TTG WealthManagement

MoneySense **February 2012**

Market Commentaries

Global markets experienced a strong run as expectations that the Greek crisis will be tamed by the long-term refinancing operation (LTRO) and debt swap discussions with bondholders. The MSCI World Index was +4.93% underperforming the Hang Seng Index which was +10.67% for January 2012.

- Standard & Poor's stripped The European Financial Stability Facility (EFSF) and France of their AAA ratings and downgraded seven other Eurozone sovereign ratings
- US Fed said it would "maintain a highly accommodative stance" by keeping interest rates at "exceptionally low levels" until late 2014
- The Chinese Government is studying pension investment methods and the details maybe announced as soon as Q1 this year. The maximum ratio of equities investment is said to be capped at 30% (or CNY580 billion) of new capital maybe invested in the local A-share market
- According to the HKMA, RMB deposits in Hong Kong had declined 6.18% in December compared with November to CNH588.53bn

"Strategic Balanced" Approach for 2012Q1

2012 is likely to be another challenging year for investors as global markets are expected to be volatile, together with an eventful year of government interventions. However, we are mindful of not becoming caught up in the emotion of markets as they are driven by politicians, but rather remain focused on the fundamentals – "*Patience is Key*"

Great investment opportunities often appear in challenging periods and 2012 is definitely a year with potential. Enhancing our defensive balanced strategy late last year, our investment team continues to implement a diversified portfolio, with an overweight allocation in alternative strategies. The investment objective continues to tackle inflation with a portfolio that is relatively shock resistant. 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 inflation and oil prices continue to be unstable
- Major governments will continue to implement cautious expansionary monetary policies to support economic recovery while restraining inflation
- Interest rate is likely to crib up slowly as credit availability remains limited
- 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	20,401	9.2	10.67	10.67
MSCI WORLD	1,241	13.4	4.93	4.93
S&P 500	1,312	13.7	4.36	4.36
RUSSELL 2000	793	31.0	7.00	7.00
DOW JONES	12,633	13.0	3.40	3.40
NASDAQ	2,814	22.6	8.01	8.01
FTSE 100	5,682	10.3	1.96	1.96
EU ESTX50	2,417	11.7	4.32	4.32
BRAZIL BVS	63,072	10.3	11.13	11.13
RUSSIA MICEX	1,514	5.6	7.97	7.97
INDIA SENSEX	17,189	15.6	11.22	11.22
SHANGHAI A	2,283	12.0	3.80	3.80
NIKKEI 225	8,822	17.6	4.34	4.34
TAIWAN TAIEX	7,547	17.3	6.72	6.72

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	206.0		0.24	0.24
JPM Global Bond	527.0		1.33	1.33

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT $/OZ	1,739.7		11.26	11.26
WTI CRUDE OIL	98.7		-0.31	-0.31
CRB INDEX	312.3		2.30	2.30
DB AGRICULTURE	99.3		0.57	0.57
DB BASE METAL	214.4		11.04	11.04

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US$	1.31		1.07	0.86
GBP£/US$	1.58		1.57	1.38
AUS$/US$	1.06		3.73	3.99
JAP¥/US$	76.20		0.92	0.93
CAN$/US$	1.00		1.63	1.87
RMB/US$	6.30		-0.06	-0.15

Source: Bloomberg (February 1st, 2012), TTG (HK)

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