Market Commentaries

Global markets rallied over Europe's debt accord as investors welcomed the plan to tame Greece's sovereign debt situation. The major US equity indices have recorded their biggest monthly gains since 1974. The MSCI World Index was +10.26% slightly underperforming the Hang Seng Index which was +10.65% for October 2011.

- The European Financial Stability Facility (EFSF) will be scaled up through 4-5 times leverage to produce a headline figure of one trillion euro to tame the debt crisis in Europe
- Negative equity in Hong Kong residential mortgage loans increased from 48 cases in 2Q11 to 1,653 cases in 3Q11. Most cases were related to mortgage loans with a loan-to-value ratio at 90% or above
- The US economy expanded at a quarter-on-quarter annualized rate of 2.5% in Q3 2011 driven by consumer spending
- China will allow the cities of Shanghai, Shenzhen, Zhejiang and Guangdong to issue local Government bonds independently, ending a 17-year ban

Reiterate "Balanced" Approach for 2011 Q4

Certain defensive diversified investment strategies have contributed towards protecting the capital of many of our investors in 2011 Q3. As the global markets rallied quite heavily in the past few weeks, this is a great time to rebalance one's portfolio given the market conditions are very favorable for rebalancing. We recommend investors hold alternative strategies that are more dynamic to the change in market conditions. Our investment team continues to implement investment strategies that are relatively shock resistant and focus on tackling the threat of inflation. As such we anticipate:

- Global markets continue to be volatile due to the trembles from the global financial crisis and debt crisis in the west
- Social unrest spreading globally, especially as the threat of inflation is becoming more apparent
- Major governments will continue to implement cautious expansionary monetary policies to support economic recovery while restraining inflation
- Global competitiveness will result in a continuation of a low interest rate environment
- RMB is likely to appreciate at modest levels as the China Government is implementing various measures to discourage speculators
- Major asset classes will be more correlated as margin calls continue.

MAJOR EQUITY MARKETS	CLOSE	P/E	1 M %	YTD%
HANG SENG	**19,466**	**8.9**	**10.65**	**-15.49**
MSCI WORLD	1,217	12.8	10.26	-4.90
S&P 500	**1,253**	**13.2**	**10.77**	**-0.35**
RUSSELL 2000	741	32.1	15.04	-5.43
DOW JONES	**11,955**	**12.3**	**9.54**	**3.26**
NASDAQ	2,684	24.1	11.14	1.19
FTSE 100	**5,544**	**10.3**	**8.11**	**-6.03**
EU ESTX50	2,385	9.7	9.43	-14.59
BRAZIL BVS	**58,338**	**9.3**	**11.49**	**-15.82**
RUSSIA MICEX	1,499	5.8	9.66	-11.22
INDIA SENSEX	**17,705**	**15.7**	**7.60**	**-13.67**
SHANGHAI A	2,468	12.9	4.62	-12.10
NIKKEI 225	**8,905**	**17.1**	**2.35**	**-12.94**
TAIWAN TAIEX	7,551	16.8	4.51	-15.84

MAJOR BONDS	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	**200.7**		**-1.07**	**7.30**
JPM Global Bond	528.1		1.39	7.76

MAJOR COMMODITIES	CLOSE	P/E	1 M %	YTD%
GOLD SPOT $/OZ	**1,723.3**		**6.12**	**21.29**
WTI CRUDE OIL	92.6		16.69	-2.06
CRB INDEX	**319.8**		**7.27**	**-3.90**
DB AGRICULTURE	104.3		2.07	-5.64
DB BASE METAL	**208.4**		**7.63**	**-16.00**

MAJOR CURRENCIES	CLOSE	P/E	1 M %	YTD%
EURO€/US$	**1.38**		**5.05**	**3.42**
GBP£/US$	1.61		4.25	3.05
AUS$/US$	**1.05**		**10.51**	**2.88**
JAP¥/US$	78.16		-1.96	3.79
CAN$/US$	**1.00**		**5.55**	**-0.12**
RMB/US$	6.36		0.00	3.88

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

Kevin Liem
Chief Investment Officer
Suite 9A, Entertainment Building
30 Queen's Road Central
Hong Kong
Tel: + (852) 2869 0801
Fax: + (852) 2523 4610
Email: kevinliem@ttg.com.hk