GLOBAL MARKET UPDATE

23 - 29 JULY: ALL THAT GLITTERS IS NOT GOLD

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	**Top 3:**	Luxembourg **5.43%,** Austria **2.46%,** Belgium **2.45%**
	Bottom 3:	Ireland **-0.98%,** Portugal **-0.26%,** Australia **0.08%**
EMERGING	**Top 3:**	Poland **4.75%,** Mexico **4.43%,** Philippines **4.33%**
	Bottom 3:	Egypt **-1.05%,** Greece **-0.82%,** Colombia **-0.53%**
FRONTIER	**Top 3:**	Argentina **7.20%,** Morocco **3.05%,** Romania **2.03%**
	Bottom 3:	Oman **-2.53%,** Bangladesh **-0.63%,** Vietnam **-0.62%**

The US economy expanded by 4.1% in seasonally adjusted annualised terms in 2018 Q2. All core components exhibited expansion, as real consumer spending rose 4%, government spending increased 2.1%, non-residential investments were up 7.3%, exports edged up 9.3%, while imports were flat. Net trade contributed 1.1ppt to headline growth. In contrast, residential investment was the only component that contracted in Q2, by 1.1%. Moreover, seasonally adjusted annualised growth in 2018 Q1 was revised up 0.2ppt to 2.2%.

The headline GDP growth rate and its components reflect the inherent strength of the US economy. However, **the pace is unsustainable, i**n our view. The positive impact of government spending will fade in 2019, as fiscal stimulus runs out. Furthermore, exports are unlikely to continue to rise at this pace. We believe that exports dynamics were exceptionally strong in Q2, because many of the exporters unloaded their inventories before tariffs took effect. GDP growth should be solid in the coming quarters, but without any tailwinds like additional fiscal stimulus or a weaker dollar, growth is unlikely to significantly exceed 3% in the coming quarters.

Indeed, after the release the of the US GDP data, global FX market movements reflected widespread doubts about the sustainability of such strong growth going forward. **Emerging market currencies in general rallied against the USD,** as market players took the view that economic activity will be solid, but not strong enough to trigger a more aggressive response from the Fed. Futures markets strengthened only modestly, now implying a 66% chance that the Fed funds rate will be between 2.00-2.25% at the end of this year and only a 5% chance of 3 more hikes

This week, there are a number of important central bank meetings. On Tuesday, the BOJ will deliver an update, with speculation rife that there will be a change in policy following the biggest jump in yields in 2 years last week (forcing the central bank to intervene). This will be followed by the Fed on Wednesday (no change expected) and the BOE on Thursday (a 2nd rate hike of the cycle expected for the UK).

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UNITED STATES

S&P 2,819 +0.61%, 10yr Treasury 2.97% +6.11bps, HY Credit Index 330 -6bps, Vix 13.69 +.17Vol

Most equities in the US rose strongly last week. However, there was a marked underperformance of small caps (the Russell 2000 falling 0.67%) and technology stocks. This came after both Facebook and Twitter fell in the order of 20% after disappointing results. Broader turmoil in the sector was spared by Amazon who, despite missing revenue targets, delivered much stronger than expected profitability. Nonetheless, the extreme volatility of tech names around earnings highlights an issue for the market. The space has a unique appeal to investors in combining ample liquidity with strong underlying growth. As such, it is the world's most consensus overweight and valuations have become extremely demanding. In short, technology stocks no longer offer a "free lunch". Elsewhere, the trade weighted USD was virtually flat during the week (gaining against major peers but weakening against most major emerging markets) and through July as well. Treasury yields rose and the curve slightly flattened, the 2s10s spread closing the week at 28bp.

President Trump reached an agreement with Jean-Claude Juncker, the President of the European Commission, to ease tension between the EU and the US. Trump and Juncker agreed that the EU will increase LNG and soybeans imports from the US, and both sides will lower industrial tariffs. According to the POTUS, the aim is to converge towards "zero" tariffs on industrial goods.

US Treasury Secretary Mnuchin stated that the negotiations between the EU and the US serve as the basis for a *"real agreement."* **The Treasury Secretary pointed out that the two parties should resolve the steel and aluminium tariffs and claimed that there will be no tariffs imposed on autos, should trade talks be successful.** Mnuchin said that the US is willing to discuss trade matters with China any time and stands ready to negotiate with Mexico and Canada.

EUROPE

Eurostoxx 3,516 +1.50%, German Bund 0.42% +3.30bps, Xover Credit Index 285 -15bps, USDEUR .857 +0.56%

Similarly to the US, the majority of the European equity markets rose with the core outperforming the periphery. German bunds rose marginally in yield and Italian bonds underperformed.

EA: Consumer confidence stabilised in the Euro Area in July after a significant drop observed in June. The services PMI declined to 54.4, while the manufacturing PMI rose slightly, to 55.1 in July.

PMIs in the Eurozone continue to signal further expansion of the economy at a steady pace.

The European Central Bank (ECB) kept the overnight deposit rate stable at -0.4%, as expected. President Draghi reiterated that monthly asset purchases will continue throughout this year and will terminate at the end of December. The quantum of monthly purchases will be EUR 30bn until the end of September and EUR 15bn per month in 2018 Q4. Even though asset purchases will not continue in net terms next year, the ECB will reinvest maturing debt securities. Mr Draghi pledged, again, that the Council will keep interest rates unchanged "at least through the summer of 2019."

Monetary policy in the Euro Area will definitely remain ultra-accommodative even after asset purchases are discontinued, in our opinion. According to money market and fixed income instruments, financial market investors concur with President Draghi, as no rate hikes are priced in before 2019 H2.

UK: Even though the economic calendar was empty in the UK, there were plenty of headlines to digest generated by domestic politics. Prime Minister May announced a reshuffle of the team responsible for the UK-EU Brexit negotiations. According to the PM, the cabinet "will have overall responsibility for the preparation and conduct of the negotiations."

The Prime Minister's decision means that she will place greater personal focus on the Brexit-related discussions and negotiations than before.

TR: **In spite of the pressure on Turkish financial markets and mounting inflation, the central bank kept the policy rate at 17.75%.** By refraining from a policy rate hike, the central bank caught the markets by surprise, as a 100-125bp hike was expected. According to the MPC, inflation will slow in 2018 H2 and the fiscal position will tighten, and consequently, the central bank saw no need to hike.

The lack of policy rate hike indicates that the central bank's independence has been curbed even further. It is quite clear that the deteriorating inflation outlook and the increased required risk premium have to be addressed in the short-run. Should the central bank not tighten monetary conditions, Turkish financial markets will come under even stronger pressure.

HU: **The central bank of Hungary kept its policy rate at 0.9%, as expected.** The MPC cited that a cautious approach is warranted due to the volatile nature of financial markets. However, the Council refrained from releasing any specific or hawkish comments to clarify what 'caution' could mean.

RO: Credit growth in Romania reached 7.2% YoY in June. Retail lending expanded at a double-digit pace, including both consumer loans and mortgages. In contrast with retail lending, corporate lending growth was rather moderate.

ASIA PACIFIC

HSCEI 11,043 +3.43%, Nikkei 22,544.84 + 0.82%, 10yr JGB 0.10% +0bps, USDJPY 111.040 -0.32%

Asian equities had a strong week, as the MSCI Asia ex Japan index rose 1.63%. The Hang Seng, the Indonesian Jakarta Composite, the Pakistani Karachi 100 and the Philippines outperformed the broad market by rising between 3.0-4.5%, respectively. In contrast, the Bangladeshi

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and the Vietnamese indices sank last week, 0.76% and 0.62%, respectively.

IN: **The Indian government reduced the sales tax rate on more than 50 products,** such as leather goods, televisions, washing machines, sanitary pads, lithium ion batteries. The new rates will be effective 27th July. According to Piyush Godal, the interim finance minister, the step was carried out to simplify and rationalize the goods and services tax (GST) and to "extend relief to the common man."

The GST cut could lead to lower tax collections (ca. 1% of tax budgeted to accrue) in a conservative scenario. However, since lower tax rates might incentivise tax payments by the participants in the grey and black economies and will boost domestic consumption, the tax cut can hypothetically result in no loss in tax collection. One thing is sure; Prime Minister Modi will not mind minor fiscal slippage before the general elections in 2019.

CN: **During the week, a barrage of pre-emptive policy measures was taken by the Chinese authorities to prevent a slowdown in economic growth.** The Chinese State Council announced that fiscal policy will be more *"proactive"* in the future and steps will be taken to support growth. The authorities have already delivered a tax cut to foster R&D spending. Similarly to the fiscal policy arm, monetary policy also stepped up, as the PBOC injected ca. USD 74bn worth of additional liquidity with one-year tenor into the domestic banking system through its Medium-term Lending Facility (MLF) on Monday morning. According to unconfirmed reports, the PBOC allowed some banks to lower their structural parameters for the calculation of the minimum macroprudential capital adequacy ratio in order to encourage lending to the real economy.

The cash injection was the largest ever, which may further ease Chinese financial conditions to bolster economic growth. By increasing the excess liquidity in circulation, the PBOC implicitly admitted that it has shifted away from its deleveraging policy to stabilise leverage. Liquidity injection complemented by looser capital requirements point out that the priority to deleverage the economy was put on hold – at least temporarily.

Chinese industrial companies reported that their profit growth surged 20% YoY in June, reaching CNY 658.3bn, according to the National Bureau of Statistics.

KR: **South Korean GDP growth decelerated in 2018 Q2,** as expected. The growth rate slowed 0.3ppt to 0.7% QoQ, which means 2.9% expansion in annual terms. The weakness primarily stemmed from business investments and construction investments that contracted 6.6% QoQ and 1.3% QoQ, respectively. Although private consumption continued to grow, the pace slowed considerably, to 0.3% QoQ. Exports rose by a modest 0.8% QoQ, imports decreased 2.6% QoQ.

Underlying South Korean growth dynamics slowed due to the weakness in domestic demand. Net exports seemingly lifted growth, but details reveal that domestic demand weakness triggered import contraction, which implies potentially softening economic growth going forward. GDP may grow between 2.5-3% this and next year, respectively.

MY: Malaysian foreign reserves virtually stagnated at USD 104.6bn on 13th July compared to the previous period. Reserves cover about 7.5-times imports and roughly 1.1-times external debt.

BD: **The Asian Development Bank (ADB) committed USD 8bn to lend to Bangladesh over the next three years.** This sum is almost double the amount the ADB had committed in the previous three years. The ADB intends to finance development of roads, railways and ports.

Private sector credit growth eased to 16.95% YoY in June (vs. 17.6% in May), according to the central bank of Bangladesh. The pace of credit growth surpassed the central bank's target of 16.8% YoY at end-June 2018.

The Bangladeshi central bank has relaxed regulations, **allowing banks to pay interest on resident foreign currency deposit accounts** to encourage domestic savings in such accounts.

By relaxing the regulations on the interest payments on resident foreign currency deposits, Bangladeshi authorities encourage Bangladeshi residents to transfer their wealth home. In our view, this move by the authorities aims to attract flows to the country in an attempt to offset the gaping current account deficit.

ID: The central bank of Indonesia is going to replace the current interbank interest rate (JIBOR) with a new benchmark for the overnight interbank money market (Indonia), according to reports by news agencies. The step has not been confirmed by the central bank.

By replacing the JIBOR with Indonia, the central bank aims to narrow the gap between the effective interbank money market rates and the actual policy rate. Currently the overnight JIBOR is quoted around 5%, while the 7-day policy rate is 5.25%. This step can be considered as an implicit form of rate hike that tightens domestic liquidity.

VN: **Interbank interest rates skyrocketed in Vietnam,** due to the active intervention of the central bank in the FX market, as the Vietnamese central bank sold USD. In turn, the central bank drained VND liquidity from the market that led to a – temporary – VND shortage in the Vietnamese money market. Consequently, interbank interest rates were pushed up to an unusually high level. The overnight interbank interest rate peaked above 4% and by the end of the week it settled at 2.8% that is still significantly above the 1%-level where the overnight rate was quoted before its lift-off.

TH: Thai exports rose 8.2% YoY, while imports increased 10.8% YoY in June. Exports were primarily driven by cars and parts, computers and rubber products. Foreign trade surplus amounted to USD 1.6bn. According to the Ministry of Commerce, the weaker currency vs. the US dollar should spur growth of exports.

Foreign reserves moderately fell, to USD 205.9bn by 13th July.

The Thai government endorsed a scheme to extend loans to small- and medium-sized enterprises. The size of the scheme is up to THB 16.5bn (ca. USD 500mn or 0.1% of GDP).

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PK: Official final results confirmed the victory of Imran Khan in the general election, as his party claimed (PTI) 115 seats out of 269 in the National Assembly. In his previous speech, Khan highlighted the following priorities for his government:

• restructuring and strengthening the governance system and institutions,

• development of human capital,

• foster the business environment to attract private foreign capital,

• zero tolerance for corruption.

Khan' PTI party needs to find coalition partners to form a government with a simple majority, which should be enough to pass legislation in the National Assembly. The new government takes office in times of severe economic distress, which can only be addressed if Pakistan is able to secure a substantial financial support package. The country can either turn to the IMF or to China for financial help, but needs to acknowledge the fact that the relief funds will come with strings attached.

TW: Taiwanese industrial production underwhelmed expectations in June, as industrial output virtually stagnated over an annual comparison. The lacklustre performance was partly due to the high base and partly driven by the fact that manufacturers' confidence was curbed by trade tensions. This idea is also reflected in manufacturing growth that slowed to 0.7% YoY. During the observed period, mining and quarrying output and electricity and gas production contracted, 4.39% YoY and 3.34% YoY, respectively.

LATIN AMERICA

MSCI Lat Am 2,730 +3.07%

Latin America benefitted from the (more) upbeat global market sentiment, as the MSCI EM Latin America rose 2.22% during the week. Argentina and Mexico were the strongest markets, as they rose 8.9% and 4.73%, respectively.

MX: **Headline CPI inflation in Mexico accelerated to 4.85% YoY in July in the first week of July.** Energy prices drove the headline rate up, which has had no spill-over effect on the underlying trend so far. This was confirmed by the core measure, which rose 3.64% YoY. Core inflation was pushed up primarily by (core) food prices.

The Mexican foreign trade deficit hit USD 897mn in June, while the deficit reached USD 4.5bn since the beginning of the year. The deficit in June widened, since imports rose 8% YoY driven by consumption, intermediate and capital goods. In contrast with imports, exports only grew 5.5% YoY, as non-oil exports underdelivered.

CL: The central bank of Chile kept the policy rate at 2.5%. The MPC's statement was rather hawkish, as the Council cited that "the reference rate will return to its neutral level within the next quarters."

Since inflation has been running above 3%, the MPC will have to deliver at least 50-75bp worth of hikes to ensure the achievement of the neutral rate. There are three monetary policy meetings left on the agenda for this year. Consequently, the probability of a hike at the next MPC meeting is high.

Chilean unemployment edged down to 7% in 2018 Q2 vs. 7.6% in the previous quarter. Both employment and labour force participation rose during Q2. Employment in construction and commerce significantly rose, while jobs in manufacturing and public services decreased.

BR: The **Brazilian current account surplus fell to USD 0.4bn in June** vs. USD 1.3bn a year ago, and down from USD 0.7bn seen this May. On a 12-month rolling basis, the current account deficit widened to USD 13.9bn in June. In contrast with the worsening current account balance, **FDI figures were rather promising in June, as foreign direct investment was USD 6.5bn in June,** lifting the 12-month rolling sum to USD 64.3bn or 3.3% of GDP.

The deterioration of the current account balance was mostly due to the trucker's strike at the end of May. Via major roadblocks and refusing to deliver shipments goods across the country, the Brazilian economy received a huge blow. Since the strike was temporary, the gradual economic recovery will get back on track going forward.

CO: **The central bank of Colombia left the policy rate unchanged at 4.25%,** in line with expectations. The MPC's decision was taken unanimously. According to the statement released after the rate setting meeting, the overall macro prospects remain positive for the foreseeable future, as the negative output gap is closing. The central bank projects the GDP growth rate will hit 2.7% this year.

15 out of 16 cabinet ministers have been appointed so far by Ivan Duque, the head of Colombia's new government. The President-elect's nominees are mostly technocrats with a mix of experience from both the private and public sectors, and do not have strong political ties. Duque appointed Alberto Carrasquilla as Minister of Finance, which should signal continuity of the macroeconomic policy framework.

So far, Duque has delivered on his promises and appointed experienced professionals to his cabinet. The question however, remains whether Duque's government will be able to carry out the needed structural reforms (including fiscal reform) to bolster Colombia's economic growth potential – especially that centre-right and centre parties will make up about 70% of both houses.

AFRICA

MSCI Africa 891 +2.34%

The broad MSCI Africa index increased 1% last week. While the South African stock index rose 2.93%, the Moroccan one increased 2.46%, the Egyptian market under delivered as the countries stock index fell 1.05%.

EG: According to Egyptian Planning Minister Hala al-Saeed, GDP growth was 5.3% YoY in FY2017-18, the fastest pace in 10 years. Finance Minister Mohamed Maait claimed that the budget deficit fell below 10% of GDP, for the first time since

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2011.

According to the Egyptian cabinet, the country intends to sign contracts with international banks and financial institutions to hedge against fluctuating global oil prices. The cabinet sees this as a precautionary measure. These services would allow Egypt to buy oil over longer periods of time at a fixed price.

Since Egypt is a net importer of oil, establishing open lines to actively manage risks stemming from the fluctuations in global oil prices is a prudent policy measure. Engaging in hedging activities would shield the domestic economy against inflationary risks and could prevent significant fiscal slippages that would prevail as fuel subsidies soar in tandem with oil prices.

Egypt is raising the price of natural gas for home and commercial use by up to 75%. The move is part of the austerity programme required by the IMF.

By reducing the subsidies, headline CPI inflation will accelerate leaving the central bank very limited room to consider rate cuts in the coming months.

Non-resident holdings of Egyptian Treasuries fell to USD 17.5bn at the end of June, while the stock amounted to USD 23.1bn at the end of March. Consequently, bond yields rose between April and July. By the end of July, the increase in yields stopped. Results of the recent bond auction, where the 12-month yield eased to 19.1%, showed promise that yields might reverse, should global market sentiment improve in a sustained manner.

ZA: Chinese President Xi pledged USD 14.7bn of investments to South Africa to kick-start economic growth. The leaders of the countries also discussed an extended loan facility from Chinese banks to South African power utility and logistics companies.

Taking into account the pledge by Saudi Arabia and the U.A.E., South African President Ramaphosa has already lured more than USD 34bn worth of funding. Mr. Ramaphosa will continue to seek funds from other BRICS countries as well. It will be crucial to see, whether the promises will ever be transferred and utilised.

TN: Tunisian President Essebsi urged Prime Minister Chahed to step down this month, but the PM rejected the President's call, citing that his removal would put further pressure on the ailing economy and weaken confidence of international lenders.

According to the Tunisian Prime Minister, the government will reduce the budget deficit to 3.9% of GDP next year vs. the 4.9% deficit in 2018. The PM expects an economic rebound at the end of this year.

NG: Fifteen senators defected from the ruling Nigerian party, All Progressives Congress (APC).

The political turmoil in Nigeria puts the upcoming elections into a different context, as the outcome has become (more) uncertain, which could further weigh on economic confidence and activity.

The central bank of Nigeria kept the policy rate stable at 14%. The benchmark interest rate has not changed since July 2016. Three members voted in favour of a rate hike, two of them voted for 50bp, while one member saw a 25bp hike appropriate. According to the Governor, the central bank wants to foster credit growth by releasing liquidity into the banking sector, which could depress the yield on commercial papers issued by large corporates.

Ibrahim Jibril, a Nigerian junior minister for the environment, stated that Nigeria intends to issue around USD 682mn worth of '*green bonds*' to raise funds for environmental projects, such as programmes that target the reduction of carbon emissions.

Last year, Nigeria tapped the green bond market by issuing ca. USD 34mn worth of debt securities with a five-year tenor to fund the development of projects related to renewable energy.

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
FOMC rate decision %	Wed/01	1.75 - 2.00
Initial jobless claims (JUL), thous	Thu/02	220.0
EUROPE		
Eurozone CPI (JUL) % YOY	Tue/31	2.0
Eurozone retail sales (JUN) % YOY	Fri/03	1.4
Italy industrial production (JUL) % MOM	Fri/03	0.4
Markit Eurozone services PMI (MAY)	Fri/03	54.3
ASIA PACIFIC		
Japan interest rate %	Tue/31	-0.1
Indonesia CPI (JUL) % YOY	Wed/01	3.2
India interest rate %	Wed/01	6.3
Australia retail sales (JUN) % MOM	Fri/03	0.3
China caixin Mfg PMI (JUL)	Fri/03	50.9
China caixin services PMI (JUL)	Fri/03	53.5
LATIN AMERICA		
Brazil inflation (JUL) % YOY	Mon/30	8.2
Chile industrial production (JUL) % YOY	Tue/31	4.7
Brazil interest rate %	Wed/01	6.5
Brazil industrial production (JUL) % YOY	Thu/02	4.3
Argentina industrial production (JUL) % YOY	Thu/02	-3.5
Mexico interest rate %	Thu/02	7.8
Colombia CPI (JUL) % YOY	Sat/04	3.4
AFRICA		
Kenya interest rate %	Mon/30	9.5

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GLOBAL MARKET DATA (CONTD.)

23 - 29 JULY

Market Summary — Data: Last Calendar Week

Equities			Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	Country	Price	1 Week	MTD	YTD	1Y		
North America								
S&P 500 INDEX	US	2,818.82	0.61%	3.70%	5.43%	13.87%		96%
RUSSELL 2000 INDEX	US	1,663.34	-1.97%	1.23%	8.32%	16.02%		88%
NASDAQ COMPOSITE INDEX	US	7,737.42	-1.06%	3.02%	12.08%	21.23%		93%
S&P/TSX COMPOSITE INDEX	Canada	16,393.95	0.43%	1.32%	-3.04%	3.42%	1.14%	91%
S&P 500 CONS DISCRET IDX	US	888.25	-0.47%	2.07%	13.11%	21.26%		97%
S&P 500 CONS STAPLES IDX	US	547.50	0.99%	3.48%	-6.79%	-4.75%		83%
S&P 500 FINANCIALS INDEX	US	466.93	2.04%	5.84%	0.64%	12.92%		93%
S&P 500 HEALTH CARE IDX	US	1,017.08	1.38%	5.31%	6.35%	10.60%		87%
S&P 500 INFO TECH INDEX	US	1,262.27	-1.15%	3.58%	14.11%	27.95%		113%
S&P 500 ENERGY INDEX	US	566.22	2.31%	0.83%	6.15%	15.70%		86%
S&P 500 ECO SECTORS IDX	US	2,818.82	0.61%	3.70%	5.43%	13.87%		96%
S&P 500 INDUSTRIALS IDX	US	638.34	2.07%	6.02%	0.08%	9.57%		97%
S&P 500 MATERIALS INDEX	US	371.89	1.82%	2.27%	-1.86%	7.49%		90%
S&P 500 REAL ESTATE IDX	US	200.24	-0.15%	-0.82%	-1.78%	-0.71%		91%
S&P 500 TELECOM SERV IDX	US	147.88	1.15%	-0.16%	-10.95%	-8.72%		99%
S&P 500 UTILITIES INDEX	US	266.89	0.69%	1.36%	-0.18%	-0.94%		83%
Europe								
Euro Stoxx 50 Pr	Europe	3,516.43	1.50%	3.71%	-2.39%	0.92%	0.66%	113%
CAC 40 INDEX	France	5,492.01	1.66%	3.37%	0.61%	6.21%	3.75%	105%
DAX INDEX	Germany	12,830.03	1.93%	4.34%	-3.46%	5.26%	-0.44%	85%
Athex Composite Share Pr	Greece	750.28	-0.82%	-0.97%	-9.18%	-8.26%	-6.35%	35%
FTSE MIB INDEX	Italy	21,884.55	0.30%	1.36%	-2.58%	1.43%	0.47%	76%
AEX-Index	Netherlands	573.49	0.27%	4.28%	2.61%	8.60%	5.81%	93%
PSI All-Share Index GR	Portugal	3,298.17	-0.31%	1.64%	7.35%	15.08%	10.70%	70%
MOEX Russia Index	Russia	2,290.36	3.22%	-0.31%	-0.45%	11.59%	8.67%	48%
IBEX 35 INDEX	Spain	9,885.10	1.03%	2.38%	-4.73%	-6.98%	-1.75%	141%
OMX STOCKHOLM 30 INDEX	Sweden	1,607.36	2.43%	4.75%	-5.39%	-4.46%	2.27%	84%
SWISS MARKET INDEX	Switzerland	9,165.45	2.09%	6.36%	-4.21%	-1.23%	-2.22%	98%
BIST 100 INDEX	Turkey	95,564.63	0.39%	-6.28%	-35.36%	-35.80%	-17.12%	127%
FTSE 100 INDEX	UK	7,680.93	0.25%	0.22%	-2.87%	3.83%	0.18%	82%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	678.61	1.76%	0.95%	-4.88%	3.22%	-4.88%	135%
S&P/ASX 200 INDEX	Australia	6,278.39	0.08%	1.79%	-1.60%	1.16%	3.88%	101%
DSE 30 Index	Bangladesh	1,872.43	-0.76%	-4.44%	-19.28%	-15.30%	-17.20%	
HANG SENG CHINA ENT INDX	China "H"	11,042.65	3.43%	-0.26%	-6.09%	1.24%	-5.65%	100%
SHANGHAI SE COMPOSITE	China "A"	2,869.05	0.99%	-1.89%	-17.03%	-12.63%	-13.11%	132%
HANG SENG INDEX	HK	28,708.30	2.07%	-0.55%	-4.17%	5.64%	-3.73%	89%
Nifty 50	India	11,305.55	2.62%	5.04%	-0.35%	5.25%	7.10%	114%
JAKARTA COMPOSITE INDEX	Indonesia	6,015.56	2.94%	2.58%	-10.89%	-4.65%	-5.77%	111%
NIKKEI 225	Japan	22,544.84	0.82%	1.77%	1.33%	13.59%	-0.23%	99%
KOSPI 200 INDEX	Korea	297.29	1.25%	-1.01%	-12.10%	-7.28%	-8.30%	82%
Laos Composite Index	Laos	895.56	-0.89%	0.32%	-10.69%	-13.45%	-10.43%	103%
FTSE Bursa Malaysia KLCI	Malaysia	1,768.47	0.91%	3.83%	-1.54%	5.27%	-1.54%	64%
KARACHI 100 INDEX	Pakistan	43,414.42	3.29%	-3.79%	-9.51%	-23.87%	5.72%	133%
PSEi - PHILIPPINE SE IDX	Philippines	7,773.32	4.33%	7.37%	-15.47%	-9.07%	-10.01%	114%
STRAITS TIMES INDEX STI	Singapore	3,308.02	0.93%	1.79%	-4.11%	-1.10%	-2.29%	79%
SRI LANKA COLOMBO ALL SH	Sri Lanka	6,131.32	-0.34%	-1.42%	-7.03%	-11.09%	-3.38%	52%
TAIWAN TAIEX INDEX	Taiwan	11,033.54	1.32%	1.74%	0.93%	4.06%	4.07%	86%
STOCK EXCH OF THAI INDEX	Thailand	1,701.87	1.76%	5.58%	-5.30%	7.52%	-2.96%	108%
HO CHI MINH STOCK INDEX	Vietnam	949.73	-0.62%	-3.82%	-7.13%	18.52%	-4.95%	131%
Rest of the World								
MSCI ACWI	MSCI World	520.73	0.94%	3.07%	1.50%	8.88%	1.50%	83%
MSCI EM	MSCI EM	1,092.36	2.08%	2.14%	-5.71%	2.19%	-5.71%	81%
MSCI Fronter Market Index	MSCI FM	2,746.25	1.99%	3.64%	-8.10%	-1.15%	-8.10%	90%
DFM GENERAL INDEX	Dubai	2,945.90	0.78%	4.53%	-12.50%	-18.23%	-12.50%	50%
MSCI EM LATIN AMERICA	Latin America	2,730.34	3.07%	10.22%	-3.46%	-0.20%	-3.46%	81%
ARGENTINA MERVAL INDEX	Argentina	29,259.02	7.20%	19.24%	-33.65%	-11.51%	-2.68%	64%
MSCI BRAZIL	Brazil	1,876.40	3.51%	13.91%	-7.24%	1.47%	-7.24%	74%
Santiago Exchange IPSA	Chile	5,369.51	1.48%	2.85%	-7.67%	7.10%	-3.51%	74%
IGBC GENERAL INDEX	Colombia	12,163.61	-0.28%	-1.21%	9.83%	15.58%	5.97%	
S&P/BMV IPC	Mexico	49,643.94	4.43%	11.09%	6.69%	-7.67%	0.59%	91%
Bolsa de Panama General	Panama	481.18	-0.01%	-0.49%	8.64%	13.93%	8.64%	11%
S&P/BVLPeruGeneralTRPEN	Peru	20,373.96	1.79%	2.96%	1.06%	19.86%	2.00%	58%
MSCI EFM AFRICA	Africa	890.62	2.34%	3.72%	-12.13%	0.02%	-12.13%	76%
EGYPT HERMES INDEX	Egypt	1,495.71	-1.05%	-6.45%	2.49%	20.39%	3.02%	89%
GSE Composite Index	Ghana	2,856.14	-0.34%	-1.18%	4.22%	15.54%	10.72%	78%
Nairobi SE 20 Share	Kenya	3,320.44	0.48%	1.56%	-8.05%	-8.73%	-10.55%	44%
MASI Free Float Index	Morocco	11,736.66	2.48%	-1.01%	-6.63%	-4.29%	-5.26%	44%
NIGERIA STCK EXC ALL SHR	Nigeria	36,636.97	0.09%	-4.29%	-4.60%	-14.22%	-4.20%	90%
FTSE/JSE AFRICA TOP40 IX	South Africa	50,724.59	2.52%	3.46%	-8.61%	3.91%	-2.68%	85%
Global Style								
MSCI WORLD GROWTH INDEX	US	2,647.60	-0.04%	3.30%	6.84%	15.66%	6.84%	87%
MSCI WORLD VALUE INDEX	US	2,821.03	1.68%	3.09%	-1.90%	3.95%	-1.90%	96%
MSCI World Large Cap	US	1,321.18	0.90%	3.41%	2.70%	9.94%	2.70%	97%
MSCI World Mid-Cap	US	1,405.51	0.29%	2.21%	1.59%	9.17%	1.59%	86%
Average			1.23%	2.25%	-3.46%	2.46%	-2.18%	88%
Top 25%			2.08%	3.71%	1.20%	11.09%	2.07%	99%
Bottom 25%			0.17%	-0.28%	-7.46%	-4.70%	-5.72%	79%

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GLOBAL MARKET DATA (CONTD.)
23 - 29 JULY

Market Summary — Data: Last Calendar Week

Equities			Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	**Country**	**Price**	**1 Week**	**MTD**	**YTD**	**1Y**		
North America								
S&P 500 INDEX	US	2,818.82	0.61%	3.70%	5.43%	13.87%		96%
RUSSELL 2000 INDEX	US	1,663.34	-1.97%	1.23%	8.32%	16.02%		88%
NASDAQ COMPOSITE INDEX	US	7,737.42	-1.06%	3.02%	12.08%	21.23%		93%
S&P/TSX COMPOSITE INDEX	Canada	16,393.95	0.43%	1.32%	-3.04%	3.42%	1.14%	91%
S&P 500 CONS DISCRET IDX	US	888.25	-0.47%	2.07%	13.11%	21.26%		97%
S&P 500 CONS STAPLES IDX	US	547.50	0.99%	3.48%	-6.79%	-4.75%		83%
S&P 500 FINANCIALS INDEX	US	466.93	2.04%	5.84%	0.64%	12.92%		93%
S&P 500 HEALTH CARE IDX	US	1,017.08	1.38%	5.31%	6.35%	10.60%		87%
S&P 500 INFO TECH INDEX	US	1,262.27	-1.15%	3.58%	14.11%	27.95%		113%
S&P 500 ENERGY INDEX	US	566.22	2.31%	0.83%	6.15%	15.70%		86%
S&P 500 ECO SECTORS IDX	US	2,818.82	0.61%	3.70%	5.43%	13.87%		96%
S&P 500 INDUSTRIALS IDX	US	638.34	2.07%	6.02%	0.08%	9.57%		97%
S&P 500 MATERIALS INDEX	US	371.89	1.82%	2.27%	-1.86%	7.49%		90%
S&P 500 REAL ESTATE IDX	US	200.24	-0.15%	-0.82%	-1.78%	-0.71%		91%
S&P 500 TELECOM SERV IDX	US	147.88	1.15%	-0.16%	-10.95%	-8.72%		99%
S&P 500 UTILITIES INDEX	US	266.89	0.69%	1.36%	-0.18%	-0.94%		83%
Europe								
Euro Stoxx 50 Pr	Europe	3,516.43	1.50%	3.71%	-2.39%	0.92%	0.66%	113%
CAC 40 INDEX	France	5,492.01	1.66%	3.37%	0.61%	6.21%	3.75%	105%
DAX INDEX	Germany	12,830.03	1.93%	4.34%	-3.46%	5.26%	-0.44%	85%
Athex Composite Share Pr	Greece	750.28	-0.82%	-0.97%	-9.18%	-8.26%	-6.35%	35%
FTSE MIB INDEX	Italy	21,884.55	0.30%	1.36%	-2.58%	1.43%	0.47%	76%
AEX-Index	Netherlands	573.49	0.27%	4.28%	2.61%	8.60%	5.81%	93%
PSI All-Share Index GR	Portugal	3,298.17	-0.31%	1.64%	7.35%	15.08%	10.70%	70%
MOEX Russia Index	Russia	2,290.36	3.22%	-0.31%	-0.45%	11.59%	8.67%	48%
IBEX 35 INDEX	Spain	9,885.10	1.03%	2.38%	-4.73%	-6.98%	-1.75%	141%
OMX STOCKHOLM 30 INDEX	Sweden	1,607.36	2.43%	4.75%	-5.39%	-4.46%	2.27%	84%
SWISS MARKET INDEX	Switzerland	9,165.45	2.09%	6.36%	-4.21%	-1.23%	-2.22%	98%
BIST 100 INDEX	Turkey	95,564.63	0.39%	-6.28%	-35.36%	-35.80%	-17.12%	127%
FTSE 100 INDEX	UK	7,680.93	0.25%	0.22%	-2.87%	3.83%	0.18%	82%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	678.61	1.76%	0.95%	-4.88%	3.22%	-4.88%	135%
S&P/ASX 200 INDEX	Australia	6,278.39	0.08%	1.79%	-1.60%	1.16%	3.88%	101%
DSE 30 Index	Bangladesh	1,872.43	-0.76%	-4.44%	-19.28%	-15.30%	-17.20%	
HANG SENG CHINA ENT INDX	China "H"	11,042.65	3.43%	-0.26%	-6.09%	1.24%	-5.65%	100%
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All performance data is weekly and in USD unless otherwise specified.

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The Fund's investment approach is long-term, investors must expect to be committed to the Fund for an extended period of time (3-5 years) in order for it to have an optimal chance of achieving its investment objectives.

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