



Market Commentary

The major global stock markets experienced another eventful month and capital is once again flowing into emerging markets from the developed markets. The Hang Seng Index was +3.24% outperforming the MSCI World Index which was -2.64%.

- RMB rises to its highest level @ 6.78 against the US\$ since the exchange rate formation in 2005 after the central bank's declaration to further reform the RMB regime to enhance exchange rate flexibility
- Agricultural Bank of China is expected to raise up to US\$23.2 billion and becoming the world largest IPO by overtaking the previous record of US\$22 billion set by the Industrial and Commercial Bank of China in 2006
- Shanghai A-Share Stock Price Index has reached a 14 month low
- The consumer confidence index in the United States sank from 62.7 in May to 52.9 in June 2010, worse than expected

Reiterate "Balance" Approach for 2010 Q3

Despite the European debt crisis, we reiterate our "balance" approach for Q3 as maintaining economic stability continues to be the main objectives by 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
- The US & China Governments will maintain their level of investments in Europe
- Underweight 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 Highlights for July 2010

The overweight signals are strengthening for BRIC equities and the weighting for US equities in our equity strategy has fallen below 60% for the first time in 2010

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MAJOR EQUITY MARKETS				
	CLOSE	P/E	1 M %	YTD%
HANG SENG	20,129	14.6	3.24	-7.97
MSCI WORLD	1,041	6.2	-2.64	-10.88
S&P 500	1,031	14.9	-3.74	-7.57
RUSSELL 2000	609	60.8	-4.91	-2.54
DOW JONES	9,774	13.7	-2.49	-6.27
NASDAQ	2,109	26.5	-5.09	-7.05
FTSE 100	4,917	13.3	-4.77	-9.16
EU ESTX50	2,573	12.3	-1.28	-13.21
BRAZIL BVS	60,936	13.1	-1.46	-11.16
RUSSIA MICEX	1,309	8.3	-1.22	-4.43
INDIA SENSEX	17,701	18.1	6.81	1.35
SHANGHAI A	2,399	17.8	-6.57	-26.78
NIKKEI 225	9,200	30.9	-5.27	-12.76
TAIWAN TAIEX	7,286	17.0	-0.04	-11.02

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	187.1		1.83	5.86
JPM Global Bond	464.2		1.12	-0.52

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,239.7		1.14	13.01
WTI CRUDE OIL	74.7		1.10	-9.48
CRB INDEX	258.5		2.43	-8.77
DB AGRICULTURE	81.9		1.68	-9.35
DB BASE METAL	185.3		-5.59	-18.79

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.22		-0.11	-14.71
GBP£/US\$	1.49		1.95	-7.63
AUS\$/US\$	0.83		0.40	-7.04
JAP¥/US\$	88.14		3.18	5.54
CAN\$/US\$	1.07		-1.06	-1.27
RMB/US\$	6.78		0.71	0.65

Source: Bloomberg (July 1, 2010), TTG (HK)

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

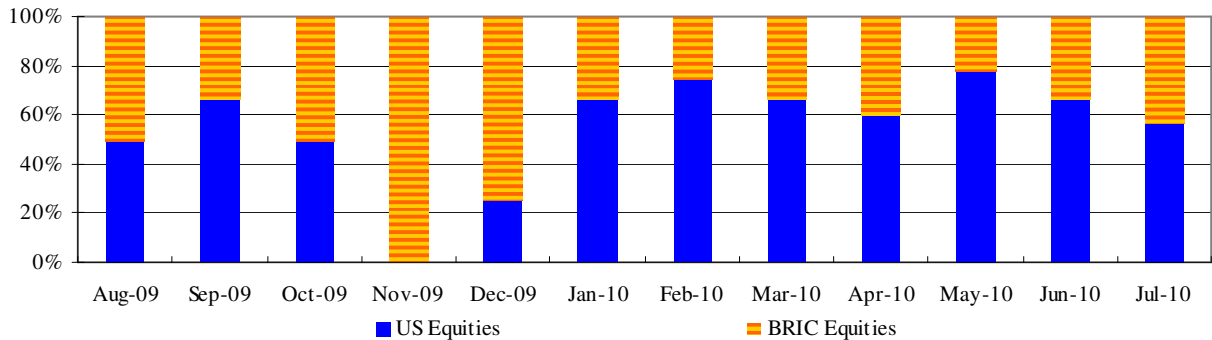


QAAS® Rotational Strategy

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

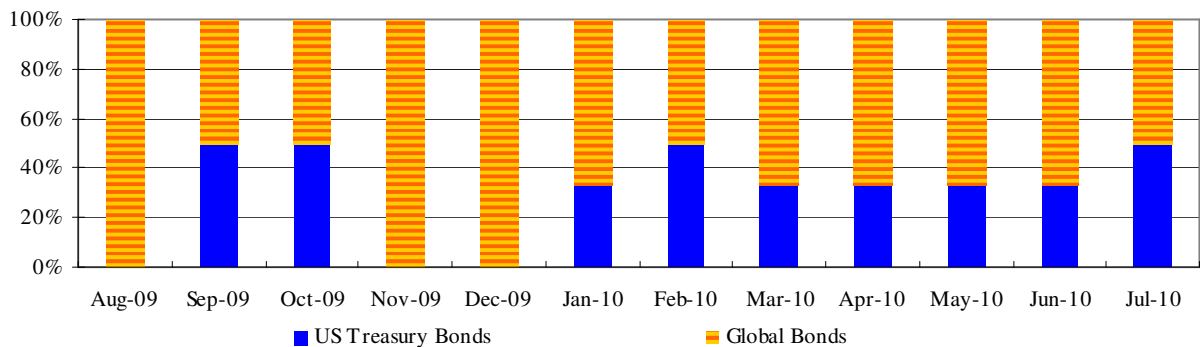
Equity Strategies

- Overweight signals for BRIC equities continue to strengthen vs. US equities



Bond Strategies

- Overweight signals for US treasury bonds have reached a new level as the volatility in the equity market continues



Commodity Strategies

- Other than gold, all other commodity classes are presenting strong underweight signals

