Market Monthly
August 10

Highlights

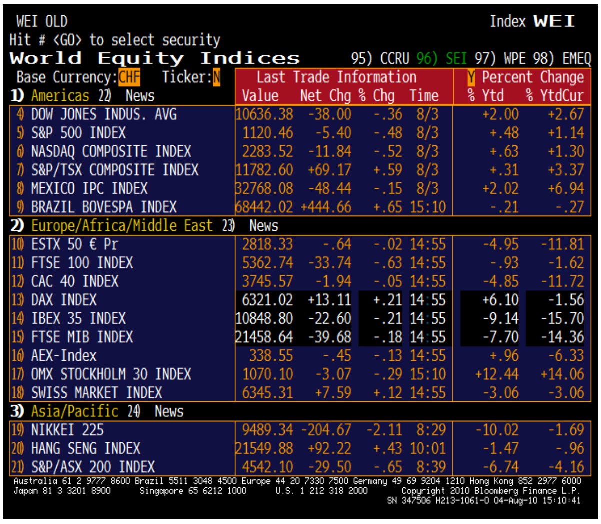
- **Economics:** Global economy is slowing as expected with ending stimulus programs. Chinese Premier Wen Jiabao's call for gradually increasing wages & higher minimum wages; increasing consumer spending in BRICs.
- **Inflation:** Inflation risk probably lower than feared, less immediate policy tightening needed in GEM[i].
- **Central bank interest rates:** Fed & ECB not likely to raise interest rates until 2H11. Fed 0.25% (-), next 10 Aug; ECB 1% (-), next 2 Sep. Rate up in Brazil 50bps (10.75%).
- **Capital market rates:** Successful refinancing of Spanish sovereign debt caused relief on the market; (+) stress testing of European banks

Strategic asset allocation

- **Forex:** EUR/ USD stabilizes, short-term trading higher, however expected to be 1.22 end of 2010[ii]. Further trend in appreciation of BRIC currencies.
- **Bonds incl. High Yields (U[iii]):** Favor corporate over government, avoiding the longer maturities, buying carefully selected weaker credits.
- **Equities (N):** Released Q2 results confirm (+) revenue growth trend which is reflected in good profit figures; markets have stabilized. Use periodic setbacks as entry points; favor GEM region.
- **Commodities (N):** De-risking and de-leveraging put prices under pressure in near term. Oil trading sideways Oil<80 USD/ bbl. Agricultural prices turned higher driven by deteriorating supply outlook.

Investment ideas

- **3 Months Structured Equity Products with Barrier at maturity in USD, EUR & CHF (hedged):** (1) on CH Luxury (Richemont, Swatch); (2) on global Financials (Credit Suisse, Deutsche Bank, Royal Bank of Canada).
- **Equity:** ETFs on GEM, especially Asia/ Brazil; late cyclical's (e.g. IT/ Capital goods); US/ EU companies with GEM exposure or GEM with strong brands.



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Hit # <GO> to select security
World Equity Indices — 95) CCRU 96) SEI 97) WPE 98) EMEQ
Base Currency: CHF Ticker: N

	Last Trade Information				Y Percent Change	
	Value	Net Chg	% Chg	Time	% Ytd	% YtdCur
1) Americas 22) News						
4) DOW JONES INDUS. AVG	10636.38	-38.00	-.36	8/3	+2.00	+2.67
5) S&P 500 INDEX	1120.46	-5.40	-.48	8/3	+.48	+1.14
6) NASDAQ COMPOSITE INDEX	2283.52	-11.84	-.52	8/3	+.63	+1.30
7) S&P/TSX COMPOSITE INDEX	11782.60	+69.17	+.59	8/3	+.31	+3.37
8) MEXICO IPC INDEX	32768.08	-48.44	-.15	8/3	+2.02	+6.94
9) BRAZIL BOVESPA INDEX	68442.02	+444.66	+.65	15:10	-.21	-.27
2) Europe/Africa/Middle East 23) News						
10) ESTX 50 € Pr	2818.33	-.64	-.02	14:55	-4.95	-11.81
11) FTSE 100 INDEX	5362.74	-33.74	-.63	14:55	-.93	-1.62
12) CAC 40 INDEX	3745.57	-1.94	-.05	14:55	-4.85	-11.72
13) DAX INDEX	6321.02	+13.11	+.21	14:55	+6.10	-1.56
14) IBEX 35 INDEX	10848.80	-22.60	-.21	14:55	-9.14	-15.70
15) FTSE MIB INDEX	21458.64	-39.68	-.18	14:55	-7.70	-14.36
16) AEX-Index	338.55	-.45	-.13	14:55	+.96	-6.33
17) OMX STOCKHOLM 30 INDEX	1070.10	-3.07	-.29	15:10	+12.44	+14.06
18) SWISS MARKET INDEX	6345.31	+7.59	+.12	14:55	-3.06	-3.06
3) Asia/Pacific 24) News						
19) NIKKEI 225	9489.34	-204.67	-2.11	8:29	-10.02	-1.69
20) HANG SENG INDEX	21549.88	+92.22	+.43	10:01	-1.47	-.96
21) S&P/ASX 200 INDEX	4542.10	-29.50	-.65	8:39	-6.74	-4.16

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Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2010 Bloomberg Finance L.P.
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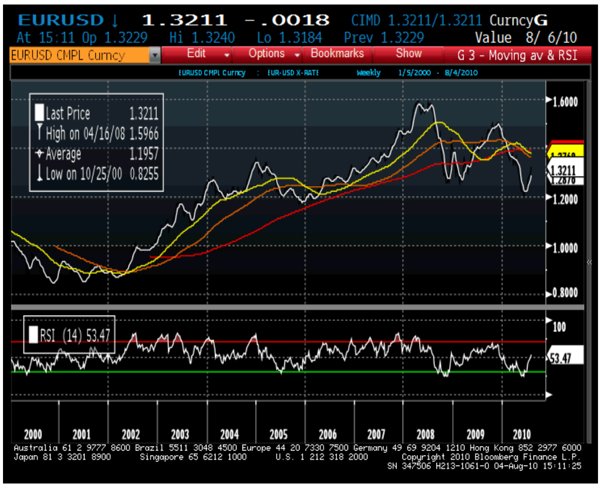

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i Global emerging markets

ii Average street forecast by 10 banks - July 2010

iii How to read: (U) Underweight; (N) Neutral; (O) Overweight