

# Equity Insight

## Ding dong the Vix is dead?

- ▶ **The volatility bubble may be deflating at last**
- ▶ **We add more beta – mostly regional: US cut to underweight**
- ▶ **Europe ex-UK and GEMs up to overweight; Japan to neutral**

### Issue no. 132

#### Kevin Gardiner\*

Head of Global Equity Strategy  
HSBC Bank plc  
+44 20 7991 6714  
kevin.gardiner@hsbcib.com

#### Robert Parkes\*

UK Equity Strategist  
HSBC Bank plc  
+44 20 7991 6716  
robert.parkes@hsbcib.com

#### Garry Evans\*

Head of Pan-Asian Equity Strategy  
The Hongkong and Shanghai Banking  
Corporation Limited (HK)  
+852 2996 6916  
garryevans@hsbc.com.hk

#### Steven Sun\*

Pan-Asian Equity Strategist  
The Hongkong and Shanghai Banking  
Corporation Limited (HK)  
+852 2822 4298  
stevensun@hsbc.com.hk

View HSBC Global Research at:  
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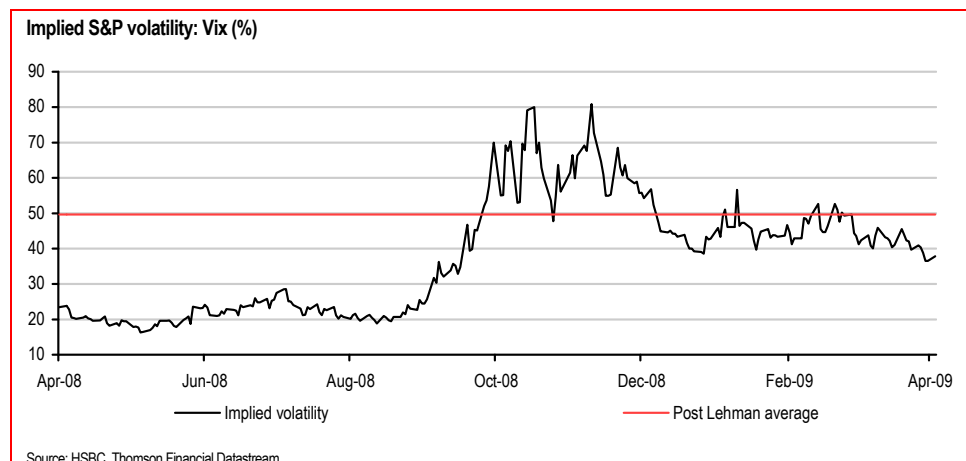
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We're exaggerating of course, but after six months of "*If I only had a brain*", some change in tune is overdue. Implied S&P volatility (the Vix) may be breaking below 40%, the technical hurdle that we noted last week. It has averaged a daunting 50% since Lehman's collapse.

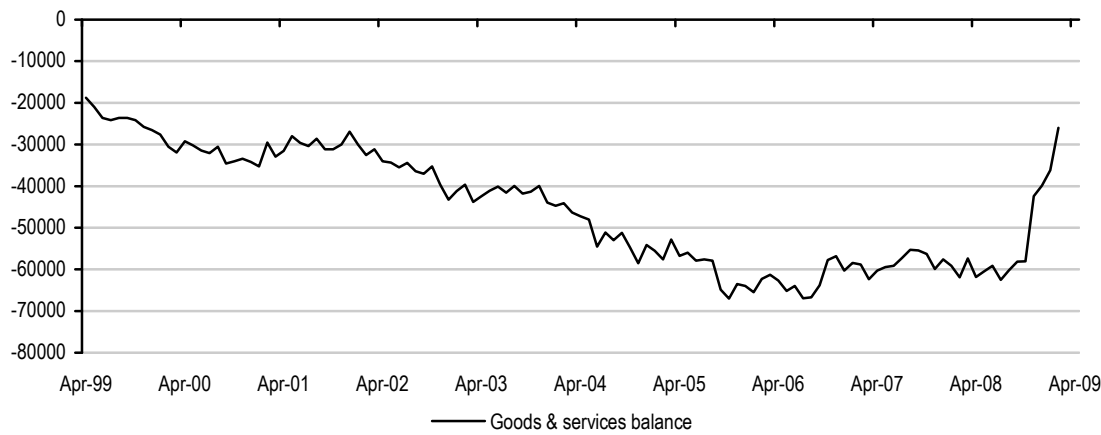
We are still not out of the woods: earnings have yet to trough, and there is surely more financial debris still to surface. But what we've labelled the "volatility bubble" may be about to deflate at last, under the combined influence of (1) some visible moderation in objective risk; and (2) the massive scale of portfolio insurance implicitly being written by the US authorities.

Tangible illustrations of these developments include: last week's US trade data; better-than-expected Q1 earnings from two prominent US banks; the continuing surge in mortgage refinancing applications; and the resumed falls in LIBOR, and in corporate credit and bank CDS spreads. Weak retail sales data for March remind us that this is not a straight-line process.

We are again nudging our notional portfolio a little further in a pro-cyclical, beta-bounce direction (see: [Q2 preview: adding to cyclical weights](#), 19 March 2009). This time we focus mostly on regions. We lift Continental Europe and GEMs to overweight from neutral; and close our underweight in Asia (including Japan). We cut the US from overweight to underweight. The new positions, like the old ones, are small (and are in local currency terms, remember).



Objective risk fading? Global imbalances on the wane: US monthly trade data (\$mn)



Source: HSBC, Thomson Financial Datastream

We have not given up on the idea that the next cycle will eventually see new leaders emerge, or that “the new Japan” is... Japan. Nor have we suspended our scepticism about “decoupling”.

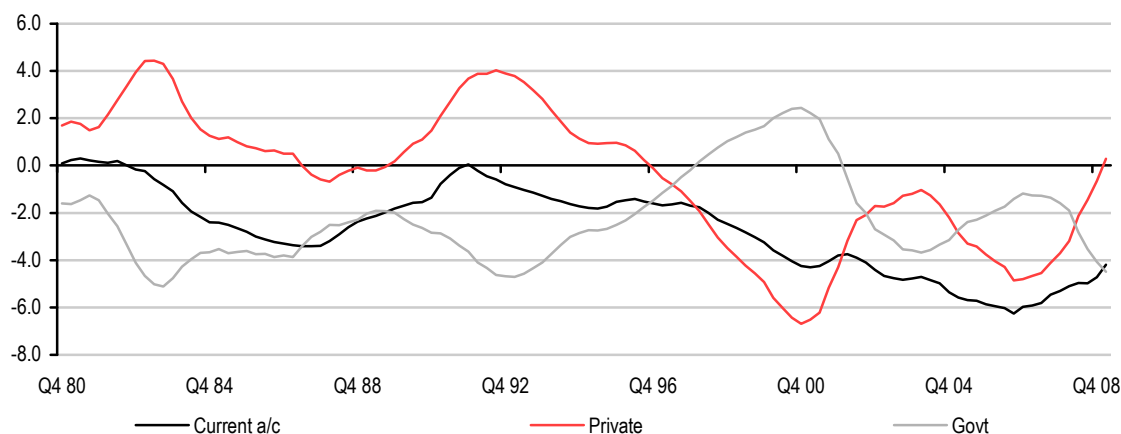
This further shift is instead an attempt to play the increased probability of a bigger beta bounce, led by indications of approaching stability in the US – the world’s most important economy and market.

The non-US markets may do better if risk appetite revives because: (1) the US consumer is customer number one for global corporates, not just US-based firms, and (2) they’re riskier than the US.

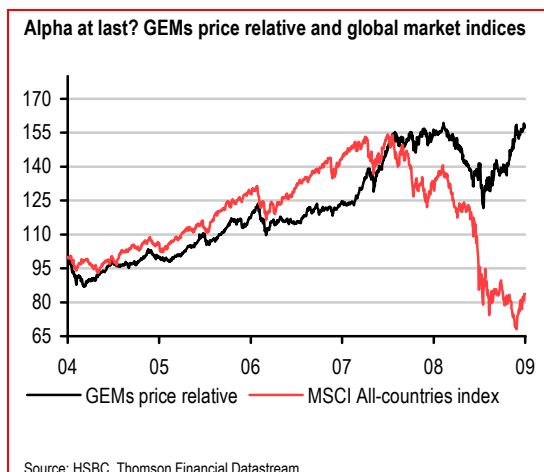
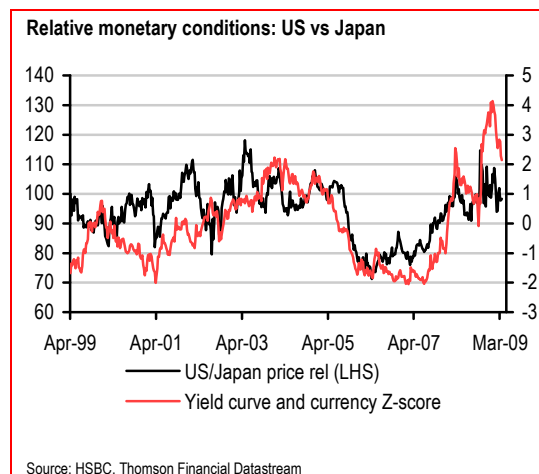
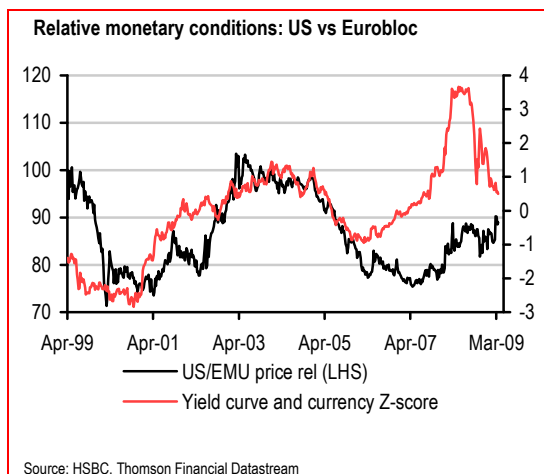
For both Europe and Japan, the improvement in risk appetite may be fanned by a better relative monetary climate: the charts below suggest that the relative steepening of the US yield curve, and/or the slide in the dollar, has been reversing. In both cases the domestic economic story is poor – but for forward-looking markets, that may almost be the attraction.

Our notional positions remain small. In practice, there has been little to choose between the relative performance of the larger developed regions for much of the last year.

Private sector leading the way: counterparts to the US current account deficit (% GDP, rolling 4 quarter average, Q1 2009 = E)



Source: HSBC, Thomson Financial Datastream



The GEMs call for us is not as strong as it was when global equity markets last stabilised in 2003. The bloc's price relative has already returned to its previous high and it would be unusual for market leadership to extend over two full cycles; the story is much more consensual than it was then; many leveraged funds have had to pack up and go home (their absence may also make the commodities cycle less exciting than the last one); and the recovery potential in developed market earnings will put GEMS earnings growth in the shade at some stage in the next year or two. But many investors still believe as an article of faith that the GEMs world is where corporate prospects are brightest, and in recent months there has been some genuine alpha on display in the bloc

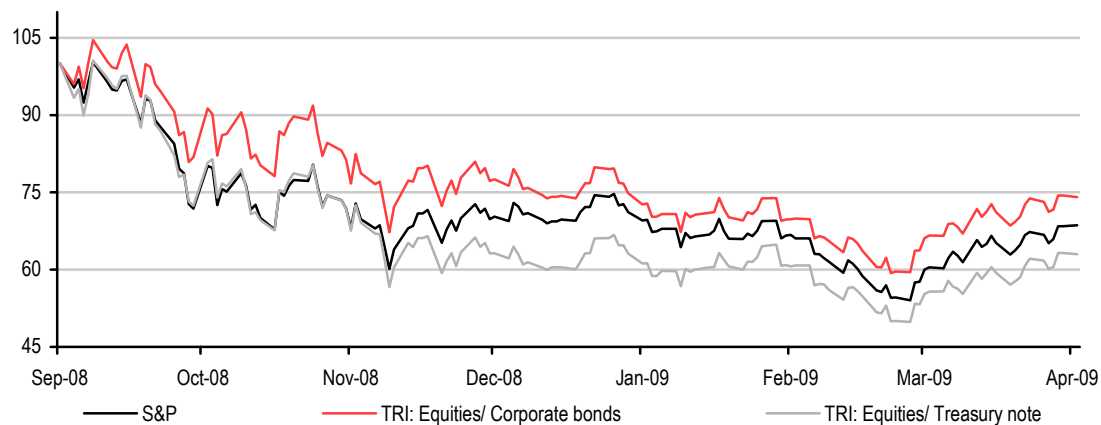
(or the bloc is becoming a quasi-defensive play, which would admittedly scupper its beta-bounce credentials somewhat...).

Within emerging markets, our GEMs strategists have no strong regional views. From our perspective, the greater structural attractions of the more strongly-banked, diversified, domestic-facing Asian markets (particularly India and China) are balanced by the enhanced prospect of "beta bounces" in the commodities bloc and in US-facing exporters (and by the fact that China has already rallied so strongly).

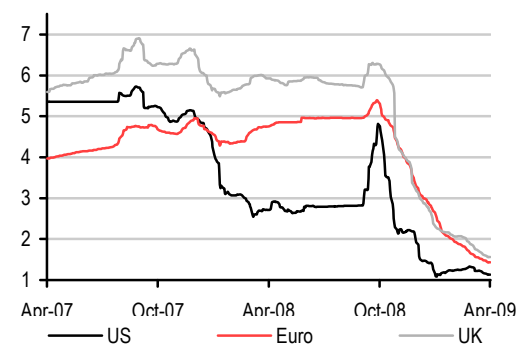
Finally, we have no idea whether the general beta bounce we're modestly positioning for will turn out to be a "bear market rally": as we noted last week, the important thing is whether it happens, not what we call it.

Our end-year index targets (900 on the S&P) are looking undemanding, but they were set on 19 March, when the financial and economic backdrop was showing fewer signs of stabilising, and the markets themselves were around 5-10% lower. The possibility of a more pronounced rally during 2009 than we expected then is high, although it would be very unlikely to unfold in a straight line. And we continue to keep an open mind on the longer-term outlook – not least because the US consumer's cashflow

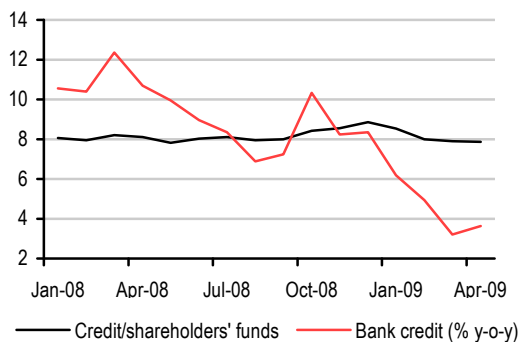
US stock prices and relative total return indices (TRIs): 15 September = 100



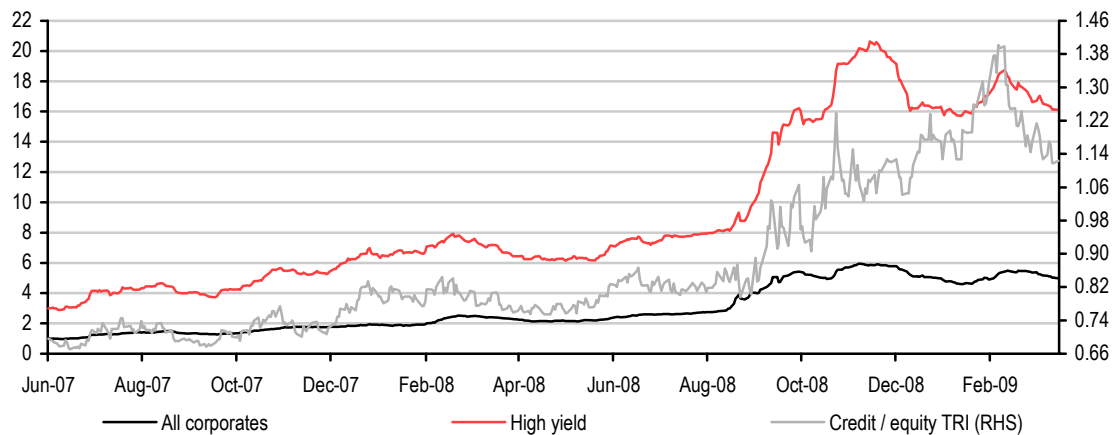
LIBOR rates: 3mths, %



US commercial bank credit



Credit spreads (Merrill Lynch indices, LHS, %) and credit/equity total return index



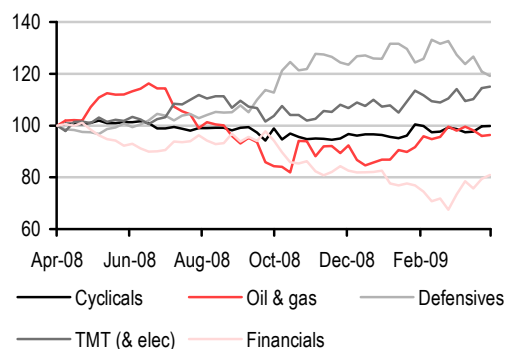
has already improved further and faster than many people realise, and had started to do so well before “The Panic of 2008”. If there is not another Great Depression looming, then from current levels, prospective earnings growth and equity returns look likely to exceed long-term trends, even without a vigorous economic rebound.

In our equal-weighted global stock portfolio we are adding Nissan Motor and Axa, and dropping Schlumberger and Bank of America, to reflect these regional shifts. The four GEM names included (as of 19 March) are already slightly more than a strictly neutral position would have warranted, but that is one of the difficulties encountered in using just 30 equally-weighted stocks to reflect our global views: the mapping is always going to be an approximate one, and we rounded up rather than down last time around.

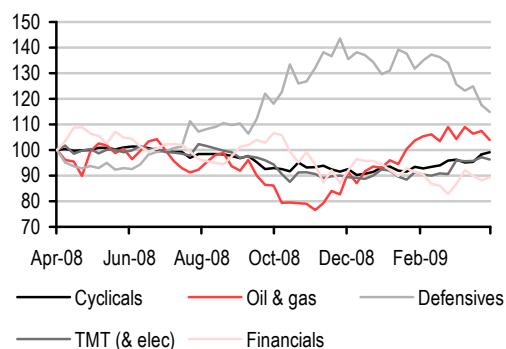
The portfolio outperformed the FTSE World Index by 135bp between 19 March and 13 April. It has outperformed by 1,040bp since we introduced it in October 2005.

## Supersectors and selected cyclicals: price relatives

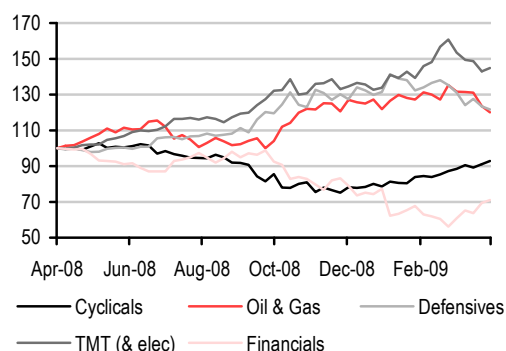
Europe ex-UK



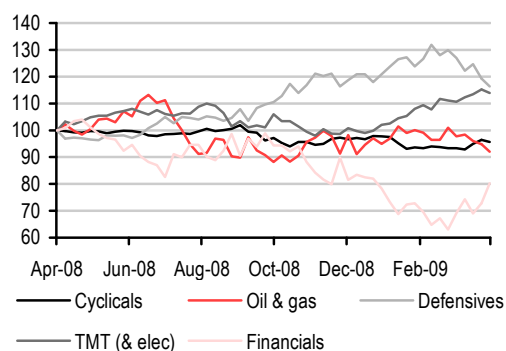
Japan



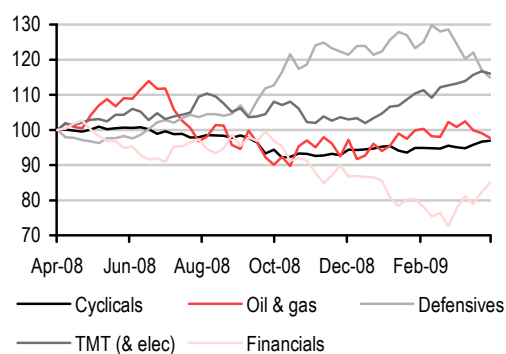
UK



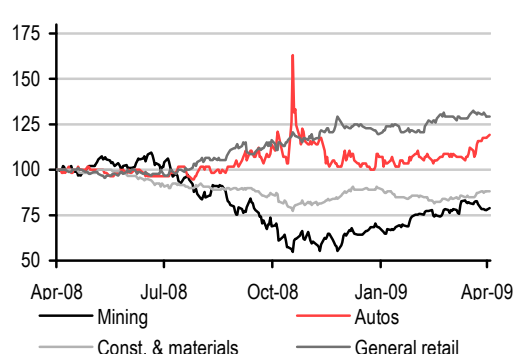
US



World



Selected cyclical sectors (global)



# Data pack

## HSBC Global Strategy views

Major market calls (MSCI All Country World: some countries excluded – figures may not add)

|                           | MSCI world index (%) | HSBC (%) | Divergence | Index                             | Current level* | End-09      |
|---------------------------|----------------------|----------|------------|-----------------------------------|----------------|-------------|
| <b>US</b>                 | 44.5                 | 43.2     | -1.3       | <b>S&amp;P 500</b>                | <b>859</b>     | <b>900</b>  |
| Canada                    | 3.9                  | 3.9      | 0.0        | S&P/TSX                           | 9286           | 9500        |
| France                    | 4.3                  | 4.5      | 0.2        | CAC 40                            | 2974           | 3200        |
| Germany                   | 3.4                  | 3.6      | 0.2        | DAX 30                            | 4491           | 4600        |
| Italy                     | 1.4                  | 1.4      | 0.0        | MIB30                             | 18134          | 17000       |
| Netherlands               | 0.9                  | 1.0      | 0.1        | AEX                               | 233            | 245         |
| Spain                     | 1.8                  | 1.9      | 0.1        | IBEX 35                           | 8705           | 8600        |
| Switzerland               | 3.2                  | 3.2      | 0.0        | SMI                               | 5071           | 5300        |
| <b>Continental Europe</b> | 18.0                 | 18.8     | 0.8        | <b>Eurostoxx 50</b>               | <b>2248</b>    | <b>2275</b> |
| UK                        | 8.2                  | 8.2      | 0.0        | FTSE 100                          | 3984           | 4300        |
| <b>Europe</b>             | 26.2                 | 27.0     | 0.8        | <b>Eurofirst 300</b>              | <b>778</b>     | <b>820</b>  |
| Australia/NZ              | 2.8                  | 2.8      | 0.0        | ASX 200                           | 3672           | 3825        |
| HK SAR                    | 0.9                  | 0.9      | 0.0        | HSI                               | 14901          | 14500       |
| Singapore                 | 0.5                  | 0.5      | 0.0        | STI                               | 1877           | 1750        |
| <b>Dev Asia ex Japan</b>  | 4.2                  | 4.2      | 0.0        | <b>MSCI Pac ex Japan</b>          | <b>896</b>     | <b>895</b>  |
| Japan                     | 10.0                 | 10.0     | 0.0        | Topix                             | 849            | 800         |
| <b>Developed world</b>    | 88.8                 | 88.3     | -0.5       | <b>MSCI developed world (USD)</b> | <b>866</b>     | <b>900</b>  |
| <b>Emerging world</b>     | 11.2                 | 11.7     | 0.5        | <b>MSCI emerging world (USD)</b>  | <b>641</b>     | <b>600</b>  |
| <b>Total</b>              | 100.0                | 100.0    | 0.0        | <b>MSCI world (USD)</b>           | <b>218</b>     | <b>225</b>  |

Source: HSBC, Thomson Financial Datastream Note: current suggested regional positions do not necessarily relate precisely to end-year target returns \* Close April 13th

Global benchmark (BM) and HSBC calls (some countries excluded – figures differ slightly from table above)

| Priced at 14-April-09                     | N America    |              | Pan-Europe   |              | Eur ex-UK    |              | UK           |              | Japan        |              | Pac B ex-Jp  |              | Global       |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts | BM<br>%      | Call<br>%pts |
| <b>HSBC suggested global portfolio</b>    |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Oil & Gas                                 | 6.2          |              | 3.1          | 0.2          | 1.4          | 0.1          | 1.8          | 0.1          | 0.1          |              | 0.8          | 0.2          | 11.5         | 0.5          |
| Basic Materials                           | 1.6          | 0.1          | 2.0          | 0.1          | 1.2          | 0.1          | 0.8          |              | 0.7          | -0.2         | 1.4          | -0.2         | 6.8          | -0.2         |
| Industrials                               | 5.0          | -0.2         | 2.7          | 0.2          | 2.4          | 0.2          | 0.4          |              | 1.7          | 0.5          | 1.5          | 0.4          | 11.2         | 0.9          |
| Consumer Goods                            | 4.7          | -0.1         | 3.7          | -0.1         | 2.7          |              | 1.0          | -0.1         | 2.3          |              | 0.8          |              | 11.8         | -0.2         |
| Health Care                               | 5.7          | -0.1         | 2.5          | 0.1          | 1.7          | 0.1          | 0.8          |              | 0.5          | -0.1         | 0.2          | -0.1         | 9.1          | -0.2         |
| Consumer Services                         | 5.4          | -0.3         | 1.9          |              | 1.1          | 0.1          | 0.8          | -0.1         | 0.8          |              | 0.6          |              | 9.0          | -0.4         |
| Telecommunications                        | 1.7          |              | 2.1          | 0.1          | 1.5          | 0.1          | 0.6          | 0.1          | 0.4          |              | 0.9          | -0.2         | 5.7          | -0.1         |
| Utilities                                 | 1.7          | -0.4         | 1.9          | -0.1         | 1.6          | -0.1         | 0.4          |              | 0.6          | -0.1         | 0.4          | -0.1         | 4.9          | -0.7         |
| Financials                                | 7.7          | 0.2          | 5.7          | 0.3          | 4.2          | 0.3          | 1.5          |              | 1.7          | -0.1         | 3.7          |              | 19.8         | 0.4          |
| Technology                                | 7.3          | -0.2         | 0.8          |              | 0.8          |              | 0.0          |              | 0.6          |              | 1.3          |              | 10.0         | -0.1         |
| <b>Total [HSBC regional call]</b>         | <b>47.1</b>  | <b>-1.0</b>  | <b>26.5</b>  | <b>1.0</b>   | <b>18.6</b>  | <b>1.0</b>   | <b>7.9</b>   | <b>0.0</b>   | <b>9.4</b>   | <b>0.0</b>   | <b>11.6</b>  | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   |
| <b>HSBC suggested regional portfolios</b> |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Oil & Gas                                 | 13.1         | 0.3          | 11.8         | 0.5          | 7.3          | 0.3          | 22.2         | 1.0          | 1.3          |              | 6.8          | 2.0          |              |              |
| Basic Materials                           | 3.5          | 0.4          | 7.6          | 0.2          | 6.7          |              | 9.8          | 0.6          | 7.8          | -2.0         | 11.8         | -2.0         |              |              |
| Industrials                               | 10.7         | -0.1         | 10.2         | 0.3          | 12.7         | 0.6          | 4.4          | -0.3         | 18.1         | 5.0          | 13.2         | 3.5          |              |              |
| Consumer Goods                            | 9.9          | -0.1         | 14.1         | -0.8         | 14.7         | -0.8         | 12.6         | -0.7         | 24.9         |              | 7.1          |              |              |              |
| Health Care                               | 12.2         |              | 9.4          |              | 9.4          |              | 9.6          |              | 5.2          | -1.0         | 1.4          | -0.5         |              |              |
| Consumer Services                         | 11.5         | -0.5         | 7.0          | -0.2         | 5.8          |              | 10.0         | -0.8         | 8.4          |              | 5.5          |              |              |              |
| Telecommunications                        | 3.6          |              | 7.9          | 0.2          | 8.0          |              | 7.5          | 0.7          | 3.9          |              | 7.5          | -2.0         |              |              |
| Utilities                                 | 3.7          | -0.7         | 7.3          | -0.6         | 8.5          | -0.7         | 4.5          | -0.5         | 5.9          | -1.0         | 3.8          | -1.0         |              |              |
| Financials                                | 16.3         | 0.7          | 21.6         | 0.4          | 22.8         | 0.6          | 18.7         |              | 17.8         | -1.0         | 31.9         |              |              |              |
| Technology                                | 15.5         |              | 3.0          |              | 4.1          |              | 0.5          |              | 6.7          |              | 11.1         |              |              |              |
| <b>Total</b>                              | <b>100.0</b> | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   | <b>100.0</b> | <b>0.0</b>   |              |              |
| <b>Benchmark risk</b>                     |              | 3.6          |              | 4.2          |              | 3.8          |              | 5.2          |              | 10.0         |              | 9.0          |              | <b>2.9</b>   |

Source: HSBC, Thomson Financial Datastream Universe here reflects the coverage of the HSBC Global Strategy team – it excludes non-Asian emerging markets

## Suggested portfolio

A 30-stock equal-weighted global portfolio consistent with our regional and sectoral views, and with the ratings of HSBC analysts

| Stock             | Country     | Sector                          | HSBC rating    | Dividend yield (%) | PE (FY1) | Price/book | -3M (%) | Y-t-d (%) | Price (local cur) |
|-------------------|-------------|---------------------------------|----------------|--------------------|----------|------------|---------|-----------|-------------------|
| BP                | UK          | Integrated Oil                  | Overweight     | 7.3                | 9.5      | 1.3        | -5.5    | -15.2     | 4.5               |
| Chevron           | US          | Integrated Oil                  | -              | 3.8                | 14.2     | 1.6        | 3.0     | -8.1      | 68.0              |
| Exxon Mobil       | US          | Integrated Oil                  | -              | 2.3                | 15.5     | 3.1        | 2.6     | -14.8     | 68.0              |
| CNOOC             | China       | Oil & Gas Production            | Overweight (V) | 4.9                | 11.6     | 2.0        | 6.1     | 12.6      | 8.2               |
| Cia Vale Rio Doce | Brazil      | Steel                           | Neutral (V)    | 3.7                | 9.7      | 1.6        | 11.0    | 27.3      | 30.4              |
| BHP Billiton      | UK          | Other Metals/Minerals           | -              | 3.6                | 10.1     | 4.1        | 1.7     | 8.8       | 14.1              |
| DuPont            | US          | Chemicals: Major Diversified    | Overweight (V) | 6.2                | 14.0     | 3.4        | 18.6    | 6.0       | 26.8              |
| CRH               | Ireland     | Construction Materials          | -              | 3.9                | 11.3     | 1.3        | 4.5     | 5.7       | 16.9              |
| Rolls Royce       | UK          | Aerospace & Defense             | Overweight     | 0.0                | 9.4      | 2.4        | 10.0    | -3.5      | 3.2               |
| Siemens           | Germany     | Industrial Conglomerates        | Overweight     | 3.5                | 9.1      | 1.5        | 6.3     | -13.0     | 45.8              |
| BHEL              | India       | Electrical Products             | Overweight (V) | 1.0                | 22.9     | 6.5        | -0.5    | 12.0      | 1525.3            |
| Nestle            | Switzerland | Food: Major Diversified         | Neutral        | 3.5                | n/a      | 2.8        | 2.8     | -5.0      | 39.5              |
| Christian Dior    | France      | Consumer Sundries               | Overweight (V) | 3.5                | 10.6     | 1.5        | 11.4    | 14.3      | 46.0              |
| Nike              | US          | Apparel/Footwear                | Neutral (V)    | 1.9                | n/a      | 3.2        | 13.6    | 4.2       | 53.1              |
| Nintendo          | Japan       | Recreational Products           | Neutral (V)    | 6.3                | 14.6     | 2.8        | -1.3    | -20.5     | 26830.0           |
| Li & Fung         | China       | Wholesale Distributors          | Neutral (V)    | 2.9                | 18.9     | 5.3        | 8.1     | 48.2      | 19.7              |
| Disney (Walt)     | US          | Media Conglomerates             | -              | 1.8                | 11.4     | 1.1        | 9.5     | -13.9     | 19.5              |
| Procter & Gamble  | US          | Household/Personal Care         | -              | 3.3                | 11.3     | 2.4        | 4.5     | -22.3     | 48.0              |
| Sanofi-Aventis    | France      | Pharmaceuticals: Major          | -              | 5.3                | 7.2      | 1.2        | -1.5    | -8.0      | 41.8              |
| Johnson & Johnson | US          | Pharmaceuticals: Major          | -              | 3.6                | 11.4     | 3.4        | -2.3    | -14.5     | 51.2              |
| Wells Fargo       | US          | Major Banks                     | -              | 6.9                | 15.2     | 1.4        | 37.7    | -33.3     | 19.7              |
| Credit Suisse     | Switzerland | Major Banks                     | -              | 0.3                | 14.3     | 1.4        | 9.7     | 33.4      | 38.0              |
| Morgan Stanley    | US          | Investment Banks/Brokers        | -              | 4.3                | 18.0     | 0.8        | 11.3    | 67.6      | 26.9              |
| JPMorgan          | US          | Financial Conglomerates         | -              | 4.6                | n/a      | 0.9        | 23.2    | 6.9       | 33.7              |
| AXA               | France      | Multi-Line Insurance            | Overweight (V) | 3.7                | 6.2      | 0.6        | 19.8    | -31.6     | 10.8              |
| KDDI              | Japan       | Wireless Telecommunications     | Overweight (V) | 2.2                | 7.9      | 1.2        | 6.9     | -25.2     | 475000.0          |
| Oracle            | US          | Packaged Software               | -              | 1.0                | n/a      | 3.8        | 5.8     | 7.5       | 19.1              |
| IBM               | US          | Information Technology Services | -              | 2.0                | 11.1     | 10.3       | 5.0     | 18.8      | 100.0             |
| TSMC              | Taiwan      | Semiconductors                  | Neutral (V)    | 5.7                | 52.1     | 2.9        | 3.1     | 18.7      | 52.7              |
| Nissan Motor      | Japan       | Motor Vehicles                  | Neutral (V)    | 6.1                | n/a      | 0.6        | 46.0    | 63.8      | 524.0             |

Note: The companies in the above table represent a selection of those in sectors we favour; some are drawn from those on whose stocks HSBC's fundamental analysts do not independently hold negative views, while others are not rated by our analysts but nevertheless fit in with our overall sector preferences on a macro view; Source: HSBC, Factset as at 13 April 2009

## Rates, curves, FX and commodities backdrop

Interest rates, currencies and commodities: latest level (priced at 13 April 2009) and changes to date\*

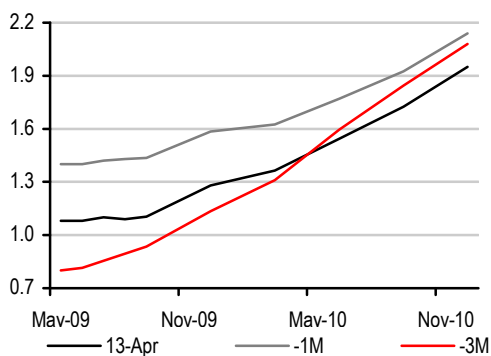
|                                | Current Level | -1W   | -1M   | -1Q   | -1Y    | MTD   | QTD   | YTD   |
|--------------------------------|---------------|-------|-------|-------|--------|-------|-------|-------|
| <b>10 year bond yields</b>     |               |       |       |       |        |       |       |       |
| US                             | 2.85          | -0.09 | -0.04 | 0.54  | -0.63  | 0.16  | 0.16  | 0.59  |
| UK                             | 3.29          | -0.15 | 0.35  | -0.17 | -1.12  | 0.13  | 0.13  | 0.21  |
| EMU                            | 3.26          | 0.05  | 0.21  | 0.26  | -0.66  | 0.27  | 0.27  | 0.32  |
| Japan                          | 1.44          | -0.00 | 0.13  | 0.20  | 0.07   | 0.10  | 0.10  | 0.27  |
| <b>3 month interbank rates</b> |               |       |       |       |        |       |       |       |
| US                             | 1.32          | -0.15 | -0.08 | 0.32  | -1.46  | -0.06 | -0.06 | -0.08 |
| UK                             | 1.63          | -0.03 | -0.30 | -0.60 | -4.26  | -0.08 | -0.08 | -1.00 |
| EMU                            | 1.44          | -0.03 | -0.21 | -1.18 | -3.31  | -0.08 | -0.08 | -1.46 |
| Japan                          | 0.60          | -0.29 | -0.15 | -0.23 | -0.34  | -0.06 | -0.06 | -0.35 |
| <b>Yield curve (10y-3m, %)</b> |               |       |       |       |        |       |       |       |
| US                             | 1.53          | 0.05  | 0.04  | 0.22  | 0.83   | 0.22  | 0.22  | 0.67  |
| UK                             | 1.67          | -0.12 | 0.65  | 0.43  | 3.14   | 0.21  | 0.21  | 1.21  |
| EMU                            | 1.82          | 0.08  | 0.42  | 1.44  | 2.66   | 0.34  | 0.34  | 1.77  |
| Japan                          | 0.84          | 0.29  | 0.28  | 0.42  | 0.41   | 0.16  | 0.16  | 0.62  |
| <b>Implied inflation (%)</b>   |               |       |       |       |        |       |       |       |
| US                             | 1.25          | -0.06 | 0.49  | 1.51  | -1.35  | 0.09  | 0.09  | 2.01  |
| UK                             | 2.34          | -0.05 | 0.49  | -0.12 | -1.26  | 0.17  | 0.17  | 0.20  |
| EMU                            | 1.90          | 0.06  | 0.44  | 0.57  | -0.35  | 0.26  | 0.26  | 0.92  |
| <b>Exchange rates</b>          |               |       |       |       |        |       |       |       |
| USD/EUR                        | 1.34          | -0.24 | 3.40  | 1.42  | -15.31 | 0.95  | 0.95  | -4.26 |
| USD/GBP                        | 1.48          | 0.70  | 6.12  | 2.34  | -24.65 | 3.67  | 3.67  | 1.69  |
| JPY/USD                        | 100.09        | -0.97 | 2.14  | 11.98 | -0.86  | 1.19  | 1.19  | 10.30 |
| CHF/EUR                        | 1.52          | -0.46 | -0.98 | 2.41  | -4.25  | 0.47  | 0.47  | 2.52  |
| <b>Commodities</b>             |               |       |       |       |        |       |       |       |
| Crude Oil USD/BBL              | 50.05         | -1.96 | 8.22  | 32.48 | -54.56 | 0.79  | 0.79  | 12.22 |
| Gold USD/Troy oz               | 879.20        | 1.02  | -5.69 | 6.85  | -4.74  | -4.03 | -4.03 | 1.97  |

Note: \*units: yields and rates = basis points; other = %; Source: HSBC, Thomson Financial Datastream

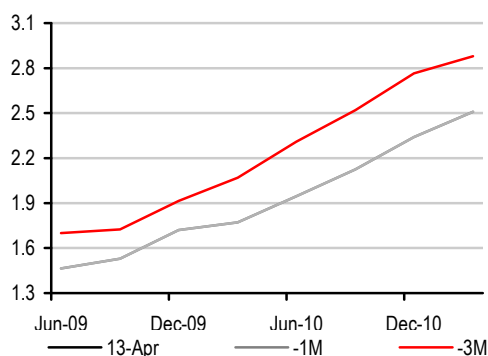


## Interest rates and yield curve

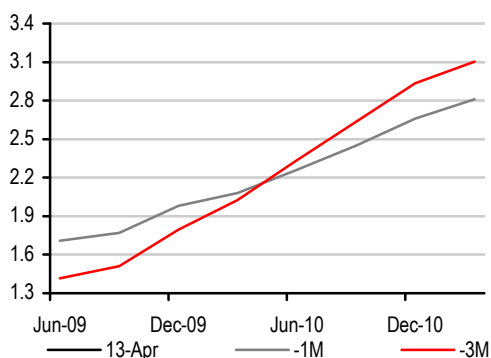
US: implied 3M rates (%)



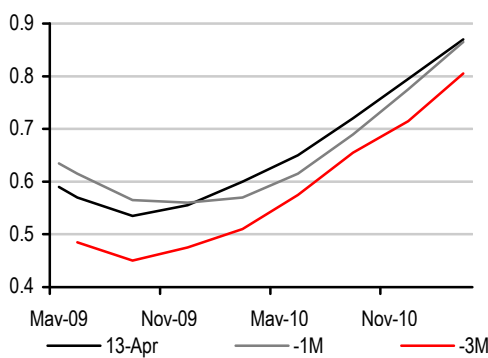
Eurozone: implied 3M rates (%)



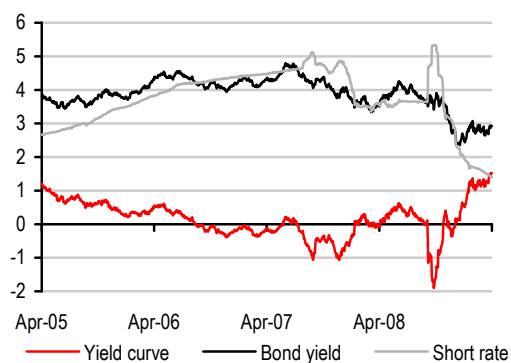
UK: implied 3M rates (%)



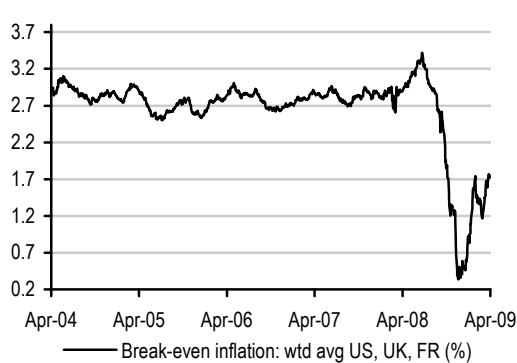
Japan: implied 3M rates (%)



G3 yield curve (10Y-3M, %)



Implied inflation (%)



## Regional performance

Absolute 1 week performance (FTSE indices, priced at 13 April 2009)

|                              | -1W  | -1M  | -1Q   | -1Y   | MTD  | QTD  | YTD   |
|------------------------------|------|------|-------|-------|------|------|-------|
| <b>World</b>                 | 2.1  | 13.1 | -0.9  | -35.3 | 7.3  | 7.3  | -3.1  |
| <b>Americas</b>              | 2.8  | 13.5 | -0.2  | -34.5 | 7.8  | 7.8  | -3.1  |
| <b>Europe</b>                | 1.5  | 10.7 | -6.7  | -37.2 | 5.8  | 5.8  | -7.2  |
| <b>Europe Ex UK</b>          | 2.2  | 12.6 | -5.5  | -39.3 | 7.6  | 7.6  | -6.0  |
| <b>Eurobloc</b>              | 2.8  | 14.1 | -6.0  | -41.1 | 8.6  | 8.6  | -6.8  |
| <b>Asia Pacific Ex Japan</b> | 0.1  | 13.7 | 9.0   | -33.7 | 6.7  | 6.7  | 8.4   |
| <b>Asia Pacific</b>          | 1.2  | 16.1 | 6.5   | -34.8 | 8.7  | 8.7  | 3.2   |
| Australia                    | -2.5 | 9.4  | 0.8   | -31.9 | 2.4  | 2.4  | -0.9  |
| Austria                      | 2.5  | 29.0 | 5.9   | -59.2 | 11.3 | 11.3 | 7.0   |
| Belgium                      | -0.8 | 6.7  | -2.3  | -54.9 | 2.8  | 2.8  | 4.7   |
| Canada                       | 3.1  | 12.4 | 4.5   | -29.6 | 7.4  | 7.4  | 4.5   |
| Denmark                      | -3.2 | 4.6  | -11.9 | -43.4 | 1.7  | 1.7  | -4.2  |
| Finland                      | 2.4  | 15.4 | -8.4  | -50.4 | 12.1 | 12.1 | -9.5  |
| France                       | 1.4  | 9.9  | -6.7  | -38.2 | 5.8  | 5.8  | -7.4  |
| Germany                      | 3.3  | 14.2 | -3.5  | -36.3 | 10.3 | 10.3 | -7.1  |
| Greece                       | 8.9  | 25.2 | 1.4   | -53.0 | 13.8 | 13.8 | 3.8   |
| Hong Kong                    | -0.9 | 14.2 | 8.4   | -40.5 | 7.3  | 7.3  | 5.5   |
| Ireland                      | 3.0  | 18.3 | -11.8 | -65.3 | 5.6  | 5.6  | 1.7   |
| Italy                        | 3.7  | 23.8 | -10.7 | -46.7 | 8.3  | 8.3  | -11.2 |
| Japan                        | 2.2  | 18.2 | 4.8   | -34.6 | 10.5 | 10.5 | -0.4  |
| Netherlands                  | 2.5  | 12.9 | -10.0 | -47.2 | 9.3  | 9.3  | -5.0  |
| New Zealand                  | -2.3 | -0.0 | -8.4  | -28.1 | -0.6 | -0.6 | -4.5  |
| Norway                       | -5.2 | 3.0  | -2.7  | -48.2 | -3.8 | -3.8 | -2.3  |
| Portugal                     | 2.4  | 8.8  | -0.7  | -39.8 | 6.7  | 6.7  | 1.9   |
| Singapore                    | 1.6  | 19.0 | 5.8   | -42.3 | 10.3 | 10.3 | 5.7   |
| Spain                        | 4.8  | 17.6 | -4.2  | -35.2 | 11.6 | 11.6 | -5.8  |
| Sweden                       | 1.1  | 10.2 | 12.5  | -28.5 | 11.8 | 11.8 | 10.3  |
| Switzerland                  | 1.4  | 7.7  | -7.3  | -30.3 | 3.3  | 3.3  | -7.3  |
| United Kingdom               | -0.3 | 6.4  | -9.3  | -32.3 | 1.7  | 1.7  | -9.9  |
| United States                | 2.7  | 13.6 | -1.1  | -34.9 | 7.7  | 7.7  | -4.4  |
| Brazil                       | 3.1  | 15.2 | 17.0  | -28.1 | 10.7 | 10.7 | 22.3  |
| Israel                       | 3.0  | 9.4  | 15.0  | -9.0  | 3.7  | 3.7  | 19.4  |
| Korea                        | 1.4  | 16.8 | 12.8  | -25.1 | 9.2  | 9.2  | 17.7  |
| Mexico                       | 3.5  | 10.0 | 0.4   | -33.5 | 9.9  | 9.9  | -3.6  |
| South Africa                 | 1.4  | 5.5  | -0.9  | -24.3 | 1.9  | 1.9  | -1.1  |
| Taiwan                       | 4.3  | 16.8 | 26.1  | -36.6 | 10.8 | 10.8 | 24.4  |
| Argentina                    | 3.3  | 23.7 | 7.6   | -47.3 | 9.9  | 9.9  | 13.6  |
| Chile                        | 3.3  | 6.8  | 5.8   | -9.5  | 5.8  | 5.8  | 10.0  |
| China                        | 0.1  | 21.0 | 26.7  | -33.5 | 9.0  | 9.0  | 15.1  |
| Colombia                     | -0.2 | 3.1  | -1.8  | -8.6  | 1.2  | 1.2  | 0.6   |
| C. Republic                  | 1.6  | 11.6 | -4.5  | -30.3 | 8.6  | 8.6  | -1.8  |
| Egypt                        | 1.9  | 29.7 | 8.0   | -57.4 | 14.7 | 14.7 | 6.0   |
| Hungary                      | 4.9  | 34.3 | -0.0  | -50.3 | 15.6 | 15.6 | 1.9   |
| India                        | 3.8  | 25.6 | 20.6  | -33.0 | 12.9 | 12.9 | 13.4  |
| Indonesia                    | 1.4  | 18.2 | 14.1  | -34.3 | 7.4  | 7.4  | 15.4  |
| Malaysia                     | 1.5  | 13.2 | 3.2   | -26.6 | 8.5  | 8.5  | 8.2   |
| Morocco                      | -1.0 | -3.4 | 13.0  | -31.2 | 1.0  | 1.0  | -4.2  |
| Pakistan                     | 6.2  | 38.0 | 52.1  | -45.9 | 17.8 | 17.8 | 66.8  |
| Peru                         | 3.3  | 21.9 | 31.3  | -30.7 | 0.4  | 0.4  | 17.3  |
| Philippines                  | 1.1  | 8.9  | 1.1   | -22.9 | 3.4  | 3.4  | 7.1   |
| Poland                       | 5.8  | 19.5 | -2.9  | -38.3 | 18.9 | 18.9 | -5.2  |
| Russia                       | 9.3  | 21.3 | 27.9  | -61.5 | 19.7 | 19.7 | 31.2  |
| Thailand                     | 1.8  | 8.7  | 7.7   | -45.3 | 7.0  | 7.0  | 3.0   |
| Turkey                       | 6.7  | 21.2 | 6.6   | -31.0 | 10.6 | 10.6 | 3.7   |

Source: HSBC, Thomson Financial Datastream

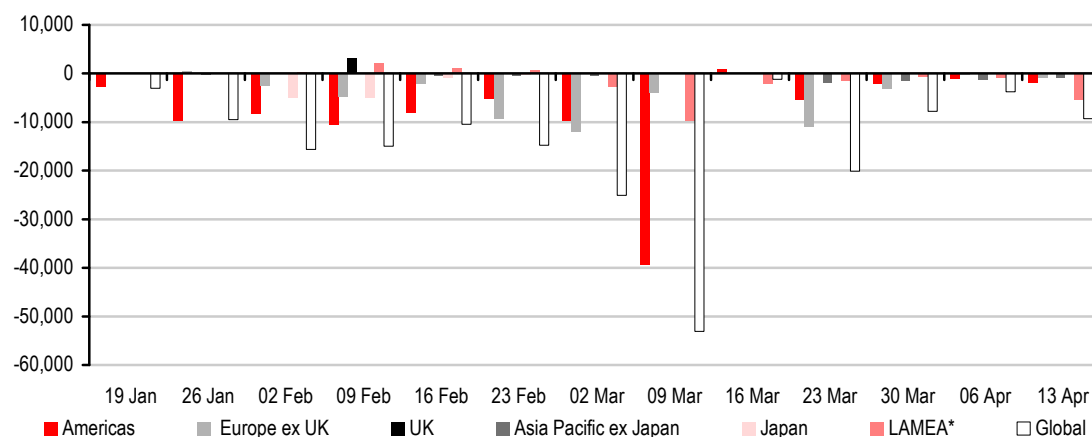
## Earnings surprises

Aggregate company results relative to consensus expectations (where available)

| Surprise (USDm) | Americas | Europe ex UK | UK    | Asia Pacific ex Japan | Japan  | LAMEA* | Global  |
|-----------------|----------|--------------|-------|-----------------------|--------|--------|---------|
| 19 Jan          | -2,799   | -103         | -8    | -174                  | 2      | 17     | -3,065  |
| 26 Jan          | -9,704   | 439          | 6     | -237                  | -1     | -20    | -9,517  |
| 02 Feb          | -8,295   | -2,544       | -76   | 162                   | -5,106 | 221    | -15,637 |
| 09 Feb          | -10,594  | -4,717       | 3,239 | -90                   | -5,058 | 2,269  | -14,951 |
| 16 Feb          | -8,136   | -2,144       | 161   | -560                  | -854   | 1,085  | -10,448 |
| 23 Feb          | -5,195   | -9,353       | -155  | -397                  | -255   | 583    | -14,771 |
| 02 Mar          | -9,843   | -12,028      | 100   | -557                  | 43     | -2,791 | -25,076 |
| 09 Mar          | -39,438  | -3,926       | 0     | 110                   | 2      | -9,816 | -53,068 |
| 16 Mar          | 782      | 89           | 0     | -16                   | -2     | -2,088 | -1,234  |
| 23 Mar          | -5,514   | -11,067      | 0     | -1,987                | 2      | -1,547 | -20,113 |
| 30 Mar          | -2,199   | -3,252       | 5     | -1,548                | 0      | -785   | -7,779  |
| 06 Apr          | -1,170   | -375         | 14    | -1,345                | 1      | -885   | -3,760  |
| 13 Apr          | -1,879   | -813         | 0     | -945                  | -162   | -5,463 | -9,262  |

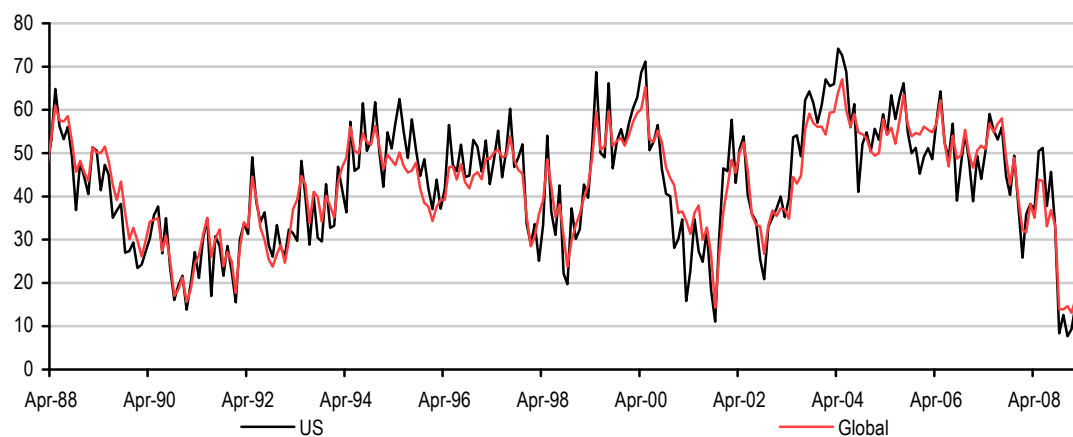
Note: \*Latin America, Middle East and Africa.  
Source: HSBC, Thomson Financial Datastream

Earnings surprises (USDm)



Source: HSBC, Thomson Financial Datastream

Analysts' revisions ratio: upgrades as percentage of all revisions (consensus)



Source: HSBC, Thomson Financial Datastream, I/B/E/S

## Sector performance

### US and Europe

Absolute 1 week performance (FTSE indices, priced at 13 April 2009)

| US                                     | -1W (%) | Europe                                 | -1W (%) |
|--|---------|--|---------|
| Banks                                  | 25.09   | Real Estate                            | 6.85    |
| Life Insurance                         | 20.37   | Mining                                 | 5.65    |
| General Financial                      | 12.66   | Automobiles & Parts                    | 5.38    |
| Equity Investment Instruments          | 10.97   | Banks                                  | 5.38    |
| Industrial Metals                      | 8.82    | Industrial Metals                      | 4.40    |
| Real Estate                            | 6.49    | Chemicals                              | 4.30    |
| Forestry & Paper                       | 6.06    | Forestry & Paper                       | 3.78    |
| General Industrials                    | 5.68    | Life Insurance                         | 3.55    |
| Health Care Equipment & Services       | 5.32    | Travel & Leisure                       | 3.52    |
| Automobiles & Parts                    | 5.10    | Technology Hardware & Equipment        | 3.44    |
| Nonlife Insurance                      | 5.07    | Nonlife Insurance                      | 3.24    |
| Construction & Materials               | 3.17    | Health Care Equipment & Services       | 3.17    |
| Oil Equipment, Services & Distribution | 2.94    | General Financial                      | 2.78    |
| Industrial Engineering                 | 2.85    | Software & Computer Services           | 2.74    |
| Chemicals                              | 2.66    | Electricity                            | 2.51    |
| Electronic & Electrical Equipment      | 2.65    | General Retailers                      | 2.29    |
| Industrial Transportation              | 2.65    | Construction & Materials               | 2.27    |
| Food & Drug Retailers                  | 2.59    | General Industrials                    | 2.17    |
| Travel & Leisure                       | 2.21    | Personal Goods                         | 2.17    |
| Media                                  | 1.83    | Aerospace & Defense                    | 1.98    |
| General Retailers                      | 1.74    | Industrial Transportation              | 1.62    |
| Software & Computer Services           | 1.67    | Gas, Water & Multiutilities            | 1.40    |
| Support Services                       | 1.63    | Leisure Goods                          | 1.20    |
| Technology Hardware & Equipment        | 1.55    | Media                                  | 1.04    |
| Food Producers                         | 0.79    | Food Producers                         | 0.96    |
| Tobacco                                | 0.73    | Food & Drug Retailers                  | 0.58    |
| Leisure Goods                          | 0.21    | Tobacco                                | 0.53    |
| Gas, Water & Multiutilities            | 0.20    | Industrial Engineering                 | 0.36    |
| Mining                                 | 0.14    | Support Services                       | 0.15    |
| Personal Goods                         | -0.22   | Fixed Line Telecommunications          | 0.02    |
| Aerospace & Defense                    | -0.51   | Electronic & Electrical Equipment      | -0.11   |
| Electricity                            | -0.74   | Pharmaceuticals & Biotechnology        | -0.23   |
| Pharmaceuticals & Biotechnology        | -0.92   | Mobile Telecommunications              | -0.47   |
| Beverages                              | -0.98   | Oil Equipment, Services & Distribution | -0.58   |
| Fixed Line Telecommunications          | -1.16   | Equity Investment Instruments          | -0.62   |
| Oil & Gas Producers                    | -1.41   | Household Goods                        | -0.96   |
| Household Goods                        | -2.57   | Oil & Gas Producers                    | -1.20   |
| Mobile Telecommunications              | -3.05   | Beverages                              | -3.17   |

Source: HSBC, Thomson Financial Datastream

### 'Hot' & 'Cold' sectors

Sectors with 1wk change in 1wk moving avg price relative larger than +/-3%

| US                         | %     | Europe                     | %     |
|----------------------------|-------|----------------------------|-------|
| Life Insurance             | 13.46 | Forestry & Paper           | 8.57  |
| Automobiles & Parts        | 9.38  | Real Estate                | 7.27  |
| Banks                      | 8.47  | Automobiles & Parts        | 6.98  |
| Real Estate                | 5.88  | Industrial Metals          | 5.33  |
| General Financial          | 4.72  | Banks                      | 4.17  |
| Construction & Materials   | 3.33  | Food & Drug Retailers      | -3.06 |
| Industrial Metals          | 3.30  | Oil & Gas Producers        | -4.20 |
| Pharmaceuticals & Biotech. | -4.11 | Pharmaceuticals & Biotech. | -4.45 |
| Forestry & Paper           | -4.17 |                            |       |
| Mining                     | -6.38 |                            |       |

Source: HSBC, Thomson Financial Datastream

Sectors with 3M change in 3M moving avg price relative larger than +/- 10%

| US                            | %      | Europe                           | %      |
|-------------------------------|--------|----------------------------------|--------|
| Mining                        | 25.69  | Software & Computer Services     | 18.18  |
| Mobile Telecommunications     | 15.38  | General Retailers                | 16.92  |
| Technology Hardware & Eq.     | 10.71  | Oil Eq., Services & Distribution | 12.71  |
| Industrial Metals             | 10.67  | Electronic & Electrical Eq.      | 12.66  |
| Industrial Transportation     | -11.86 | Beverages                        | 11.70  |
| Automobiles & Parts           | -12.12 | Chemicals                        | 10.45  |
| Real Estate                   | -13.64 | Aerospace & Defense              | 10.34  |
| General Industrials           | -17.86 | Automobiles & Parts              | -10.87 |
| Life Insurance                | -23.29 | Real Estate                      | -11.48 |
| Equity Investment Instruments | -30.77 | Life Insurance                   | -15.00 |
| Forestry & Paper              | -36.84 | Banks                            | -18.52 |
| Banks                         | -38.46 | Forestry & Paper                 | -28.81 |

## Asia-Pacific & Japan

Absolute 1 week performance (FTSE indices, priced at 13 April 2009)

| Asia Pacific ex Japan                  | -1W (%) | Japan                                  | -1W (%) |
|--|---------|--|---------|
| Automobiles & Parts                    | 7.41    | Life Insurance                         | 20.27   |
| Electronic & Electrical Equipment      | 6.69    | Mining                                 | 11.58   |
| Leisure Goods                          | 6.47    | General Financial                      | 9.84    |
| Chemicals                              | 5.32    | Nonlife Insurance                      | 9.01    |
| Software & Computer Services           | 5.24    | General Industrials                    | 7.49    |
| Tobacco                                | 4.10    | Industrial Transportation              | 7.45    |
| Support Services                       | 3.89    | Support Services                       | 6.23    |
| Media                                  | 3.43    | Real Estate                            | 5.55    |
| Gas, Water & Multiutilities            | 2.67    | Automobiles & Parts                    | 4.83    |
| Fixed Line Telecommunications          | 2.39    | Technology Hardware & Equipment        | 3.76    |
| Industrial Engineering                 | 2.37    | Industrial Metals                      | 3.56    |
| Household Goods                        | 1.73    | Media                                  | 3.50    |
| Food Producers                         | 1.67    | Construction & Materials               | 3.30    |
| Food & Drug Retailers                  | 1.57    | Travel & Leisure                       | 1.96    |
| Oil Equipment, Services & Distribution | 1.42    | Personal Goods                         | 1.94    |
| Technology Hardware & Equipment        | 1.32    | Household Goods                        | 1.82    |
| Beverages                              | 1.28    | Industrial Engineering                 | 1.26    |
| Electricity                            | 1.07    | Leisure Goods                          | 0.96    |
| Forestry & Paper                       | 1.06    | Chemicals                              | 0.95    |
| Pharmaceuticals & Biotechnology        | 0.90    | Mobile Telecommunications              | 0.73    |
| General Financial                      | 0.51    | General Retailers                      | 0.68    |
| Travel & Leisure                       | 0.35    | Fixed Line Telecommunications          | 0.53    |
| Industrial Transportation              | 0.28    | Tobacco                                | 0.37    |
| Nonlife Insurance                      | 0.15    | Oil Equipment, Services & Distribution | 0.00    |
| Personal Goods                         | 0.01    | Aerospace & Defense                    | 0.00    |
| Equity Investment Instruments          | 0.00    | Equity Investment Instruments          | 0.00    |
| Real Estate                            | -0.22   | Gas, Water & Multiutilities            | -0.06   |
| Construction & Materials               | -0.49   | Food & Drug Retailers                  | -0.24   |
| General Industrials                    | -0.79   | Beverages                              | -0.46   |
| Health Care Equipment & Services       | -0.94   | Banks                                  | -0.53   |
| Mobile Telecommunications              | -1.09   | Oil & Gas Producers                    | -0.54   |
| Industrial Metals                      | -1.79   | Pharmaceuticals & Biotechnology        | -0.63   |
| Banks                                  | -1.87   | Food Producers                         | -0.93   |
| Aerospace & Defense                    | -1.92   | Electricity                            | -1.03   |
| Oil & Gas Producers                    | -1.99   | Electronic & Electrical Equipment      | -1.08   |
| General Retailers                      | -2.80   | Health Care Equipment & Services       | -1.53   |
| Life Insurance                         | -4.05   | Software & Computer Services           | -2.13   |
| Mining                                 | -4.82   | Forestry & Paper                       | -2.18   |

Source: HSBC, Thomson Financial Datastream

## 'Hot' & 'Cold' sectors

Sectors with 1wk change in 1wk moving avg price relative larger than +/-3%

| Asia Pacific ex Japan        | %     | Japan                       | %     |
|------------------------------|-------|-----------------------------|-------|
| Software & Computer Services | 4.12  | Mining                      | 7.84  |
| Support Services             | 3.85  | Life Insurance              | 7.69  |
| Media                        | 3.53  | Automobiles & Parts         | 5.66  |
| Automobiles & Parts          | 3.28  | Real Estate                 | 4.44  |
| Aerospace & Defense          | -3.19 | General Financial           | 4.17  |
| Mining                       | -5.90 | General Industrials         | 3.40  |
|                              |       | Industrial Transportation   | 3.16  |
|                              |       | Banks                       | -3.03 |
|                              |       | Gas, Water & Multiutilities | -3.12 |
|                              |       | Forestry & Paper            | -3.33 |
|                              |       | Oil & Gas Producers         | -3.40 |
|                              |       | Food Producers              | -3.76 |
|                              |       | Tobacco                     | -4.23 |
|                              |       | Electricity                 | -5.36 |
|                              |       | Food & Drug Retailers       | -6.87 |

Sectors with 3M change in 3M moving avg price relative larger than +/- 7%

| Asia Pacific ex Japan        | %      | Japan                        | %      |
|------------------------------|--------|------------------------------|--------|
| Industrial Engineering       | 13.95  | Oil & Gas Producers          | 23.68  |
| Household Goods              | 13.01  | Automobiles & Parts          | 10.49  |
| Software & Computer Services | 10.40  | Electronic & Electrical Eq.  | 10.38  |
| Mining                       | 9.16   | Support Services             | 7.26   |
| Automobiles & Parts          | 9.12   | Software & Computer Services | -8.33  |
| Technology Hardware & Eq.    | 8.77   | General Retailers            | -8.74  |
| Personal Goods               | 7.33   | Food & Drug Retailers        | -8.86  |
| Health Care Eq. & Services   | -7.63  | Forestry & Paper             | -9.09  |
| Banks                        | -7.84  | Personal Goods               | -9.43  |
| General Financial            | -11.11 | Health Care Eq. & Services   | -10.27 |
| Life Insurance               | -11.26 | Tobacco                      | -14.41 |
| Nonlife Insurance            | -12.00 | Real Estate                  | -15.38 |
| Media                        | -12.38 | Life Insurance               | -15.63 |
| Forestry & Paper             | -16.67 | General Financial            | -23.33 |

Source: HSBC, Thomson Financial Datastream

## Major indices performance

FTSE World

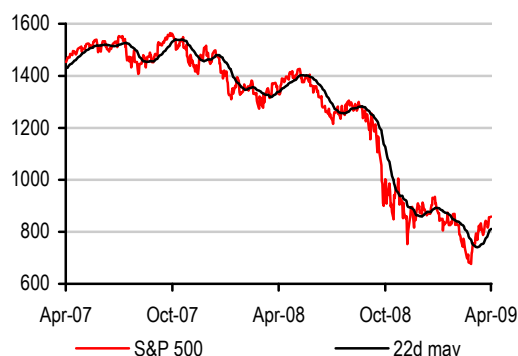


FTSE World

|                    | Date      | Level | % off        | % change     |       |
|--------------------|-----------|-------|--------------|--------------|-------|
| <b>Current</b>     | 13-Apr-09 | 217.7 |              | <b>1D</b>    | 0.3   |
| <b>Record high</b> | 12-Oct-07 | 396.3 | <b>-45.1</b> | <b>1W</b>    | 2.1   |
| <b>52W high</b>    | 19-May-08 | 361.7 | <b>-39.8</b> | <b>3M</b>    | -0.9  |
| <b>52W low</b>     | 09-Mar-09 | 176.8 | <b>23.1</b>  | <b>6M</b>    | -10.4 |
| <b>Y-t-d high</b>  | 06-Jan-09 | 234.2 | <b>-7.0</b>  | <b>12M</b>   | -35.3 |
| <b>Y-t-d low</b>   | 09-Mar-09 | 176.8 | <b>23.1</b>  | <b>Q-t-d</b> | -3.1  |
| <b>5Y high</b>     | 12-Oct-07 | 396.3 | <b>-45.1</b> | <b>Y-t-d</b> | -3.1  |
| <b>5Y low</b>      | 09-Mar-09 | 176.8 | <b>23.1</b>  | <b>2008</b>  | -40.0 |

Source: HSBC, Thomson Financial Datastream

S&P 500



S&P 500

|                    | Date      | Level  | % off        | % change     |       |
|--------------------|-----------|--------|--------------|--------------|-------|
| <b>Current</b>     | 13-Apr-09 | 858.7  |              | <b>1D</b>    | 0.3   |
| <b>Record high</b> | 09-Oct-07 | 1565.2 | <b>-45.1</b> | <b>1W</b>    | 2.8   |
| <b>52W high</b>    | 19-May-08 | 1426.6 | <b>-39.8</b> | <b>3M</b>    | -1.5  |
| <b>52W low</b>     | 09-Mar-09 | 676.5  | <b>26.9</b>  | <b>6M</b>    | -14.4 |
| <b>Y-t-d high</b>  | 06-Jan-09 | 934.7  | <b>-8.1</b>  | <b>12M</b>   | -35.6 |
| <b>Y-t-d low</b>   | 09-Mar-09 | 676.5  | <b>26.9</b>  | <b>Q-t-d</b> | -4.9  |
| <b>5Y high</b>     | 09-Oct-07 | 1565.2 | <b>-45.1</b> | <b>Y-t-d</b> | -4.9  |
| <b>5Y low</b>      | 09-Mar-09 | 676.5  | <b>26.9</b>  | <b>2008</b>  | -38.5 |

Source: HSBC, Thomson Financial Datastream

NASDAQ



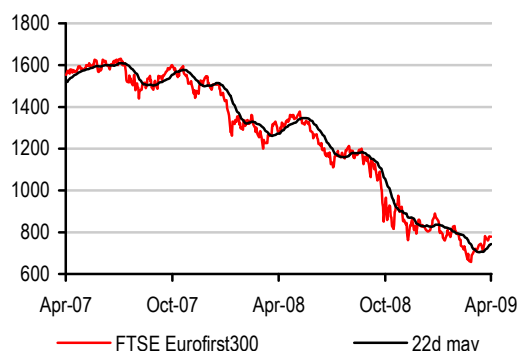
NASDAQ

|                    | Date      | Level  | % off        | % change     |       |
|--------------------|-----------|--------|--------------|--------------|-------|
| <b>Current</b>     | 13-Apr-09 | 1653.3 |              | <b>1D</b>    | 0.1   |
| <b>Record high</b> | 10-Mar-00 | 5048.6 | <b>-67.3</b> | <b>1W</b>    | 2.9   |
| <b>52W high</b>    | 05-Jun-08 | 2549.9 | <b>-35.2</b> | <b>3M</b>    | 6.9   |
| <b>52W low</b>     | 09-Mar-09 | 1268.6 | <b>30.3</b>  | <b>6M</b>    | -10.4 |
| <b>Y-t-d high</b>  | 13-Apr-09 | 1653.3 | <b>0.0</b>   | <b>12M</b>   | -27.8 |
| <b>Y-t-d low</b>   | 09-Mar-09 | 1268.6 | <b>30.3</b>  | <b>Q-t-d</b> | 4.8   |
| <b>5Y high</b>     | 31-Oct-07 | 2859.1 | <b>-42.2</b> | <b>Y-t-d</b> | 4.8   |
| <b>5Y low</b>      | 09-Mar-09 | 1268.6 | <b>30.3</b>  | <b>2008</b>  | -40.5 |

Source: HSBC, Thomson Financial Datastream

## Major indices performance (cont'd)

### Eurofirst



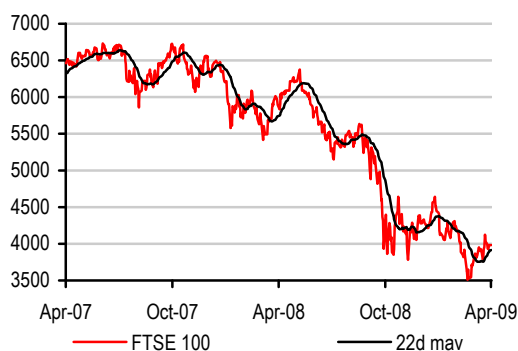
Source: HSBC, Thomson Financial Datastream

### Eurofirst

|                    | Date      | Level  | % off | % change          |
|--------------------|-----------|--------|-------|-------------------|
| <b>Current</b>     | 13-Apr-09 | 778.4  |       | <b>1D</b> 0.0     |
| <b>Record high</b> | 04-Sep-00 | 1705.0 | -54.3 | <b>1W</b> 1.6     |
| <b>52W high</b>    | 19-May-08 | 1378.3 | -43.5 | <b>3M</b> -7.4    |
| <b>52W low</b>     | 09-Mar-09 | 657.3  | 18.4  | <b>6M</b> -17.0   |
| <b>Y-t-d high</b>  | 06-Jan-09 | 889.6  | -12.5 | <b>12M</b> -39.4  |
| <b>Y-t-d low</b>   | 09-Mar-09 | 657.3  | 18.4  | <b>Q-t-d</b> -6.4 |
| <b>5Y high</b>     | 16-Jul-07 | 1630.3 | -52.3 | <b>Y-t-d</b> -6.4 |
| <b>5Y low</b>      | 09-Mar-09 | 657.3  | 18.4  | <b>2008</b> -44.8 |

Source: HSBC, Thomson Financial Datastream

### FTSE 100



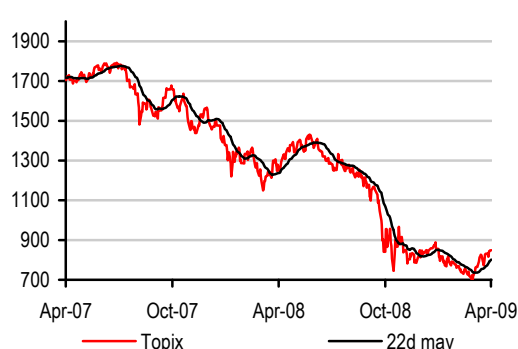
Source: HSBC, Thomson Financial Datastream

### FTSE 100

|                    | Date      | Level  | % off | % change           |
|--------------------|-----------|--------|-------|--------------------|
| <b>Current</b>     | 13-Apr-09 | 3983.7 |       | <b>1D</b> 0.0      |
| <b>Record high</b> | 30-Dec-99 | 6930.2 | -42.5 | <b>1W</b> -0.3     |
| <b>52W high</b>    | 19-May-08 | 6376.5 | -37.5 | <b>3M</b> -9.4     |
| <b>52W low</b>     | 03-Mar-09 | 3512.1 | 13.4  | <b>6M</b> -6.4     |
| <b>Y-t-d high</b>  | 06-Jan-09 | 4638.9 | -14.1 | <b>12M</b> -32.4   |
| <b>Y-t-d low</b>   | 03-Mar-09 | 3512.1 | 13.4  | <b>Q-t-d</b> -10.2 |
| <b>5Y high</b>     | 15-Jun-07 | 6732.4 | -40.8 | <b>Y-t-d</b> -10.2 |
| <b>5Y low</b>      | 03-Mar-09 | 3512.1 | 13.4  | <b>2008</b> -31.3  |

Source: HSBC, Thomson Financial Datastream

### TOPIX



Source: HSBC, Thomson Financial Datastream

### TOPIX

|                    | Date      | Level  | % off | % change          |
|--------------------|-----------|--------|-------|-------------------|
| <b>Current</b>     | 13-Apr-09 | 849.0  |       | <b>1D</b> 0.4     |
| <b>Record high</b> | 18-Dec-89 | 2884.8 | -70.6 | <b>1W</b> 2.2     |
| <b>52W high</b>    | 04-Jun-08 | 1430.5 | -40.7 | <b>3M</b> 4.3     |
| <b>52W low</b>     | 12-Mar-09 | 700.9  | 21.1  | <b>6M</b> 1.0     |
| <b>Y-t-d high</b>  | 07-Jan-09 | 888.3  | -4.4  | <b>12M</b> -33.6  |
| <b>Y-t-d low</b>   | 12-Mar-09 | 700.9  | 21.1  | <b>Q-t-d</b> -1.2 |
| <b>5Y high</b>     | 26-Feb-07 | 1817.0 | -53.3 | <b>Y-t-d</b> -1.2 |
| <b>5Y low</b>      | 12-Mar-09 | 700.9  | 21.1  | <b>2008</b> -41.8 |

Source: HSBC, Thomson Financial Datastream

## Aggregations

### Pan Europe

#### Consensus earnings, PE, dividends and dividend yields

|                             | Market cap<br>weight (%) | EPS growth (%) |              |             | PE (x)      |             |             | DPS growth (%) |              |             | Dividend yield (%) |            |            |
|-----------------------------|--------------------------|----------------|--------------|-------------|-------------|-------------|-------------|----------------|--------------|-------------|--------------------|------------|------------|
|                             |                          | 2008e          | 2009e        | 2010e       | 2008e       | 2009e       | 2010e       | 2008e          | 2009e        | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>        | <b>11.2</b>              | <b>18.3</b>    | <b>-40.4</b> | <b>24.0</b> | <b>5.6</b>  | <b>9.5</b>  | <b>7.6</b>  | <b>8.7</b>     | <b>-1.0</b>  | <b>4.4</b>  | <b>6.5</b>         | <b>6.5</b> | <b>6.7</b> |
| O Oil & Gas Producers       | 10.7                     | 17.5           | -41.7        | 25.6        | 5.6         | 9.6         | 7.6         | 8.6            | 0.1          | 4.3         | 6.6                | 6.6        | 6.9        |
| O Oil Equip Servs & Disn    | 0.5                      | 45.2           | -7.0         | -1.8        | 6.8         | 7.3         | 7.5         | 13.5           | -34.4        | 11.1        | 5.2                | 3.7        | 4.2        |
| <b>Basic Materials</b>      | <b>7.4</b>               | <b>8.5</b>     | <b>-53.0</b> | <b>28.2</b> | <b>6.0</b>  | <b>12.7</b> | <b>9.9</b>  | <b>-7.0</b>    | <b>-8.5</b>  | <b>5.5</b>  | <b>4.2</b>         | <b>3.5</b> | <b>3.7</b> |
| C Chemicals                 | 3.1                      | 10.4           | -24.6        | 17.6        | 9.3         | 12.3        | 10.5        | 17.8           | -5.6         | 6.5         | 4.4                | 4.2        | 4.5        |
| C Forestry & Paper          | 0.1                      | -69.7          | -48.7        | 131.0       | 15.4        | 30.0        | 13.0        | -48.1          | -17.3        | 1.8         | 6.7                | 5.5        | 5.6        |
| C Industrial Metals         | 1.3                      | 18.3           | -75.3        | 80.0        | 3.6         | 14.6        | 8.1         | -26.5          | -26.5        | 11.5        | 5.8                | 3.3        | 3.6        |
| C Mining                    | 2.8                      | 5.5            | -55.3        | 17.3        | 5.4         | 12.1        | 10.3        | -19.6          | -6.0         | 0.7         | 3.0                | 2.8        | 2.8        |
| <b>Industrials</b>          | <b>10.2</b>              | <b>-6.6</b>    | <b>-15.8</b> | <b>4.0</b>  | <b>9.0</b>  | <b>10.7</b> | <b>10.3</b> | <b>-11.6</b>   | <b>-4.6</b>  | <b>3.3</b>  | <b>4.2</b>         | <b>4.1</b> | <b>4.2</b> |
| C Construction & Matls      | 2.8                      | -17.8          | -20.8        | 1.5         | 7.7         | 9.7         | 9.6         | -22.9          | 5.0          | 0.9         | 4.2                | 4.4        | 4.5        |
| C Aerospace                 | 1.1                      | 63.1           | 3.0          | 0.9         | 8.1         | 7.9         | 7.8         | 8.3            | 9.5          | 7.3         | 3.6                | 4.0        | 4.3        |
| C General Industrials       | 1.3                      | -23.0          | 18.0         | 10.9        | 11.3        | 9.6         | 8.7         | 0.4            | -5.9         | 0.2         | 4.4                | 4.2        | 4.2        |
| T Electronic & Elect Equip  | 0.4                      | 0.7            | -32.9        | 5.3         | 7.7         | 11.5        | 10.9        | 4.4            | -23.5        | 3.2         | 6.0                | 4.6        | 4.8        |
| C Industrial Engineering    | 2.0                      | 3.2            | -32.2        | -6.7        | 8.5         | 12.6        | 13.5        | -17.4          | -13.7        | 1.1         | 4.2                | 3.5        | 3.6        |
| C Industrial Transportation | 1.5                      | -18.3          | -13.3        | 20.4        | 11.9        | 13.7        | 11.4        | -10.7          | -6.0         | 6.9         | 4.2                | 4.5        | 4.8        |
| C Support Services          | 1.0                      | 4.8            | -15.8        | 5.1         | 10.5        | 12.5        | 11.9        | -10.1          | -5.6         | 9.4         | 3.4                | 3.2        | 3.5        |
| <b>Consumer Goods</b>       | <b>14.8</b>              | <b>-12.1</b>   | <b>-21.1</b> | <b>25.8</b> | <b>12.3</b> | <b>15.6</b> | <b>12.4</b> | <b>-16.9</b>   | <b>6.4</b>   | <b>10.6</b> | <b>3.0</b>         | <b>3.2</b> | <b>3.5</b> |
| C Automobiles & Parts       | 3.2                      | -41.7          | -98.9        | 5,044.5     | 12.4        | 1,146.1     | 22.3        | -69.5          | 4.6          | 37.5        | 1.5                | 1.2        | 1.7        |
| D Beverages                 | 2.4                      | -0.2           | 18.8         | 14.8        | 13.1        | 11.0        | 9.6         | -30.3          | 14.0         | 11.8        | 2.7                | 3.1        | 3.4        |
| D Food Producers            | 4.4                      | 5.9            | -3.4         | 11.4        | 12.1        | 12.5        | 11.2        | 12.1           | 2.4          | 7.3         | 3.9                | 4.0        | 4.3        |
| C Household Goods           | 0.7                      | 2.1            | 2.6          | 4.9         | 14.0        | 13.6        | 13.0        | 2.3            | 17.7         | 9.2         | 2.6                | 3.1        | 3.3        |
| C Leisure Goods             | 0.3                      | 2.6            | -47.0        | 38.5        | 8.3         | 15.7        | 11.3        | 0.0            | -7.9         | 4.5         | 6.0                | 5.5        | 5.7        |
| C Personal Goods            | 2.6                      | -8.0           | -10.6        | 6.7         | 12.7        | 14.2        | 13.3        | -11.4          | 3.0          | 5.5         | 2.7                | 2.8        | 2.9        |
| D Tobacco                   | 1.2                      | 18.3           | 13.7         | 8.6         | 11.7        | 10.3        | 9.5         | 19.5           | 15.7         | 9.8         | 4.9                | 5.7        | 6.2        |
| <b>Health Care</b>          | <b>8.9</b>               | <b>11.7</b>    | <b>9.5</b>   | <b>7.8</b>  | <b>10.8</b> | <b>9.8</b>  | <b>9.1</b>  | <b>11.1</b>    | <b>7.5</b>   | <b>8.8</b>  | <b>4.1</b>         | <b>4.4</b> | <b>4.8</b> |
| D Health Care Eq & Servs    | 1.0                      | 11.1           | 10.0         | 13.1        | 15.4        | 14.0        | 12.4        | -5.9           | 14.5         | 12.5        | 1.6                | 1.8        | 2.1        |
| D Pharmaceuticals & Bio     | 7.8                      | 12.0           | 9.5          | 7.3         | 10.4        | 9.5         | 8.8         | 12.3           | 7.2          | 8.6         | 4.4                | 4.7        | 5.1        |
| <b>Consumer Services</b>    | <b>7.6</b>               | <b>-12.1</b>   | <b>-3.8</b>  | <b>10.7</b> | <b>11.7</b> | <b>12.2</b> | <b>11.0</b> | <b>-3.6</b>    | <b>-1.4</b>  | <b>7.7</b>  | <b>4.5</b>         | <b>4.4</b> | <b>4.7</b> |
| D Food & Drug Retailers     | 2.1                      | 2.5            | 1.7          | 9.5         | 12.0        | 11.8        | 10.8        | 2.7            | 6.0          | 7.5         | 3.4                | 3.6        | 3.8        |
| C General Retailers         | 1.7                      | -8.8           | -8.5         | 9.8         | 13.6        | 14.9        | 13.5        | -1.0           | -0.4         | 7.4         | 4.2                | 4.2        | 4.5        |
| C Media                     | 2.3                      | 0.8            | -5.2         | 5.4         | 9.7         | 10.3        | 9.7         | -4.1           | 0.1          | 4.9         | 5.7                | 5.5        | 5.7        |
| C Travel & Leisure          | 1.4                      | -46.0          | -4.3         | 25.7        | 13.4        | 14.0        | 11.1        | -10.2          | -13.7        | 14.7        | 4.9                | 4.0        | 4.6        |
| <b>Telecommunications</b>   | <b>7.7</b>               | <b>2.1</b>     | <b>3.4</b>   | <b>5.1</b>  | <b>9.0</b>  | <b>8.7</b>  | <b>8.3</b>  | <b>-4.1</b>    | <b>7.3</b>   | <b>6.6</b>  | <b>6.8</b>         | <b>7.3</b> | <b>7.8</b> |
| D Fixed-Line Telecoms       | 4.5                      | -3.1           | 3.8          | 6.2         | 9.1         | 8.8         | 8.2         | 2.9            | 7.9          | 5.8         | 7.1                | 7.6        | 8.1        |
| D Mobile Telecoms           | 3.2                      | 11.5           | 3.0          | 3.5         | 8.9         | 8.7         | 8.4         | -12.4          | 6.5          | 7.8         | 6.4                | 6.8        | 7.3        |
| <b>Utilities</b>            | <b>9.0</b>               | <b>3.6</b>     | <b>1.0</b>   | <b>6.4</b>  | <b>9.9</b>  | <b>9.8</b>  | <b>9.2</b>  | <b>18.6</b>    | <b>-6.2</b>  | <b>4.6</b>  | <b>6.1</b>         | <b>6.1</b> | <b>6.4</b> |
| D Electricity               | 4.6                      | 7.2            | -1.5         | 5.4         | 10.7        | 10.9        | 10.3        | 3.2            | -2.5         | 4.2         | 5.1                | 5.3        | 5.6        |
| D Gas, Water & Multi-Utils  | 4.4                      | -2.3           | 3.2          | 7.2         | 9.2         | 8.9         | 8.3         | 29.9           | -8.9         | 5.0         | 7.3                | 6.9        | 7.2        |
| <b>Financials</b>           | <b>20.3</b>              | <b>-70.8</b>   | <b>54.3</b>  | <b>25.1</b> | <b>14.9</b> | <b>9.6</b>  | <b>7.7</b>  | <b>-45.5</b>   | <b>-16.0</b> | <b>21.9</b> | <b>5.9</b>         | <b>4.6</b> | <b>5.6</b> |
| F Banks                     | 13.2                     | -75.2          | 61.5         | 28.6        | 17.6        | 10.9        | 8.5         | -51.6          | -22.3        | 27.0        | 5.7                | 4.0        | 5.1        |
| F Non-Life Insurance        | 3.5                      | -54.8          | 22.4         | 21.2        | 9.1         | 7.4         | 6.1         | -40.3          | 5.3          | 16.8        | 5.5                | 5.5        | 6.5        |
| F Life insurance            | 1.4                      | -73.7          | 103.4        | 22.5        | 11.7        | 5.7         | 4.7         | -34.9          | -26.1        | 24.1        | 9.6                | 5.9        | 7.3        |
| F Real Estate               | 0.8                      | 2.0            | -1.5         | -3.8        | 12.3        | 12.5        | 13.0        | -1.2           | -4.0         | -1.3        | 7.0                | 6.7        | 6.6        |
| F General Financial         | 1.4                      | -63.2          | 51.6         | 10.1        | 16.4        | 10.8        | 9.8         | -1.7           | -0.0         | 13.5        | 5.3                | 5.3        | 6.0        |
| <b>Technology</b>           | <b>3.1</b>               | <b>-4.2</b>    | <b>-36.8</b> | <b>44.9</b> | <b>11.7</b> | <b>18.5</b> | <b>12.8</b> | <b>-23.8</b>   | <b>-7.9</b>  | <b>14.5</b> | <b>2.2</b>         | <b>2.5</b> | <b>2.8</b> |
| T Softw & Comp Servs        | 1.4                      | 13.1           | -0.7         | 12.6        | 14.0        | 14.1        | 12.6        | -16.9          | 10.4         | 12.5        | 0.9                | 2.0        | 2.2        |
| T Tech Hardw & Equip        | 1.7                      | -12.0          | -57.8        | 89.2        | 10.3        | 24.4        | 12.9        | -24.6          | -10.8        | 15.6        | 3.2                | 2.8        | 3.3        |
| <b>MSCI Europe</b>          | <b>100.0</b>             | <b>-22.9</b>   | <b>-11.0</b> | <b>17.1</b> | <b>9.6</b>  | <b>10.8</b> | <b>9.2</b>  | <b>-16.2</b>   | <b>-3.5</b>  | <b>9.6</b>  | <b>4.9</b>         | <b>4.7</b> | <b>5.1</b> |
| C Cyclicals                 | 29.2                     | -8.1           | -34.0        | 18.7        | 8.8         | 13.4        | 11.3        | -15.2          | -3.6         | 6.4         | 3.8                | 3.6        | 3.8        |
| O Oil & gas                 | 11.2                     | 18.3           | -40.4        | 24.0        | 5.6         | 9.5         | 7.6         | 8.7            | -1.0         | 4.4         | 6.5                | 6.5        | 6.7        |
| D Defensives                | 35.7                     | 5.4            | 4.6          | 7.7         | 10.5        | 10.0        | 9.3         | 6.1            | 3.3          | 6.9         | 5.0                | 5.3        | 5.7        |
| T Technology                | 3.5                      | -3.4           | -36.1        | 37.9        | 11.0        | 17.2        | 12.5        | -17.1          | -12.6        | 12.2        | 2.6                | 2.7        | 3.0        |
| F Financials                | 20.3                     | -70.8          | 54.3         | 25.1        | 14.9        | 9.6         | 7.7         | -45.5          | -16.0        | 21.9        | 5.9                | 4.6        | 5.6        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009



## Europe ex UK

### Consensus earnings, PE, dividends and dividend yields

|                             | Market cap<br>weight (%) | EPS growth (%) |              |             | PE (x)      |             |             | DPS growth (%) |             |             | Dividend yield (%) |            |            |
|-----------------------------|--------------------------|----------------|--------------|-------------|-------------|-------------|-------------|----------------|-------------|-------------|--------------------|------------|------------|
|                             |                          | 2008e          | 2009e        | 2010e       | 2008e       | 2009e       | 2010e       | 2008e          | 2009e       | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>        | <b>7.6</b>               | <b>12.2</b>    | <b>-33.4</b> | <b>20.1</b> | <b>6.0</b>  | <b>9.0</b>  | <b>7.5</b>  | <b>-2.3</b>    | <b>-6.5</b> | <b>4.7</b>  | <b>6.7</b>         | <b>6.3</b> | <b>6.6</b> |
| O Oil & Gas Producers       | 7.0                      | 10.4           | -35.3        | 22.6        | 6.0         | 9.2         | 7.5         | -3.1           | -4.5        | 4.4         | 6.8                | 6.5        | 6.8        |
| O Oil Equip Servs & Disn    | 0.6                      | 43.6           | -7.8         | -2.5        | 6.5         | 7.0         | 7.2         | 13.0           | -37.5       | 11.2        | 5.5                | 3.8        | 4.2        |
| <b>Basic Materials</b>      | <b>6.1</b>               | <b>10.3</b>    | <b>-51.3</b> | <b>35.4</b> | <b>6.4</b>  | <b>13.0</b> | <b>9.6</b>  | <b>-0.8</b>    | <b>-9.4</b> | <b>7.7</b>  | <b>4.9</b>         | <b>4.0</b> | <b>4.3</b> |
| C Chemicals                 | 4.1                      | 10.7           | -24.8        | 17.7        | 9.2         | 12.2        | 10.4        | 18.2           | -5.7        | 6.5         | 4.5                | 4.2        | 4.5        |
| C Forestry & Paper          | 0.2                      | -69.7          | -48.7        | 131.0       | 15.4        | 30.0        | 13.0        | -48.1          | -17.3       | 1.8         | 6.7                | 5.5        | 5.6        |
| C Industrial Metals         | 1.8                      | 18.3           | -75.3        | 80.0        | 3.6         | 14.6        | 8.1         | -26.5          | -26.5       | 11.5        | 5.8                | 3.3        | 3.6        |
| C Mining                    | 0.1                      | -15.0          | -20.5        | 9.4         | 7.2         | 9.0         | 8.2         | -47.4          | 31.2        | 14.4        | 3.3                | 4.3        | 4.9        |
| <b>Industrials</b>          | <b>12.1</b>              | <b>-8.5</b>    | <b>-17.7</b> | <b>3.8</b>  | <b>8.9</b>  | <b>10.8</b> | <b>10.4</b> | <b>-12.9</b>   | <b>-5.4</b> | <b>2.7</b>  | <b>4.2</b>         | <b>4.1</b> | <b>4.2</b> |
| C Construction & Matls      | 3.7                      | -17.6          | -21.1        | 1.5         | 7.7         | 9.8         | 9.6         | -22.9          | 4.9         | 0.9         | 4.2                | 4.4        | 4.5        |
| C Aerospace                 | 0.7                      | 137.3          | 1.0          | -2.3        | 7.4         | 7.3         | 7.5         | 4.7            | 13.5        | 8.8         | 3.1                | 3.5        | 3.8        |
| C General Industrials       | 1.6                      | -28.4          | 20.9         | 11.3        | 11.7        | 9.6         | 8.7         | 2.1            | -6.4        | -0.2        | 4.2                | 4.0        | 4.0        |
| T Electronic & Elect Equip  | 0.6                      | 0.7            | -32.9        | 5.3         | 7.7         | 11.5        | 10.9        | 4.4            | -23.5       | 3.2         | 6.0                | 4.6        | 4.8        |
| C Industrial Engineering    | 2.7                      | 2.7            | -32.1        | -6.9        | 8.6         | 12.6        | 13.5        | -17.8          | -14.1       | 1.0         | 4.2                | 3.5        | 3.5        |
| C Industrial Transportation | 2.0                      | -18.3          | -13.3        | 20.4        | 11.9        | 13.7        | 11.4        | -10.7          | -6.0        | 6.9         | 4.2                | 4.5        | 4.8        |
| C Support Services          | 0.8                      | 5.1            | -24.6        | 5.2         | 9.6         | 12.8        | 12.1        | -16.1          | -5.5        | 7.2         | 3.8                | 3.6        | 3.8        |
| <b>Consumer Goods</b>       | <b>15.5</b>              | <b>-17.4</b>   | <b>-29.6</b> | <b>33.6</b> | <b>12.4</b> | <b>17.6</b> | <b>13.2</b> | <b>-26.4</b>   | <b>3.8</b>  | <b>11.9</b> | <b>2.7</b>         | <b>2.7</b> | <b>3.0</b> |
| C Automobiles & Parts       | 4.3                      | -41.7          | -98.9        | 5,044.5     | 12.4        | 1,146.1     | 22.3        | -69.5          | 4.6         | 37.5        | 1.5                | 1.2        | 1.7        |
| D Beverages                 | 2.0                      | -5.2           | 26.7         | 16.7        | 13.7        | 10.8        | 9.2         | -54.4          | 30.6        | 15.0        | 1.8                | 2.3        | 2.6        |
| D Food Producers            | 5.0                      | 4.3            | -3.0         | 11.8        | 12.4        | 12.7        | 11.4        | 14.8           | -0.4        | 7.7         | 3.8                | 3.8        | 4.1        |
| C Household Goods           | 0.3                      | -15.6          | -15.1        | 17.0        | 10.9        | 12.8        | 10.9        | -52.4          | 36.9        | 25.2        | 1.8                | 2.4        | 3.1        |
| C Leisure Goods             | 0.4                      | 2.6            | -47.0        | 38.5        | 8.3         | 15.7        | 11.3        | 0.0            | -7.9        | 4.5         | 6.0                | 5.5        | 5.7        |
| C Personal Goods            | 3.5                      | -7.9           | -10.8        | 6.6         | 12.7        | 14.2        | 13.3        | -11.6          | 3.0         | 5.5         | 2.7                | 2.7        | 2.9        |
| D Tobacco                   | 0.1                      | 14.8           | 9.1          | 7.9         | 13.5        | 12.4        | 11.5        | 17.1           | 11.2        | 8.6         | 3.4                | 3.8        | 4.1        |
| <b>Health Care</b>          | <b>8.8</b>               | <b>6.3</b>     | <b>11.6</b>  | <b>9.7</b>  | <b>12.0</b> | <b>10.8</b> | <b>9.8</b>  | <b>11.3</b>    | <b>8.1</b>  | <b>9.9</b>  | <b>3.6</b>         | <b>3.9</b> | <b>4.3</b> |
| D Health Care Eq & Servs    | 1.3                      | 6.3            | 10.8         | 13.3        | 15.8        | 14.3        | 12.6        | -11.3          | 15.1        | 12.4        | 1.6                | 1.8        | 2.0        |
| D Pharmaceuticals & Bio     | 7.5                      | 6.4            | 11.7         | 9.3         | 11.5        | 10.3        | 9.5         | 13.5           | 7.6         | 9.7         | 3.9                | 4.2        | 4.7        |
| <b>Consumer Services</b>    | <b>6.6</b>               | <b>-10.9</b>   | <b>-4.9</b>  | <b>10.4</b> | <b>11.7</b> | <b>12.3</b> | <b>11.1</b> | <b>-4.9</b>    | <b>-1.6</b> | <b>7.1</b>  | <b>4.8</b>         | <b>4.6</b> | <b>4.9</b> |
| D Food & Drug Retailers     | 1.6                      | 3.0            | -2.9         | 9.3         | 11.4        | 11.8        | 10.8        | -0.1           | 3.7         | 6.6         | 3.3                | 3.4        | 3.6        |
| C General Retailers         | 1.8                      | -1.3           | -4.3         | 9.6         | 14.4        | 15.0        | 13.7        | 4.3            | 2.0         | 8.2         | 4.1                | 4.2        | 4.6        |
| C Media                     | 2.1                      | 0.4            | -6.7         | 4.6         | 9.2         | 9.9         | 9.4         | -4.2           | -2.1        | 4.5         | 6.4                | 6.0        | 6.2        |
| C Travel & Leisure          | 1.1                      | -49.0          | -4.1         | 30.5        | 14.9        | 15.5        | 11.9        | -18.1          | -11.0       | 12.6        | 5.1                | 4.2        | 4.8        |
| <b>Telecommunications</b>   | <b>7.8</b>               | <b>1.5</b>     | <b>2.0</b>   | <b>5.0</b>  | <b>9.3</b>  | <b>9.1</b>  | <b>8.7</b>  | <b>-3.1</b>    | <b>8.8</b>  | <b>7.4</b>  | <b>6.8</b>         | <b>7.4</b> | <b>7.9</b> |
| D Fixed-Line Telecoms       | 5.7                      | -0.2           | 3.1          | 5.9         | 9.3         | 9.0         | 8.5         | 8.7            | 8.5         | 6.0         | 7.0                | 7.6        | 8.0        |
| D Mobile Telecoms           | 2.1                      | 7.0            | -1.3         | 2.2         | 9.4         | 9.6         | 9.4         | -26.4          | 9.7         | 11.8        | 6.3                | 6.9        | 7.7        |
| <b>Utilities</b>            | <b>10.7</b>              | <b>3.6</b>     | <b>-0.3</b>  | <b>6.7</b>  | <b>9.9</b>  | <b>9.9</b>  | <b>9.3</b>  | <b>20.2</b>    | <b>-8.7</b> | <b>4.4</b>  | <b>6.2</b>         | <b>6.0</b> | <b>6.3</b> |
| D Electricity               | 5.8                      | 7.8            | -1.6         | 5.0         | 10.9        | 11.1        | 10.6        | 1.2            | -3.1        | 3.8         | 5.0                | 5.2        | 5.4        |
| D Gas, Water & Multi-Utils  | 4.9                      | -9.6           | 1.0          | 8.2         | 8.9         | 8.8         | 8.1         | 28.7           | -12.8       | 5.0         | 7.6                | 6.9        | 7.3        |
| <b>Financials</b>           | <b>20.8</b>              | <b>-79.5</b>   | <b>142.2</b> | <b>22.7</b> | <b>20.8</b> | <b>8.6</b>  | <b>7.0</b>  | <b>-56.0</b>   | <b>8.8</b>  | <b>23.6</b> | <b>5.0</b>         | <b>4.7</b> | <b>5.8</b> |
| F Banks                     | 13.2                     | -84.9          | 241.7        | 23.0        | 30.3        | 8.9         | 7.2         | -64.1          | 21.0        | 27.7        | 4.3                | 4.3        | 5.4        |
| F Non-Life Insurance        | 4.5                      | -56.2          | 23.9         | 21.6        | 9.0         | 7.3         | 6.0         | -42.2          | 5.3         | 17.3        | 5.5                | 5.5        | 6.4        |
| F Life insurance            | 1.0                      | -110.7         | n/m          | 47.7        | n/m         | 7.5         | 5.1         | -48.8          | -45.1       | 40.8        | 11.0               | 4.7        | 6.6        |
| F Real Estate               | 0.6                      | 4.6            | 13.7         | -3.0        | 13.4        | 11.8        | 12.2        | 6.7            | 0.5         | 1.3         | 7.4                | 7.4        | 7.5        |
| F General Financial         | 1.5                      | -79.4          | 98.1         | 8.9         | 22.1        | 11.2        | 10.3        | -8.9           | 3.4         | 15.9        | 4.7                | 4.9        | 5.7        |
| <b>Technology</b>           | <b>4.0</b>               | <b>-4.8</b>    | <b>-39.4</b> | <b>48.6</b> | <b>11.6</b> | <b>19.2</b> | <b>12.9</b> | <b>-24.3</b>   | <b>-9.2</b> | <b>15.0</b> | <b>2.2</b>         | <b>2.5</b> | <b>2.9</b> |
| T Softw & Comp Servs        | 1.6                      | 13.7           | -2.1         | 13.1        | 14.3        | 14.6        | 12.9        | -20.2          | 10.1        | 13.7        | 0.7                | 2.0        | 2.2        |
| T Tech Hardw & Equip        | 2.4                      | -12.0          | -57.8        | 89.2        | 10.3        | 24.4        | 12.9        | -24.6          | -10.8       | 15.6        | 3.2                | 2.8        | 3.3        |
| <b>MSCI Europe ex-UK</b>    | <b>100.0</b>             | <b>-29.4</b>   | <b>-1.8</b>  | <b>17.2</b> | <b>10.6</b> | <b>10.8</b> | <b>9.3</b>  | <b>-21.6</b>   | <b>0.4</b>  | <b>10.4</b> | <b>4.7</b>         | <b>4.5</b> | <b>5.0</b> |
| C Cyclical                  | 31.1                     | -10.1          | -33.6        | 20.9        | 9.2         | 13.9        | 11.5        | -16.9          | -3.7        | 6.8         | 3.9                | 3.6        | 3.9        |
| O Oil & gas                 | 7.6                      | 12.2           | -33.4        | 20.1        | 6.0         | 9.0         | 7.5         | -2.3           | -6.5        | 4.7         | 6.7                | 6.3        | 6.6        |
| D Defensives                | 35.9                     | 3.0            | 3.7          | 8.2         | 10.7        | 10.4        | 9.6         | 6.2            | 1.6         | 7.0         | 5.0                | 5.2        | 5.5        |
| T Technology                | 4.5                      | -3.8           | -38.3        | 40.3        | 10.9        | 17.7        | 12.6        | -17.1          | -13.7       | 12.5        | 2.7                | 2.7        | 3.1        |
| F Financials                | 20.8                     | -79.5          | 142.2        | 22.7        | 20.8        | 8.6         | 7.0         | -56.0          | 8.8         | 23.6        | 5.0                | 4.7        | 5.8        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009

## UK

### Consensus earnings, PE, dividends and dividend yields

|                             | Market cap (%) | EPS growth (%) |              |             | PE (x)      |             |             | DPS growth (%) |              |             | Dividend yield (%) |            |            |
|-----------------------------|----------------|----------------|--------------|-------------|-------------|-------------|-------------|----------------|--------------|-------------|--------------------|------------|------------|
|                             |                | 2008e          | 2009e        | 2010e       | 2008e       | 2009e       | 2010e       | 2008e          | 2009e        | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>        | <b>21.1</b>    | <b>23.4</b>    | <b>-46.8</b> | <b>28.4</b> | <b>5.3</b>  | <b>10.0</b> | <b>7.8</b>  | <b>20.9</b>    | <b>4.5</b>   | <b>4.2</b>  | <b>6.3</b>         | <b>6.6</b> | <b>6.9</b> |
| O Oil & Gas Producers       | 21.0           | 23.3           | -47.0        | 28.6        | 5.3         | 9.9         | 7.7         | 21.0           | 4.4          | 4.1         | 6.4                | 6.7        | 6.9        |
| O Oil Equip Servs & Disn    | 0.2            | 67.3           | 7.9          | 8.8         | 12.8        | 11.9        | 10.9        | 14.9           | 18.1         | 10.3        | 2.7                | 3.2        | 3.5        |
| <b>Basic Materials</b>      | <b>10.8</b>    | <b>5.7</b>     | <b>-55.4</b> | <b>17.4</b> | <b>5.4</b>  | <b>12.2</b> | <b>10.4</b> | <b>-18.4</b>   | <b>-6.5</b>  | <b>0.5</b>  | <b>3.0</b>         | <b>2.8</b> | <b>2.8</b> |
| C Chemicals                 | 0.3            | -2.3           | -14.6        | 12.6        | 14.3        | 16.7        | 14.8        | 2.6            | 0.1          | 4.9         | 3.0                | 3.0        | 3.2        |
| C Forestry & Paper          | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| C Industrial Metals         | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| C Mining                    | 10.5           | 5.8            | -55.7        | 17.4        | 5.4         | 12.1        | 10.3        | -18.8          | -6.7         | 0.3         | 3.0                | 2.8        | 2.8        |
| <b>Industrials</b>          | <b>4.7</b>     | <b>14.0</b>    | <b>0.1</b>   | <b>5.0</b>  | <b>9.8</b>  | <b>9.8</b>  | <b>9.3</b>  | <b>0.5</b>     | <b>1.2</b>   | <b>7.1</b>  | <b>3.9</b>         | <b>4.0</b> | <b>4.3</b> |
| C Construction & Matls      | 0.2            | 16.2           | -0.0         | -1.2        | 8.9         | 8.9         | 9.0         | 11.3           | 8.5          | 4.3         | 3.6                | 3.9        | 4.1        |
| C Aerospace                 | 2.0            | 17.7           | 5.4          | 4.8         | 9.0         | 8.5         | 8.2         | 11.4           | 6.6          | 6.1         | 4.2                | 4.5        | 4.8        |
| C General Industrials       | 0.6            | 41.9           | -0.3         | 7.9         | 9.2         | 9.2         | 8.6         | -9.6           | -2.8         | 2.1         | 6.0                | 5.8        | 5.9        |
| T Electronic & Elect Equip  | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| C Industrial Engineering    | 0.1            | 30.4           | -37.0        | 4.9         | 5.8         | 9.2         | 8.7         | 2.5            | 1.3          | 1.4         | 6.6                | 6.7        | 6.8        |
| C Industrial Transportation | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| C Support Services          | 1.8            | 0.2            | -3.2         | 5.0         | 11.7        | 12.1        | 11.6        | -8.3           | -5.7         | 12.9        | 2.9                | 2.7        | 3.1        |
| <b>Consumer Goods</b>       | <b>12.7</b>    | <b>13.3</b>    | <b>7.0</b>   | <b>8.6</b>  | <b>12.0</b> | <b>11.2</b> | <b>10.3</b> | <b>13.5</b>    | <b>11.8</b>  | <b>8.1</b>  | <b>4.3</b>         | <b>4.8</b> | <b>5.2</b> |
| C Automobiles & Parts       | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| D Beverages                 | 3.4            | 4.2            | 6.9          | 11.6        | 12.2        | 11.4        | 10.2        | 3.9            | 3.0          | 8.9         | 4.2                | 4.3        | 4.7        |
| D Food Producers            | 2.9            | 13.3           | -5.4         | 9.5         | 10.7        | 11.3        | 10.3        | 1.8            | 14.7         | 6.0         | 4.2                | 4.9        | 5.1        |
| C Household Goods           | 1.9            | 17.0           | 13.3         | -0.6        | 15.8        | 14.0        | 14.1        | 44.3           | 12.8         | 4.2         | 2.9                | 3.3        | 3.5        |
| C Leisure Goods             | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| C Personal Goods            | 0.1            | -16.0          | 2.1          | 10.5        | 12.6        | 12.3        | 11.1        | -0.6           | 0.2          | 8.2         | 3.6                | 3.6        | 3.9        |
| D Tobacco                   | 4.5            | 18.0           | 13.9         | 8.6         | 11.6        | 10.2        | 9.4         | 18.9           | 15.8         | 9.8         | 5.0                | 5.8        | 6.4        |
| <b>Health Care</b>          | <b>9.1</b>     | <b>21.3</b>    | <b>5.6</b>   | <b>3.8</b>  | <b>8.4</b>  | <b>8.0</b>  | <b>7.7</b>  | <b>9.1</b>     | <b>6.6</b>   | <b>6.8</b>  | <b>5.4</b>         | <b>5.7</b> | <b>6.1</b> |
| D Health Care Eq & Servs    | 0.4            | 44.4           | 4.4          | 11.7        | 12.3        | 11.8        | 10.6        | 48.4           | 9.9          | 13.5        | 1.9                | 2.1        | 2.4        |
| D Pharmaceuticals & Bio     | 8.7            | 21.0           | 5.7          | 3.6         | 8.3         | 7.8         | 7.6         | 8.9            | 6.5          | 6.7         | 5.5                | 5.9        | 6.3        |
| <b>Consumer Services</b>    | <b>10.2</b>    | <b>-12.7</b>   | <b>-1.8</b>  | <b>11.3</b> | <b>11.9</b> | <b>12.1</b> | <b>10.9</b> | <b>2.0</b>     | <b>-1.0</b>  | <b>9.1</b>  | <b>4.0</b>         | <b>4.0</b> | <b>4.3</b> |
| D Food & Drug Retailers     | 3.7            | 4.2            | 8.2          | 9.7         | 12.9        | 11.9        | 10.9        | 9.3            | 8.8          | 8.5         | 3.4                | 3.8        | 4.1        |
| C General Retailers         | 1.5            | -26.3          | -20.6        | 10.4        | 11.4        | 14.4        | 13.0        | -19.2          | -8.5         | 4.6         | 4.4                | 4.0        | 4.2        |
| C Media                     | 2.9            | 2.6            | -1.6         | 7.2         | 11.0        | 11.2        | 10.5        | -3.0           | 6.6          | 6.0         | 4.2                | 4.5        | 4.7        |
| C Travel & Leisure          | 2.3            | -38.1          | -4.5         | 20.3        | 11.7        | 12.3        | 10.2        | 11.0           | -17.6        | 17.9        | 4.5                | 3.7        | 4.3        |
| <b>Telecommunications</b>   | <b>7.2</b>     | <b>4.9</b>     | <b>7.3</b>   | <b>5.4</b>  | <b>8.2</b>  | <b>7.7</b>  | <b>7.3</b>  | <b>-6.0</b>    | <b>3.0</b>   | <b>3.9</b>  | <b>6.8</b>         | <b>7.0</b> | <b>7.3</b> |
| D Fixed-Line Telecomms      | 0.9            | -29.5          | 11.5         | 9.7         | 6.9         | 6.1         | 5.6         | -39.5          | 0.6          | 4.2         | 8.8                | 8.8        | 9.2        |
| D Mobile Telecomms          | 6.3            | 15.6           | 6.6          | 4.5         | 8.5         | 8.0         | 7.6         | 6.1            | 3.5          | 3.9         | 6.5                | 6.7        | 7.0        |
| <b>Utilities</b>            | <b>4.3</b>     | <b>-3.3</b>    | <b>9.8</b>   | <b>4.5</b>  | <b>10.1</b> | <b>9.2</b>  | <b>8.8</b>  | <b>3.2</b>     | <b>10.4</b>  | <b>5.8</b>  | <b>6.0</b>         | <b>6.6</b> | <b>7.0</b> |
| D Electricity               | 1.4            | 2.4            | -0.7         | 9.1         | 8.6         | 8.6         | 7.9         | 25.6           | 3.0          | 7.9         | 6.3                | 6.5        | 7.0        |
| D Gas, Water & Multi-Utils  | 2.9            | -7.0           | 16.4         | 2.0         | 11.1        | 9.5         | 9.3         | -5.8           | 14.3         | 4.8         | 5.8                | 6.6        | 7.0        |
| <b>Financials</b>           | <b>19.0</b>    | <b>-42.6</b>   | <b>-49.0</b> | <b>38.3</b> | <b>7.9</b>  | <b>15.5</b> | <b>11.2</b> | <b>-19.3</b>   | <b>-50.3</b> | <b>16.5</b> | <b>8.8</b>         | <b>4.4</b> | <b>5.1</b> |
| F Banks                     | 13.4           | -51.7          | -72.8        | 81.5        | 8.2         | 30.0        | 16.5        | -26.6          | -64.0        | 24.4        | 9.5                | 3.4        | 4.2        |
| F Non-Life Insurance        | 0.6            | 14.7           | -9.2         | 8.9         | 9.5         | 10.4        | 9.6         | 12.5           | 4.3          | 8.3         | 5.9                | 6.1        | 6.6        |
| F Life Insurance            | 2.5            | 9.9            | -6.4         | 4.8         | 4.2         | 4.5         | 4.3         | -14.9          | -7.0         | 11.7        | 7.9                | 7.3        | 8.2        |
| F Real Estate               | 1.3            | 7.3            | -18.8        | -5.0        | 11.0        | 13.6        | 14.3        | -2.0           | -11.2        | -6.0        | 6.4                | 5.7        | 5.3        |
| F General Financial         | 1.2            | n/m            | n/m          | 111.5       | n/m         | 17.2        | 8.1         | 12.9           | -8.0         | 6.4         | 7.2                | 6.6        | 7.0        |
| <b>Technology</b>           | <b>0.7</b>     | <b>13.4</b>    | <b>6.6</b>   | <b>10.1</b> | <b>12.7</b> | <b>11.9</b> | <b>10.8</b> | <b>-12.5</b>   | <b>10.6</b>  | <b>5.8</b>  | <b>2.0</b>         | <b>2.2</b> | <b>2.3</b> |
| T Softw & Comp Servs        | 0.7            | 13.4           | 6.6          | 10.1        | 12.7        | 11.9        | 10.8        | -12.5          | 10.6         | 5.8         | 2.0                | 2.2        | 2.3        |
| T Tech Hardw & Equip        | 0.0            | n/m            | n/m          | n/m         |             |             |             | n/m            | n/m          | n/m         |                    |            |            |
| <b>MSCI UK</b>              | <b>100.0</b>   | <b>-5.1</b>    | <b>-29.6</b> | <b>16.8</b> | <b>7.6</b>  | <b>10.7</b> | <b>9.2</b>  | <b>-2.4</b>    | <b>-11.6</b> | <b>7.3</b>  | <b>5.7</b>         | <b>5.1</b> | <b>5.4</b> |
| <b>Cyclicals</b>            | <b>24.0</b>    | <b>0.6</b>     | <b>-35.3</b> | <b>11.9</b> | <b>7.6</b>  | <b>11.7</b> | <b>10.5</b> | <b>-6.7</b>    | <b>-3.2</b>  | <b>5.2</b>  | <b>3.5</b>         | <b>3.4</b> | <b>3.6</b> |
| O Oil & gas                 | 21.1           | 23.4           | -46.8        | 28.4        | 5.3         | 10.0        | 7.8         | 20.9           | 4.5          | 4.2         | 6.3                | 6.6        | 6.9        |
| D Defensives                | 35.1           | 9.5            | 6.9          | 6.3         | 9.7         | 9.1         | 8.6         | 3.5            | 7.7          | 6.5         | 5.3                | 5.7        | 6.1        |
| T Technology                | 0.7            | 13.4           | 6.6          | 10.1        | 12.7        | 11.9        | 10.8        | -12.5          | 10.6         | 5.8         | 2.0                | 2.2        | 2.3        |
| F Financials                | 19.0           | -42.6          | -49.0        | 38.3        | 7.9         | 15.5        | 11.2        | -19.3          | -50.3        | 16.5        | 8.8                | 4.4        | 5.1        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009

## US

### Consensus earnings, PE, dividends and dividend yields

|                             | Market cap<br>weight (%) | EPS growth (%) |              |             | PE (x)      |             |             | DPS growth (%) |              |             | Dividend yield (%) |            |            |
|-----------------------------|--------------------------|----------------|--------------|-------------|-------------|-------------|-------------|----------------|--------------|-------------|--------------------|------------|------------|
|                             |                          | 2008e          | 2009e        | 2010e       | 2008e       | 2009e       | 2010e       | 2008e          | 2009e        | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>        | <b>12.3</b>              | <b>21.3</b>    | <b>-55.1</b> | <b>34.2</b> | <b>6.5</b>  | <b>14.5</b> | <b>10.8</b> | <b>11.1</b>    | <b>2.2</b>   | <b>6.6</b>  | <b>2.4</b>         | <b>2.4</b> | <b>2.6</b> |
| O Oil & Gas Producers       | 10.0                     | 21.2           | -60.5        | 50.1        | 6.5         | 16.5        | 11.0        | 10.8           | 3.8          | 6.7         | 2.4                | 2.5        | 2.7        |
| O Oil Equip Servs & Disn    | 2.2                      | 23.8           | -32.0        | -5.5        | 6.3         | 9.3         | 9.8         | 16.8           | -6.6         | 6.4         | 2.0                | 1.8        | 2.0        |
| <b>Basic Materials</b>      | <b>2.6</b>               | <b>-5.3</b>    | <b>-52.0</b> | <b>54.3</b> | <b>8.6</b>  | <b>18.0</b> | <b>11.6</b> | <b>4.4</b>     | <b>-28.6</b> | <b>2.3</b>  | <b>3.6</b>         | <b>2.6</b> | <b>2.6</b> |
| C Chemicals                 | 1.5                      | -10.7          | -27.5        | 24.1        | 9.9         | 13.6        | 11.0        | 7.1            | -20.0        | 2.8         | 4.0                | 3.2        | 3.3        |
| C Forestry & Paper          | 0.0                      | -9.0           | -101.5       | n/m         | 3.9         | n/m         | 27.0        | 0.0            | -33.3        | -16.7       | 12.7               | 8.4        | 7.0        |
| C Industrial Metals         | 0.6                      | -10.8          | -103.0       | n/m         | 5.8         | n/m         | 14.0        | 0.3            | -55.7        | 5.6         | 4.0                | 1.8        | 1.9        |
| C Mining                    | 0.4                      | 86.5           | 4.5          | 12.3        | 12.8        | 12.3        | 10.9        | 7.5            | 4.8          | 4.0         | 1.0                | 1.0        | 1.1        |
| <b>Industrials</b>          | <b>11.2</b>              | <b>-1.2</b>    | <b>-25.7</b> | <b>7.8</b>  | <b>9.3</b>  | <b>12.5</b> | <b>11.6</b> | <b>9.1</b>     | <b>-8.2</b>  | <b>-6.7</b> | <b>3.7</b>         | <b>3.4</b> | <b>3.1</b> |
| C Construction & Matls      | 0.7                      | -23.6          | -28.8        | 27.2        | 14.0        | 19.7        | 15.5        | 6.1            | -28.7        | 3.0         | 3.1                | 2.2        | 2.3        |
| C Aerospace                 | 2.2                      | 4.0            | -5.1         | 6.8         | 8.8         | 9.2         | 8.7         | 14.0           | 4.3          | 4.3         | 2.9                | 3.1        | 3.2        |
| C General Industrials       | 2.8                      | -10.4          | -34.5        | 1.3         | 7.7         | 11.8        | 11.7        | 7.3            | -19.5        | -20.8       | 6.8                | 5.5        | 4.3        |
| T Electronic & Elect Equip  | 1.0                      | 8.8            | -37.0        | 10.3        | 8.9         | 14.2        | 12.8        | 10.5           | 0.0          | 2.3         | 1.9                | 1.9        | 1.9        |
| C Industrial Engineering    | 1.3                      | 6.5            | -49.0        | 4.2         | 7.3         | 14.4        | 13.8        | 12.9           | 3.0          | -0.1        | 3.2                | 3.3        | 3.3        |
| C Industrial Transportation | 1.7                      | 4.9            | -17.4        | 17.3        | 11.8        | 14.3        | 12.2        | 19.9           | 6.8          | 5.9         | 2.4                | 2.6        | 2.7        |
| C Support Services          | 1.5                      | 8.9            | -6.5         | 9.1         | 13.0        | 13.9        | 12.8        | -2.7           | 14.4         | 2.0         | 2.2                | 2.5        | 2.3        |
| <b>Consumer Goods</b>       | <b>10.6</b>              | <b>-46.0</b>   | <b>0.5</b>   | <b>54.2</b> | <b>20.8</b> | <b>20.7</b> | <b>13.3</b> | <b>-3.9</b>    | <b>2.1</b>   | <b>7.2</b>  | <b>3.6</b>         | <b>3.7</b> | <b>3.9</b> |
| C Automobiles & Parts       | 0.4                      | -809.0         | n/m          | n/m         | n/m         | n/m         | n/m         | -16.7          | -36.1        | -6.7        | 3.4                | 2.2        | 2.0        |
| D Beverages                 | 2.7                      | 10.4           | -0.3         | 9.0         | 13.7        | 13.8        | 12.6        | 13.2           | 7.3          | 6.7         | 3.0                | 3.3        | 3.5        |
| D Food Producers            | 2.4                      | 12.4           | 6.9          | 6.3         | 13.3        | 12.5        | 11.8        | 17.4           | -1.2         | 6.0         | 3.1                | 3.1        | 3.2        |
| C Household Goods           | 2.2                      | -5.1           | 44.3         | 4.5         | 19.4        | 13.4        | 12.4        | 11.5           | 1.3          | 11.6        | 3.1                | 3.1        | 3.5        |
| C Leisure Goods             | 0.4                      | -61.6          | 10.9         | 19.3        | 17.2        | 15.5        | 13.0        | -7.9           | -8.9         | 12.6        | 2.0                | 1.8        | 2.0        |
| C Personal Goods            | 0.9                      | 10.8           | -3.6         | 9.7         | 9.9         | 10.3        | 9.4         | 8.4            | 7.5          | 9.8         | 3.7                | 3.9        | 4.3        |
| D Tobacco                   | 1.6                      | -49.2          | -7.8         | 9.9         | 10.2        | 11.1        | 10.1        | -35.2          | 5.7          | 5.3         | 6.2                | 6.6        | 7.0        |
| <b>Health Care</b>          | <b>13.1</b>              | <b>7.6</b>     | <b>0.8</b>   | <b>10.8</b> | <b>10.8</b> | <b>10.7</b> | <b>9.6</b>  | <b>8.4</b>     | <b>-3.2</b>  | <b>4.6</b>  | <b>2.6</b>         | <b>2.5</b> | <b>2.7</b> |
| D Health Care Eq & Servs    | 4.2                      | 1.8            | 6.6          | 10.6        | 11.5        | 10.8        | 9.8         | 26.5           | 4.5          | 8.2         | 0.6                | 0.7        | 0.8        |
| D Pharmaceuticals & Bio     | 8.9                      | 10.1           | -1.7         | 10.9        | 10.4        | 10.6        | 9.6         | 6.7            | -3.8         | 4.3         | 3.5                | 3.4        | 3.5        |
| <b>Consumer Services</b>    | <b>13.0</b>              | <b>-0.0</b>    | <b>-14.0</b> | <b>14.0</b> | <b>12.3</b> | <b>14.3</b> | <b>12.5</b> | <b>18.1</b>    | <b>-6.8</b>  | <b>8.8</b>  | <b>1.8</b>         | <b>1.7</b> | <b>1.8</b> |
| D Food & Drug Retailers     | 1.8                      | 13.5           | 0.8          | 11.1        | 11.2        | 11.1        | 10.0        | 16.8           | 4.1          | 5.9         | 1.6                | 1.6        | 1.7        |
| C General Retailers         | 6.8                      | -4.8           | -9.5         | 13.0        | 15.0        | 16.5        | 14.6        | 12.9           | 0.2          | 7.1         | 1.6                | 1.6        | 1.7        |
| C Media                     | 2.6                      | 6.6            | -31.2        | 15.0        | 8.2         | 11.9        | 10.3        | 28.5           | -22.3        | 6.5         | 1.9                | 1.4        | 1.5        |
| C Travel & Leisure          | 1.9                      | -8.2           | -6.4         | 19.2        | 13.9        | 14.9        | 12.5        | 9.0            | -13.3        | 17.7        | 2.6                | 2.2        | 2.6        |
| <b>Telecommunications</b>   | <b>3.5</b>               | <b>-7.3</b>    | <b>-18.4</b> | <b>12.4</b> | <b>11.6</b> | <b>14.2</b> | <b>12.6</b> | <b>13.3</b>    | <b>3.7</b>   | <b>3.1</b>  | <b>5.8</b>         | <b>5.9</b> | <b>6.1</b> |
| D Fixed-Line Telecoms       | 3.3                      | 1.5            | -15.7        | 10.7        | 11.2        | 13.2        | 12.0        | 13.4           | 3.7          | 3.1         | 6.1                | 6.3        | 6.5        |
| D Mobile Telecoms           | 0.2                      | -74.1          | -100.5       | n/m         | 24.0        | n/m         | 59.4        | 9.1            | n/m          | n/m         | 1.6                | 0.1        | n/a        |
| <b>Utilities</b>            | <b>4.0</b>               | <b>2.9</b>     | <b>-3.3</b>  | <b>9.5</b>  | <b>10.4</b> | <b>10.8</b> | <b>9.9</b>  | <b>7.1</b>     | <b>3.3</b>   | <b>4.9</b>  | <b>4.9</b>         | <b>5.0</b> | <b>5.3</b> |
| D Electricity               | 3.0                      | 2.8            | -1.1         | 9.4         | 10.5        | 10.6        | 9.7         | 8.1            | 4.3          | 5.1         | 4.7                | 4.9        | 5.1        |
| D Gas, Water & Multi-Utils  | 0.9                      | 3.9            | -10.4        | 10.0        | 10.3        | 11.5        | 10.4        | 4.7            | 0.5          | 4.4         | 5.4                | 5.4        | 5.7        |
| <b>Financials</b>           | <b>13.5</b>              | <b>-116.4</b>  | <b>n/m</b>   | <b>53.2</b> | <b>n/m</b>  | <b>16.6</b> | <b>10.8</b> | <b>-9.1</b>    | <b>-55.8</b> | <b>0.4</b>  | <b>5.5</b>         | <b>2.5</b> | <b>2.5</b> |
| F Banks                     | 5.3                      | -127.4         | n/m          | 227.1       | n/m         | 39.6        | 12.1        | -16.9          | -77.9        | -12.3       | 8.5                | 1.9        | 1.6        |
| F Non-Life Insurance        | 1.9                      | -205.9         | n/m          | 10.7        | n/m         | 7.7         | 6.9         | 1.6            | -18.9        | 18.2        | 4.2                | 2.5        | 2.9        |
| F Life insurance            | 0.8                      | -29.2          | 11.8         | 16.8        | 6.9         | 6.1         | 5.2         | -14.1          | 0.5          | 5.5         | 3.0                | 3.0        | 3.1        |
| F Real Estate               | 1.1                      | -8.2           | -32.6        | -12.3       | 15.2        | 22.6        | 25.7        | 6.7            | -15.7        | 4.2         | 9.3                | 7.9        | 8.2        |
| F General Financial         | 4.4                      | -24.5          | -16.0        | 34.8        | 14.9        | 17.5        | 13.0        | 3.5            | -18.8        | 0.2         | 2.0                | 1.8        | 1.8        |
| <b>Technology</b>           | <b>16.2</b>              | <b>12.4</b>    | <b>-21.6</b> | <b>20.7</b> | <b>13.2</b> | <b>16.8</b> | <b>13.9</b> | <b>20.6</b>    | <b>-0.5</b>  | <b>2.2</b>  | <b>0.8</b>         | <b>0.8</b> | <b>0.8</b> |
| T Softw & Comp Servs        | 7.6                      | 21.8           | -3.5         | 10.3        | 12.5        | 12.9        | 11.7        | 29.4           | 2.1          | 3.0         | 0.4                | 0.4        | 0.5        |
| T Tech Hardw & Equip        | 8.6                      | 4.5            | -39.3        | 36.9        | 13.9        | 22.8        | 16.7        | 18.1           | -1.4         | 1.9         | 1.2                | 1.2        | 1.2        |
| <b>MSCI US</b>              | <b>100.0</b>             | <b>-19.2</b>   | <b>-12.3</b> | <b>24.2</b> | <b>12.6</b> | <b>14.4</b> | <b>11.6</b> | <b>4.5</b>     | <b>-15.2</b> | <b>3.1</b>  | <b>3.0</b>         | <b>2.6</b> | <b>2.6</b> |
| C Cyclicals                 | 28.1                     | -14.5          | -25.1        | 28.3        | 12.3        | 16.4        | 12.7        | 9.0            | -9.8         | 0.7         | 2.9                | 2.6        | 2.6        |
| O Oil & gas                 | 12.3                     | 21.3           | -55.1        | 34.2        | 6.5         | 14.5        | 10.8        | 11.1           | 2.2          | 6.6         | 2.4                | 2.4        | 2.6        |
| D Defensives                | 28.9                     | 2.7            | -2.2         | 10.3        | 11.2        | 11.5        | 10.4        | 6.1            | 1.4          | 4.8         | 3.5                | 3.6        | 3.7        |
| T Technology                | 17.2                     | 12.2           | -22.9        | 20.0        | 12.8        | 16.6        | 13.9        | 19.6           | -0.5         | 2.2         | 0.9                | 0.9        | 0.9        |
| F Financials                | 13.5                     | -116.4         | n/m          | 53.2        | n/m         | 16.6        | 10.8        | -9.1           | -55.8        | 0.4         | 5.5                | 2.5        | 2.5        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009

## Japan

### Consensus earnings, PE, dividends and dividend yields

|                             | Market cap weight (%) | EPS growth (%) |                |                 | PE (x)         |                |             | DPS growth (%) |              |             | Dividend yield (%) |            |            |
|-----------------------------|-----------------------|----------------|----------------|-----------------|----------------|----------------|-------------|----------------|--------------|-------------|--------------------|------------|------------|
|                             |                       | 2008e          | 2009e          | 2010e           | 2008e          | 2009e          | 2010e       | 2008e          | 2009e        | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>        | <b>2.0</b>            | <b>-125.3</b>  | <b>n/m</b>     | <b>31.9</b>     | <b>n/m</b>     | <b>14.3</b>    | <b>10.8</b> | <b>11.0</b>    | <b>-0.1</b>  | <b>0.5</b>  | <b>2.5</b>         | <b>2.5</b> | <b>2.5</b> |
| O Oil & Gas Producers       | 2.0                   | -125.3         | n/m            | 31.9            | n/m            | 14.3           | 10.8        | 11.0           | -0.1         | 0.5         | 2.5                | 2.5        | 2.5        |
| O Oil Equip Servs & Disn    | 0.0                   | n/m            | n/m            | n/m             |                |                |             | n/m            | n/m          | n/m         |                    |            |            |
| <b>Basic Materials</b>      | <b>7.5</b>            | <b>-77.3</b>   | <b>-74.9</b>   | <b>546.4</b>    | <b>31.8</b>    | <b>126.9</b>   | <b>19.6</b> | <b>-22.8</b>   | <b>-25.9</b> | <b>10.2</b> | <b>2.5</b>         | <b>1.8</b> | <b>2.0</b> |
| C Chemicals                 | 3.8                   | -92.2          | 48.7           | 218.4           | 108.2          | 72.8           | 22.9        | -13.0          | -14.5        | 3.2         | 2.4                | 2.0        | 2.1        |
| C Forestry & Paper          | 0.3                   | -49.8          | 347.2          | 5.8             | 78.5           | 17.6           | 16.6        | -6.0           | 0.0          | 3.4         | 2.8                | 2.8        | 2.9        |
| C Industrial Metals         | 3.3                   | -66.2          | -106.0         | n/m             | 17.1           | n/m            | 17.2        | -32.2          | -40.6        | 22.1        | 2.6                | 1.5        | 1.9        |
| C Mining                    | 0.0                   | n/m            | n/m            | n/m             |                |                |             | n/m            | n/m          | n/m         |                    |            |            |
| <b>Industrials</b>          | <b>17.1</b>           | <b>-78.2</b>   | <b>14.4</b>    | <b>102.5</b>    | <b>37.7</b>    | <b>32.9</b>    | <b>16.3</b> | <b>-15.3</b>   | <b>-30.8</b> | <b>10.4</b> | <b>2.3</b>         | <b>1.6</b> | <b>1.8</b> |
| C Construction & Matls      | 1.9                   | -92.0          | 177.9          | 136.5           | 130.5          | 46.9           | 19.8        | -18.7          | -12.2        | -3.9        | 2.5                | 2.2        | 2.1        |
| C Aerospace                 | 0.0                   | n/m            | n/m            | n/m             |                |                |             | n/m            | n/m          | n/m         |                    |            |            |
| C General Industrials       | 1.0                   | -194.5         | n/m            | n/m             | n/m            | n/m            | 16.9        | -56.4          | -47.2        | 51.0        | 1.3                | 0.7        | 1.1        |
| T Electronic & Elect Equip  | 4.2                   | -201.4         | n/m            | n/m             | n/m            | n/m            | 32.6        | -12.4          | -21.5        | 6.4         | 1.8                | 1.4        | 1.5        |
| C Industrial Engineering    | 4.8                   | -65.9          | -69.2          | 238.2           | 26.5           | 86.2           | 25.5        | -13.8          | -38.1        | 14.2        | 2.0                | 1.2        | 1.4        |
| C Industrial Transportation | 1.2                   | -41.5          | -29.8          | 4.4             | 9.6            | 13.7           | 13.2        | -17.6          | -34.0        | -6.2        | 3.3                | 2.2        | 2.0        |
| C Support Services          | 4.0                   | -18.1          | -33.4          | 27.1            | 7.0            | 10.4           | 8.2         | -7.2           | -34.8        | 19.6        | 3.2                | 2.1        | 2.5        |
| <b>Consumer Goods</b>       | <b>25.4</b>           | <b>-111.4</b>  | <b>n/m</b>     | <b>n/m</b>      | <b>n/m</b>     | <b>n/m</b>     | <b>25.8</b> | <b>-23.7</b>   | <b>-27.6</b> | <b>15.4</b> | <b>2.3</b>         | <b>1.6</b> | <b>1.9</b> |
| C Automobiles & Parts       | 14.1                  | -116.6         | n/m            | n/m             | n/m            | n/m            | 37.0        | -39.7          | -44.9        | 40.5        | 2.0                | 1.1        | 1.6        |
| D Beverages                 | 1.0                   | 1.7            | -13.7          | 6.7             | 15.5           | 17.9           | 16.8        | 8.1            | -0.2         | 1.9         | 2.0                | 2.0        | 2.0        |
| D Food Producers            | 1.1                   | -40.0          | 72.5           | 16.0            | 37.4           | 21.7           | 18.7        | 1.3            | 1.1          | 2.1         | 1.5                | 1.5        | 1.5        |
| C Household Goods           | 0.8                   | -54.7          | 58.4           | 29.6            | 28.0           | 17.7           | 13.6        | -23.1          | -7.4         | 2.5         | 2.9                | 2.7        | 2.8        |
| C Leisure Goods             | 5.9                   | -138.3         | n/m            | 823.0           | n/m            | 207.6          | 22.5        | 5.6            | -17.8        | -2.2        | 3.1                | 2.5        | 2.5        |
| C Personal Goods            | 1.3                   | -64.1          | 122.3          | 17.0            | 44.4           | 20.0           | 17.1        | 6.0            | 1.1          | 6.8         | 2.4                | 2.5        | 2.6        |
| D Tobacco                   | 1.2                   | -38.9          | 7.0            | 27.0            | 17.9           | 16.8           | 13.2        | 8.3            | 3.4          | 5.7         | 1.9                | 2.0        | 2.1        |
| <b>Health Care</b>          | <b>5.8</b>            | <b>-69.4</b>   | <b>183.5</b>   | <b>6.3</b>      | <b>40.0</b>    | <b>14.1</b>    | <b>13.3</b> | <b>1.8</b>     | <b>5.0</b>   | <b>5.0</b>  | <b>3.3</b>         | <b>3.5</b> | <b>3.7</b> |
| D Health Care Eq & Servs    | 0.6                   | -110.0         | n/m            | 112.5           | n/m            | 47.8           | 22.5        | -18.2          | -16.0        | 9.7         | 1.1                | 0.9        | 1.0        |
| D Pharmaceuticals & Bio     | 5.2                   | -65.0          | 166.7          | 3.1             | 34.9           | 13.1           | 12.7        | 2.6            | 5.7          | 4.8         | 3.6                | 3.8        | 4.0        |
| <b>Consumer Services</b>    | <b>9.0</b>            | <b>-35.3</b>   | <b>15.7</b>    | <b>24.5</b>     | <b>23.0</b>    | <b>19.9</b>    | <b>16.0</b> | <b>4.9</b>     | <b>0.3</b>   | <b>6.8</b>  | <b>1.7</b>         | <b>1.7</b> | <b>1.9</b> |
| D Food & Drug Retailers     | 0.3                   | 10.0           | 10.4           | 6.1             | 15.3           | 13.9           | 13.1        | n/m            | 0.7          | -1.5        | 3.5                | 3.5        | 3.5        |
| C General Retailers         | 3.1                   | -47.1          | 83.3           | 12.7            | 30.5           | 16.6           | 14.8        | 10.6           | 1.0          | 3.6         | 1.8                | 1.9        | 1.9        |
| C Media                     | 1.2                   | -46.9          | 18.4           | 20.6            | 30.4           | 25.7           | 21.3        | 8.6            | -4.6         | 3.8         | 2.3                | 2.2        | 2.3        |
| C Travel & Leisure          | 4.4                   | -27.9          | -14.7          | 38.8            | 19.1           | 22.4           | 16.1        | 1.4            | 1.6          | 12.4        | 1.4                | 1.4        | 1.6        |
| <b>Telecommunications</b>   | <b>7.0</b>            | <b>-5.0</b>    | <b>5.8</b>     | <b>5.0</b>      | <b>10.5</b>    | <b>9.9</b>     | <b>9.5</b>  | <b>5.2</b>     | <b>4.1</b>   | <b>2.0</b>  | <b>2.8</b>         | <b>2.9</b> | <b>2.9</b> |
| D Fixed-Line Telecoms       | 2.6                   | -11.8          | -2.6           | 3.1             | 9.2            | 9.5            | 9.2         | 17.9           | 6.1          | 2.6         | 2.8                | 3.0        | 3.1        |
| D Mobile Telecoms           | 4.4                   | 0.7            | 12.0           | 6.3             | 11.5           | 10.2           | 9.6         | -1.3           | 2.9          | 1.6         | 2.7                | 2.8        | 2.9        |
| <b>Utilities</b>            | <b>6.0</b>            | <b>-95.8</b>   | <b>7,079.1</b> | <b>-11.6</b>    | <b>1,186.0</b> | <b>16.5</b>    | <b>18.7</b> | <b>-1.1</b>    | <b>1.7</b>   | <b>1.7</b>  | <b>2.6</b>         | <b>2.7</b> | <b>2.7</b> |
| D Electricity               | 5.2                   | -136.7         | n/m            | -10.6           | n/m            | 17.3           | 19.4        | -2.1           | 1.6          | 1.8         | 2.7                | 2.7        | 2.8        |
| D Gas, Water & Multi-Utils  | 0.8                   | -19.8          | 88.2           | -16.0           | 24.1           | 12.8           | 15.2        | 1.2            | 2.3          | 0.6         | 2.3                | 2.3        | 2.3        |
| <b>Financials</b>           | <b>13.6</b>           | <b>-159.9</b>  | <b>n/m</b>     | <b>31.4</b>     | <b>n/m</b>     | <b>17.5</b>    | <b>13.4</b> | <b>-16.1</b>   | <b>0.5</b>   | <b>6.3</b>  | <b>2.4</b>         | <b>2.4</b> | <b>2.5</b> |
| F Banks                     | 8.7                   | -128.1         | n/m            | 21.7            | n/m            | 14.3           | 11.7        | -10.8          | 6.2          | 7.9         | 2.4                | 2.5        | 2.7        |
| F Non-Life Insurance        | 2.2                   | -116.5         | n/m            | 29.8            | n/m            | 23.9           | 18.4        | -1.4           | 3.4          | 4.5         | 1.9                | 2.0        | 2.1        |
| F Life insurance            | 0.7                   | -201.3         | n/m            | 21.1            | n/m            | 27.3           | 22.5        | -20.8          | 8.4          | 8.0         | 1.2                | 1.3        | 1.5        |
| F Real Estate               | 0.0                   | n/m            | n/m            | n/m             |                |                |             | n/m            | n/m          | n/m         |                    |            |            |
| F General Financial         | 2.1                   | -386.9         | n/m            | 150.7           | n/m            | 39.7           | 15.9        | -37.8          | -19.5        | 0.8         | 3.2                | 2.6        | 2.6        |
| <b>Technology</b>           | <b>6.7</b>            | <b>-109.8</b>  | <b>n/m</b>     | <b>18,722.3</b> | <b>n/m</b>     | <b>5,366.3</b> | <b>28.5</b> | <b>-12.3</b>   | <b>-28.4</b> | <b>13.5</b> | <b>2.2</b>         | <b>1.6</b> | <b>1.8</b> |
| T Softw & Comp Servs        | 1.6                   | 9.0            | 3.7            | 6.9             | 16.7           | 16.1           | 15.1        | 4.8            | -0.6         | 5.7         | 1.8                | 1.8        | 1.9        |
| T Tech Hardw & Equip        | 5.1                   | -131.8         | n/m            | n/m             | n/m            | n/m            | 40.0        | -15.8          | -35.2        | 16.4        | 2.4                | 1.5        | 1.8        |
| <b>MSCI Japan</b>           | <b>100.0</b>          | <b>-92.8</b>   | <b>354.8</b>   | <b>76.3</b>     | <b>135.5</b>   | <b>29.8</b>    | <b>16.9</b> | <b>-13.6</b>   | <b>-14.6</b> | <b>8.3</b>  | <b>2.4</b>         | <b>2.0</b> | <b>2.2</b> |
| C Cyclical                  | 51.2                  | -85.2          | -16.6          | 249.9           | 56.9           | 68.3           | 19.5        | -20.5          | -26.8        | 13.1        | 2.3                | 1.7        | 1.9        |
| O Oil & gas                 | 2.0                   | -125.3         | n/m            | 31.9            | n/m            | 14.3           | 10.8        | 11.0           | -0.1         | 0.5         | 2.5                | 2.5        | 2.5        |
| D Defensives                | 22.3                  | -34.9          | 68.5           | 3.1             | 22.5           | 13.3           | 12.9        | 2.7            | 3.5          | 3.0         | 2.7                | 2.8        | 2.9        |
| T Technology                | 10.9                  | -142.6         | n/m            | n/m             | n/m            | n/m            | 30.0        | -12.3          | -26.1        | 11.0        | 2.1                | 1.5        | 1.7        |
| F Financials                | 13.6                  | -159.9         | n/m            | 31.4            | n/m            | 17.5           | 13.4        | -16.1          | 0.5          | 6.3         | 2.4                | 2.4        | 2.5        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009

## Asia ex-Japan

### Consensus earnings, PE, dividends and dividend yields

|                                 | Market cap<br>weight (%) | EPS growth (%) |              |              | PE (x)      |              |             | DPS growth (%) |              |             | Dividend yield (%) |            |            |
|---------------------------------|--------------------------|----------------|--------------|--------------|-------------|--------------|-------------|----------------|--------------|-------------|--------------------|------------|------------|
|                                 |                          | 2008e          | 2009e        | 2010e        | 2008e       | 2009e        | 2010e       | 2008e          | 2009e        | 2010e       | 2008e              | 2009e      | 2010e      |
| <b>Oil &amp; Gas</b>            | <b>9.8</b>               | <b>-5.5</b>    | <b>-7.8</b>  | <b>23.3</b>  | <b>11.7</b> | <b>12.7</b>  | <b>10.3</b> | <b>-14.3</b>   | <b>-10.4</b> | <b>17.4</b> | <b>3.4</b>         | <b>2.8</b> | <b>3.2</b> |
| O Oil & Gas Producers           | 9.7                      | -6.0           | -8.2         | 23.7         | 11.7        | 12.7         | 10.3        | -15.1          | -10.7        | 17.7        | 3.4                | 2.7        | 3.2        |
| O Oil Equip Servs & Disn        | 0.1                      | 35.8           | 17.3         | 3.5          | 11.1        | 9.4          | 9.1         | 43.2           | 3.4          | 7.4         | 3.9                | 4.2        | 4.6        |
| <b>Basic Materials</b>          | <b>9.5</b>               | <b>-24.3</b>   | <b>-14.3</b> | <b>16.0</b>  | <b>10.7</b> | <b>12.5</b>  | <b>10.8</b> | <b>9.0</b>     | <b>0.2</b>   | <b>10.9</b> | <b>4.5</b>         | <b>3.0</b> | <b>3.3</b> |
| C Chemicals                     | 2.1                      | -57.3          | 36.6         | 26.7         | 17.9        | 13.1         | 10.4        | 0.8            | -16.2        | 20.6        | 8.0                | 3.4        | 4.1        |
| C Forestry & Paper              | 0.0                      | n/m            | n/m          | n/m          |             |              |             | n/m            | n/m          | n/m         |                    |            |            |
| C Industrial Metals             | 3.0                      | -38.5          | -16.5        | 37.6         | 9.9         | 11.9         | 8.6         | -7.6           | -31.1        | 17.4        | 4.1                | 2.2        | 2.5        |
| C Mining                        | 4.4                      | 15.0           | -25.8        | -4.2         | 9.4         | 12.7         | 13.3        | 28.1           | 27.8         | 3.4         | 3.2                | 3.3        | 3.4        |
| <b>Industrials</b>              | <b>12.3</b>              | <b>-29.8</b>   | <b>-14.0</b> | <b>22.6</b>  | <b>12.1</b> | <b>14.1</b>  | <b>11.5</b> | <b>-5.7</b>    | <b>-23.4</b> | <b>4.7</b>  | <b>4.1</b>         | <b>3.2</b> | <b>3.3</b> |
| C Construction & Matls          | 3.3                      | -8.6           | -2.6         | 8.6          | 12.6        | 13.1         | 12.1        | -7.4           | -16.6        | 6.1         | 3.1                | 2.9        | 3.0        |
| C Aerospace                     | 0.2                      | -7.1           | 1.4          | 6.3          | 16.3        | 16.1         | 15.1        | n/m            | n/m          | 6.7         | 6.6                | 5.8        | 6.2        |
| C General Industrials           | 3.4                      | -46.4          | 9.6          | 12.4         | 13.7        | 12.5         | 11.1        | 16.4           | -22.0        | 6.4         | 4.7                | 3.6        | 3.8        |
| T Electronic & Elect Equip      | 1.4                      | -30.9          | -2.7         | 27.5         | 16.8        | 17.2         | 13.5        | -28.7          | -22.2        | 1.5         | 3.1                | 2.1        | 2.1        |
| C Industrial Engineering        | 2.0                      | 1.9            | 10.9         | 25.2         | 10.2        | 9.3          | 7.5         | -7.9           | 9.6          | 8.3         | 2.4                | 2.4        | 2.6        |
| C Industrial Transportation     | 1.9                      | -46.1          | -83.7        | 191.8        | 9.3         | 56.7         | 19.4        | -8.1           | -35.8        | -2.1        | 7.5                | 4.3        | 4.2        |
| C Support Services              | 0.2                      | 40.1           | -38.7        | 22.7         | 10.4        | 17.0         | 13.9        | 26.3           | -43.3        | 22.6        | 4.2                | 2.8        | 3.5        |
| <b>Consumer Goods</b>           | <b>7.1</b>               | <b>-3.3</b>    | <b>-0.6</b>  | <b>17.8</b>  | <b>14.0</b> | <b>14.1</b>  | <b>12.0</b> | <b>1.2</b>     | <b>0.6</b>   | <b>10.5</b> | <b>2.6</b>         | <b>2.9</b> | <b>3.2</b> |
| C Automobiles & Parts           | 1.5                      | 5.8            | 2.1          | 16.3         | 11.2        | 11.0         | 9.5         | 8.0            | 3.6          | 5.1         | 2.1                | 2.0        | 2.1        |
| D Beverages                     | 0.7                      | 3.2            | 13.4         | 9.7          | 16.2        | 14.3         | 13.0        | 6.2            | 7.1          | 8.5         | 4.0                | 4.4        | 4.8        |
| D Food Producers                | 2.0                      | -7.7           | -13.3        | 17.9         | 11.6        | 13.3         | 11.2        | 16.8           | -17.9        | 9.6         | 2.2                | 2.6        | 2.9        |
| C Household Goods               | 0.1                      | -9.5           | -2.4         | 9.8          | 12.8        | 13.2         | 12.0        | -20.7          | -29.0        | 7.8         | 5.4                | 4.5        | 4.9        |
| C Leisure Goods                 | 0.4                      | -53.6          | -8.9         | 149.6        | 27.8        | 30.5         | 12.2        | -38.2          | 63.4         | -3.2        | 0.7                | 1.1        | 1.1        |
| C Personal Goods                | 1.6                      | 3.6            | 13.8         | 12.4         | 19.2        | 16.9         | 15.0        | -19.6          | 6.9          | 16.6        | 3.0                | 3.5        | 4.1        |
| D Tobacco                       | 0.8                      | 17.7           | 3.5          | 8.4          | 15.9        | 15.3         | 14.1        | 9.2            | 14.7         | 9.8         | 3.2                | 3.4        | 3.8        |
| <b>Health Care</b>              | <b>1.1</b>               | <b>5.9</b>     | <b>23.7</b>  | <b>19.3</b>  | <b>20.1</b> | <b>16.3</b>  | <b>13.7</b> | <b>15.4</b>    | <b>27.8</b>  | <b>15.5</b> | <b>2.0</b>         | <b>2.1</b> | <b>2.4</b> |
| D Health Care Eq & Servs        | 0.2                      | -4.4           | 19.0         | 11.5         | 18.2        | 15.3         | 13.7        | 0.3            | 21.9         | 10.2        | 5.1                | 4.4        | 4.8        |
| D Pharmaceuticals & Bio         | 0.9                      | 13.6           | 25.0         | 21.1         | 20.6        | 16.6         | 13.7        | 25.3           | 31.7         | 18.6        | 1.3                | 1.6        | 1.9        |
| <b>Consumer Services</b>        | <b>5.5</b>               | <b>-41.3</b>   | <b>40.0</b>  | <b>13.7</b>  | <b>20.7</b> | <b>14.8</b>  | <b>13.0</b> | <b>5.3</b>     | <b>-17.7</b> | <b>8.9</b>  | <b>4.7</b>         | <b>3.7</b> | <b>4.0</b> |
| D Food & Drug Retailers         | 0.9                      | 23.5           | 11.0         | 10.9         | 18.8        | 17.0         | 15.3        | 24.2           | 10.6         | 11.7        | 3.8                | 4.1        | 4.6        |
| C General Retailers             | 1.7                      | 23.8           | 2.2          | 0.5          | 11.3        | 11.1         | 11.0        | 26.8           | -16.8        | 3.4         | 4.2                | 3.8        | 3.9        |
| C Media                         | 0.3                      | -15.9          | 21.2         | -3.5         | 13.6        | 11.3         | 11.7        | 4.6            | -28.6        | 2.7         | 6.6                | 5.4        | 5.6        |
| C Travel & Leisure              | 2.6                      | -85.4          | 204.4        | 32.8         | 56.7        | 18.6         | 14.0        | -14.1          | -28.6        | 13.1        | 5.1                | 3.2        | 3.6        |
| <b>Telecommunications</b>       | <b>12.4</b>              | <b>-14.6</b>   | <b>2.8</b>   | <b>4.5</b>   | <b>11.5</b> | <b>11.2</b>  | <b>10.7</b> | <b>7.4</b>     | <b>3.7</b>   | <b>5.1</b>  | <b>5.5</b>         | <b>4.9</b> | <b>5.1</b> |
| D Fixed-Line Telecoms           | 3.7                      | -10.5          | 0.6          | 7.1          | 12.4        | 12.2         | 11.4        | -5.0           | -0.5         | 5.0         | 5.2                | 6.0        | 6.3        |
| D Mobile Telecoms               | 8.7                      | -16.0          | 3.5          | 3.5          | 11.2        | 10.8         | 10.4        | 14.7           | 5.9          | 5.2         | 5.6                | 4.4        | 4.6        |
| <b>Utilities</b>                | <b>5.5</b>               | <b>-44.3</b>   | <b>34.3</b>  | <b>22.4</b>  | <b>24.9</b> | <b>18.6</b>  | <b>15.2</b> | <b>-9.0</b>    | <b>12.5</b>  | <b>7.0</b>  | <b>2.8</b>         | <b>2.8</b> | <b>3.0</b> |
| D Electricity                   | 4.1                      | -53.6          | 48.1         | 26.1         | 29.1        | 19.6         | 15.6        | -12.2          | 0.1          | 7.0         | 2.9                | 2.7        | 2.9        |
| D Gas, Water & Multi-Utils      | 1.4                      | -19.4          | 10.6         | 13.7         | 17.7        | 16.0         | 14.1        | -2.5           | 37.8         | 7.1         | 2.5                | 3.2        | 3.5        |
| <b>Financials</b>               | <b>27.7</b>              | <b>-11.7</b>   | <b>2.9</b>   | <b>13.3</b>  | <b>12.3</b> | <b>12.0</b>  | <b>10.6</b> | <b>-4.7</b>    | <b>-5.4</b>  | <b>8.5</b>  | <b>4.9</b>         | <b>4.3</b> | <b>4.7</b> |
| F Banks                         | 19.7                     | -0.3           | -1.0         | 12.8         | 10.8        | 10.9         | 9.7         | 4.5            | -5.4         | 8.7         | 5.1                | 4.6        | 5.0        |
| F Non-Life Insurance            | 1.1                      | -20.1          | 2.2          | 21.2         | 13.0        | 13.1         | 10.8        | -6.8           | -3.3         | 13.6        | 4.0                | 3.8        | 4.4        |
| F Life insurance                | 1.6                      | -73.5          | 189.4        | 22.3         | 66.3        | 22.9         | 18.7        | -33.1          | 17.1         | 17.6        | 1.5                | 1.5        | 1.8        |
| F Real Estate                   | 1.3                      | -7.3           | 4.1          | -6.2         | 10.2        | 9.8          | 10.4        | -3.0           | -10.9        | -3.6        | 10.6               | 9.4        | 9.1        |
| F General Financial             | 4.1                      | -50.6          | 16.1         | 23.4         | 21.5        | 18.5         | 15.0        | -35.5          | -2.0         | 16.0        | 3.8                | 2.7        | 3.2        |
| <b>Technology</b>               | <b>9.1</b>               | <b>-64.2</b>   | <b>-73.8</b> | <b>580.7</b> | <b>29.2</b> | <b>111.2</b> | <b>16.3</b> | <b>-18.7</b>   | <b>-15.3</b> | <b>1.0</b>  | <b>3.4</b>         | <b>2.5</b> | <b>2.5</b> |
| T Softw & Comp Servs            | 2.1                      | 17.1           | 5.5          | 9.0          | 15.6        | 14.7         | 13.5        | 47.6           | 5.5          | 9.7         | 1.5                | 1.7        | 1.8        |
| T Tech Hardw & Equip            | 7.0                      | -76.2          | -132.3       | n/m          | 39.4        | n/m          | 17.4        | -31.9          | -24.3        | -0.5        | 4.0                | 2.8        | 2.8        |
| <b>MSCI Asia Pacific ex Jap</b> | <b>100.0</b>             | <b>-22.3</b>   | <b>-4.9</b>  | <b>21.3</b>  | <b>13.4</b> | <b>14.1</b>  | <b>11.6</b> | <b>-2.7</b>    | <b>-5.8</b>  | <b>7.5</b>  | <b>4.2</b>         | <b>3.5</b> | <b>3.8</b> |
| C Cyclical                      | 28.5                     | -28.1          | -6.6         | 18.6         | 12.6        | 13.5         | 11.4        | 1.2            | -14.1        | 8.1         | 4.2                | 3.2        | 3.4        |
| O Oil & gas                     | 9.8                      | -5.5           | -7.8         | 23.3         | 11.7        | 12.7         | 10.3        | -14.3          | -10.4        | 17.4        | 3.4                | 2.8        | 3.2        |
| D Defensives                    | 23.4                     | -17.2          | 6.5          | 9.6          | 14.1        | 13.2         | 12.0        | 6.5            | 5.0          | 6.5         | 4.2                | 4.0        | 4.2        |
| T Technology                    | 10.5                     | -59.9          | -58.8        | 304.5        | 26.6        | 64.3         | 15.9        | -20.4          | -16.3        | 1.1         | 3.4                | 2.5        | 2.5        |
| F Financials                    | 27.7                     | -11.7          | 2.9          | 13.3         | 12.3        | 12.0         | 10.6        | -4.7           | -5.4         | 8.5         | 4.9                | 4.3        | 4.7        |

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 13/04/2009

## What might a global 'Nifty Fifty' look like?

The list shown here is constructed very judgements, with little attention paid to current valuations and/or newsflow. Generally, we have opted – by definition – for large, liquid names, but in some Asian cases have had to

suspend even that consideration in favour of what we think might be an entrenched competitive advantage.

What might a global 'Nifty Fifty' look like? (Note: names in italics were members of the original US 'Nifty Fifty')

| Stock                        | Region  | Industry    | Market Value (USDbn) | DY       | PE FY1    | % Price change -12M | % Price change since 14/01/09 |
|------------------------------|---------|-------------|----------------------|----------|-----------|---------------------|-------------------------------|
| Wal Mart                     | America | Consumer    | 202                  | 2.1      | 14.5      | -7                  | 0                             |
| Procter & Gamble             | America | Consumer    | 141                  | 3.3      | 11.3      | -31                 | -17                           |
| <i>McDonalds</i>             | America | Consumer    | 62                   | 3.6      | 14.8      | 1                   | -2                            |
| <i>Walt Disney</i>           | America | Consumer    | 36                   | 1.8      | 11.4      | -35                 | -6                            |
| Colgate-Palm.                | America | Consumer    | 29                   | 3.0      | 13.8      | -25                 | -7                            |
| <i>Coca Cola</i>             | America | Consumer    | 104                  | 3.7      | 14.3      | -27                 | 5                             |
| Monsanto                     | America | Consumer    | 45                   | 1.3      | 17.8      | -33                 | 9                             |
| JP Morgan                    | America | Financials  | 127                  | 0.6      | 23.4      | -19                 | 30                            |
| Bank of America              | America | Financials  | 71                   | 0.4      | 39.8      | -69                 | 8                             |
| Merck                        | America | Healthcare  | 55                   | 5.8      | 8         | -37                 | -6                            |
| Amgen                        | America | Healthcare  | 49                   | 0.0      | 10.3      | 11                  | -15                           |
| <i>Pfizer</i>                | America | Healthcare  | 91                   | 9.5      | 6.8       | -34                 | -22                           |
| <i>Bristol Myers Squibb</i>  | America | Healthcare  | 40                   | 6.2      | 10.4      | -7                  | -9                            |
| <i>Johnson &amp; Johnson</i> | America | Healthcare  | 141                  | 3.6      | 11.4      | -22                 | -12                           |
| <i>Baxter</i>                | America | Healthcare  | 30                   | 2.1      | 13.3      | -17                 | -7                            |
| <i>General Electric</i>      | America | Industrials | 128                  | 10.2     | 12.1      | -62                 | -14                           |
| Caterpillar                  | America | Industrials | 20                   | 5.1      | 16.9      | -56                 | -16                           |
| 3M                           | America | Industrials | 37                   | 3.8      | 13.3      | -32                 | -3                            |
| Schlumberger                 | America | Resources   | 53                   | 1.9      | 16.6      | -51                 | 9                             |
| Exxon Mobil                  | America | Resources   | 336                  | 2.4      | 15.5      | -24                 | -9                            |
| Oracle                       | America | Tech        | 95                   | 1.1      | 13.4      | -4                  | 17                            |
| Microsoft                    | America | Tech        | 174                  | 2.7      | 11.2      | -30                 | 3                             |
| Cisco Systems                | America | Tech        | 104                  | 0.0      | 14.3      | -23                 | 14                            |
| Exelon                       | America | Utilities   | 31                   | 4.5      | 11.3      | -44                 | -11                           |
| Nintendo                     | Asia    | Consumer    | 38                   | 5.1      | 14.6      | -52                 | -19                           |
| Li & Fung                    | Asia    | Consumer    | 9                    | 2.9      | 20.4      | -15                 | 75                            |
| ICBC                         | Asia    | Financials  | 47                   | 4.3      | 11.3      | -22                 | 33                            |
| China Steel                  | Asia    | Materials   | 10                   | 13.0     | 20.4      | -45                 | 10                            |
| Sinopec                      | Asia    | Resources   | 5                    | 1.2      | 39.1      | -11                 | 46                            |
| ZTE                          | Asia    | Tech        | 6                    | 0.5      | 20.3      | -9                  | 38                            |
| TSMC                         | Asia    | Tech        | 40                   | 5.7      | 52.1      | -16                 | 22                            |
| Samsung Electronics          | Asia    | Tech        | 65                   | 0.9      | 36.3      | -15                 | 17                            |
| Infosys Technologies         | Asia    | Tech        | 16                   | 1.2      | 13.8      | -1                  | 8                             |
| Canon                        | Asia    | Tech        | 42                   | 3.5      | 51.7      | -33                 | 6                             |
| Tesco                        | EU      | Consumer    | 39                   | 3.4      | 12.1      | -15                 | -4                            |
| Nestle                       | EU      | Consumer    | 133                  | 3.5      | 13.1      | -21                 | 1                             |
| LVMH                         | EU      | Consumer    | 34                   | 3.1      | 13.3      | -21                 | 27                            |
| Diageo                       | EU      | Consumer    | 29                   | 4.5      | 11.5      | -27                 | -15                           |
| Banco Santander              | EU      | Financials  | 71                   | 10.0     | 6.9       | -45                 | 7                             |
| AXA                          | EU      | Financials  | 30                   | 11.3     | 6.5       | -53                 | -16                           |
| Roche                        | EU      | Healthcare  | 93                   | 3.3      | 13.1      | -12                 | -11                           |
| Fresenius Med.Care           | EU      | Healthcare  | 11                   | 2.1      | 12.1      | -12                 | -14                           |
| Siemens                      | EU      | Industrials | 56                   | 3.5      | 9.3       | -33                 | 7                             |
| Rolls-Royce                  | EU      | Industrials | 9                    | 0.0      | 9.6       | -21                 | 2                             |
| BHP Billiton                 | EU      | Materials   | 46                   | 4.0      | 11        | -17                 | 22                            |
| BP                           | EU      | Resources   | 124                  | 7.3      | 9.6       | -19                 | -9                            |
| Vodafone                     | EU      | Telecoms    | 95                   | 6.2      | 8.5       | -18                 | -10                           |
| Telefonica                   | EU      | Telecoms    | 95                   | 5.9      | 8.9       | -17                 | 0                             |
| EDF                          | EU      | Utilities   | 76                   | 4.3      | 11.7      | -48                 | -19                           |
| E On                         | EU      | Utilities   | 62                   | 6.5      | 8         | -43                 | -11                           |
| <b>Average</b>               |         |             | <b>70</b>            | <b>4</b> | <b>16</b> | <b>-26</b>          | <b>3</b>                      |

Source: HSBC, Thomson Financial Datastream. Note: \* Wyeth and Schering Plough were included in our initial list in January, but are both subject to M&A and have been replaced as shown



# Disclosure appendix

## Analyst certification

The following analyst(s), who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Kevin Gardiner, Robert Parkes, Garry Evans and Steven Sun

## Important disclosures

### Stock ratings and basis for financial analysis

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at [www.hsbcnet.com/research](http://www.hsbcnet.com/research). Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

## Rating definitions for long-term investment opportunities

### Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the risk free rate for that stock's domestic, or as appropriate, regional market and the relevant equity risk premium established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile\*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile\*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

\*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However,

stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Prior to this, from 7 June 2005 HSBC applied a ratings structure which ranked the stocks according to their notional target price vs current market price and then categorised (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price was defined as the mid-point of the analysts' valuation for a stock.

From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

Prior to 15 November 2004, HSBC's ratings system was based upon a two-stage recommendation structure: a combination of the analysts' view on the stock relative to its sector and the sector call relative to the market, together giving a view on the stock relative to the market. The sector call was the responsibility of the strategy team, set in co-operation with the analysts. For other companies, HSBC showed a recommendation relative to the market. The performance horizon was 6-12 months. The target price was the level the stock should have traded at if the market accepted the analysts' view of the stock.

## Rating distribution for long-term investment opportunities

**As of 14 April 2009, the distribution of all ratings published is as follows:**

|                           |     |  |
|---------------------------|-----|--|
| <b>Overweight (Buy)</b>   | 38% | (30% of these provided with Investment Banking Services) |
| <b>Neutral (Hold)</b>     | 38% | (30% of these provided with Investment Banking Services) |
| <b>Underweight (Sell)</b> | 24% | (27% of these provided with Investment Banking Services) |

Information regarding company share price performance and history of HSBC ratings and price targets in respect of its long-term investment opportunities for the companies the subject of this report, is available from [www.hsbcnet.com/research](http://www.hsbcnet.com/research).



## HSBC & Analyst disclosures

### Disclosure checklist

| Company                   | Ticker    | Recent price | Price Date  | Disclosure           |
|---------------------------|-----------|--------------|-------------|----------------------|
| 3M COMPANY                | MMM.N     | 53.35        | 14-Apr-2009 | 11                   |
| AMGEN INC                 | AMGN.OQ   | 47.55        | 14-Apr-2009 | 3, 6                 |
| AXA                       | AXAF.PA   | 10.84        | 13-Apr-2009 | 1, 2, 4, 5, 6, 7, 11 |
| BANK OF AMERICA           | BAC.N     | 11.02        | 14-Apr-2009 | 2, 4, 5, 6, 7, 11    |
| BAXTER INTERNATIONAL INC. | -         | -            | -           | 1, 5, 6, 7           |
| BHP BILLITON              | BLT.L     | 14.08        | 13-Apr-2009 | 1, 2, 4, 5, 6, 7, 11 |
| BRISTOL-MYERS SQUIBB      | BMJ.N     | 20.14        | 14-Apr-2009 | 5, 11                |
| BRITISH PETROLEUM         | BP.L      | 4.46         | 13-Apr-2009 | 2, 5, 6, 7           |
| CANON, INC.               | 7751.T    | 3110.00      | 14-Apr-2009 | 6, 7                 |
| CATERPILLAR INC           | -         | -            | -           | 2, 6, 7, 11          |
| CHEVRONTXACO              | CVX.N     | 67.98        | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| CHINA STEEL CORP          | 2002.TW   | 25.95        | 14-Apr-2009 | 6, 7                 |
| CHRISTIAN DIOR            | DIOR.PA   | 46.00        | 13-Apr-2009 | 6                    |
| CISCO SYSTEMS INC         | CSCO.OQ   | 17.89        | 14-Apr-2009 | 2, 3, 6, 7, 11       |
| CNOOC LTD.                | 0883.HK   | 8.78         | 14-Apr-2009 | 4, 5, 11             |
| COLGATE PALMOLIVE         | CL.N      | 58.49        | 14-Apr-2009 | 2, 6                 |
| CREDIT SUISSE             | CSGN.VX   | 38.02        | 13-Apr-2009 | 2, 5, 6, 9           |
| DIAGEO                    | DGE.L     | 7.72         | 13-Apr-2009 | 2, 11                |
| DUPONT                    | DD.N      | 26.81        | 14-Apr-2009 | 2, 5                 |
| E.ON                      | VEBG.IB   | 23.05        | 13-Apr-2009 | 2, 4, 5, 6, 7        |
| EDF                       | EDF.PA    | 31.38        | 13-Apr-2009 | 5                    |
| EXELON CORP.              | EXC.N     | 47.10        | 14-Apr-2009 | 6, 7                 |
| EXXONMOBIL                | XOM.N     | 68.02        | 14-Apr-2009 | 2, 5, 6, 7           |
| FRESENIUS                 | FREG_p.F  | 33.86        | 13-Apr-2009 | 2, 4, 5, 6, 7        |
| GENERAL ELECTRIC          | -         | -            | -           | 1, 2, 5, 6, 7, 11    |
| IBM                       | IBM.N     | 99.95        | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| ICBC ASIA                 | 0349.HK   | 9.83         | 14-Apr-2009 | 2, 5, 6, 7           |
| INFOSYS TECHNOLOGIES      | INFY.NS   | 1409.30      | 13-Apr-2009 | 6                    |
| JOHNSON & JOHNSON         | JNJ.N     | 51.15        | 14-Apr-2009 | 2, 5, 6, 7, 9, 11    |
| JP MORGAN CHASE           | JPM.N     | 33.70        | 14-Apr-2009 | 2, 5, 6, 7, 9        |
| KDDI CORP                 | 9433.T    | 474000.00    | 14-Apr-2009 | 7                    |
| LI & FUNG                 | 0494.HK   | 23.00        | 14-Apr-2009 | 1, 2, 4, 5, 6, 7, 11 |
| LVMH                      | LVMH.PA   | 51.95        | 13-Apr-2009 | 2, 5, 6, 7, 11       |
| MCDONALDS CORP            | -         | -            | -           | 2, 5, 7, 11          |
| MERCK & CO                | MRK.N     | 26.05        | 14-Apr-2009 | 2, 5, 6, 7, 9        |
| MICROSOFT                 | MSFT.OQ   | 19.59        | 14-Apr-2009 | 2, 3, 6, 7           |
| MONSANTO CO               | MON.N     | 83.07        | 14-Apr-2009 | 6, 7                 |
| MORGAN STANLEY            | MS.N      | 26.89        | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| NESTLE                    | NESZn.S   | 39.54        | 13-Apr-2009 | 2, 5, 6, 7           |
| NIKE                      | NKE.N     | 53.12        | 14-Apr-2009 | 2, 5, 7              |
| NISSAN MOTOR              | 7201.T    | 491.00       | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| ORACLE                    | ORCL.OQ   | 19.06        | 14-Apr-2009 | 2, 3, 5              |
| PFIZER                    | PFE.N     | 13.48        | 14-Apr-2009 | 1, 2, 5, 6, 7        |
| PROCTER & GAMBLE          | PG.N      | 48.04        | 14-Apr-2009 | 1, 5, 6, 7, 11       |
| ROCHE GS                  | ROG.VX    | 151.40       | 13-Apr-2009 | 5, 6                 |
| ROLLS-ROYCE               | RR.L      | 3.24         | 13-Apr-2009 | 2, 5, 6, 7, 11       |
| SAMSUNG ELECTRONICS       | 005930.KS | 575000.00    | 14-Apr-2009 | 5, 6, 11             |
| SANOFI-AVENTIS            | SASY.PA   | 41.75        | 13-Apr-2009 | 2, 4, 5, 6, 7, 11    |
| SANTANDER                 | SAN.MC    | 6.52         | 13-Apr-2009 | 2, 4, 6              |
| SCHLUMBERGER LTD          | SLB.N     | 44.25        | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| SIEMENS AG                | SIEGn.IB  | 45.82        | 13-Apr-2009 | 2, 4, 5, 6, 7        |
| SINOPEC                   | 0386.HK   | 5.83         | 14-Apr-2009 | 2, 4, 5, 6, 7        |
| TELEFONICA                | TEF.MC    | 15.16        | 13-Apr-2009 | 2, 4, 5, 6, 11       |
| TESCO                     | TSCO.L    | 3.32         | 13-Apr-2009 | 2, 4, 5, 6, 7, 11    |
| VALE                      | -         | -            | -           | 1, 2, 5, 6, 7        |
| VODAFONE GROUP            | VOD.L     | 1.23         | 14-Apr-2009 | 2, 4                 |
| WAL-MART STORES INC       | WMT.N     | 51.53        | 14-Apr-2009 | 2, 5, 6, 7, 11       |
| WALT DISNEY COMPANY       | -         | -            | -           | 2, 5, 11             |
| WELLS FARGO & COMPANY     | WFC.N     | 19.67        | 14-Apr-2009 | 2, 5, 6, 11          |
| ZTE CORPORATION           | 0763.HK   | 34.70        | 14-Apr-2009 | 4                    |

Source: HSBC

1 HSBC\* has managed or co-managed a public offering of securities for this company within the past 12 months.

- 2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
- 4 As of 31 March 2009 HSBC beneficially owned 1% or more of a class of common equity securities of this company.
- 5 As of 28 February 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.
- 6 As of 28 February 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking-securities related services.
- 7 As of 28 February 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.
- 8 A covering analyst/s has received compensation from this company in the past 12 months.
- 9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
- 10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
- 11 At the time of publication of this report, HSBC is a non-US Market Maker in securities issued by this company and/or in securities in respect of this company

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## Additional disclosures

- 1 This report is dated as at 15 April 2009.
- 2 All market data included in this report are dated as at close 13 April 2009, unless otherwise indicated in the report.
- 3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Chinese Wall procedures are in place between the Investment Banking and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.
- 4 As of 31 March 2009, HSBC beneficially owned 5% or more of a class of common equity securities of the following company(ies) : SANOFI-AVENTIS
- 5 As of 31 March 2009, HSBC beneficially owned 2% or more of a class of common equity securities of the following company(ies) : CANON, INC., SANOFI-AVENTIS, AXA, SIEMENS AG, LI & FUNG, WAL-MART STORES INC, BRISTOL-MYERS SQUIBB, PFIZER, MERCK & CO, BHP BILLITON, SANTANDER
- 6 We have recommended inclusion of the following stocks in our suggested portfolio: Bank of America (from 01-Apr-08 at USD40.86 to 02-Jul-08 at USD22.54 and since 30-Sep-08 at USD35), BHEL (since 19-Mar-09 at INR1412.65), BHP Billiton (from 3-Jul-06 at GBP10.60 to 01-Oct-08 at GBP12.09 and since 19-Mar-09 at GBP14.05), BP (since 05-Oct-05 at GBP6.80), Chevron Corp (since 09-Jan-08 at USD92.13), Christian Dior (since 19-Mar-09 at EUR42.76), Cia Vale Rio Doce (since 19-Mar-09 at BRL55.6), CNOOC (from 04-Oct-06 at HKD6.37 to 02-Oct-07 at HKD13.06 and since 09-Jan-08 at HKD13.28), Credit Suisse (since 01-Oct-08 at CHF51.65), CRH (from 05-Oct-05 at EUR20.76 to 20-Mar-05 at EUR18.61 and since 19-Mar-09 at EUR15.98), Diageo (from 01-Oct-08 at GBP9.59 to 19-Mar-09 at GBP7.375), DuPont (from 05-Jan-07 at USD71.06 to 10-Jan-08 at USD62.5 and since 19-Mar-09 at USD59), Exelon (from 09-Jan-08 at USD83.82 to 19-Mar-09 at USD44.81), Exxon Mobile Corp (since 05-Oct-05 at USD64.80), IBM (since 05-Jul-07 at USD105.01), Johnson & Johnson (since 19-Mar-09 at USD50.06), JP Morgan Chase & Co (since 04-Oct-06 at USD46.84), KDDI (since 02-Oct-07 at JPY852000), KT&G International (from 02-Jul-08 at KRW90000.00 to 19-Mar-09 at KRW79800), Li & Fung (since 17-Feb-09 at HKD16.24), LVMH (from 05-Jan-07 at EUR79.45 to 19-Mar-09 at EUR48.97), Mitsui Sumitomo (from 21-Mar-07 at JPY1,060,000 to 19-Mar-09 at JPY2290), Morgan Stanley (since 01-Oct-08 at USD24.42), Nestle (since 01-Oct-08 at CHF48.42), Nike (since 01-Oct-08 at USD66.16), Nintendo (from 05-Jul-07 at JPY48300 to 01-Oct-07 at JPY59300 and since 19-Mar-09 at JPY28200), Oracle Corp (since 03-Jul-06 at USD14.74), Pernod Ricard (from 01-Oct-08 at EUR62.65 to 19-Mar-09 at EUR39.64), Procter & Gamble (since 03-Apr-

06 at USD57.74), Rolls Royce Group (since 04-Oct-06 at GBP4.48), Sanofi-Aventis (since 09-Jan-08 at EUR62.89), Schering-Plough (from 05-Oct-05 at USD21.2 to 05-Jul-07 at USD30.57 and from 09-Jan-08 at USD25.83 to 19-Mar-09 at USD23.01), Schlumberger (since 02-Jul-08 at USD109.86), Siemens AG (since 05-Jan-07 at EUR75.55), TSMC (since 19-Mar-09 at TWD15.1), Veolia Environnement (from 02-Jul-08 at EUR35.00 to 19-Mar-09 at EUR16.81), Walt Disney (since 22-Jan-09 at USD20.24), Wells Fargo (since 01-Oct-08 at USD36.7), Wyeth (from 09-Jan-08 at USD45.23 to 19-Mar-09 at USD42.27).

- 7 As at 8 April 2009, HSBC holds a significant interest in the debt securities of: BHP Billiton, Caterpillar, Cia Vale Rio Doce, General Electric, JP Morgan Chase, Morgan Stanley, Vodafone, Wells Fargo

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*\* Legal entities as at 22 October 2008*

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**Issuer of report**

**HSBC Bank plc**

8 Canada Square

London, E14 5HQ, United Kingdom

Telephone: +44 20 7991 8888

Fax: +44 20 7992 4880

Website: [www.research.hsbc.com](http://www.research.hsbc.com)

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# Global Equity Strategy Research Team

## Global

**Kevin Gardiner**  
**Global Sector Head**  
 +44 20 7991 6714    kevin.gardiner@hsbcib.com

## Europe

**Robert Parkes**  
 +44 20 7991 6716    robert.parkes@hsbcib.com

## CEEMEA

**John Lomax**  
 +44 20 7992 3712    john.lomax@hsbcib.com

## Asia

**Garry Evans**  
 +852 2996 6916    garryevans@hsbc.com.hk

**Leo Li**  
 +852 2996 6919    leofli@hsbc.com.hk

**Steven Sun**  
 +852 2822 4298    stevensun@hsbc.com.hk

**Jacqueline Tse**  
 +852 2996 6602    jacquelinetse@hsbc.com.hk

**Vivek Misra**  
 +91 80 3001 3699    vivekmisra@hsbc.co.in