

## Index Commentary

Global equity markets moved generally sideways during the initial part of April, preceding a more volatile period during mid April, as US investors reacted to disappointing economic data and corporate earnings releases. The release of higher than expected consumer price inflation figures further rattled confidence, with fears that higher inflation could prompt aggressive interest rate rises, fears that were exacerbated when the Federal Reserve's latest Beige Book survey pointed to rising price pressures. Global equity markets, as measured by the FTSE Global All Cap index, lost 2.6% in dollar terms. The FTSE Emerging Europe All Cap fell most from the regional indices, down 4.5% driven by falls within Poland, Turkey and Hungary.

There was a clear size-based effect during the month, with the larger cap stocks faring better; the FTSE Global Large Cap fell 2.2% as opposed to the FTSE Global Small Cap's 4.4% fall.



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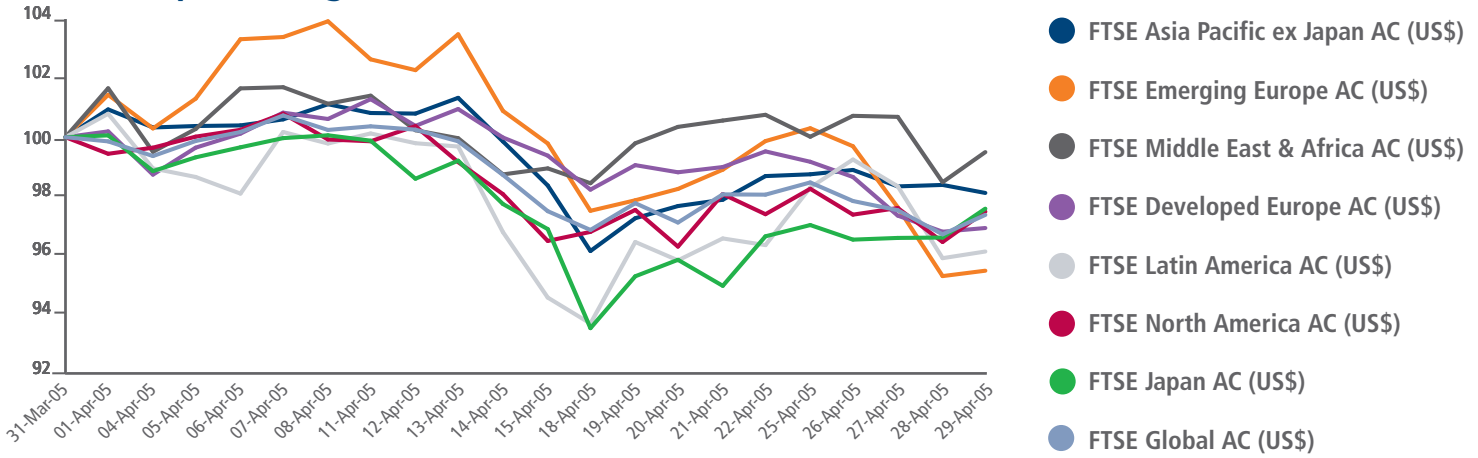
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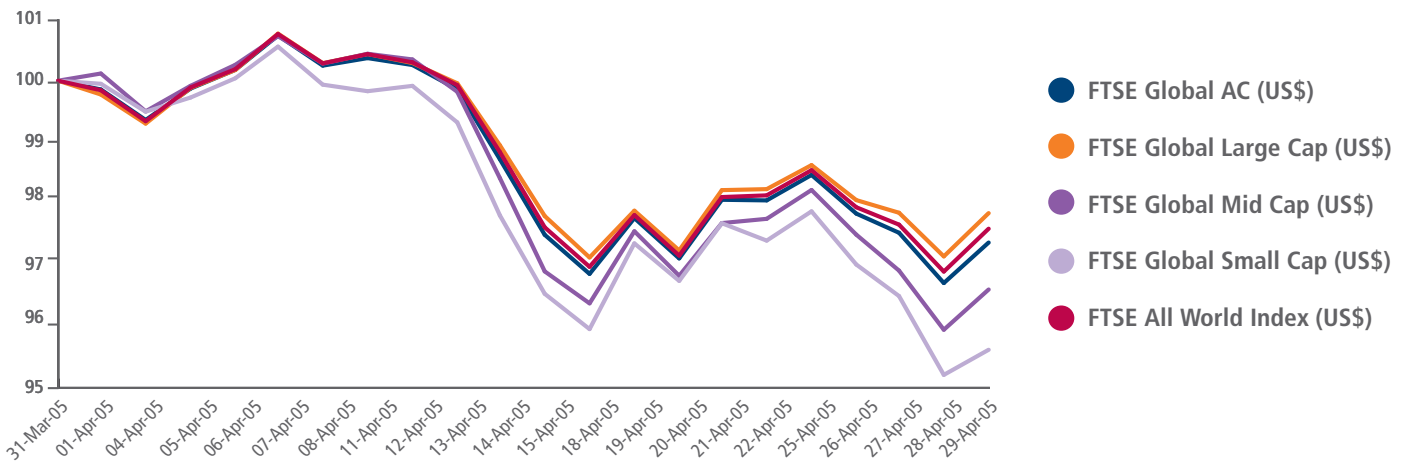
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### FTSE All Cap (AC) Regional Performance



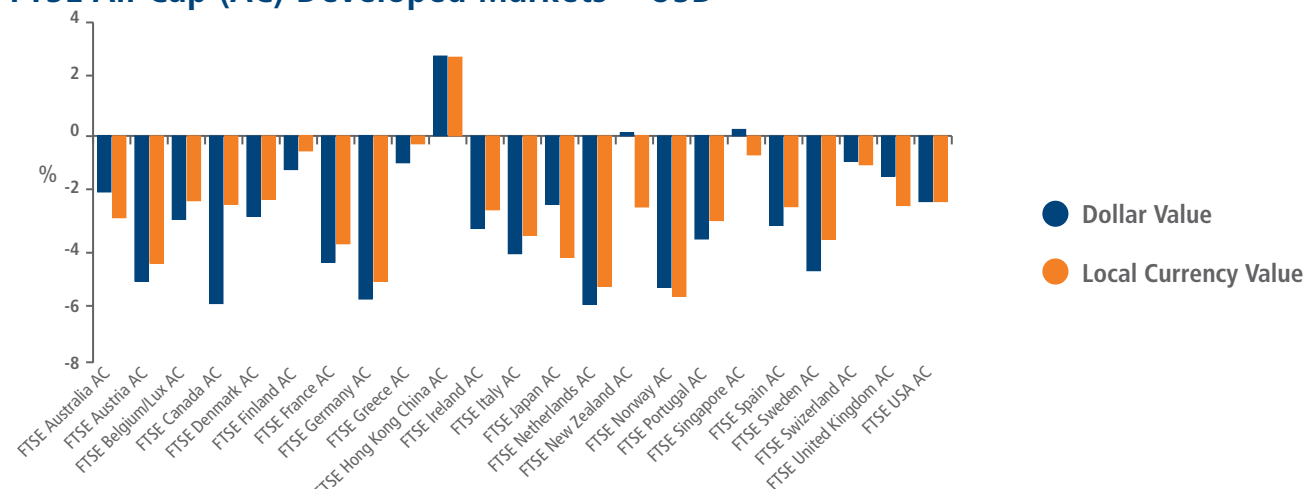
### FTSE All Cap (AC) Size-based Performance



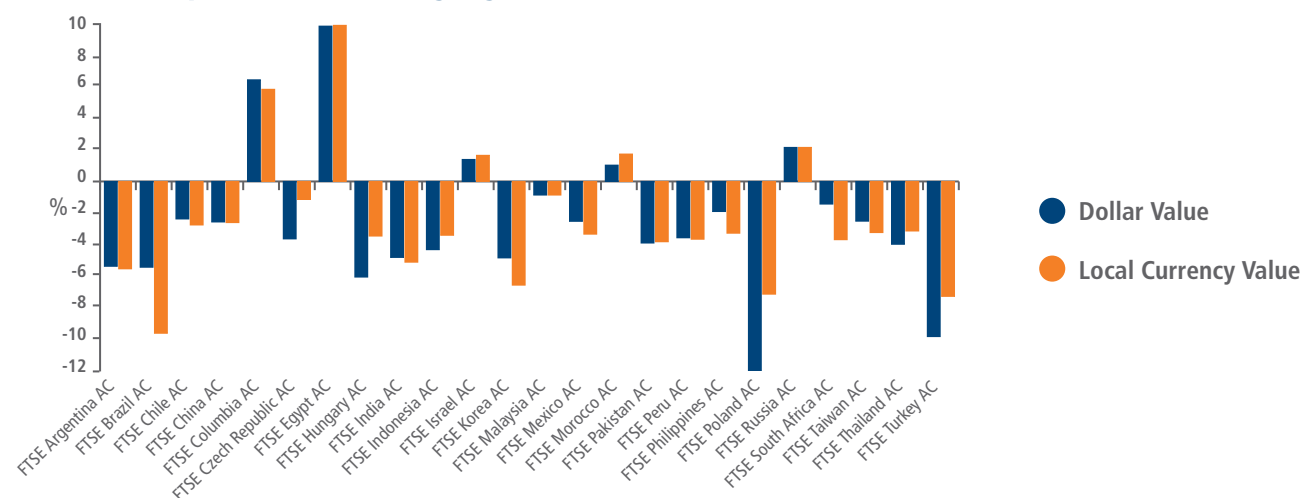
### FTSE All Cap (AC) Regional Indices – US\$



## FTSE All Cap (AC) Developed Markets – USD



## FTSE All Cap (AC) All-Emerging Markets



In general most countries fell during the month, with only 9 out of the 47 country indices covered by the FTSE Global Equity Index Series gaining ground in dollar terms. Poland lost most, down 11.9% as investors within the country grew increasingly concerned about slowing economic growth and the depreciation of the Polish zloty, which fell against the euro and dollar during April. Egypt gained most ground from the country indices, up 9.8% driven by the country's largest phone company Orascom Telecom, which gained 14.4% in dollar terms.

### Five Best Performing Countries (USD)

Egypt	9.8%
Colombia	6.4%
Hong Kong China	2.8%
Russia	2.1%
Israel	1.4%

### Five Best Performing Countries (Local Curr.)

Egypt	9.9%
Colombia	5.8%
Hong Kong China	2.8%
Russia	2.1%
Morocco	1.7%

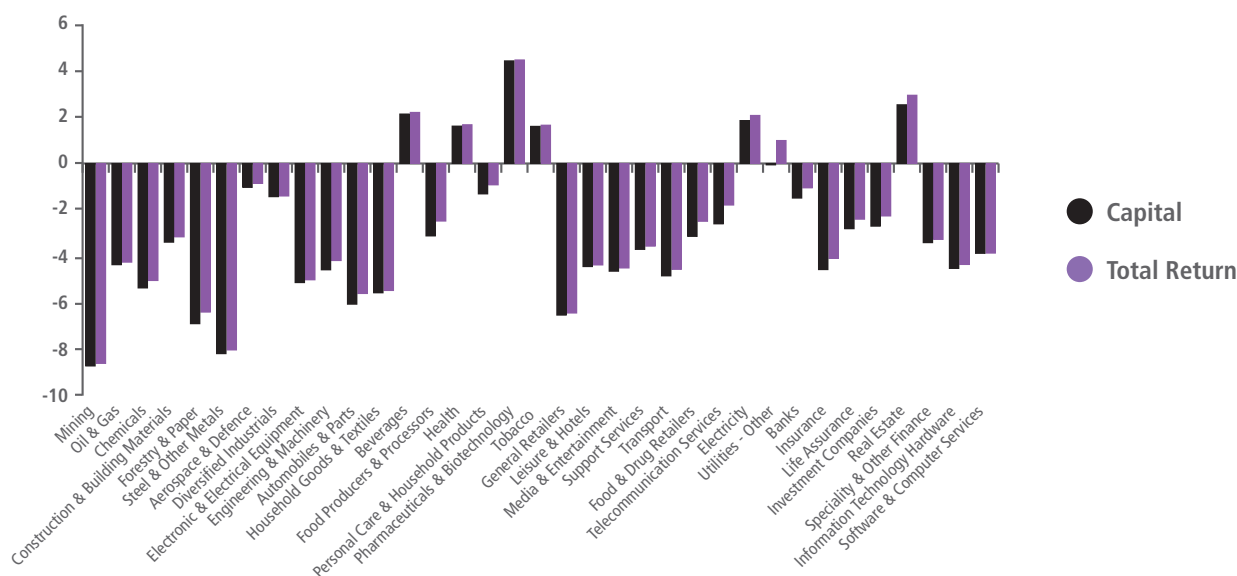
### Five Worst Performing Countries (USD)

Poland	-11.9%
Turkey	-9.8%
Hungary	-6.0%
Netherlands	-5.9%
Canada	-5.9%

### Five Worst Performing Countries (Local Curr.)

Brazil	-9.6%
Turkey	-7.3%
Poland	-7.1%
Korea	-6.6%
Norway	-5.7%

## FTSE Global All Cap (AC) Markets



## Industry Sector Performance

### Five Best Performing Industry Sectors (USD)

Pharmaceuticals & Biotechnology	4.4%
Real Estate	2.5%
Beverages	2.1%
Electricity	1.8%
Health	1.6%

### Five Worst Performing Industry Sectors (USD)

Mining	-8.7%
Steel & Other Metals	-8.2%
Forestry & Paper	-6.9%
General Retailers	-6.5%
Automobiles & Parts	-6.1%

Most sectors performed poorly in April, with only 6 of the 35 industry sectors gaining ground on a capital return basis. Mining lost most ground, down 8.7% on losses from BHP Billiton, Anglo American and Rio Tinto. Steel & Other Metals was another large faller, down 8.2%. Industry sector consultant MEPS said steel production growth will almost halve this year as mills in the European Union cut output to maintain prices threatened by higher than average stockpiles. Pharmaceuticals & Biotechnology gained most, up 4.4% with the largest part of that performance contributed by GlaxoSmithKline, up 9.3% on news of increased first quarter profits as cost cutting boosted sales of medicines for asthma and heartburn.

## Stock Performance

### Best Performing FTSE All-World Stocks (USD)

Elan Corporation	73.8%
Mosenergo	50.0%
Qingling Motors (H)	31.8%
Catcher Technology	30.7%
Allied Domecq	30.1%

### Worst Performing FTSE All-World Stocks (USD)

Pacifica Group	-46.5%
AmBev ON	-36.5%
Doral Financial	-35.8%
First Marblehead	-33.0%
ReignCom	-31.3%

In terms of constituents, Elan Corp, which has been worst FTSE All-World performer for two consecutive months, gained most, up 73.8%. The company, Ireland's largest drugmaker, said it will slash \$100 million of costs this year as it struggles to deal with the withdrawal of its multiple sclerosis treatment. Mosenergo, the producer and distributor of electricity and thermal energy in Moscow, was another large faller, down 50.0%. The company has been split up into more than a dozen different entities, including generation, transmission and distribution, as part of the government's plan to attract more investment into the company.

Losing most ground was Pacifica Group, down 46.5%. The Australian parts maker, that supplies General Motors and Ford Motors, had its largest ever one day decline on 22 April after the company slashed its earnings forecast by almost half. Another large faller was Doral Financial, down 35.8%. The company was informed by letter from the US Securities and Exchange Commission that they are to conduct an informal investigation regarding the 19 April announcement that the company would restate its financial statements.

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