflation down from 4.5% in October to 4.1% in November as fuel and transport prices declined

Asia pacific

- Asian equity markets were generally higher as governments and central banks continued to announce stimulus measures and interest rate cuts
- Exports in China fell sharply in November, contracting by 2.2% year-on-year (y-o-y) against growth of 19.2% y-o-y in October
- Japanese stocks were firmer, with additional government spending plans and low valuations outweighing further negative economic data

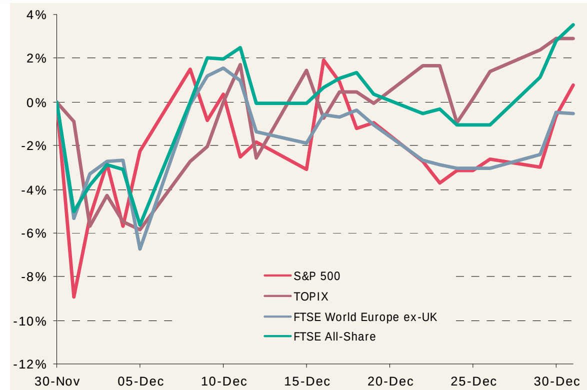
Emerging Markets

- Emerging markets equities register monthly gains after disappointing year
- Emerging Asian stocks outperform in December due to stellar performances from Thailand, Hong Kong and Indonesia
- Strength in Brazilian and Russian shares undermined by further weakness in commodity prices

Fixed Interest

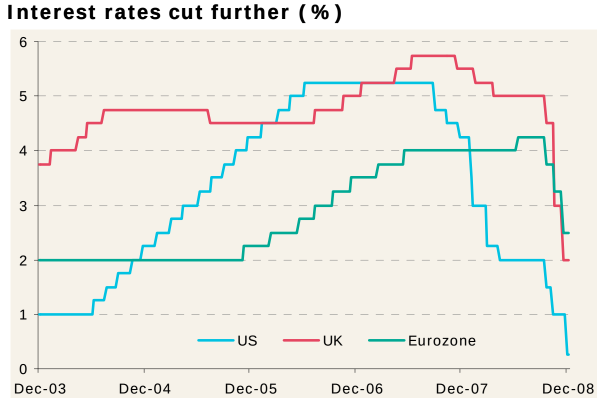
- Fixed interest markets relatively stable in comparison to recent months although credit spreads remain at all-time wides
- Government bonds continued to benefit leaving yields at extremely low levels

Developed equity markets



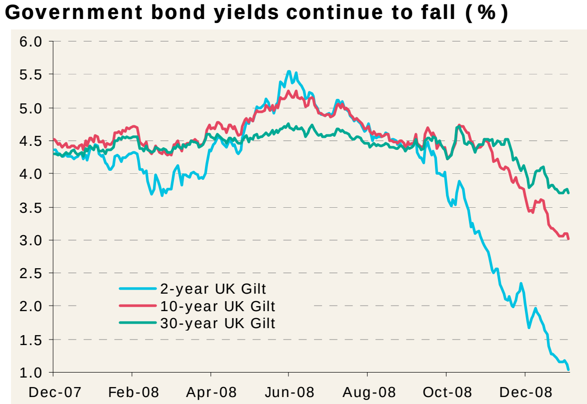
Source: Bloomberg L.P., local currency, capital returns only, rebased to 0, data to 31 December 2008

Interest rates cut further (%)



Source: Bloomberg L.P., 31 December 2003 to 31 December 2008

Government bond yields continue to fall (%)



Source: Bloomberg L.P., yield %, 31 December 2007 to 31 December 2008

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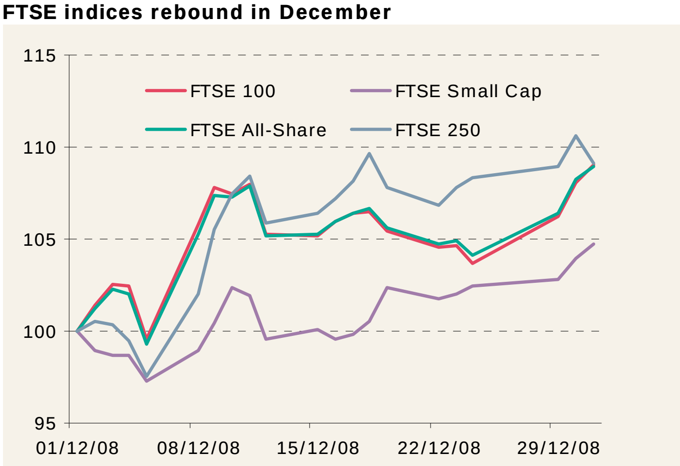
UK

December was a positive month for the UK equity market, as reflected by the 3.5% rise in the FTSE All-Share index. In fact, all UK FTSE indices were up on the month, as shown in the chart below. The best-performing company in the FTSE 100 index was Tullow Oil, while the worst performing was 3i. At the sector level, chemicals was the best performing area in the FTSE All-Share index, while leisure goods lagged.

Despite the UK stock market's positive performance over December, this was not enough to prevent it from generating a record annual decline for 2008. The FTSE All-Share index fell by 32.8% over the year, while the large-cap FTSE 100 index fared relatively better than its smaller and mid-cap counterparts, registering a loss of 31.3% versus losses of 40.3% and 45.8% for the FTSE 250 and the FTSE SmallCap indices, respectively.

To minimise the impact of the slowing UK economy and with the prospect of undershooting the government's 2% inflation target in mind, the Bank of England Monetary Policy Committee (MPC) lowered interest rates by 100 basis points to 2% on 4 December — the lowest level since 1951 — with a further rate cut looking probable for January's upcoming MPC meeting. Minutes from the 4 December meeting revealed that the MPC voted 9-0 in favour of the decision to lower rates. In other news on the economy, November inflation, as measured by the consumer prices index, came in at 4.1% year-on-year (y-o-y) versus 4.5% y-o-y in October. Meanwhile, the November retail price index fell to 3% y-o-y from 4.2% y-o-y in October. Third-quarter 2008 gross domestic product (GDP) was revised down to -0.6% quarter-on-quarter (q-o-q) from a previous estimate of -0.5% q-o-q; the worst reading for almost 18 years. GDP for the second quarter of 2008 was left unrevised at zero. Meanwhile, unemployment data continued make for grim reading. In the three months to October, a further 137,000 people lost their jobs, taking the number of those without work to 1.86 million. UK house-price data continued to point to a slowing housing market. According to the latest survey from Halifax, house prices declined by 16.2% y-o-y in December versus a 14.9% y-o-y decline in November. Similarly, a survey by the Land Registry recorded that property prices fell by 12.2% y-o-y in November, while according to the British Banker's Association, mortgage approvals for November fell 14% month-on-month to a new low of 17,773 or down 60% y-o-y. In the currency markets, sterling experienced its worst performance against the euro since the debut of the single currency in January 1999. Although sterling fell sharply against the euro during December and edged towards a one-for-one exchange rate, it did not quite hit parity. It reached a low point €1.020 on 30 December.

FTSE indices rebound in December



Source: Bloomberg L.P., data to 31 December 2008, rebased to 100

United States

The Dow Jones Industrial Average fell by 0.6% over December, but the wider S&P 500 index and the technology-orientated Nasdaq broke their downtrend of recent months by rising 0.8% and 2.7%, respectively. The Russell 2000 index for smaller companies rose by 5.6%. The final month concluded the Dow's worst year since 1931, having fallen by 33.8% in total. The S&P 500 recorded its worst year since 1937, finishing 38.5% lower.

December started off with very bad figures from the US Labor Department. The US economy lost 533,000 jobs in November, the highest single monthly loss since December 1974, pushing up the unemployment rate to 6.7%. Poor retail sales figures for November, and early reports of sales in the week before Christmas falling by 1.8% year-on-year, added to the gloom. US manufacturing activity, as indicated by the index produced by the Institute for Supply Management (ISM), fell from 36.2 in November to 32.4 in December, its sharpest fall for 30 years. New orders and production measures reached their lowest levels since the survey began in 1948. In addition, the ISM's service-sector index fell by 7.1 points to 37.3 over the same period, another new low. A figure below 50 indicates contraction. Home prices and sales also continued to fall.

The continuing poor economic news spurred further interest-rate cuts. The Bank of Canada cuts its headline interest rate, by 0.75% to 1.5% on 9 December, and the US Federal Reserve (Fed) followed by reducing its headline interest rate from 1.0% to a range between zero and 0.25%, on 16 December. The Fed also pledged to use "all available tools to promote the resumption of sustainable growth", which is widely thought to include buying US Treasury bonds as a form of quantitative easing. Markets rallied on the news, and did so again later in the month as General Motors and Chrysler received US$17.4bn of support from the US Treasury's US$700bn bail-out fund. GMAC, the ailing consumer lender, also received authorisation to access up to US$6.3bn from the plan. The rate cuts and negative economic news caught up with the US dollar, and it declined in value by over 10% against the euro during the month.

Questions are being asked of regulators after Bernard Madoff's investment fund was unmasked as a US$50bn Ponzi scheme. The fraud had been perpetuated over a period of 20 years and its disclosure signals another nail in the coffin of light touch regulation for the hedge fund industry. Elsewhere, Goldman Sachs recorded its first quarterly loss (US$2.12bn), and newspaper publisher Tribune filed for bankruptcy protection. Media groups are struggling to bring in advertising revenues.

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

Level 1		Level 2 - Top 5	
Health Care	6.6	Real Estate	13.2
Consumer Discretionary	5.1	Insurance	10.4
IT	1.7	Consumer Services	9.7
Telecom Services	0.9	Health Care Eqpt.	8.1
S&P 500	**0.8**	Retailing	6.3
Industrials	0.6	**Level 2 - Bottom 5**	
Financials	-0.7	Banks	-4.0
Materials	-0.8	Energy IG	-4.1
Consumer Staples	-0.8	Transportation	-4.3
Utilities	-2.5	Diversified Financials	-4.9
Energy	-4.1	Automobiles & Cmpnts.	-8.0

Source: Datastream, figures in US$, total return

Europe

European equities ended the month marginally lower in local currency terms as weak economic news continued to dog the market in what has been a difficult year for equities. Although weak during December, health care has been the most resilient sector during the year while financials has undoubtedly been the most disappointing.

The European Central Bank (ECB) delivered the biggest interest-rate cut in its 10-year history after the economic slump deepened and the inflation rate plunged. ECB policy makers lowered the benchmark lending rate by 75 basis points (bps) to 2.5%, in a move which surprised the majority of analysts who were expecting only a 50bp cut. The ECB has remained more conservative in its actions compared to other central banks around the world where borrowing costs have been reduced far more aggressively in a bid to contain the fallout from the financial crisis.

Manufacturing and service industries contracted at the fastest pace on record in November and economic confidence plunged to a 15-year low. With oil prices collapsing, the inflation rate fell the most in almost 20 years last month, to 2.1% from 3.2% in October. December's fall in the German Ifo business climate index brought further evidence that, far from weathering the storm, the German economy is in the midst of it. The composite headline index fell from 85.8 to 82.6 – slightly weaker than the consensus forecast and the lowest since the series began in 1991. The index now points to falls in GDP of over 1% compared to a year earlier. The current conditions index dropped from 94.9 to 88.8, suggesting that the recession probably deepened in Q4. Furthermore, with the expectations index still at a record low, there is little light at the end of the tunnel.

Unemployment is also picking up at a worrying rate and this is likely to ensure that household spending will continue to fall, as illustrated by declining retail sales. Eurozone employment contracted by 0.1% in the third quarter, the first quarterly fall since Q1 2004.

Despite the fact that the euro surged 10% during December, the decline in the euro versus the dollar from a July peak of $1.60 has made European exports more competitive abroad. However, companies are still seeing export orders dwindle as the global economic slowdown curbs demand.

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

Level 1		**Level 2 - Top 5**	
Industrials	4.2	Beverages	12.4
Utilities	3.6	Life Insurance	11.5
Consumer Services	1.9	General Industrials	10.0
Materials	0.7	General Retailers	9.7
Telecommunications	0.6	Electronic Equipment	8.4
FTSE Europe ex uk	**-0.5**	**Level 2 - Bottom 5**	
Consumer Goods	-1.3	Forestry & Paper	-15.8
Technology	-1.5	Tobacco	-9.5
Financials	-2.1	Oil Equipment & Services	-9.0
Health Care	-3.3	Banks	-5.7
Oil & Gas	-5.2	Food Producers	-5.5

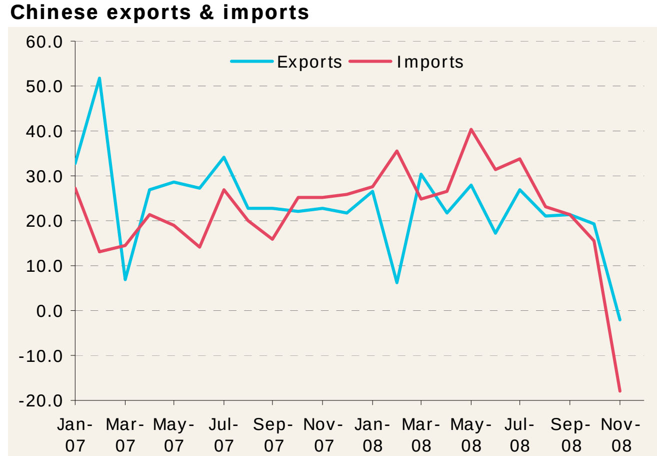
Source: FactSet. All figures in euro, total returns

Asia Pacific

Equities in Asia were generally higher in December, as hopes that concerted government action could boost future earnings combined with depressed valuations to offer a degree of support to share prices. Global and regional economic worries dominated sentiment as economic news remained poor but wide ranging government and central bank initiatives were announced to help underpin economic growth. China provided some of the month's most significant economic releases, with November's exports contracting 2.2% year-on-year (y-o-y) having grown 19.2% y-o-y in October. Chinese authorities continued to announce policies to counter the weakening economy and December saw interest rates cut for the third time in three months, leaving the 1-year lending rate at 5.31%. The government also announced plans to support the real estate market through tax incentives and a commitment to build a total of 10 million new housing units. Interest-rate reductions and additional stimulus measures were also announced across Asia as authorities attempt to slow the pace of economic decline. Tax cuts in India and increased government spending in Korea and Taiwan were revealed, with Thailand, the best performing Asian market during the month, benefiting from some easing of political unrest with the end of anti-government protests and the appointment of a new Prime Minister, Abhisit Vejjajiva.

Japan's leading equity indices were higher in December, despite the generally negative tone to both economic and corporate news. The extent of the slowdown in Japan became increasingly clear in the final month of the year as the initial estimate of third quarter economic performance was revised down from an annualised figure of -0.4% to -1.8%. Japan's exports also continued to suffer from weakness in global demand and from yen strength, with exports in November declining 27% y-o-y. To counter the economic headwinds, interest rates were cut from 0.3% to just 0.1% and the Bank of Japan also announced its intention to increase the size of their Japanese Government Bond purchases and also revealed plans to start buying commercial paper. Further measures were detailed by the Japanese government, with up to ¥20 trillion (US$223bn) of equities held by Japanese banks to be purchased in order to boost bank capital as part of a ¥75 trillion stimulus package. Over the month, corporate headlines were dominated by a series of downward revisions to earnings forecasts, job losses, capital raisings and production cuts. These were encapsulated by December's Tankan survey, which experienced the largest quarter-on-quarter decline for more than three decades as recession, deterioration in global conditions and a lack of available credit combined to depress business sentiment.

Chinese exports & imports



Source: Bloomberg L.P., % growth January 2007 to November 2008

Emerging Markets

Emerging market equities rallied in December as investors reacted positively to the announcement of further stimulus packages from various countries and another round of interest rate reductions. The MSCI Emerging Markets (US$) index rose by 7.6%, versus a 3.1% monthly gain in the MSCI World (US$) index. However, for the calendar year, emerging markets underperformed due to a collapse in risk appetite that was accentuated by the failure of Lehman Brothers in September. During 2008, the MSCI EM (US$) index fell by 54.5%. The year's top three performing countries were South Africa, Malaysia and Mexico. By comparison, the worst performing markets were Russia, India and Turkey.

During December, the emerging Asian region outperformed thanks to the strong gains registered in Thailand, Hong Kong and Indonesia. Lower borrowing costs in China and India, tumbling commodity prices and a narrowing in spreads between Asian investment-grade bonds over US Treasuries were supportive factors. In the other main emerging market regions, stock gains in emerging Europe were held back by weakness in Russian and Hungarian equity prices. Latin America underperformed as falling oil and metal prices diluted demand for many of the region's energy and mining companies.

In economic news the decision by the US Federal Reserve to lower interest rates to virtually zero and a bailout of the US car industry boosted investor sentiment in general. However, whilst falling oil prices was welcomed by many, its slide below US$40 a barrel created more anxiety for oil producing nations. Given that Russia needs oil at US$70 a barrel to balance its 2009 budget, the uncertain outlook prompted S&P to cut the country's credit rating for the first time in nine years to BBB. Declining oil revenues increased pressure on the rouble, which fell to a record low versus the euro. Russia's energy-dominated RTS (US$) index lost 4.0%. A smaller lost was recorded in Hungary despite the central bank cutting interest rates twice during the month to 10.0%. Polish stocks registered a modest rise aided by a larger than expected reduction in interest rates from 5.75% to 5.0%. Borrowing costs in the Czech Republic were also lowered.

Stocks rose in value in Latin America, led by Mexico. However, buying momentum in Brazilian equities stalled on fears that a global recession would result in lower demand for raw materials. Hopes of lower Brazilian interest rates in 2009 were increased following a cut in the central bank's inflation and growth forecasts for the year ahead. The cost of borrowing was reduced in Colombia. Ecuador defaulted on foreign bonds for the second time in a decade on 12 December 2008.

Regional performance one-month returns (%)

MSCI Emerging Markets Free ($)	7.6%
MSCI Asia Pacific Ex-Japan ($)	8.8%
MSCI EMF Latin America ($)	2.4%
MSCI Emerging Markets Europe ($)	4.5%
Top 5 By Country	
Thai Stock Exchange	12.0%
Hang Seng China Enterprises Index	9.5%
Jakarta Composite	9.2%
Mexican Bolsa	9.0%
MSCI Asia Pacific Ex-Japan ($)	8.8%
Bottom 5 By Country	
Philippines Composite Index	-5.0%
Tel Aviv 100 Index	-4.9%
Russian RTS ($)	-4.0%
Budapest Stock Exchange Index	-3.6%
China SE Shanghai Composite	-2.7%

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

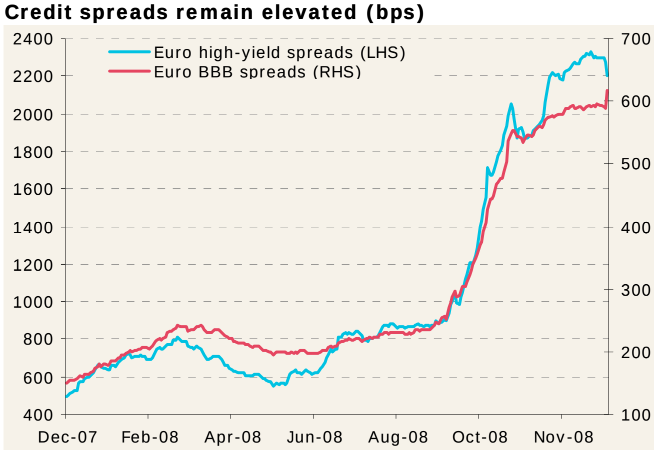
Fixed Income

Fixed interest markets saw some relative stability in the final month of the year despite the ongoing financial crisis. Governments and policy makers continued to offer support including a US$17bn loan to US car manufacturers GM and Chrysler. GM's leasing arm, GMAC received an additional US$6bn to encourage funding of new vehicle purchases and gained approval to become a bank holding company, giving it access to emergency government funds. The Fed cut US interest rates from 1% to a range of 0%-0.25%, stating that it would keep funds at this low range for some time and that its policy focus will now be to expand its balance sheet as necessary.

Sterling hit a new record low against the euro as the grim outlook for the UK economy continued. Over the month, sterling weakened by 13.7% against the euro and by 5.2% versus the US dollar. UK interest rates were cut by 1% to just 2%, the lowest level since 1951. In the statement accompanying the announcement, the MPC noted that the downturn appeared to have gathered pace and that measures to improve credit conditions had so far borne little fruit. It commented that "it was unlikely that a normal volume of lending would be restored without further measures." However, it also noted that the lower level of sterling and the fiscal measures to boost demand would support activity. In Europe, the ECB cut interest rates for the third consecutive month by 0.75% to 2.5% as official statistics confirmed that the eurozone was in a recession. In France a €26bn stimulus package amounting to 1.3% of GDP was unveiled in an effort to boost economic growth by 0.6% for 2009. It was also announced that the French budget deficit would increase to 3.9% of GDP, breaching the 3% ceiling demanded by the European Commission, although the rules have been eased to help members of the European Union tackle the financial crisis.

In credit markets, spreads over government bonds widened, albeit less than in recent months. According to data from Merrill Lynch, European high-yield spreads increased by 22bps, while investment-grade spreads increased by 38bps. December saw European high-yield bonds post a 0.1% gain in local currency terms, however with sterling falling significantly; returns in sterling were 17.1%. Deutsche Bank announced that it would not exercise an option to redeem a subordinated bond, due to mature in 2014 but with a call date in 2009, as the cost of doing so would be higher than the penalty for not redeeming the debt. Credit markets reacted negatively to the news as investors in redeemable debt had come to expect borrowers to repay on the first call date and valued the bonds on that basis. Government bonds continued to benefit leaving yields at extremely low levels. Over the month, the yield on the 10-year benchmark fell by 71, 75 and 31bps in the US, UK and Europe, respectively. Sterling three-month interbank lending rates retreated to 2.77%.

Credit spreads remain elevated (bps)



Source: Bloomberg L.P., 31 December 2007 to 31 December 2008

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Global equity and commodity index performance - figures to 31 December 2008

Global	1 Month	3 Months	YTD	2007	2006	2005	2004	2003	2002	2001	2000	1999
MSCI World (lc)	0.9%	-21.1%	-40.1%	2.8%	13.5%	13.7%	9.5%	22.8%	-25.2%	-15.2%	-10.8%	26.3%
MSCI World ($)	3.1%	-22.2%	-42.1%	7.1%	18.0%	7.6%	12.8%	30.8%	-21.1%	-17.8%	-14.0%	23.6%
MSCI World Value ($)	2.6%	-21.2%	-42.3%	1.0%	22.2%	7.0%	16.0%	35.2%	-21.3%	-16.2%	-1.3%	15.1%
MSCI World Growth ($)	3.5%	-23.1%	-42.0%	13.3%	13.8%	8.1%	9.7%	26.4%	-20.9%	-20.1%	-26.1%	31.7%
MSCI World Small Cap ($)	5.8%	-25.3%	-42.9%	-0.5%	15.8%	14.2%	22.6%	55.5%	-17.1%	-0.7%	-3.1%	25.3%
MSCI Emerging Markets Free ($)	7.6%	-27.9%	-54.5%	36.5%	29.2%	30.3%	22.4%	51.6%	-8.0%	-4.9%	-31.8%	63.7%
FTSE World ($)	3.5%	-22.4%	-42.6%	8.9%	18.8%	8.9%	13.7%	31.0%	-20.6%	-17.5%	-12.2%	24.2%
FTSE World ex US ($)	5.8%	-22.3%	-46.0%	13.0%	23.8%	13.5%	18.7%	36.9%	-16.6%	-21.5%	-15.2%	29.6%
United States & Canada												
Dow Jones Industrials	-0.6%	-19.1%	-33.8%	6.4%	16.3%	-0.6%	3.1%	25.3%	-16.8%	-7.1%	-6.2%	25.2%
S&P 500	0.8%	-22.6%	-38.5%	3.5%	13.6%	3.0%	9.0%	26.4%	-23.4%	-13.0%	-10.1%	19.5%
NASDAQ	2.7%	-24.6%	-40.5%	9.8%	9.5%	1.4%	8.6%	50.0%	-31.5%	-21.1%	-39.3%	85.6%
Russell 2000	5.6%	-26.5%	-34.8%	-2.7%	17.0%	3.3%	17.0%	45.4%	-21.6%	1.0%	-4.2%	19.6%
S&P/ TSX Composite (Canada)	-3.1%	-23.5%	-35.0%	7.2%	14.5%	21.9%	12.5%	24.3%	-14.0%	-13.9%	6.2%	29.7%
Europe & Africa												
FTSE Europe (£)	12.5%	-4.9%	-28.2%	9.7%	14.9%	19.3%	9.9%	21.7%	-27.2%	-19.5%	-1.8%	17.6%
FTSE Europe (euro)	-3.8%	-22.5%	-45.4%	0.6%	17.2%	23.0%	9.4%	12.6%	-31.7%	-17.3%	-2.9%	--
FTSE Europe ex-UK (£)	16.6%	-2.9%	-26.8%	12.6%	16.8%	20.6%	10.9%	26.2%	-28.7%	-21.7%	0.2%	17.8%
FTSE Europe ex-UK (euro)	-0.3%	-20.9%	-44.4%	3.3%	19.1%	24.2%	10.3%	16.7%	-33.1%	-19.5%	-0.9%	--
MSCI Europe (Growth)	0.9%	-16.7%	-37.7%	9.0%	14.0%	20.2%	6.4%	10.6%	-31.0%	-21.9%	-11.8%	27.7%
MSCI Europe (Value)	0.4%	-18.2%	-44.1%	-2.3%	17.9%	23.1%	12.4%	22.6%	-30.8%	-13.8%	4.5%	27.7%
CAC 40 (France)	-1.4%	-20.2%	-42.7%	1.3%	17.5%	23.4%	7.4%	16.1%	-33.7%	-22.0%	-0.5%	51.1%
DAX (Germany)	3.0%	-17.5%	-40.4%	22.3%	22.0%	27.1%	7.3%	37.1%	-43.9%	-19.8%	-7.5%	39.1%
Technology All-Share Price (Ger)	2.8%	-26.9%	-50.1%	22.2%	22.3%	18.2%	-0.3%	62.1%	-63.1%	-60.2%	-40.0%	66.2%
Ibex 35 (Spain)	3.2%	-16.3%	-39.4%	7.3%	31.8%	18.2%	17.4%	28.2%	-28.1%	-7.8%	-21.7%	18.3%
Mib30 (Italy)	-3.4%	-22.9%	-48.4%	-6.5%	17.5%	13.3%	16.9%	11.8%	-26.0%	-26.2%	1.7%	22.3%
Swiss Market Index	-4.8%	-16.8%	-34.8%	-3.4%	15.8%	33.2%	3.7%	18.5%	-27.8%	-21.1%	7.5%	5.7%
Amsterdam Exchanges (Netherlands)	-2.6%	-25.8%	-52.3%	4.1%	13.4%	25.5%	3.1%	4.6%	-36.3%	-20.5%	-5.0%	24.7%
HSBC European Smaller Cos ex-UK	-0.2%	-25.8%	-49.6%	-3.0%	33.8%	39.6%	--	--	--	--	--	--
Russian RTS ($)	-4.0%	-47.9%	-72.4%	19.2%	70.7%	83.3%	8.3%	58.0%	38.1%	81.5%	-18.2%	197.4%
FTSE/JSE Africa All-Share (SA)	1.4%	-9.8%	-25.7%	16.2%	37.7%	43.0%	21.9%	12.0%	-11.3%	28.1%	-2.6%	66.8%
UK												
FTSE All-Share	3.5%	-11.0%	-32.8%	2.0%	13.2%	18.1%	9.2%	16.6%	-25.0%	-15.4%	-8.0%	21.2%
FTSE 100	3.4%	-9.6%	-31.3%	3.8%	10.7%	16.7%	7.5%	13.6%	-24.5%	-16.2%	-10.2%	17.8%
FTSE 250	4.4%	-19.4%	-40.3%	-4.7%	27.1%	26.8%	19.6%	34.3%	-27.3%	-9.3%	1.6%	32.8%
FTSE SmallCap	3.9%	-23.6%	-45.8%	-12.4%	18.2%	19.8%	11.4%	35.9%	-29.4%	-19.0%	2.8%	49.6%
FTSE TechMARK 100	4.1%	-12.4%	-25.8%	8.5%	5.6%	19.7%	17.9%	56.4%	-55.9%	-42.6%	-32.2%	159.6%
Asia Pacific												
Hong Kong Hang Seng	3.6%	-20.1%	-48.3%	39.3%	34.2%	4.5%	13.2%	34.9%	-18.2%	-24.5%	-11.0%	68.8%
China SE Shanghai Composite	-2.7%	-20.6%	-65.4%	96.7%	130.4%	-8.3%	-15.4%	10.3%	-17.5%	-20.6%	51.7%	19.2%
Singapore Times	1.7%	-25.3%	-49.2%	18.7%	28.0%	14.0%	15.6%	32.8%	-20.3%	-17.3%	-21.8%	--
Taiwan Weighted	2.9%	-19.7%	-46.0%	8.7%	19.5%	6.7%	4.2%	32.3%	-19.8%	17.1%	-43.9%	31.6%
Korean Composite	4.5%	-22.3%	-40.7%	32.3%	4.0%	54.0%	10.5%	29.2%	-9.5%	37.5%	-50.9%	82.8%
Thai Stock Exchange	12.0%	-24.6%	-47.6%	26.2%	-4.7%	6.8%	-13.5%	116.6%	17.3%	12.9%	-44.1%	35.4%
Mumbai Sensex 30	6.1%	-25.0%	-52.4%	47.1%	46.7%	42.3%	13.1%	72.9%	3.5%	-17.9%	-20.6%	63.8%
Jakarta Composite	9.2%	-26.0%	-50.6%	52.1%	55.3%	16.2%	44.6%	62.8%	8.4%	-5.8%	-38.5%	70.1%
Malaysia Kuala Lumpur Composite Index	1.2%	-13.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%	38.6%
Philippines Composite Index	-5.0%	-27.1%	-48.3%	21.4%	42.3%	15.0%	26.4%	41.6%	-12.8%	-21.8%	-30.3%	8.8%
Hang Seng China Enterprises Index	9.5%	-13.0%	-51.1%	55.9%	94.0%	12.4%	-5.6%	152.2%	13.2%	8.2%	-17.7%	14.1%
Malaysia Kuala Lumpur Composite Index	1.2%	-13.9%	-39.3%	31.8%	21.8%	-0.8%	14.3%	22.8%	-7.1%	2.4%	-16.3%	38.6%
Japan												
Topix	2.9%	-21.0%	-41.8%	-12.2%	1.9%	43.5%	10.2%	23.8%	-18.3%	-19.6%	-25.5%	58.4%
Nikkei 225	4.1%	-21.3%	-42.1%	-11.1%	6.9%	40.2%	7.6%	24.5%	-18.6%	-23.5%	-27.2%	36.8%
TSE2	-0.4%	-17.3%	-40.8%	-21.3%	-19.3%	71.4%	40.9%	43.9%	-12.8%	-12.1%	-25.8%	121.3%
Jasdaq	8.2%	-8.0%	-33.2%	-16.3%	-33.8%	44.1%	33.8%	75.4%	-18.5%	-12.9%	-44.3%	244.5%
TSE Mothers Index	3.1%	-19.7%	-58.7%	-29.5%	-56.3%	47.7%	30.6%	133.0%	-36.2%	-23.1%	--	--
Osaka Hercules index	-2.7%	-21.2%	-58.1%	-34.6%	-51.9%	78.2%	25.4%	--	--	--	--	--
MSCI Japan Index	2.8%	-22.4%	-43.6%	-11.3%	6.1%	42.9%	9.7%	21.6%	-19.4%	-19.5%	-20.3%	45.7%
Latin America												
MSCI EMF Latin America ($)	2.4%	-34.8%	-52.8%	46.9%	39.3%	44.9%	34.8%	67.1%	-24.8%	-4.3%	-18.4%	55.5%
MSCI Mexico	4.6%	-30.2%	-44.0%	9.3%	39.0%	45.2%	45.0%	29.8%	-15.0%	15.9%	-21.5%	78.5%
MSCI Brazil	0.8%	-38.2%	-57.6%	75.3%	40.5%	50.0%	30.5%	102.9%	-33.8%	-21.8%	-14.2%	61.6%
Argentinean Merval	8.6%	-32.4%	-49.8%	2.9%	35.5%	12.2%	28.3%	104.2%	77.7%	-29.1%	-24.3%	28.0%
Chilean Stock Market Select	-1.2%	-13.7%	-22.1%	13.3%	37.1%	9.4%	21.0%	48.5%	-15.5%	9.1%	-3.6%	43.0%
Commodities												
Oil - UK Brent Crude Spot	-19.3%	-57.1%	-55.5%	56.1%	2.1%	46.3%	32.0%	1.6%	55.4%	-14.4%	-9.4%	135.5%
Oil - US West Texas Intermediary	-18.1%	-55.7%	-53.5%	57.2%	0.0%	40.5%	33.6%	4.2%	57.3%	-26.0%	4.7%	111.7%
Reuters CRB Index	-5.2%	-33.6%	-36.0%	16.7%	-7.4%	16.9%	11.2%	8.9%	23.0%	-16.3%	11.1%	7.3%
Gold Spot Price	7.8%	1.3%	5.8%	31.0%	23.2%	17.9%	5.5%	19.4%	24.8%	2.5%	-5.5%	-0.1%
Baltic Dry Index	8.3%	-75.9%	-91.5%	107.9%	82.7%	-47.7%	-3.5%	174.2%	98.4%	-45.2%	21.2%	66.1%

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

FTSE World Sector Returns (%) - Figures to 31 December 2008					
Best - 1 Month	**Absolute**	**Relative***	**Worst - 1 Month**	**Absolute**	**Relative***
Life Insurance	7.3	6.0	Oil Equipment & Services	-12.0	-13.3
Aerospace & Defence	6.7	5.3	Banks	-4.5	-5.8
Travel & Leisure	6.4	5.1	Automobiles & Parts	-3.9	-5.2
Real Estate	6.0	4.7	Forestry & Paper	-2.5	-3.8
Equity Investment Instruments	5.9	4.6	Household Goods	-2.2	-3.5
Best - 3 Months	**Absolute**	**Relative***	**Worst - 3 Months**	**Absolute**	**Relative***
Fixed-Line Telecoms	-1.6	18.8	Oil Equipment & Services	-46.3	-26.0
Telecommunications	-2.1	18.3	Automobiles & Parts	-35.0	-14.6
Mobile Telecoms	-2.7	17.7	Banks	-34.9	-14.5
Pharmaceuticals & Biotech	-4.5	15.9	Life Insurance	-34.4	-14.0
Electricity	-8.3	12.1	Leisure Goods	-33.5	-13.1
Best - YTD	**Absolute**	**Relative***	**Worst - YTD**	**Absolute**	**Relative***
Pharmaceuticals & Biotech	-12.0	26.2	General Financial	-59.1	-20.9
Tobacco	-19.8	18.4	Oil Equipment & Services	-57.7	-19.5
Beverages	-20.8	17.4	Leisure Goods	-55.8	-17.6
Household Goods	-22.8	15.4	Industrial Metals	-54.7	-16.5
General Retailers	-25.0	13.2	Automobiles & Parts	-51.2	-13.0

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

Global bond performance - figures to 31 December 2008

	Current	Basis Point Movement Over:										
Government Bonds	**Yield (%)**	**1 Month**	**3 Months**	**YTD**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
US Treasuries 2 year	**0.76**	-21.7	-119.6	-228.3	-176.1	40.8	133.5	124.6	22.1	-142.4	-206.9	-111.8
US Treasuries 10 year	**2.21**	-70.8	-161.1	-181.1	-67.9	31.1	17.3	-2.8	43.2	-123.5	-6.1	-133.2
US Treasuries 30 year	**2.68**	-76.1	-163.5	-177.6	-35.8	27.5	-29.1	-24.7	29.4	-68.6	0.9	-102.0
UK Gilts 2 year	**1.01**	-115.9	-296.7	-331.8	-81.8	99.2	-24.7	13.9	54.5	-100.6	-50.7	-116.1
UK Gilts 10 year	**3.01**	-74.8	-142.9	-148.5	-23.4	64.0	-43.6	-25.8	42.1	-67.2	16.5	-60.3
UK Gilts 30 year	**3.70**	-41.7	-79.8	-60.1	9.8	23.1	-42.8	-27.9	23.8	-25.3	47.0	-37.0
German Bund 2 year	**1.75**	-43.3	-172.1	-220.9	8.3	104.0	38.0	-12.3	-11.6	-92.8	-79.7	23.8
German Bund 10 year	**2.95**	-30.6	-106.6	-135.8	36.8	63.8	-37.4	-60.8	8.3	-79.4	15.1	-50.6
German Bund 30 year	**3.53**	-18.1	-105.8	-106.5	55.1	48.0	-71.2	-65.6	9.7	-55.1	4.5	-61.5
Japanese Gov Bond 2 year	**0.38**	-22.1	-38.4	-22.1	-20.4	51.3	17.7	-1.0	6.5	-5.7	-35.3	19.5
Japanese Gov Bond 10 year	**1.17**	-22.5	-29.8	-22.5	-28.6	20.5	3.9	7.1	46.1	-45.9	-27.8	-2.9
Japanese Gov Bond 20 year	**1.70**	-38.4	-43.5	-38.4	1.8	9.0	-9.0	20.4	34.1	-49.9	-13.6	-16.5

Source: Bloomberg L.P.

Global currency movements - figures to 31 December 2008

	Current	Change Over:								
	Value	**1 Month**	**3 Months**	**YTD**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Euro/US Dollar	**1.40**	10.1%	-0.9%	-4.2%	10.5%	11.4%	-12.6%	7.6%	20.0%	18.0%
Euro/GB Sterling	**0.95**	15.7%	20.7%	29.9%	9.1%	-2.0%	-2.7%	0.1%	8.3%	6.7%
Euro/Swiss Franc	**1.49**	-3.1%	-5.6%	-9.7%	2.8%	3.4%	0.7%	-0.9%	7.5%	-1.8%
Euro/Swedish Krona	**10.94**	6.5%	12.2%	16.0%	4.4%	-3.9%	4.2%	-0.3%	-0.7%	-2.0%
Euro/Norwegian Krone	**9.72**	9.2%	17.6%	22.5%	-3.6%	3.0%	-3.0%	-1.9%	15.4%	-8.8%
Euro/Danish Krone	**7.44**	-0.1%	-0.2%	-0.2%	0.0%	0.0%	0.3%	-0.1%	0.3%	0.0%
US Dollar/Yen	**90.6**	-5.1%	-14.6%	-18.9%	-6.5%	1.1%	12.8%	-4.3%	-9.7%	-9.8%
US Dollar/Canadian Dollar	**1.22**	-1.7%	14.5%	22.1%	-16.8%	0.3%	-3.4%	-7.3%	-17.5%	-1.3%
US Dollar/South African Rand	**9.53**	-5.2%	14.9%	38.8%	-2.1%	9.7%	10.5%	-15.2%	-22.0%	-28.3%
US Dollar/Brazilian Real	**2.31**	0.4%	21.5%	30.0%	-20.0%	-9.3%	-13.7%	-8.1%	-18.3%	53.2%
US Dollar/Polish Zloty	**2.97**	-0.3%	23.2%	20.7%	-18.1%	-11.8%	7.2%	-19.3%	-2.5%	-3.4%
US Dollar/Hungarian Forint	**190.1**	-6.8%	10.6%	9.7%	-10.0%	-11.8%	15.0%	-13.3%	-7.0%	-18.3%
US Dollar/South Korean Won	**1259.6**	-14.2%	4.4%	34.7%	0.6%	-8.6%	-2.5%	-13.2%	0.5%	-9.7%
US Dollar/Taiwan Dollar	**32.79**	-1.5%	1.8%	1.1%	-0.5%	-0.7%	3.3%	-6.5%	-1.9%	-0.9%
US Dollar/Thai Baht	**34.74**	-2.1%	2.6%	16.7%	-19.1%	-15.7%	5.1%	-1.8%	-8.1%	-2.5%
US Dollar/Singapore Dollar	**1.43**	-5.5%	-0.4%	-0.7%	-6.8%	-8.1%	1.9%	-4.0%	-2.0%	-6.0%
US Dollar/Argentinean Peso	**3.45**	2.4%	10.2%	9.6%	2.9%	0.9%	1.9%	1.4%	-12.8%	236.0%
GB Sterling/US Dollar	**1.46**	-5.1%	-18.0%	-26.5%	1.3%	13.7%	-10.2%	7.4%	10.9%	10.7%
GB Sterling/South African Rand	**13.90**	-10.0%	-5.8%	2.0%	-0.7%	25.9%	0.5%	-9.1%	-13.5%	-21.0%
Australian Dollar/US Dollar	**0.70**	7.2%	-11.3%	-19.7%	11.0%	7.6%	-6.1%	3.8%	33.9%	10.2%
New Zealand Dollar/US Dollar	**0.58**	5.5%	-13.5%	-24.4%	8.8%	3.0%	-4.8%	9.5%	25.0%	25.9%