



**Market Commentaries**

Uncertainty with the subsequent rounds of quantitative easing and an unexpected rise in US unemployment claims have once again triggered volatility in the major global stock markets in August. The Hang Seng Index was -1.99% outperforming the MSCI World Index which was -3.92%

- The latest filing for first-time unemployment insurance in the States eased to 473,000, lower than forecast
- Soaring property prices in Hong Kong raised debate on whether restrictions should be imposed on foreign property investors
- The Hong Kong Government is also considering the use of MPF for down payment to help middle income families to buy their own home
- China’s bank loan target won’t be relax this year and will be maintained at RMB7.5 trillion

**Reiterate “Balanced” Approach for 2010 Q3**

We reiterate our “balanced” approach for Q3 as maintaining global economic stability remains the top priority for the major Governments. As such we anticipate:

- Loose monetary policies and fiscal measures by the major Governments will continue to support the underlying liquidity in the global markets
- Governments continue to be extremely cautious with their exit strategies
- Underweight the Euro & GBP as the European debt crisis will be a key concern for investors in 2010
- Investors should be extremely cautious with snap-back from short covers when the markets are volatile (July 2010 is a prime example)
- Portfolio alterations should be carried out when the markets are relatively stable

**QAAS<sup>®</sup> Rotational Strategy<sup>1</sup>: Key Highlights for September 2010**

The system is once again showing preference for US equities vs. BRIC equities

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MAJOR EQUITY MARKETS				
	CLOSE	P/E	1 M %	YTD%
HANG SENG	20,612	13.2	-1.99	-5.77
MSCI WORLD	1,081	14.6	-3.92	-7.51
S&P 500	1,049	13.9	-4.74	-5.90
RUSSELL 2000	602	40.5	-7.50	-3.73
DOW JONES	10,015	13.0	-4.31	-3.96
NASDAQ	2,114	22.8	-6.24	-6.84
FTSE 100	5,225	16.8	-0.62	-3.47
EU ESTX50	2,623	11.5	-4.35	-11.54
BRAZIL BVS	65,145	14.3	-3.51	-5.02
RUSSIA MICEX	1,369	8.9	-2.02	-0.08
INDIA SENSEX	18,092	17.6	1.25	3.59
SHANGHAI A	2,642	18.3	0.19	-19.37
NIKKEI 225	8,912	21.9	-6.56	-15.50
TAIWAN TAIEX	7,657	14.2	-1.33	-6.48

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	190.7		2.06	7.91
JPM Global Bond	485.3		0.97	3.99

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,247.0		5.58	13.67
WTI CRUDE OIL	72.3		-8.93	-13.22
CRB INDEX	264.2		-3.70	-6.77
DB AGRICULTURE	88.7		-0.08	-1.81
DB BASE METAL	204.2		-0.82	-10.53

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.27		-3.60	-11.29
GBP£/US\$	1.54		-3.20	-4.89
AUS\$/US\$	0.90		-1.63	0.12
JAP¥/US\$	84.49		2.38	10.10
CAN\$/US\$	1.06		-3.81	-0.96
RMB/US\$	6.81		-0.56	0.21

Source: Bloomberg (September 1<sup>st</sup>, 2010), TTG (HK)

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<sup>1</sup> The QAAS<sup>®</sup> Rotational Strategy is a remunerated consultancy service provided by QAAS Investment Limited

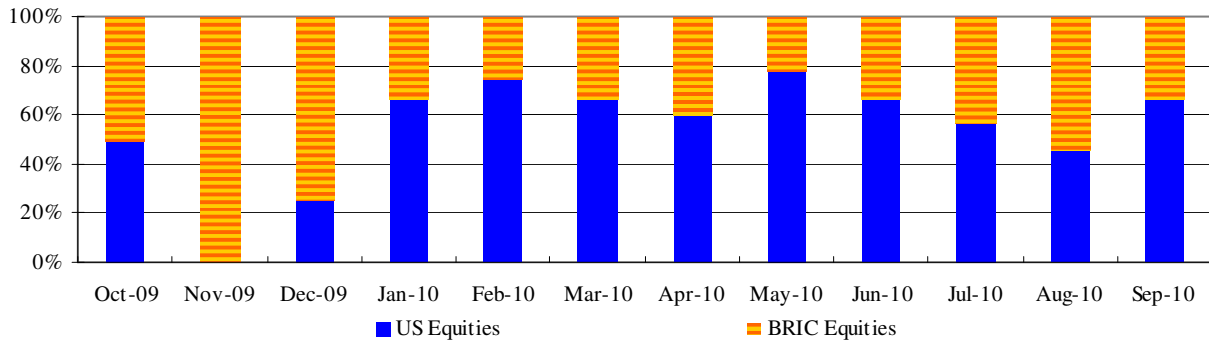


### QAAS® Rotational Strategy

The QAAS Rotational Strategy is a technical signal interpretation system designed to formulate asset allocation strategies among the major global asset classes to capture top quartile performances under different market conditions

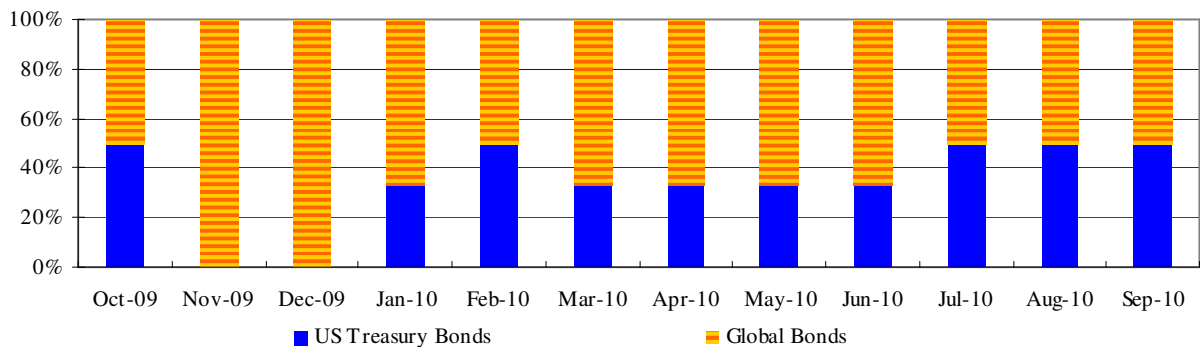
### Equity Strategies

- The system is once again showing preference for US equities vs. BRIC equities



### Bond Strategies

- Continue to show equal weightings between US treasury bonds and global bonds



### Commodity Strategies

- For the third consecutive months, the system is underweighting base metals, crude oil and agriculture commodity classes due to high volatility levels

