



Market Commentaries

Global stock markets tumbled as the fear of sovereign debt crisis spreading to the world's major economies is growing. The Hang Seng Index was down 9.1% outperforming the MSCI World Index that was down 10.12%

- The European leaders and IMF agreed to provide Greece and other members in need with up to €750 billion in financial facilities
- The two major credit agencies have downgraded the sovereign credit ratings for Greece, Spain and Portugal to reflect the structural weaknesses with their underlying economies and Government policies
- The mainland equity markets have plunged to an eight month low on concerns for further tightening measures
- The Euro plunged to an one-year low versus the US\$

Investment Strategies: Balance Approach for 2010 Q1 & Q2

The easing measures that were implemented by the governments last year have resulted in asset inflation but were not effective in resolving economic problems like unemployment & excessive debt levels. As such, we anticipate

- Governments to be very cautious with their exit strategies as their main objective is to maintain economic stability
- Investment markets will be volatile as investors will be sensitive to announcements in relations to any changes in government directions
- 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 (suggested reference : VIX index)
- Portfolio alterations should be carried out when the markets are relatively stable

QAAS[®] Rotational Strategy¹: Key Signals for May 2010

Concerns over the collapse of the PIIGS Government's have caused a spike in volatility levels. Nonetheless, the technical signals indicate the equity markets maybe more resilient than it seems

- Since Jan 1, 2010, the system has been overweighting US equities over emerging market equities. During this period, The S&P 500 was down 0.4% & Russell 2000 was up 4.4% outperforming the Hang Seng Index and MSCI World Index was down 7.7% and 5.9% respectively

Important Notice

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MAJOR EQUITY MARKETS				
	CLOSE	P/E	1 M %	YTD%
HANG SENG	20,188	14.5	-9.10	-7.70
MSCI WORLD	1,100	17.6	-10.12	-5.90
S&P 500	1,111	16.2	-6.99	-0.38
RUSSELL 2000	653	132.1	-7.11	4.41
DOW JONES	10,380	14.6	-5.61	-0.46
NASDAQ	2,266	30.0	-7.68	-0.15
FTSE 100	5,123	14.6	-11.23	-5.36
BRAZIL BVS	62,871	15.9	-11.97	-8.34
RUSSIA MICEX	1,289	11.6	-13.91	-5.94
INDIA SENSEX	17,031	24.4	-5.03	-2.48
SHANGHAI A	2,688	20.1	-14.54	-17.98
NIKKEI 225	10,522	95.1	-6.09	-0.23
TAIWAN TAIEX	7,665	17.9	-5.28	-6.39

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	183.1		3.13	3.60
JPM Global Bond	459.4		-0.44	-1.56

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,200.5		3.31	9.44
WTI CRUDE OIL	77.2		-9.89	-5.43
CRB INDEX	261.3		-5.36	-7.78
DB AGRICULTURE	82.9		-0.46	-8.28
DB BASE METAL	202.1		-12.65	-11.46

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.29		-5.04	-9.87
GBPE/US\$	1.49		-3.30	-8.10
AUSS/US\$	0.90		-2.84	0.39
JAP¥/US\$	92.73		0.55	0.31
CANS/US\$	1.03		-2.64	2.28
RMB/US\$	6.83		-0.01	0.01

FEAR GAUGE				
	CLOSE	P/E	1 M %	YTD%
VIX INDEX	41.0		153.72	88.88

Source: Bloomberg (May 10, 2010), TTG (HK)

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¹ The QAAS[®] Rotational Strategy is a remunerated consultancy service provided by QAAS Investment Limited

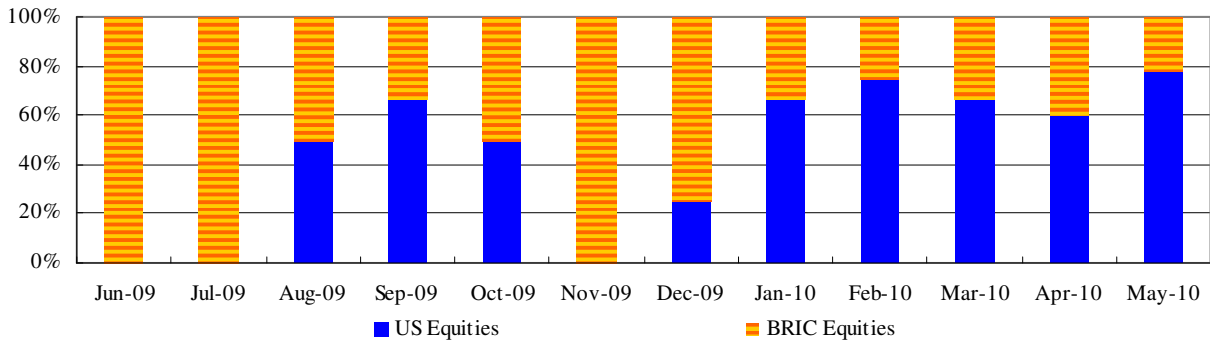


QAAS® Rotational Strategy

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

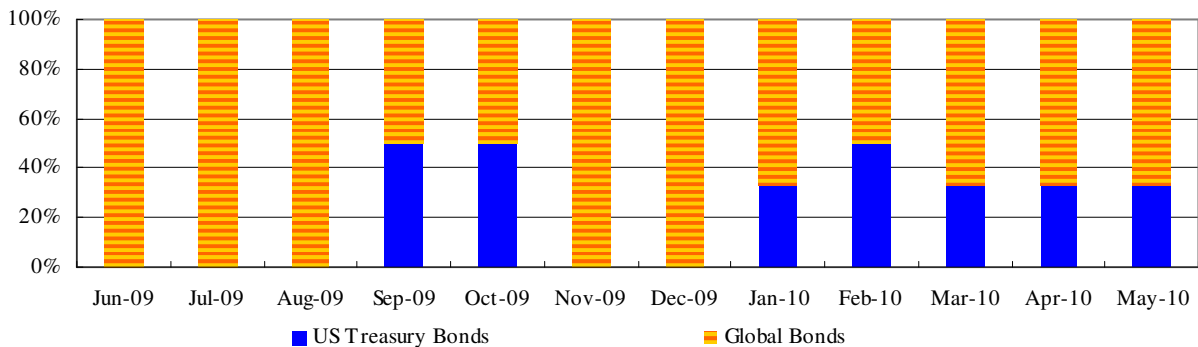
Equity Strategies

- Continues to overweight US equities over BRIC equities



Bond Strategies

- As the equity markets continue to be volatile, demand for US treasury bonds remain constant



Commodity Strategies

- For the second consecutive months, the system is capturing weakening signals from agricultural commodities

