Market Report
1Q 2011
7 January 2011

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ECONOMIC OVERVIEW

The first half of 2010 underscored both the resilience of the production-led recovery and the depth of structural risks to the global economic system. The global cyclical economic recovery was well on track until the middle of April when market concerns over the debt situation in Europe and the potential for financial contagion prompted a sell-off. In Asia, the Chinese authorities' resolution to slow credit growth had also taken a toll on the markets.

Global equity markets rebounded in the third quarter with the setting up of the European Financial Stability Facility (EFSF), which eliminated immediate funding needs in Europe. Quantitative easing by central banks led to increased liquidity into risky assets. In October, the Bank of Japan set up a fund of yen 5 trillion to buy Japanese government bonds, commercial papers and other asset-backed securities, to stimulate the economy. The US Federal Reserve also announced in November a second round of quantitative easing program to buy US$600 billion in Treasury securities, in an effort to speed up the slow economic recovery.

As the fourth quarter of 2010 progressed, there was increasing evidence that the global economy is regaining momentum. Following a dip in the middle of 2010, global consumption has since picked up pace, reflected in strong retail sales and business spending data. Meanwhile, China also posted better-than-expected manufacturing Purchasing Managers Index (PMI) readings in October and November, reflecting a pick-up in production.

Overall, the MSCI AC World Index was up 0.8% in 2010, in Singapore Dollar price terms. Emerging markets (+6.2%) and Asia Pacific ex-Japan (+4.9%) were the best performing regions, followed by Japan (+3.4%) and the USA (+3.3%). Europe was the underperformer (-7.8%) as the sovereign debt crisis weighed on returns.

Macroeconomic data is expected to continue to improve going into the first quarter of 2011. The US manufacturing sector ended 2010 on a strong note, as shown by an improved Institute for Supply Management (ISM) index of 57.0 in December, from 56.6 in November. Of the 18 manufacturing industries, 11 reported growth. Business spending and consumer confidence also picked up. Importantly, employment is starting to improve, with the reduction in initial jobless claims and growth in business employment.

The International Monetary Fund (IMF) forecasted global growth at 4.8% in 2010 and 4.2% in 2011, with the advanced economies forecasted to grow 2.7% and 2.2%, in 2010 and 2011, respectively. Emerging economic growth, on the other hand, is expected to remain robust, albeit slowing from high levels. The IMF forecasted emerging economies to grow at 7.1% and 6.4%, in 2010 and 2011, respectively. In Europe, economic growth will continue to be constrained by fiscal austerity, spare capacity, high unemployment and low wage and credit growth.

Despite market supportive earnings and economic outlook, we expect medium-term secular issues - ongoing developed market deleveraging and fiscal tightening, as well as the European sovereign debt - to continue to play out and drive market volatility.

While the developed markets continue to fight deflationary pressures, inflation is an increasingly important concern for investors, especially in Asia, with food and asset price inflation surprising on the upside. The big swing factor in inflation is commodity. Asian interest rates are expected to rise, accompanied by various capital controls and administrative measures against hot money inflows.

Equity valuations are attractive relative to history and when compared to bonds. The MSCI AC World is trading at 12.3 times 12-month forward price to earnings ratio as compared to its historical median of 15.7 times. Bond yields are likely to trade in a large range with upward bias reflecting higher inflation expectation. Investor sentiment remains supportive of risky assets, with the liquidity position and technical outlook favoring equities relative to bonds. Overall, we are neutral to positive equities for the first quarter of 2011, and negative on bonds.

EQUITIES

US

United States			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI USA	**2,984.8**	**10.8**	**14.8**
S&P 500 INDEX	1,257.6	10.2	12.8
DOW JONES INDUS. AVG	11,577.5	7.3	11.0
NASDAQ COMPOSITE INDEX	2,652.9	12.0	16.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/¥	81.1	3.0	14.7
€/US$	1.3	1.9	7.0
£/US$	1.6	0.7	3.6
CHF/US$	0.9	5.1	10.7
US$/S$	1.3	2.6	9.5
MSCI USA	**2010E**	**2011E**	**2012E**
EPS growth (%)	41.2	13.7	13.9
P/E (x)	15.2	13.4	11.8
P/B (x)	2.2	n/a	n/a
DY (x)	1.8	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The US stock market posted its second consecutive year of positive returns in 2010 on the back of improving economic data, further stimulus programs and loose monetary policy. Nevertheless, 2010 was a roller coaster ride for US equities. Stocks got off a good start for most of the first four months of the year due to strong corporate earnings results, but concerns about a potential economic slowdown caused by the lapsing of the US fiscal stimulus and the European debt crisis deflated that early optimism. The “flash crash” incident which sent the Dow spiraling down almost 1,000 points within minutes further weakened an already fragile investor confidence in Wall Street. A new US$600 billion quantitative easing stimulus program and better-than-expected economic data helped the market recover from a summer slump, with the S&P 500 eventually ending up 12.8% and surpassing its previous peak before the global financial crisis.

Every sector posted positive returns with the consumer discretionary, industrials, materials and energy sectors leading the advance. Commodities took center stage in the second half of 2010, with gold surging to record highs and oil topping US$90 a barrel for the first time in two years. The healthcare and utilities sectors lagged with gains of less than 1% each. Small-capitalization stocks handily outperformed large-cap stocks. The Russell 2000 index of small-cap stocks surged 25.3%, its best year since 2003.

Although the US recovery stalled in the spring of 2010, recent statistics point to growth picking up since August. Housing data appears to be stabilizing following a post-tax credit plunge and claims for jobless benefits have dropped to the lowest level in two years. Manufacturing showed strength as reflected in Chicago PMI, which rose to its highest level in two decades. Reports also showed consumer spending is picking up - retailers will need to restock, giving manufacturing sector a further lift.

Outlook/Strategy

The US economic outlook for 2011 has improved considerably with the tax deal announced by President Obama. The extension of expiring tax cuts as well as a new 2% payroll tax cut is expected to boost GDP growth to 3.5% - 4% in 2011, from previous estimate of 3% growth. The labor market remains a weak link to the macroeconomic recovery. While job growth has picked up recently, unemployment rate remains stubbornly high at 9.8% due to weak hiring rate. We expect the tax deal to change that as demand growth may now be strong enough to support hiring.

US companies reported very strong 3Q10 earnings on the back of solid sales growth and strong operating leverage. S&P 500 3Q10 revenues and EPS grew 10.5% and 34% YoY respectively. We expect the strong earnings momentum to continue into 4Q despite tougher top line comparisons. S&P 500 2011 revenues and EPS are expected to grow 7% and 13% respectively. 4Q earnings season is particularly crucial for retailers as they make most of their profits in the fourth quarter. Anecdotal data points including strong holiday sales and less discounting by retailers suggest that retailers may report better profit margins and profits.

Although corporate profit margins are approaching previous peak, we believe that margin improvement is sustainable. Historically, margins do not peak until on average 3 years after recessions end, and after unemployment and excess capacity have fallen significantly. In addition, structural drivers of higher US corporate profit margins - lower taxes, lower interest expenses and, larger and more profitable foreign operations - are unlikely to revert to historical levels any time soon. Thus, these cyclical and structural drivers support the case for sustainable margin improvement.

S&P 500 corporations hold over US$1 trillion in aggregate cash balances, a result of the severe cutback in all forms of corporate capital spending during the economic downturn. As fears of double-dip continue to fade, we expect steady dividend increases as well as increasing share buybacks. Additionally, M&A activity should continue to increase as larger companies look to “buy growth” and take advantage of the wide discrepancy between large-cap and small-cap operating margins. This should lead to a slow and steady re-leveraging of corporate balance sheets, which should help to propel earnings growth, increase returns on capital and raise return expectations for stocks. Many of the well capitalized large-cap US companies such as JPMorgan, General Electric and Cisco are well positioned to benefit from this theme.

The Obama administration was able to successfully push through the healthcare and financial reforms in 2010, creating a big overhang and uncertainty for both banks and healthcare companies. However, with the Republicans gaining majority control in the House while the Democrats retain control in the Senate post mid-term election, we expect 2011 to be a relatively quiet year on the legislative front. The resulting gridlock in the Congress is arguably a small positive for the private sector as Republicans advocate more business-friendly policies.

Against a strengthening macroeconomic recovery and a very accommodative monetary backdrop provided by the Fed, the combination of strong corporate earnings and reasonable valuations, we are constructive on US equities. Despite the recent rally since August, valuation is still reasonable with the S&P 500 trading at 12.9x consensus 2011 earnings, less than 1 standard deviation below its long-term average multiple of 14.1x. We maintain a cyclical tilt in our portfolio positioning and remain positive on industrial companies that are beneficiaries of higher capital investments. With the passage of the financial reform bill, we also favor money center banks JPMorgan and Citibank given the less onerous nature of the final bill, improving credit trends, stronger commercial loan growth and attractive valuations.

EUROPE

Europe			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI EUROPE	**3,612.6**	**5.0**	**6.8**
STXE 600 € Pr	275.8	6.2	8.6
S&P EUROPE 350 INDEX	1,124.4	5.6	7.2
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
€/US$	1.3	1.9	7.0
£/US$	1.6	0.7	3.6
CHF/US$	0.9	5.1	10.7
US$/NOK	5.8	0.9	(0.5)
US$/SEK	6.7	0.4	6.7
MSCI EUROPE	**2010E**	**2011E**	**2012E**
EPS growth (%)	34.6	15.1	12.4
P/E (x)	12.3	10.7	9.5
P/B (x)	1.7	n/a	n/a
DY (x)	3.1	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

European equity markets staged a strong recovery during 2H10 to end the year up 6.83% (in local currency terms) after a shaky start to the year. It was a tale of two halves for European equity markets. European equities tested lows in late May after touching a high in mid-April, on fiscal concerns of Greece, Portugal and potentially Ireland, Spain and Italy. Fears of contagion gripped markets as Standard & Poor's downgraded Greece's credit to junk level of BB+, lowered Spain by one level to AA and cut Portugal two notches to A-. Concern was focused on Greece as the government revised its budget deficit upwards to 13.6%, higher than the government's earlier forecast of 12.9%. To calm equity markets, Eurozone members and the IMF structured a Euro 110 billion loan package for Greece. In addition, the EU together with the IMF announced a Euro 750 billion stabilization fund made available to Eurozone economies. The ECB also stated that it was prepared to purchase government bonds as necessary to sooth European fixed income markets. Eventually, Ireland also accepted a Euro 85 billion package from Eurozone members and the IMF as Ireland needed to recapitalize its banking system. Confidence was further tested by tensions on the Korean peninsula and fears of a possible economic slowdown in China as a result of monetary tightening.

The consumer discretionary sector performed strongly rising 31.7% during the year as results were constantly above expectations. Demand for luxury goods and consumer durables recovered strongly, driven initially by BRIC countries and eventually broadening out with demand recovering in the US. The industrial sector also performed strongly rising 21.6% on expectations that the global economic recovery will result in a revival in capital expenditure.

The finance sector ended the year 7.59% lower. The sector was initially buoyed by better-than-expected results and that only 7 banks had failed the stress tests supervised by the Committee of European Supervisors. However, sentiment turned when Deutsche Bank warned that investment banking activity could be weaker than expected and on news that Irish banks, which had earlier passed the stress tests, would need to be recapitalized. In addition, Greek Banks were further sold down after Fitch placed the five Greek Banks on review for a possible downgrade.

There have been a number of M&A deals during the year as companies seek to re-align their portfolios. Nestle announced the sale of its remaining 52% stake in Alcon to Novartis for US$28 billion. Kraft Foods' revised takeover bid for Cadbury was finally accepted by the Cadbury Board. To help part finance the revised offer for Cadbury, Kraft Foods sold its North American pizza business to Nestle for US$3.7 billion. This acquisition will raise Nestle's market share in US Frozen Pizza to approximately 45%. Acergy, a UK oil services provider, agreed to buy Subsea 7 for about 15.8 billion kroner (US$2.5 billion) in shares to create a leader in seabed engineering and construction, while Sanofi Aventis sought to take over Genzyme in its pursuit to restore its drug pipeline.

Outlook/Strategy

European companies continued to perform well with 3Q10 earnings relatively strong: 66% of the companies reported results that were ahead of analysts' expectations while 67% of companies also had revenue growth ahead of consensus expectations. This suggests that companies will continue to achieve earnings growth via improvement in operating leverage as revenue growth improves. Following the 3Q10 results, companies have generally given a positive outlook for 4Q10.

Looking ahead, economists continue to expect the cyclical economic recovery to be sustained in 2011, despite fiscal drag arising from the austerity programmes of the struggling peripheral economies, as growth will be underpinned by exports and investments. The fiscal tightening will result in wide divergences in economic growth as the weak peripheral countries (Ireland, Portugal, Greece and Spain) will continue aggressive fiscal consolidation resulting in the need to raise taxes and cut fiscal spending, while stronger countries (Germany, Netherlands, Finland, Austria) will need less fiscal measures. In addition, these stronger countries will benefit from export growth.

MSCI Europe consensus earnings are expected to rise 35% in 2010 and 15.4% in 2011. In terms of valuations, MSCI Europe trades at 10.8x consensus 2011 earnings which appears reasonable when compared to its long-term average of 12.8x. The market is however, likely to remain at a discount to its long-term average valuations in the near term as investors remain wary of Europe's sovereign debt issues. We continue to maintain our overweight position in the luxury goods sector as we believe it has unique portfolios of strong brands that will benefit from continued strength in spending for luxury goods. We also maintain our overweight position in the capital goods sector as we believe that corporate investment spending will continue to recover in developed economies and these companies will also benefit from capital investment in Non-Japan Asia. Areas where we remain watchful include premature withdrawal of fiscal stimulus and monetary easing which could result in an economic slowdown. There also remains a concern of a slowdown in US and the sustainability of China's economic growth as Europe's growth is export-dependent. We also remain vigilant over sovereign debt risk especially in peripheral Europe.

JAPAN

Japan			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI JAPAN	936.5	8.9	0.6
TOPIX INDEX (TOKYO)	898.8	8.4	(1.0)
NIKKEI 225	10,228.9	9.2	(3.0)
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/¥	81.1	3.0	14.7
MSCI JAPAN	**2010E**	**2011E**	**2012E**
EPS growth (%)	n/a	84.0	12.8
P/E (x)	28.1	15.0	13.3
P/B (x)	1.2	n/a	n/a
DY (x)	2.0	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The Japan market was flat for the year 2010. There was initial optimism of a global economic recovery in the early part of the year and the market enjoyed a decent run-up, together with a weaker yen up to April 2010. However, concerns over Europe's deepening debt crisis, a slowing US economy, China's continuous policy-tightening efforts to stem its property bubble and a strengthening yen curbed investor sentiment thereafter. In the final two months of the year, the market rallied from its lows as the yen finally weakened again on the back of improving US economic data and higher US Treasury yields.

On the domestic front, the economy was driven mainly by exports and consumption demand brought forward as the eco-point subsidy programs for consumer goods neared expiry. The government was rendered ineffective after the DPJ lost the Upper House elections, signaling a loss of public confidence in the ruling party although there is no strong alternative. The Bank of Japan did slightly better, expanding its easy monetary policy twice during the year, and introducing an asset purchasing program. However, it remained powerless to stem the strength of the yen. Corporate profits recovered sharply from the previous year's low base, but business and consumer sentiment was stymied by the strong yen. Finally, a slew of large capital-raising exercises by major companies discouraged investors from the market.

During the year, performance was mixed across sectors. Companies with exposure to China's industrial sector did relatively well, buoyed by continued strong fixed asset investment in China. The real estate sector and JREITs also performed well as signs emerged of a bottoming out of the office and condominium sectors.

Outlook/Strategy

In the short term, the positive market momentum from a stronger US economy and weaker yen in the final two months of 2010 may carry into the new year. We are optimistic of a continuing US economic recovery and the positive spill-over effects on Japanese companies and its economy. Exporters in general should benefit from this trend. On the other hand, inflation is rising in most high-growth developing countries like China which may prompt steeper interest rate hikes and slower economic growth going forward. Given that global economic growth in 2010 was driven mainly by developing countries, a slowdown in these countries will have a negative effect on global demand. In particular, companies that have benefited from China's investment boom may be due a breather as China's growth rate should slow in 2011. Nevertheless, we expect China's domestic consumption to hold up relative well as wage hikes take hold.

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On the domestic front, we expect the earnings growth of companies to have peaked out in 1HFY2010 and slow in second half as the stronger yen impact is felt. The end of eco-point subsidy programs in Japan will also impact the earnings of consumer electronics and auto companies in the short term. Nevertheless, we may have passed the worst point of the strong yen effect. In fact, Japanese companies have managed to overcome the effects of a strong yen through cost-cutting as shown in recent results and a weaker yen can provide a tailwind for earnings going forward.

ASIA PACIFIC EX-JAPAN

Asia Pacific ex-Japan			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AC ASIA PACIFIC	138.5	6.4	6.4
MSCI AC ASIA EX JAPAN	306.4	5.3	15.3
MSCI AC ASIA PAC EX JAPAN	269.3	4.9	11.1
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(5.5)	(12.3)
US$/CNY	6.6	1.3	3.3
US$/HK$	7.8	(0.2)	(0.2)
US$/INR	44.7	0.5	4.1
US$/IDR	8,996.0	(1.0)	4.5
US$/KRW	1,126.0	1.3	3.4
US$/MYR	3.1	0.8	11.8
US$/PHP	43.8	0.1	5.4
US$/S$	1.3	2.6	9.5
US$/TW$	29.3	6.6	9.2
US$/THB	30.1	1.0	11.0
US$/VND	19,498	(0.0)	(5.2)
MSCI AC ASIA PACIFIC	**2010E**	**2011E**	**2012E**
EPS growth (%)	46.7	13.9	13.3
P/E (x)	15.2	13.4	11.8
P/B (x)	1.6	n/a	n/a
DY (x)	2.4	n/a	n/a
MSCI AC ASIA x JAPAN	**2010E**	**2011E**	**2012E**
EPS growth (%)	39.6	13.1	14.1
P/E (x)	14.7	13.0	11.4
P/B (x)	2.1	n/a	n/a
DY (x)	2.1	n/a	n/a
MSCI AC ASIA PAC EX JAPAN	**2010E**	**2011E**	**2012E**
EPS growth (%)	30.2	14.7	13.6
P/E (x)	15.1	13.1	11.6
P/B (x)	2.1	n/a	n/a
DY (x)	2.6	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

Following a phenomenal gain in 2009, Asian stock markets maintained their positive trajectory. They were buoyed by economic recovery, loose monetary policy, and strong corporate earnings. Within the region, ASEAN markets outperformed North Asian markets by a wide margin. Strong economic performance in the region also attracted a net inflow of US$19.7 billion compared to US$19 billion in 2009. The benchmark MSCI AP ex-Japan index was up 11%.

In local currency terms, Thailand (+40%), Indonesia (+28%) and Philippines (+26%) were the best performers, followed by Hong Kong (+23%), Korea (+23.5%) and Malaysia (+23%), while China (+4%) and Australia (+0.5%) lagged the benchmark. Vietnam registered a loss of 2% for the year. By sectors, consumer discretionary (+27%), industrials (+22.8%), energy (+16%) and healthcare (+14.29%) led the market, while telecommunication services (+8%), utilities (+6%) and financials (+6%) underperformed.

Market volatility, as measured by the VIX index fell about 10%, thanks largely to improved sentiment on stronger US macro indicators in the final quarter. This however masked the choppiness in the first 8 months of the year, due largely to the uncertain global backdrop as well as policy and inflation risks in China. The year was also marked by record fund raising, with Hong Kong/China accounting for close to 70% of US$55 billion raised in the fourth quarter alone.

Corporate earnings revisions were largely stable with consensus earnings per share forecasts maintained at about 33% throughout the year. Country-wise, Taiwan, Korea and China were the main earning contributors to earnings growth. In terms of valuation, the region's P/E traded at 13x, in line with its long-term average while the trailing price to book was at its historical average of 2.1x. However, the ASEAN sub-region is trading at a premium relative to its long-term average.

Outlook/Strategy

China remained the major driver of regional export growth. Domestic demand in Asia continued to be resilient, with up-tick in retail sales, auto sales and consumer confidence. In general, momentum across Asia in 2011 is expected to be sustained, albeit at a slower pace. Inflationary expectations will remain elevated given strong housing, food and commodity prices. This is exacerbated by real interest rates remaining low to negative.

On the base case view that the US economy will continue on its recovery path, we are sanguine that it will provide favorable tailwind to Asian equities, which are trading in line with its long-term average. Furthermore, the region is expected to see increase in foreign inflows from asset re-allocation as Asia's fundamentals and prospects remain attractive. We expect earnings growth (consensus: 15%) and some valuation expansion to drive markets higher in 2011.

By markets, North Asia trades at a more attractive level than ASEAN when compared to their respective historical averages given the sharp run-up in the ASEAN markets.

Inflation pressures and concomitant policy tightening are the main challenges facing Asian markets. In particular, China and India are likely to stay in a tightening mode until price pressures ease off. Hence, sentiment is likely to be cautious in these markets, notwithstanding strong earnings growth momentum. Thus, we continue to maintain a broadly diversified portfolio, favoring the consumer, healthcare and the materials sectors.

- ***AUSTRALIA***

Australia			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AUSTRALIA	3,231.8	3.7	0.5
S&P/ASX 200 INDEX	4,745.2	3.5	(2.6)
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(5.5)	(12.3)
MSCI AUSTRALIA	**2010E**	**2011E**	**2012E**
EPS growth (%)	4.1	18.9	11.9
P/E (x)	15.9	13.4	12.0
P/B (x)	2.1	n/a	n/a
DY (x)	4.1	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

While overall market returns for the year was relatively small at 4.5%, it masked the volatility that was evident over much of the year. Even as the external macroeconomic environment was better in 2010 than the year before, two key domestic developments happened and triggered a loss of appetite for Australian stocks. Firstly, the Labor government proposed a Resources Super Profits Tax (RSPT) which sought to tax all mining companies very punitively. And secondly, Prime Minister Kevin Rudd stepped down and was replaced by Julia Gilliard. A Federal election was called subsequently in August and what happened was that the election left neither major party with a majority in the lower house and the Labor party was only able to form a government with the support of Green and independent MPs. This heightened uncertainty in the minds of investors on Australia as an investment destination, despite that the dreaded RSPT was eventually watered-down.

A consistent feature over the year was that of the Reserve Bank hiking interest rates on four occasions, with an eye firmly fixed on inflationary expectations. Local macro-economic data mostly pointed to continued economic resilience, particularly employment, although credit growth slowed. Despite a strong Australian dollar, merger and acquisition activity was high throughout the year, a total contrast to 2009, which saw companies struggling to raise capital.

We remain overweight in materials, banks, consumer discretionary and healthcare. Within materials, while we like stocks in the bulk commodities and precious metals spaces, we have been adding to more narrowly-focused companies that produce copper, platinum, fertilizers and paints, with the view that a more globally-entrenched macroeconomic recovery would boost underlying demand for these commodities. We have also been adding to banks with the view that while doubtful debt provision releases are truly behind them, the market seems to be over-estimating the impact of margin compression arising from higher funding costs. Their recent underperformance further strengthens the investment case. Our holdings in the consumer discretionary sector comprise stocks with exposure to media and non-domestic consumer spending. We are wary of domestic consumer spending stocks given the persistent interest rate hikes. We remain underweight in insurance, REITs, industrials and utilities.

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Outlook/Strategy

Australian economic conditions are transitioning. While it continues to grow on the back of a resources capital expenditure boom, monetary conditions have tightened significantly over the past year, taking a toll on non-mining sectors and creating a two-track economy. However, importantly, the Reserve Bank has signaled a pause in its tightening in November, and this should alleviate pressure on the domestic economy. Thus the economy and corporate earnings are likely to stay subdued before improving in the latter part of 2011. We believe that Australia's biggest driver in the recent past and the near future has been the strong demand for commodities. We expect commodity prices to remain firm over the next year and thus should support Australia's terms of trade and in turn, further drive the capital expenditure outlook.

The Australian equity market, however, remains quite inexpensive. Valuation multiples remain low even as the risk premium continues to reduce and companies keep on accumulating their cash levels. In comparison to government bonds, equities also look expensive, having been cheaper only during 2008-2009. As long as the commodity sector is able to hold its earnings trajectory, the domestically-exposed sectors should recover in the latter half of 2011 and as such, should provide attractive investment opportunities.

- ***CHINA/HONG KONG***

China/Hong Kong			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI CHINA	**374.7**	**0.8**	**4.9**
SHANGHAI SE COMPOSITE	2,808.1	5.7	(14.3)
SHENZHEN SE COMPOSITE IX	1,290.9	10.4	7.5
MSCI HONG KONG	**49,487.7**	**4.9**	**23.5**
HANG SENG INDEX	23,035.5	3.0	5.3
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/CNY	6.6	1.3	3.3
US$/HK$	7.8	(0.2)	(0.2)
MSCI CHINA	**2010E**	**2011E**	**2012E**
EPS growth (%)	30.0	14.7	16.2
P/E (x)	13.6	11.9	10.2
P/B (x)	2.3	n/a	n/a
DY (x)	2.2	n/a	n/a
MSCI HONG KONG	**2010E**	**2011E**	**2012E**
EPS growth (%)	27.6	9.0	12.1
P/E (x)	18.4	16.8	15.0
P/B (x)	1.8	n/a	n/a
DY (x)	2.4	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The China market continued to remain volatile throughout the year, amidst the ripple effects from the tightening policies and concerns over the domestic inflation and asset bubble. While the economic data pointed to solid recovery of economic activities, the market remained jittery about inflation and tightening concerns. MSCI China only gained 4.9% year-on-year in 2010, underperforming the region.

The sectors which posted the positive returns during 2010 were energy (+16.1%), healthcare (+12.9%), transport (+7.7%), and telecoms (+5.0%), while other sectors registered negative returns. In particular, real estate (-15.8%) and utilities (-13.4%) were the worst performers. On the earnings front, earnings revision for most sectors remained in positive zone throughout the year, against the backdrop of economic recovery and strong interim and quarterly results. In particular, transportation and IT were the sectors that saw the highest upward revision. Only real estate, utilities and telecoms registered negative earnings revision.

Hong Kong's GDP remained strong; growing at 6.8% in 3Q 2010 helped by solid private consumption and strong net exports. For the year, the government upgraded its 2010 GDP forecast from 5-6% to 6.5%. Hong Kong's labor market continues to strengthen with unemployment rate falling to 4.1% in November, the lowest since December 2008. Retail sales continue to be strong, growing 18% led by luxury items and electrical goods. Tourist arrivals remained buoyant, growing 17%. Exports were solid (+17%) during the month led by Asian countries.

For the year, MSCI Hong Kong rose 23%. The sectors which posted the best performance during the year were telecoms (+98.4%), industrials (+45.1%) and financials (+21.7%), while the worst performing were energy (-41.9%) and information technology (-6.7%).

Outlook/Strategy

A major reversal of the sector-specific tightening measures implemented in 2010, especially those related to the property sector, is unlikely in the near term, as the government remains vigilant about the risks to growth and is taking a “flexible” approach, in our view. The new five-year plan is expected to be focused on medium to long-term structural issues, rather than a one-off stimulus package.

Nonetheless, China’s medium to long-term growth outlook is expected to remain intact, against the backdrop of urbanization, income distribution reforms and a shift to a consumption-led growth model. Although investors are likely to maintain a cautious stance in the near term given the economic deceleration and additional tightening measures in the property and fixed asset investment areas, any significant correction would provide opportunity for long-term investors to accumulate positions. The MSCI China index is now trading at around 12x P/E for 2011 and 10x P/E for 2012 against consensus forecast of 14.7% 2011 EPS growth and 16% 2012 EPS growth, which is below the long-term mid-cycle level of 13x, and compares favorably to the region.

We will stay focused on domestic demand which should emerge as a dominant growth driver for China in the foreseeable future, particularly against a backdrop where external demand is likely to remain relatively sluggish. With China’s consumption accounting for less than 40% of GDP, there is ample room for growth in domestic consumption. Chinese consumers are still under-levered, with household debt to GDP ratio below 20%, far lower than those of more developed economies and many emerging economies. While the definition of domestic demand is rather broad, we expect consumer names with high-brand equity, internet, healthcare, materials with upstream exposure, to be amongst the key beneficiaries.

- ***INDIA***

India			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI INDIA	549.3	1.7	16.2
BSE SENSEX 30 INDEX	20,509.1	2.2	17.4
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/INR	44.7	0.5	4.1
MSCI INDIA	**2010E**	**2011E**	**2012E**
EPS growth (%)	22.5	22.5	18.7
P/E (x)	19.5	15.9	13.4
P/B (x)	3.6	n/a	n/a
DY (x)	0.9	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The Indian market returned 10.4% in Singapore dollar terms over 2010.

Over the year, aside from the negative news from offshore, domestic news and developments in India have been mostly positive. Key among them is the Indian industrial production data series which have shown consistent strength after emerging from the global financial crisis. Monsoon rainfall was well above normal, agricultural growth saw a strong rebound and external capital inflows were robust. The government's fiscal position improved markedly, driven by a larger-than-expected 3G telecom spectrum auction and higher tax collections. Also, importantly, inflation data points released over the year suggest that inflation has peaked and will likely settle into what might be an elevated level. On the political front, it started 2010 with a great deal of optimism, but all went into reverse towards the end of the year, precipitated by the 2G telecom spectrum auction scam which tainted the ruling coalition and created discord between the two principal national parties. This caused the parliament to close its winter session with virtually no business conducted at all.

Encouragingly, foreign investors continued to believe in the Indian investment story, pumping in a record US$29.3 billion worth of investments and in the process financing India's capital account.

We are overweight in materials, consumer discretionary, industrials and information technology stocks. Within the materials sector, we prefer steel, zinc and aluminum fertilizer stocks, all of which should benefit from low global interest rates and more entrenched global economic recovery. Within the consumer discretionary sector, we prefer auto stocks as well as a number of mid-cap consumer durable stocks, which we believe will provide excellent exposure to the rural as well as urban consumption theme.

Outlook/Strategy

While macroeconomic data in the most recent historical quarter was firm (2QFY11 GDP growth was ahead of expectations), corporate earnings were below expectations, largely because of higher commodity prices depressing margins. Worryingly, this marks the second quarter of margins disappointment and might be the start of a trend where Indian companies absorb cost increases to stay competitive but disappoint on profit expectations.

As the Wholesale Price Index continues to trend down, our view is that it is likely to stabilize at elevated levels on account of rising demand and low real rates. And this leaves the Reserve Bank poised to hike interest rates further in the near future, potentially restraining equity market performance.

On the political front, two key states of Tamil Nadu and West Bengal will go for elections in 2011. Ahead of that, we could see political re-alignments which could create uncertainty that will dampen business confidence and the overall investment climate. All said, the combination of pricing pressure, rate hikes to tame inflation and political flux suggests returns over the year might be more muted than 2010 unless the global economy experiences a mid-cycle economic reacceleration.

- ***KOREA***

Korea			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI KOREA	536.4	12.3	23.5
KOSPI INDEX	2,051.0	9.5	21.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/KRW	1,126.0	1.3	3.4
MSCI KOREA	**2010E**	**2011E**	**2012E**
EPS growth (%)	51.1	10.8	13.1
P/E (x)	11.4	10.3	9.1
P/B (x)	1.6	n/a	n/a
DY (x)	1.1	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

As the global equity markets turned their focus first on concerns of a possible economic slowdown in China on tightening monetary policy in January, followed by looming uncertainties surrounding the sovereign debt default risk of European countries in February, the weaker-than-expected 4Q09 real GDP growth in Korea led to the 6% downward move of equities in local currency terms in the first two months of the year. However, equities posted a healthy 10% rebound in the next two months, driven by stronger-than-expected GDP report and corporate earnings results for 1Q10 as well as sovereign debt rating upgrade for Korea by Moody's. In May, concerns over a possible contagion of European sovereign debt default risk, further policy tightening by China and North Korea sinking the Cheonan naval ship, weighed on investor sentiment and led equities 6% lower again.

Nonetheless, a series of positive catalysts led equities to gain 26% in the following seven months. Equities rebounded 7% in June and July on the back of the government raising 2010 GDP growth forecast, better-than-expected 2Q10 corporate earnings results and improvement in European funding markets. In the last four months, expectation of possible stimulus measure news coming out of the US and Japan and positive economic data from China and Korea caused equities to be on a high note to rally a further 19%. As a result, MSCI Korea closed the year 24% higher.

Outlook/Strategy

For 2011, earnings growth will decelerate but abundant liquidity boosted by negative real interest rate will continue to fuel equity prices. Negative real interest rate is likely to last as the Bank of Korea's gradual pace of monetary policy normalization is expected to continue because the central bank is faced with a tough environment for its rate policy between normalizing the policy rate and smoothing currency. As a result, any further protraction in rate hike will increase the probability of an asset bubble. In addition, there will be more downside pressure in bond yields considering that this will be the first year for corporates to introduce pension plans. Meanwhile, a weak USD and low interest rates in developed markets are also keeping foreign funds coming into Asia. Therefore, both local and foreign investors will keep equities strong.

Currently, the market is fairly valued because the 12MF P/E of 9.6x and the trailing P/B of 1.6x are near the historical averages. In this environment, our strategy emphasizes the following three key themes:

1. **Banks' Earnings Recovery.** Banks are expected to convey a sizable earnings recovery from 1H11 driven by falling credit cost and recovery in net interest margin. Credit cost is expected to fall, benefiting from regulator-driven provisioning in 2010 and improving fundamentals of the economy and the real estate market. Net interest margin is also expected to expand in view of Bank of Korea's policy rate hikes. Furthermore, earnings growth on the back of resumption of a normal level of loan growth and lowering of cost-to-income ratio will take place in 2H11. Banks are expected to see a pick-up in credit expansion led by stronger wholesale loan demand due to a capital expenditure cycle turnaround. Corporates also want to lock in current low interest rate. Banks which we like include KB Financial Group and Shinhan Financial Group.

2. **Non-Life Insurers' Earnings Recovery**. Major non-life insurers are expected to achieve 12% total premium growth over the next three years. Key drivers include sales of protection type policies given their higher margins (especially policies with price renewals in every 3 years to remove tail risk), successful renewal of in-force policies with hikes in premiums to stabilize risk loss ratios and genuine demand for healthcare policies given longer life expectancy along with household income growth and continued financial deficits in National Health Insurance. Major improvement in risk margin is also expected with the arrival of sizable amount of price renewal contracts in 2011. Non-life insurers which we like include Samsung Fire & Marine Insurance and LIG Insurance.

3. **Domestic Consumption Boom**. Recent survey showed that consumers expect to spend more, trade up and buy more new products as long as income growth continues to be strong. Indeed, bipolarization in consumption which started in luxury goods has trickled down to other items such as cosmetics and food. High-end consumer goods sales will likely benefit from increased retail channels amid limited consumer pushback against average selling price hikes. Beneficiaries will be the retailing and consumer durables & apparel industries.

In the longer term, equities will likely be positively driven by multi-year structural themes of global market share gain by leading exporters and China's secular consumption growth.

- ***TAIWAN***

Taiwan			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI TAIWAN	182.7	9.5	11.1
TAIWAN TAIEX INDEX	8,972.5	8.9	9.6
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/TW$	29.3	6.6	9.2
MSCI TAIWAN	**2010E**	**2011E**	**2012E**
EPS growth (%)	92.1	9.5	12.1
P/E (x)	14.9	13.5	12.0
P/B (x)	2.1	n/a	n/a
DY (x)	3.2	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

Concerns of a possible economic slowdown in China on tightening monetary policy dragged equities down by 10% in local currency terms in the first two months of the year. However, speculation of possible acceleration of the signing of the Economic Co-operation Framework Agreement (ECFA) between China and Taiwan, and RMB appreciation caused equities to rebound 7% in the next two months. In May, equities fell again with stop loss and panic selling on the back of the European sovereign debt crisis and China's tightening policies. Export orders' sequential momentum also began to moderate in April from the elevated growth pace in the previous three quarters. Consequently, equities ended 1H10 12% lower.

Nonetheless, a series of positive catalysts led equities to gain 23% during 2H10. To begin with, intensifying cross-strait activities upon the signing of ECFA in late June resulted in positive sentiment regarding the island's long-term economic outlook. The authorities also planned to relax regulations to allow Chinese visitors to visit Taiwan as individuals/self-guided tours in 2011. In addition, the market interpreted the recent municipal election results as positive for the domestic sectors while November's exports confirmed a solid upturn in sequential trend with broad-based demand growth. All these positives enabled MSCI Taiwan to close the year 11% higher.

Outlook/Strategy

For 2011, earnings growth will decelerate but export-dependent technology stocks will be the first to show an uptrend once signs of a seasonal pick-up emerge in China. Restocking will initially drive growth as many technology companies had already worked down excessive inventory levels.

In addition, considerably more positive news flow and greater excitement over capital links with China can be expected. It is important for Kuomintang and Beijing to demonstrate benefits of ECFA for Taiwan from this year onwards because the next presidential election is due to be held in March 2012. ECFA is a key platform which can be used to quickly launch further economic agreements and cooperation with not only China but other countries, regions and economic blocs as well.

Currently, the market is still undervalued because the 12MF P/E of 12.7x is 0.8 standard deviation below historical average although the trailing P/B of 2.1x is near the historical average. As global quantitative easing is expected to increase appetite for risk assets, expand valuations and spur economic growth, 2011 will be a year marked by liquidity and sector rotation.

At present, our strategy emphasizes the following four key themes:

1. **Chinese Consumption Boom**. Income rebalancing is a high priority under China's twelveth five-year plan. As minimal wage increased 25-30% in 2010, wage inflation will help fuel a consumption boom. Since penetration rates of key electronic products are still low, extension of government's subsidy program for consumer electronics until the end of 2011 will lend support to IT demand. Acer which has acquired the #2 local personal computer brand Founder and the supply chain of Apple which is setting up flagship stores and expanding channels there will be the beneficiaries.

2. **Smartphone**. Global smartphone sales are expected to grow 50% in 2011. Given the Asia Pacific region's low penetration of 11% in 3Q10, it will increasingly become the growth driver. We expect Apple and HTC to remain as the two biggest winners in terms of value shares and their supply chains will be the beneficiaries.

3. **Tablet personal computers**. Global tablet PC sales are expected to reach 55 million units in 2011, in line with the early adopter phases of other consumer electronics. After iPad, virtually every smartphone and PC manufacturer plans to have a tablet which uses Android in the market by 2011. In our opinion, both iOS and Android are strong software platforms with large developer communities which consumers are becoming familiar and trusting with. Given its proven innovation capabilities, time to market advantage and loyal customer base, we expect iPad to remain the market share leader for tablet PCs. On the other hand, vendors with proven success in the PC or smartphone markets like Hon Hai Precision, Quanta Computer, Wistron and HTC and the ability to integrate technologies and applications from both product segments into tablet PCs, will be the other likely winners.

4. **Tourism Boom.** Beijing wants to achieve its political goal of winning the hearts and minds of Taiwanese by stimulating Taiwan's domestic economy through tourism. Given that tourist arrivals were already approaching the 3,000 visas per day limit in 2010, Taipei will very likely lift the restriction this year. Arrival of more Chinese tourists will spur hotel occupancy rate, boost room rates and increase the profitability of hotel operators like Formosa International Hotels as well as invite more investments to accommodate potential surge in demand.

In the longer term, capital links with China can be the vital catalyst to clear political risk. As the corrosive impact of political uncertainty is gradually removed, it will create a more dynamic domestic economy in Taiwan. The possibility of a golden decade with prospective returns and profitability better than they have ever been is exciting.

- ***SINGAPORE***

Singapore			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI SINGAPORE	4,383.1	4.0	11.4
STRAITS TIMES INDEX	3,190.0	3.0	10.1
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/S$	1.3	2.6	9.5
MSCI SINGAPORE	**2010E**	**2011E**	**2012E**
EPS growth (%)	23.4	9.6	9.5
P/E (x)	15.6	14.2	13.0
P/B (x)	1.9	n/a	n/a
DY (x)	2.8	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

MSCI Singapore rose 11.4% during 2010, outperforming the MSCI Asia ex-Japan index which gained 9.1% (in SGD terms). It was a year of two halves; the market was down 1.8% during the first half on the back of investors' risk aversion and growth concerns in the global economy. The second half registered a stellar 13.2% gain in the index on abating growth concerns and the Federal Reserve's quantitative easing announcements. The Singapore dollar closed the year off at close to its record high against the US dollar at S$1.2834 (+8.3% against the US dollar). With the buoyant market conditions, equity raising activity increased towards the end of the year as Global Logistics Properties and Mapletree Industrial Trust raised S$3.5 billion and S$800 million respectively from IPOs.

During the year, consumer discretionary was the best performing sector with a gain of 49.7%, followed by industrials which rose 29.2%. The Singapore gaming market grew rapidly and surpassed all expectations with strong earnings from Genting Singapore which rose 74% during the year. Offshore and marine stocks such as Sembcorp Marine and Keppel Corp outperformed on expectations of stronger order momentum, while commodity-related stocks benefited from rising commodity prices. Healthcare sector had a stellar performance, mainly driven by Parkway, after two of its major shareholders, Khazanah Nasional and Fortis Healthcare, engaged in a tussle for control of the group which resulted in Khazanah successfully acquiring the group.

Consumer staples gained 7.3% while telecoms rose 4.4% on a lack of earnings growth catalyst. Financials was the worst performing sector with a meager 1% gain. Bank stocks underperformed because of margin pressure in a low interest rate environment. The real estate sector continued to see a sharp increase in home prices driven by increased buyer confidence and low funding costs. However, real estate stocks saw lackluster performance throughout the year on the back of cooling measures by the government, such as the introduction of a seller's stamp duty for residential properties sold within one year of purchase and a maximum loan-to-value limit of 80% for all housing loans amid rising land supply. The office and hotel sub-sectors, however, were bright spots with robust rental price momentum and leasing demand, as well as strong visitor arrivals.

Outlook/Strategy

With the economic rebound gaining traction, Singapore's economy is expected to grow by 15% in 2010 and 4 to 6% in 2011. Growth is likely to be driven by services (tourism, businesses), construction activities and new capacity expansion in manufacturing. Early in

2011, Singapore's robust growth momentum will likely carry through, with the Budget 2011 to be announced in February likely to provide more color on the government's attitude towards fiscal and monetary policies in the lead-up to general elections which could possibly take place during the year.

Food inflation is becoming apparent across the region and governments are beginning to monitor closely to prevent an escalation in food prices. In the context of inflation risks, we expect the Monetary Authority of Singapore (MAS) to play a prudent game and appreciate the currency in line with current policy settings.

With markets continuing to trend up and oil and commodity prices staying high, we believe investors are beginning to take more risks in the equity markets and warming up to undervalued large-caps and mid-caps with clear event catalysts. Economic growth momentum and earnings revision have peaked, while corporate margins continue to hold steady. However, cyclical rebound in business investment should continue to pick up as the US economy improves. Strong balance sheet and cash-generative companies could engage in capital management (higher dividend or share buybacks), renewed capex cycle and M&A plans.

The Singapore market is currently trading at P/E of 14x FY11 which is slightly lower than the historical average range. The P/B at 1.9x and dividend yield at 3% suggest that valuations continue to look reasonable.

The banks are trading on attractive valuations and we expect the sector to re-rate amid expectation of a higher interest rate environment going forward. The commodity-related and oil and gas stocks have started to outperform on the back of strong order book momentum arising from the global rig and offshore equipment replacement cycle. Domestic consumption and tourism-related stocks have delivered a stellar performance and while no longer undervalued, we believe they will continue to benefit from the low interest rate environment and resilient employment growth. We are cautious of mass market developers as we view policy measures having a dampening effect on the sector for a period of time. The dynamics of rising supply and potentially falling demand in the medium term are not favorable for the sector.

- ***ASEAN - Malaysia/Indonesia/Philippines/Thailand/Vietnam ex Singapore***

ASEAN ex Singapore			Date: 31 Dec 2010
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI MALAYSIA	**308.5**	**5.3**	**23.4**
FTSE Bursa Malaysia KLCI	1,518.9	3.8	19.3
MSCI INDONESIA	**1,300.8**	**0.2**	**28.4**
JAKARTA COMPOSITE INDEX	3,703.5	5.8	46.1
MSCI PHILIPPINES	**254.0**	**(3.8)**	**26.9**
PSEi - PHILIPPINE SE IDX	4,201.1	2.5	37.6
MSCI THAILAND	**558.2**	**5.2**	**40.8**
STOCK EXCH OF THAI INDEX	1,032.8	5.9	40.6
HO CHI MINH STOCK INDEX	**484.7**	**6.6**	**(2.0)**
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/IDR	8,996.0	(1.0)	4.5
US$/MYR	3.1	0.8	11.8
US$/PHP	43.8	0.1	5.4
US$/THB	30.1	1.0	11.0
US$/VND	19,498.0	(0.0)	(5.2)
MSCI MALAYSIA	**2010E**	**2011E**	**2012E**
EPS growth (%)	29.5	16.3	11.8
P/E (x)	17.4	15.0	13.4
P/B (x)	2.4	n/a	n/a
DY (x)	2.3	n/a	n/a
MSCI INDONESIA	**2010E**	**2011E**	**2012E**
EPS growth (%)	19.7	21.6	15.4
P/E (x)	17.3	14.2	12.3
P/B (x)	4.4	n/a	n/a
DY (x)	2.2	n/a	n/a
MSCI PHILIPPINES	**2010E**	**2011E**	**2012E**
EPS growth (%)	30.8	9.5	14.9
P/E (x)	17.1	15.7	13.6
P/B (x)	2.9	n/a	n/a
DY (x)	2.4	n/a	n/a
MSCI THAILAND	**2010E**	**2011E**	**2012E**
EPS growth (%)	19.4	20.2	15.4
P/E (x)	14.8	12.3	10.7
P/B (x)	2.4	n/a	n/a
DY (x)	2.5	n/a	n/a
HO CHI MINH STOCK INDEX	**2010E**	**2011E**	**2012E**
EPS growth (%)	10.0	12.5	26.9
P/E (x)	10.2	9.0	7.1
P/B (x)	2.0	n/a	n/a
DY (x)	2.7	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

Asean markets led the region in terms of stock market performances in 2010. During the year, concerns over the Europe's sovereign debt crisis and tightening measures in China led to increased stock market volatility in the first half of 2010. In the latter half, strong economic performances and increased fund flows from foreign investors helped regional stock markets to hit their highs for the year.

In terms of individual market performances, Thailand was the best performing market on the back of a re-rating of the market as the political situation stabilized in the second half of the year. Strong performances were also registered by the Malaysian, Indonesian and the Philippine markets while Vietnam's stock market lagged the region on concerns over the fiscal and capital account balances of the country.

Across the region, small to mid-cap stocks outperformed large-cap stocks. Apart from strong export growth, robust domestic consumption and rising commodity prices were the key drivers for most regional economies. Sectoral performances across the region were divergent with cyclical sectors such as consumer discretionary, material and energy sectors outperforming while financials, telecommunication services and utility sectors underperforming.

The Thai market saw foreign selling in April and May as political tensions escalated when protestors and security forces clashed in the Ratchaprasong central shopping district amid calls by the protestors for Prime Minister Abhisit to resign. Following the successful military crackdown on the protestors, business and investor confidence improved. The resilience of the Thailand's economy was shown by its 2Q10 GDP which rose 9.1% YoY, led by robust exports, government spending and private construction. This stellar performance was despite one of the worst political unrest episodes in May.

The Thai stock market's strong performance was fueled by foreign investors' net buying, supported by rising investors' confidence that political situation would remain calm following the arrest of leaders of the red-shirt anti-government protestors. Consumer stocks outperformed as record high soft commodity prices boosted rural incomes. With the lifting of the court injunction on most of the 76 suspended projects in Map Ta Phut by the Administrative Court in September, petrochemical and building material stocks surged while the telecom sector underperformed, following the Central Administrative Court injunction against the much-awaited 3G mobile licence auction.

2010 was an election year for the Philippines as the first automated elections resulted in "NoyNoy" Aquino winning the Presidential elections by a margin of 15.8%. The generally orderly and peaceful conduct of elections, high voter turnout and the computerized polling system which discouraged cheating, boosted the credibility of the results. The Philippine stock market reacted positively to the results given that President Aquino won a strong mandate and is widely known to be "business friendly". Impressive corporate earnings, strong OFW remittances and BSP's move to keep interest rates low helped buoy market sentiment.

Malaysia's market rose on improved sentiment following Prime Minister Najib Tun Razak's proclaimed reform policies. During the year, the government announced the outline of its Economic Transformation Programme with investments targeted at 131 entry point projects and 60 business opportunities, of which 90% of the funding would be from the private sector. Twelve key economic areas were identified under this plan. The programme is a roadmap to transform Malaysia into a high-income nation by 2010. Another contributing factor is the improving cross-border relations with Singapore, with Temasek and Khazanah in talks to jointly develop land in the Iskandar special economic zone in Johor.

The Indonesian market continued to perform strongly on lower discount rates for the market. Following Standard & Poor's decision to raise Indonesia's ratings to BB with a positive outlook in March, Moody's Investors Service raised the outlook to Ba2 with a positive outlook. The Indonesian stock market's rise was led by a strong economy driven by consumption, low interest rates and continued foreign portfolio inflows. One growth driver for the stock market remains is exports, particularly commodities such as coal and palm oil. The sudden resignation of Finance Minister Sri Mulyani in May surprised the market. However, the subsequent appointment of Argus Martowardojo as the new Finance Minister was greeted positively by investors given his track record and credentials.

The Vietnam's stock market was the worst performing market during the year on the back of macroeconomic concerns as Fitch downgraded Vietnam's sovereign debt rating from BB- to B+ in July, citing weak external finances and rising external financing requirements, a highly dollarized economy and a weak banking system. Both Moody's and S&P downgraded Vietnam's credit rating in December due to mounting macro risks related to inflation, the balance of payments as well as concerns over the debt crisis at state-owned shipbuilder Vinashin.

Outlook/Strategy

The Malaysian market saw increased foreign investor interest on the back of renewed optimism on the government's reform programmes such as the Economic Transformation Programme, the Government Transformation Plan and New Economic Model. If executed properly, these plans could potentially be a strong catalyst for the re-rating of the Malaysian market. Rising expectations of general elections to be called in 2011 could also positively affect the market. Valuations for the market at 14.5x 2011 P/E are not cheap as compared to the region. However, this is slightly lower than its 10-year P/E average of 16x. We are overweight on sectors that are expected from the New Economic Model such as construction, banks and property.

Apart from modest tightening of monetary policy due to expectations of higher inflation, politics is likely to remain an issue in 2011 for Thailand. Thailand is required to hold a general election before 22 December 2011. Expectations are that the elections may be held earlier as there is growing consensus that the current Democrat-led coalition chances of winning the elections has improved as seen by the results of by-elections in December 2010 where they won four out of five constituencies. Following the strong performance in 2010, the Thai stock market is currently trading at 11.8x 2011 P/E. We are currently positive on the banking sector which is expected to benefit from buoyant domestic consumption. Resumption of strong FDI also favors the industrial real estate developers.

The Indonesian market has benefited from strong capital inflows as well as falling interest rates. Expectations of a possible re-rating of Indonesia's sovereign debt to investment grade led to reduction in Indonesia's risk premium. The central bank has highlighted concerns over capital inflows and the resultant risks and inflationary pressures which will be managed using a "mixture of monetary and macro-prudential policies". Progressive removal of fuel subsidies in 2011 for private vehicles will add further to inflationary pressures. Valuations for the market at 14.2x 2011 P/E are fair. We are overweight on the energy sector, in particular, coal stocks given tight supply dynamics while neutral on banks, telecoms and materials.

After a strong 2010 market performance, the Philippine market is currently trading at 15x 2011 P/E with earnings growth of 11.6%. On a regional perspective, valuations are not cheap while the market looks fairly priced as compared with its 10-year P/E average of 16x. Strong OFW remittances in recent months bode well for consumer spending in the Philippines. Infrastructure spending is likely to pick up with the list of 10 public-private partnership (PPP) projects expected to be tendered in 2011, focusing mainly in the transportation sector. Given renewed fears of inflation due to rising commodity prices, the market may be susceptible to profit-taking if the Central Bank starts to increase overnight borrowing and lending rates. Within the Philippine market, we are overweight on beneficiaries of improved consumption such as PLDT, Metrobank and Ayala Land.

Vietnam's GDP is expected to grow by 7.1% in 2011, driven by private consumption as well as the emergence of the middle class. The 11th Party Congress scheduled in January 2011 could be a key catalyst for the market which has underperformed in 2010 on worries over the trade deficit as well as expectations of currency devaluations.

Within our regional portfolios, we are neutral on Malaysia, Thailand and underweight Philippines, Indonesian and Vietnamese stock markets.

FIXED INCOME

- ***SINGAPORE***

Market Review

For the whole of 2010, the JPM Singapore Government Bond Index gave 2.9% in total returns. Longer tenors have outperformed the short-dated bonds, with 10+year sector performing 5.13% compared to 1-3 years sector performing only 0.98%. If we look at benchmark yields, then it seems that 7-year bond yields have risen near 39 bps (due to roll-off of old benchmark issues). In reality, if we look at each government bond itself, then yields have fallen in general, except for the new 20-year SGS that was issued in September 2010.

Overall, the quantitative easing (QE) program in the US was the main theme anchoring yields, be it QE1 or QE2. The relatively stronger economic growth outlook and actual data induced capital inflows to move from developed markets to emerging markets, including Asia. Together, this liquidity allowed for both risk-free assets (Asian local government bonds) and risky assets (such as equities and commodities) to be priced up, in the same direction, for quite some time. Inflation remained as a tail risk despite higher commodity and food prices and evidently, higher property prices in Asia as it was balanced with a weak growth in the developed markets and the European sovereign debt crisis.

The outlook of stronger Asian currencies like SGD, where MAS actually tightened monetary policy twice by revaluing the centre of the effective exchange rate upwards and allowing for a faster appreciation stance, further resulted in heavy technical positioning in short-dated SGS and sometimes moving up the mid-part of the curve for the extra yield carry in a low-yield environment.

Still, we did see a correction in 4Q10, as the focus seemed to return to inflation, amidst a more sanguine economic outlook for the US, in particular.

The JPM Singapore Government Bond Index was up near 5.6% YTD as of end September 2010, only to give back gains in 4Q and ended the year with only 2.9%.

On the domestic bond market, the low yield environment and the risk-on mode of investors seeking yield saw a sharp increase of new corporate bond issues. Some rare but good credit quality issuers took the opportunity to issue relatively long-dated issues. Credit spreads tightened and swap rates have fallen in line with SGS yields. As the correction hit bond markets in 4Q10, swap rates reversed and there was some indigestion of some long-dated corporate issues.

Outlook/Strategy

Singapore's flash GDP estimate for 4Q10 came in at 12.5% YoY or 6.9% QoQ, avoiding a technical recession in 2H10. This implies 2010 GDP growth of 14.7%. However, looking forward to 2011, Singapore's economy is expected to normalize towards medium term trend growth of around 4-6% (official forecast).

The trend in growth, external uncertainties (European sovereign crisis, growth, QE and US fiscal deficit) and inflation outlook has not allowed a consistent trend for interest rates.

In the near term, many do not expect that US rate hikes to start any time soon. Thus, Singapore short-term interest rates are likely to remain subdued. This should be supported by a strong SGD policy. Whilst it seems like imported inflation may not be the major contributor to inflation upticks, the strong SGD policy will serve to mitigate the effects of imported inflation on top of domestic factors such as capacity constraints and higher wages. The sharp increase in COE prices is another domestic factor that will pressure the CPI index in the near term. We believe the authorities will continue to use administrative measures to guide inflation within their target levels.

There are views that regional yield curves will steepen with a hold on US rates; yet increasing inflationary expectations. However, some of this expected steepening has been priced in with the recent correction. Asian central banks will continue policy adjustment with big focus on managing capital inflows. On the other hand, positioning remains weighted near about neutral. There is some anecdotal evidence of slowdown in fund flows to Asia. Given the large difference in growth potential of Asia relative to developed markets, we believe fund flows should remain positive in the near term, especially with Asian FX still biased towards strengthening against USD. A nearer-term trend to note is the switch of flows to risky assets such as equities or high yield bonds as opposed to government bonds.

As various factors play out, we expect more of a whipsaw within a trading range for interest rates but the range could reach higher yield levels.

Our strategy will be to keep the core portfolio in shorter duration corporate bonds, but we will look for opportunity to trade the interest rates (via SGS) – buying on dips only.

We will continue to keep a relative short duration (to benchmark).

- ***ASIA***

Market Review

Asian credits staged a good performance in 2010 with JP Morgan Asia Credit index (JACI) posting a return of +10.61% (in USD terms). High-yield index had a strong rally with a return of +15.48%, almost doubling that of the investment-grade index (+7.9%). In 2010, US Treasuries' performance contributed positively to the return with an estimated contribution of 50%. The remaining of the return came from carry and spread tightening with JACI spread tightened by 23 bps to end at 231 bps. Overall, the performance was volatile during the year due to the US Treasuries movements. Using the 10-year US Treasuries as a proxy, the yields dropped from 3.84% as at end-2009 to a 30-year low of 2.4% in early October (-148 bps) before climbing up to 3.3% (+90 bps from the low) as at end-2010. As a result, 4th quarter was the worst-performing quarter with JACI posting a negative return of 1.51% compared to the average quarterly return of +4% for the January-September period.

Primary markets were robust during 2010 with a record high of US$67 billion of new bond supply as issuers took advantage of the low rate environment to refinance and/or pre-finance the funding requirements. Of the total issuance, 68% was investment-grade issuers and 32% was high-yield issuers. Corporates made up about 52%, followed by Financials (26%), Quasi-Sovereigns (12%) and Sovereigns (10%).

Outlook/Strategy

US Treasuries' performance will continue to exert an influencing impact on bond returns. We expect volatility to remain high in the rates market with yields bias towards the upside. We continue to be constructive on Asian credits given the sound fundamentals, supportive fund flows and technical picture, and good relative valuation. On such backdrop, we will maintain a short duration, overweight credits to Treasuries, overweight high-yield to investment-grade credits; and prefer high-coupon to low-coupon bonds within the investment-grade space. For new bond supply, we expect the pipeline to continue to be heavy. Companies will continue to opportunistically tap the credit markets to refinance and/or pre-finance as yields are still low on a historical basis.

- ***US/EUROPE***

Market Review

The year 2010 was marked by lower government yields in Germany, United Kingdom and the United States, despite the significant upturn in yields during the final quarter of the year. Ten-year government bonds fell between 25-50 bps across the three countries. Concerns about a possible double dip in economic conditions contributed partly to this, but the complete repricing of European peripheral sovereign risk also played a part in the bid for safe havens.

As the absolute yield levels were forced lower, the search for yield intensified as global investors reached into credit for the additional carry. Healthy corporate balance sheets and cheap refinancing cost ensured that credit spreads tightened significantly.

For the year, the US 10-year Treasury returned 5.1% while Investment Grade returned 7.2% (JPMorgan US Index) and US High Yield returned 13.9% (JPMorgan Global High Yield Index).

By the end of the year, the negative factors had played out with economic data from the US pointing to a sustained recovery and the EU/IMF bailing out Greece and Ireland.

Outlook/Strategy

Looking into 2011, the US recovery seems to be on a more stable footing and attention is once again shifting towards the eventual tightening in monetary policy. Even in the final quarter of 2010, Treasury yields have swung upward in excess of 100 bps across the curve and despite this, yields are still historically low.

Sustained growth and concerns with inflation risk are already driving asset allocations shift away from bonds, and this would contribute further to rising yields. This is already beginning to play out in the last two months of 2010 with data showing net outflows from bond funds for the first time in two years. This will likely continue to prevail in the first quarter of 2011.

For credit, strong fundamentals will continue to be conducive for risk premium to tighten but this will be offset somewhat by higher yields demanded so the total return for higher quality will be low. The risk-loving environment should favor high yield names.

APPENDIX 1

Market Valuations

Valuations as of date 31 Dec 2010	EPS Growth (%)			3-mth chg. In EPS est. (%)		P/E (x)			P/B (x)	DY (%)
	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2012E	current	current
Asia/Pacific										
Japan	**nm**	**84.0**	**12.8**	**3.5**	**(0.2)**	**28.1**	**15.0**	**13.3**	**1.2**	**2.0**
Topix Index	n/a	5.2	11.6			15.7	14.0	11.9	1.1	2.0
Nikkei 225	n/a	11.7	14.9			18.0	15.7	13.1	1.4	1.7
Australia	**4.1**	**18.9**	**11.9**	**0.2**	**0.2**	**15.9**	**13.4**	**12.0**	**2.1**	**4.1**
S&P/ASX 200 Index	35.1	14.9	8.1			13.6	11.8	10.9	2.0	4.3
China	**30.0**	**14.7**	**16.2**	**1.9**	**1.6**	**13.6**	**11.9**	**10.2**	**2.3**	**2.2**
Shanghai SE Composite Index	35.8	17.5	2.2			13.5	11.5	11.2	2.6	2.2
Shenzhen SE Composite Index	56.8	26.7	3.5			24.5	19.3	18.7	4.6	0.7
Hong Kong	**27.6**	**9.0**	**12.1**	**2.9**	**3.8**	**18.4**	**16.8**	**15.0**	**1.8**	**2.4**
Hang Seng Index	13.7	15.0	4.9			12.9	11.2	10.7	2.0	3.3
India	**22.5**	**22.5**	**18.7**	**(0.2)**	**0.2**	**19.5**	**15.9**	**13.4**	**3.6**	**0.9**
BSE Sensex 30 Index	(2.7)	20.5	18.5			19.3	16.0	13.5	3.5	1.2
Indonesia	**19.7**	**21.6**	**15.4**	**(1.0)**	**(0.1)**	**17.3**	**14.2**	**12.3**	**4.4**	**2.2**
Jakarta Composite Index	40.0	18.2	1.6			15.2	12.8	12.6	3.4	2.1
Korea	**51.1**	**10.8**	**13.1**	**(2.5)**	**0.1**	**11.4**	**10.3**	**9.1**	**1.6**	**1.1**
KOSPI Index	45.5	12.7	9.8			10.7	9.5	8.7	1.4	1.4
Malaysia	**29.5**	**16.3**	**11.8**	**1.8**	**1.8**	**17.4**	**15.0**	**13.4**	**2.4**	**2.3**
FTSE Bursa Malaysia KLCI	15.8	11.0	5.5			15.5	13.9	13.2	2.5	3.3
Philippines	**30.8**	**9.5**	**14.9**	**1.4**	**0.7**	**17.1**	**15.7**	**13.6**	**2.9**	**2.4**
PSEi - Philippine SE Index	(1.2)	12.9	3.7			13.9	12.3	11.9	2.5	3.2
Singapore	**23.4**	**9.6**	**9.5**	**1.7**	**0.6**	**15.6**	**14.2**	**13.0**	**1.9**	**2.8**
Straits Times Index	(13.0)	10.2	9.7			14.9	13.5	12.3	1.8	3.0
Taiwan	**92.1**	**9.5**	**12.1**	**0.8**	**0.8**	**14.9**	**13.5**	**12.0**	**2.1**	**3.2**
Taiwan Taiex Index	17.5	9.5	0.6			13.2	12.0	12.0	2.0	3.8
Thailand	**19.4**	**20.2**	**15.4**	**0.6**	**2.2**	**14.8**	**12.3**	**10.7**	**2.4**	**2.5**
Stock Exchange of Thai Index	20.5	14.6	10.4			12.7	11.1	10.0	2.1	3.5
Vietnam	**10.0**	**12.5**	**26.9**	**n/a**	**n/a**	**10.2**	**9.0**	**7.1**	**2.0**	**2.7**
Asia Pacific	**46.7**	**13.9**	**13.3**	**1.6**	**0.3**	**15.2**	**13.4**	**11.8**	**1.6**	**2.4**
Asia ex Japan	**39.6**	**13.1**	**14.1**	**0.3**	**1.1**	**14.7**	**13.0**	**11.4**	**2.1**	**2.1**
Asia Pac ex Japan	**30.2**	**14.7**	**13.6**	**0.1**	**0.7**	**15.1**	**13.1**	**11.6**	**2.1**	**2.6**
Europe	**34.6**	**15.1**	**12.4**	**1.0**	**(0.1)**	**12.3**	**10.7**	**9.5**	**1.7**	**3.1**
DJ Stoxx 600 € Pr	40.2	12.4	4.7			11.1	9.9	9.4	1.7	3.8
S&P Europe 350 Index	39.9	12.0	4.4			10.8	9.6	9.2	1.6	3.9
United States	**41.2**	**13.7**	**13.9**	**1.5**	**1.0**	**15.2**	**13.4**	**11.8**	**2.2**	**1.8**
S&P 500	6.7	13.9	20.8			14.9	13.1	10.8	2.2	2.0
Dow Jones Industrial Average	13.8	11.6	8.5			12.5	11.2	10.3	2.7	2.6
NASDAQ Composite Index	99.8	20.2	12.3			17.5	14.5	12.9	3.0	0.8

Source: Credit Suisse, Bloomberg, MSCI, Thomson
Note: PE and EPS growth numbers for Australia and Japan correspond to June 2010-12 and Mar 2010-12; and EPS change numbers correspond to Jun 2011- 12 and Mar 2011-12, respectively.

APPENDIX 2

Date: 31 Dec 2010

Economic data	Real GDP % YoY			CPI % YoY			Current Official policy rate (%)	Government bond yield*** (%)				Exchange rates				Unemploy-ment (% of labor force)	Current account balance (% GDP)	Fiscal balance (% GDP)	Business confidence		Consumer confidence	
	2008	2009E	2010E	2008	2009E	2010E		2 yr	5 yr	10 yr	10-2yr		Spot	% 3M chg	%12M chg	2009E	2009E	2009E	latest	% 3M chg	latest	% 3M chg
Asia/Pacific																						
Japan	-5.2	3.6	1.4	-1.3	-0.8	-0.3	0.095	0.2	0.4	1.1	0.9	US$/¥	81.1	3.0	14.7	5.1	3.5	-9.7	40.0	-2.7	40.6	-1.9
Australia	1.2	3.2	3.6	1.8	2.9	2.7	4.750	5.2	5.4	5.5	0.4	A$/US$	1.0	-5.5	-12.3	5.1	-2.3	-4.4	46.2	1.3	111.0	-2.0
China	9.1	10.0	9.2	1.9	3.2	4.6	2.750	3.4	3.6	3.9	0.5	US$/CNY	6.6	1.3	3.3	4.4	5.6	-2.8	137.9	1.5	102.9	-1.2
Hong Kong**	-2.8	6.5	4.5	1.3	2.4	3.5	0.500	0.6	1.8	2.9	2.3	US$/HK$	7.8	-0.2	-0.2	4.4	8.5	1.0	88.7	-3.5	96.3	n.a.
India*	7.4	8.4	8.6	9.8	8.6	5.5	6.250	7.5	7.9	7.9	0.4	US$/INR	44.7	0.5	4.1	n.a.	-3.0	-8.3	n.a.	n.a.	73.0	7.0
Indonesia	4.5	6.0	6.3	2.8	5.0	6.0	6.500	5.9	6.8	7.6	1.7	US$/IDR	8,996	-1.0	4.5	7.4	0.9	-1.1	103.4	-4.6	108.1	0.5
Korea	0.2	5.8	4.3	2.8	3.0	3.2	2.500	3.4	4.1	4.5	1.2	US$/KRW	1,126.0	1.3	3.4	3.7	3.1	-0.3	87.0	8.2	109.0	n.a.
Malaysia	-1.7	7.0	5.0	1.1	1.7	2.3	2.750	3.0	3.4	4.0	1.1	US$/MYR	3.1	0.8	11.8	3.3	11.5	-5.6	104.9	-12.3	115.8	4.9
Philippines	1.1	6.7	5.1	4.4	3.6	2.8	4.000	2.5	5.0	6.1	3.6	US$/PHP	43.8	0.1	5.4	7.0	5.8	-4.0	45.0	2.5	n.a.	n.a.
Singapore**	-1.3	15.0	5.5	0.0	2.8	3.0	0.438	0.5	1.4	2.7	2.2	US$/S$	1.3	2.6	9.5	2.0	18.6	1.3	12.0	-52.0	n.a.	n.a.
Taiwan	-1.9	10.0	4.2	-0.2	1.0	1.5	1.625	0.6	1.0	1.6	0.9	US$/TW$	29.3	6.6	9.2	5.3	8.5	-3.8	n.a.	n.a.	62.5	-4.9
Thailand	-2.2	7.8	4.3	3.5	3.2	2.7	2.000	2.9	3.2	3.7	0.9	US$/THB	30.1	1.0	11.0	1.1	3.9	-2.0	52.5	3.8	79.0	-3.1
Vietnam**	5.3	6.6	7.1	6.5	9.1	9.1	9.000	10.8	11.5	11.8	0.9	US$/VND	19,498	0.0	-5.2	4.5	-9.8	-6.2	0.0	0.0	0.0	0.0
Europe																						
Euro Area	-4.0	1.6	1.4	0.3	1.5	1.8	1.000	0.9	1.8	3.0	2.1	€/US$	1.3	1.9	7.0	10.0	-0.5	-6.2	1.0	26.3	-11.0	n.a.
UK	-4.9	1.7	2.5	2.2	3.2	3.5	0.500	1.1	2.2	3.4	2.3	£/US$	1.6	0.7	3.6	7.7	-2.2	-9.4	101.0	0.8	45.0	-15.1
Switzerland	-1.9	2.7	3.0	-0.5	0.6	0.2	0.250	0.4	1.1	1.7	1.3	CHF/US$	0.9	5.1	10.7	4.1	13.8	1.1	62.5	52.4	n.a.	n.a.
Sweden	-5.0	5.0	3.4	-0.3	1.2	1.9	1.250	1.8	2.7	3.3	1.4	US$/SEK	6.7	0.4	6.7	8.4	6.0	-0.8	119.5	n.a.	24.3	-13.2
Norway	-1.5	1.8	3.0	2.2	2.4	1.7	2.000	n.a.	2.9	3.7	n.a.	US$/NOK	5.8	0.9	-0.5	3.5	16.0	10.0	n.a.	n.a.	26.5	16.7
United States	-2.6	2.7	2.5	-0.3	1.7	1.4	0.250	0.6	2.0	3.3	2.7	-	-	-	-	9.6	-3.5	-8.9	55.0	3.4	52.5	8.0

* *India: Wholesale price index (WPI) is used to measure inflation*
** *Hong Kong: Hong Kong base rate (HKBASE Index) is used as official policy rate*
Singapore: 3-month SIBOR is used as offical policy rate
Vietnam: Base lending rate is used as official policy rate
*** *Government bond yields are as of 31 Dec 2010*

Source: Bloomberg, CEIC, CIRA Estimates

31-Dec-2010	Spot	% chg 3M	% chg 12M
VIX	17.8	-25.1	-18.1
Gold (US$/ounce)	1,420.8	8.6	29.5
WTI Crude oil (US$/barrel)	91.4	10.7	7.9

Source: Bloomberg

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