TTG *WealthManagement*

MoneySense **June 2011**

Market Commentaries

European sovereign debt uncertainties resulted in a reduction in risk allocation by most global investors. The Hang Seng Index was -0.4% outperforming the MSCI World Index which was -2.45% for May 2011

- S&P lowered its outlook for Italy's long-term outlook to negative from stable due to weak prospects for a reduction of government debt
- The European Union is working on a second bailout package for Greece
- Hong Kong retail sales rose 28% year on year in April 2011, the largest increase since 1991
- The China Real Estate Chamber of Commerce stated home sales in China may decline by more than 10% in 2011 due to government tightening

Reiterate "Balanced" Approach for 2011 Q2

With all the uncertainty the world is currently facing, our investment team believes that maintaining a diversified portfolio that is relatively shock resistant is important for individual investors. Our investment team continues to believe the main themes would be competitive devaluation between the major currencies and the threat of inflation in emerging markets. As such we anticipate:

- The risk of the Euro zone countries defaulting has once again caught the attention of investors
- The development of the Japan recovery situation is paramount for global investment markets
- The major governments will continue to implement cautious expansionary monetary policies to support economic recovery while restraining inflation
- Core inflation with the G7 will be mild while the inflationary risks continue to be high for the emerging economies
- Global competitiveness will result in a continuation of a low interest rate environment
- Precious metals, energy and agriculture commodities will continue to see support with the increase in global political instabilities and investors continue to question the financial strength of the major governments
- RMB is likely to appreciate at modest levels as the China government is implementing various measures to discourage speculators

MAJOR EQUITY MARKETS	CLOSE	P/E	1 M %	YTD%
HANG SENG	**23,626**	**12.4**	**-0.40**	**2.57**
MSCI WORLD	1,355	14.8	-2.45	5.82
S&P 500	**1,345**	**15.3**	**-1.35**	**6.96**
RUSSELL 2000	848	37.1	-1.96	8.25
DOW JONES	**12,570**	**13.8**	**-1.88**	**8.57**
NASDAQ	2,835	23.9	-1.33	6.88
FTSE 100	**5,983**	**14.6**	**-1.43**	**1.41**
EU ESTX50	2,855	11.2	-5.18	2.23
BRAZIL BVS	**64,620**	**9.6**	**-2.29**	**-6.76**
RUSSIA MICEX	1,663	7.9	-4.51	-1.46
INDIA SENSEX	**18,576**	**16.8**	**-2.93**	**-9.43**
SHANGHAI A	2,744	15.4	-5.77	-2.30
NIKKEI 225	**9,720**	**17.8**	**-1.32**	**-4.98**
TAIWAN TAIEX	9,062	16.0	0.60	1.00

MAJOR BONDS	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	**192.1**		**1.55**	**2.72**
JPM Global Bond	510.4		0.09	4.16

MAJOR COMMODITIES	CLOSE	P/E	1 M %	YTD%
GOLD SPOT $/OZ	**1,530.4**		**-2.13**	**7.72**
WTI CRUDE OIL	102.8		-10.20	9.25
CRB INDEX	**350.1**		**-5.53**	**5.19**
DB AGRICULTURE	111.4		-4.44	0.77
DB BASE METAL	**244.8**		**-1.16**	**-1.35**

MAJOR CURRENCIES	CLOSE	P/E	1 M %	YTD%
EURO€/US$	**1.44**		**-2.84**	**7.66**
GBP£/US$	1.64		-1.48	5.11
AUS$/US$	**1.07**		**-2.03**	**4.78**
JAP¥/US$	81.39		-0.20	-0.33
CAN$/US$	**0.97**		**-1.89**	**3.00**
RMB/US$	6.48		0.22	1.99

Source: Bloomberg (June 1st, 2011), TTG (HK)

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