

2010 Returns

More Heat Than Blight

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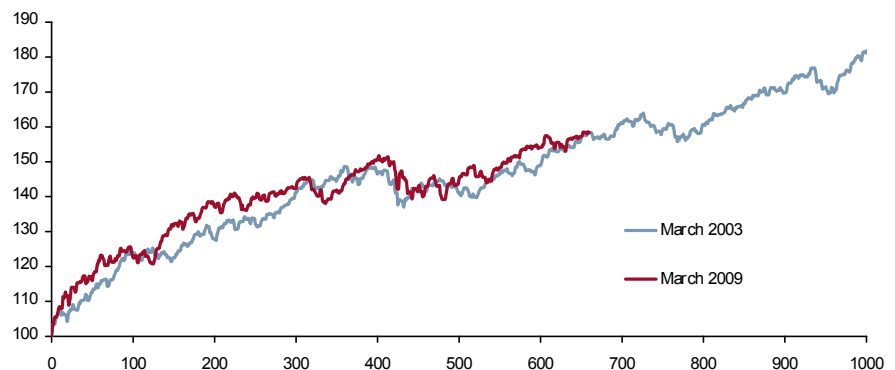
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- Despite all the sound and fury about double dips, the euro, sovereign debt, EM inflation and G3 deflation, not to mention the so called futility or hyper-inflationary risk of QE2, all major asset class groups ended up with positive, but relatively tame returns. At least compared to 2008 and 2009, when riskier assets had first a very bad and then a very good year (page 3).
- On the whole, with the important exception of EU peripheral government and financial sector debt, more risk equaled more return during 2010, with EM equities (19.2%), commodities (15.1%) and developed equities (12.3%) performing best, and G3 index-linked bonds having the second lowest returns (4.2%).
- The end result, however, disguises the intra-year volatility, and in particular the sharp 7.2% fall in world wealth between late April and early July, when global production momentum was slowing sharply, and the initial euro zone crisis was at its most intense. That correction was very similar in timing and pattern to the 2004 sell-off at exactly the same stage of recovery.
- Should the parallel hold, don't expect much net gain in World Wealth during Q1, but don't be surprised if 2011 ends with a rise of 15-20%! For that to happen, of course, a lot needs to go right: above trend and broadening growth in the G3, inflation progress in EM and the construction of a viable new template for the euro. Neither to be taken for granted, nor yet to be ruled out.
- Happy New Year!

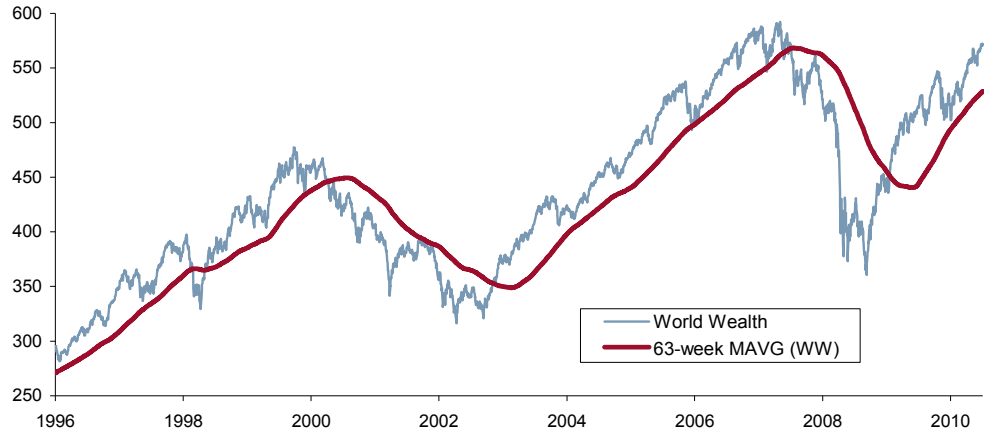
Exhibit 1: World Wealth Recoveries - 2003/2009



Source: Credit Suisse, Thomson Reuters Datastream

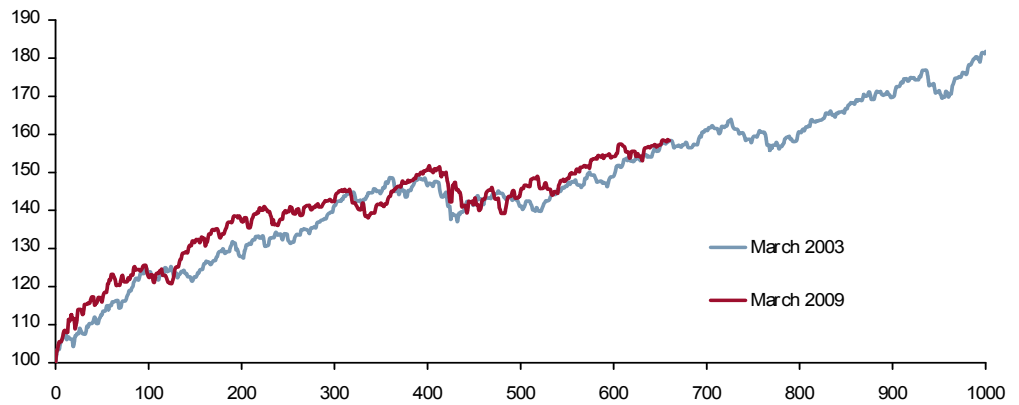
The Road to Recovery

Exhibit 2: World Wealth



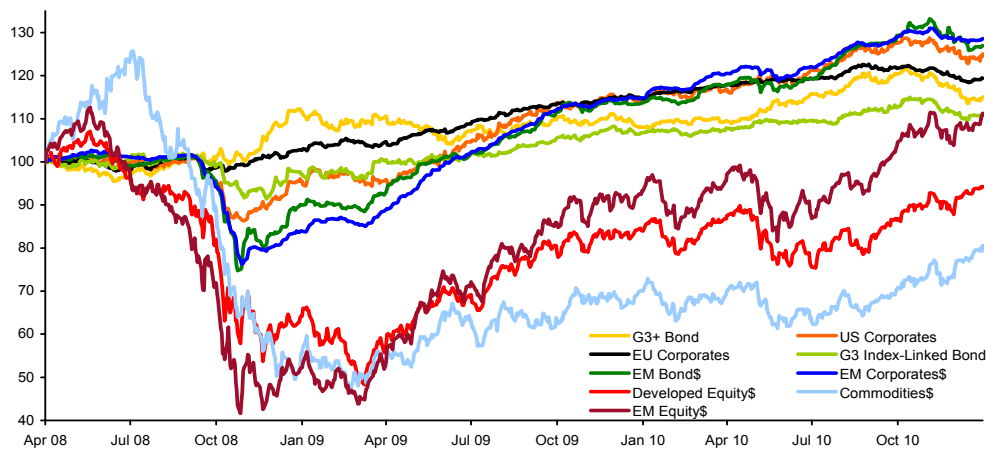
Source: Credit Suisse, Thomson Reuters Datastream

Exhibit 3: World Wealth Recoveries - 2003/2009



Source: Credit Suisse, Thomson Reuters Datastream

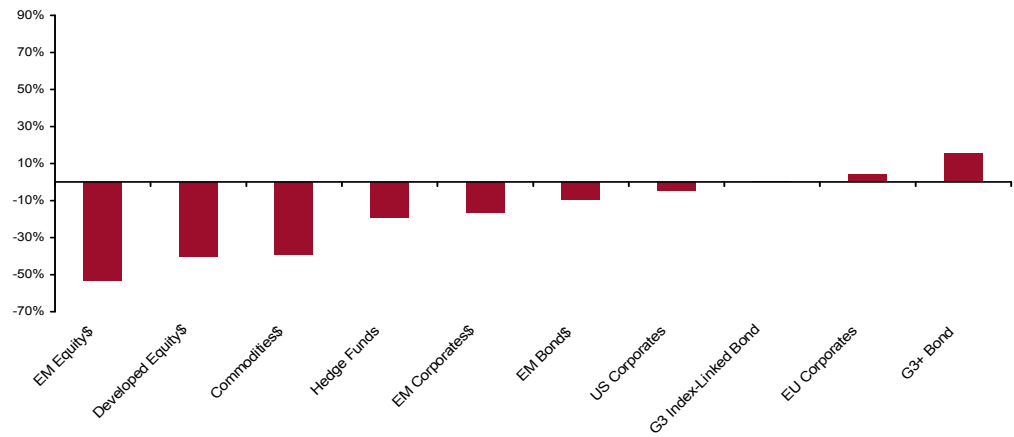
Exhibit 4: Asset Class Performance Since April 2008 (total returns)



Source: Credit Suisse, Thomson Reuters Datastream

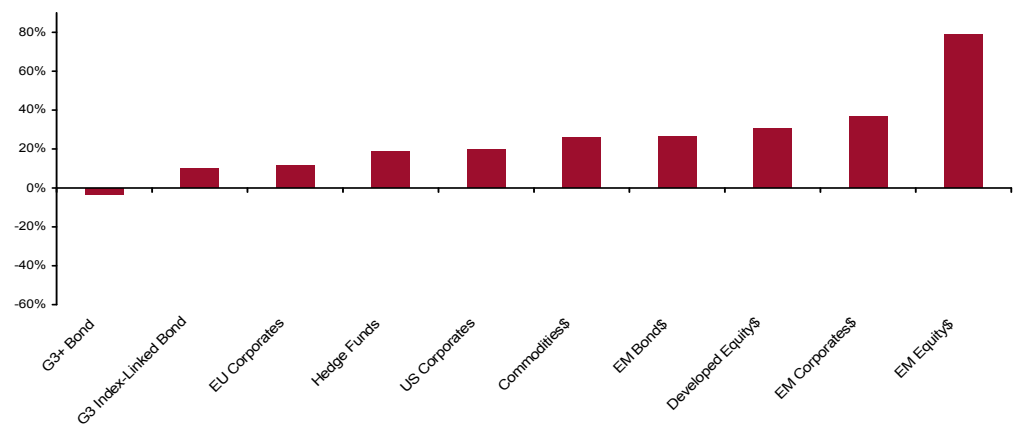
A Year in Review (1)

Exhibit 5: Asset Class Total Returns - 2008



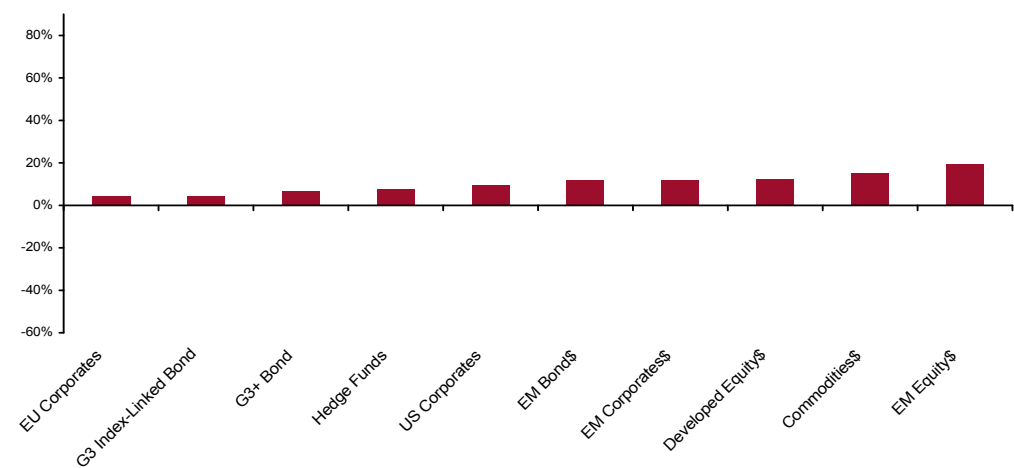
Source: Credit Suisse, Thomson Reuters Datastream

Exhibit 6: Asset Class Total Returns - 2009



Source: Credit Suisse, Thomson Reuters Datastream

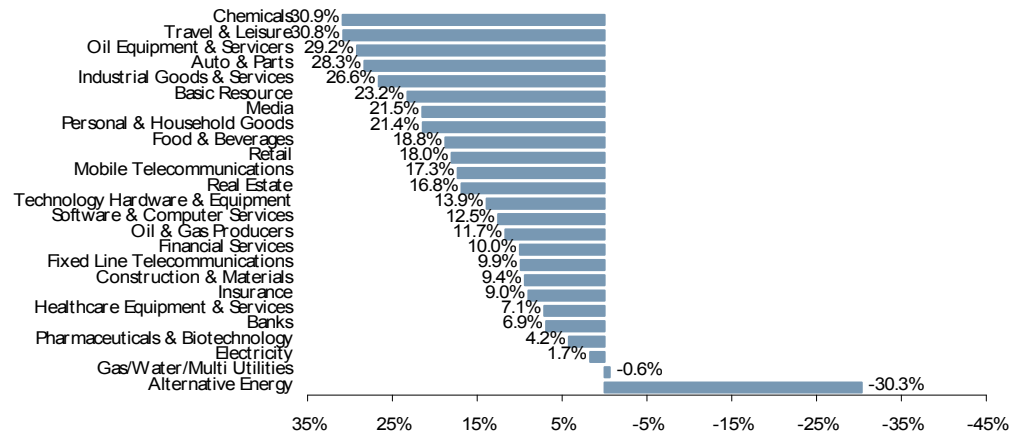
Exhibit 7: Asset Class Total Returns - 2010



Source: Credit Suisse, Thomson Reuters Datastream

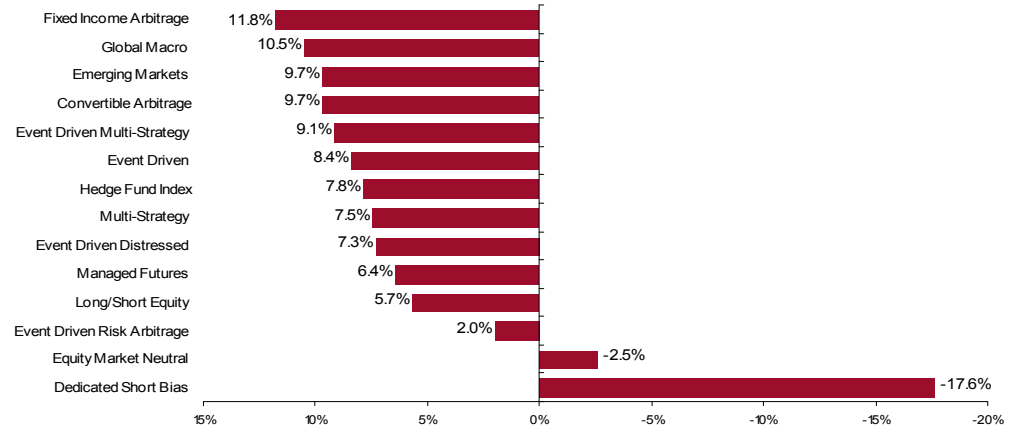
A Year in Review (2)

Exhibit 8: 2010 Global Equity Sector Performances



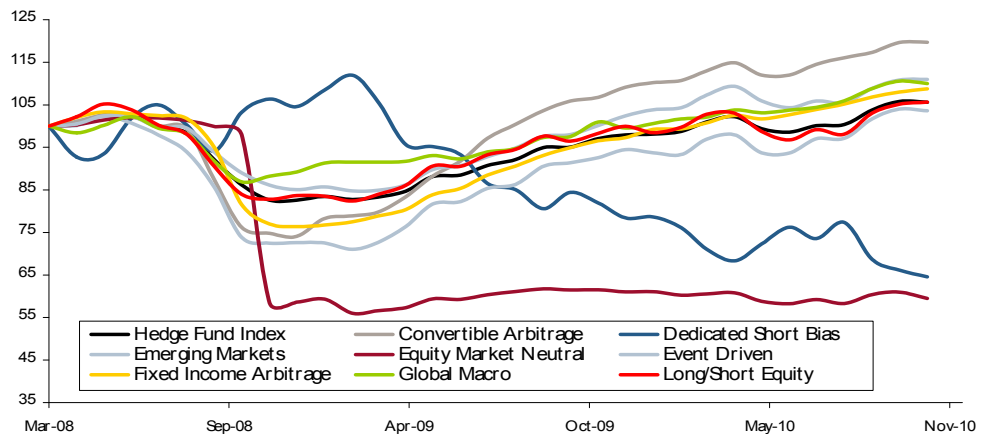
Source: Credit Suisse, Thomson Reuters Datastream

Exhibit 9: Dow Jones/Credit Suisse Hedge Fund Indices¹



Source: Credit Suisse, Dow Jones

Exhibit 10: Dow Jones/Credit Suisse Hedge Fund Indices¹



Source: Credit Suisse, Dow Jones

¹ Returns to November 2010

Exhibit 11: Asset Return Breakdown

Return Ranges	Asset Returns
> + 35%	Cotton (103.2%), Silver (82.1%), Argentina Equities (77.4%), Coffee (68.7%), Thailand Equities (56.3%), Chile Equities (44.8%), Coal (42.0%), Malaysia Equities (37.0%), Denmark Equities (36.0%), Argentina Govt Bonds (35.8%), Philippines Equities (35.5%)
+25% to +35%	Indonesia Equities (34.6%), South Africa Equities (34.2%), Ukraine Govt Bonds (33.0%), Corn (32.6%), Nickel (32.5%), Sugar (30.8%), Copper (29.5%), Gold (28.9%), Sweden Equities (27.8%), Mexico Equities (27.6%), South Korea Equities (27.1%)
15% to +25%	Finland Equities (23.6%), Hong Kong Equities (23.2%), Taiwan Equities (22.7%), Singapore (22.2%), Wheat (22.1%), Austria (21.6%), Turkey Equities (21.2%), Platinum (19.9%), Russia Equities (19.4%), Germany Equities (19.0%), Canada Equities (17.4%), US Equities (16.5%), Venezuela Govt Bonds (16.3%), Poland Equities (15.9%), UK Equities (15.7%)
+5% to +15%	US High Yield Debt (14.4%), Norway Equities (13.5%), Philippines Govt Bonds (12.8%), EM Corporate Bonds (12.0%), Peru Govt Bonds (11.6%), Turkey Govt Bonds (11.4%), Crude Oil (11.3%), Panama Govt Bonds (11.1%), Colombia Govt Bonds (11.0%), Mexico Govt Bonds (10.7%), Gas Oil (10.7%), Belgium Equities (10.3%), Brazil Govt Bonds (9.7%), US Investment Grade Corporate Debt (9.5%), Netherland Equities (9.5%), UK Govt Bonds (9.5%), US Govt Bonds (9.4%), Ecuador Govt Bonds (9.4%), South Africa Govt Bonds (9.1%), CS Hedge Fund Index (8.8%), Russian Fed. Govt Bonds (8.6%), Bulgaria Govt Bonds (8.2%), Canada Govt Bonds (7.8%), Denmark Govt Bonds (7.2%), Brazil Equities (6.8%), Netherland Govt Bonds (6.7%), Australia Govt Bonds (6.6%), Germany Govt Bonds (6.6%), Austria Govt Bonds (6.5%), Aluminum (6.0%), France Govt Bonds (5.9%), France Equities (5.5%)
0% to +5%	Israel Equities (5.0%), China Equities (4.8%), European IG Corporate Bonds (4.1%), Switzerland Equities (3.8%), Switzerland Govt Bonds (3.6%), Sweden Govt Bonds (3.4%), Japan Govt Bonds (3.3%), Australia Equities (2.1%), Belgium Govt Bonds (1.9%), Lead (1.5%), Japan Equities (0.75%)
-10% to 0%	Ireland Equities (-0.4%), Italy Govt Bonds (-0.7%), Czech Equities (-1.7%), Italy Equities (-5.1%), Spain Govt Bonds (-5.9%), Zinc (-8.5%), Hungary Equities (-9.6%), Portugal Govt bonds (-9.6%)
<-10%	Spain Equities (-11.3%), Cocoa (-11.4%), Ireland Govt Bonds (-18.9%), Greece Equities (-35.8%), US Natural Gas (-38.0%)

Note

EM bond and Equity returns are denominated in USD.

Developed equity returns are in local currency and based on Datastream broad market indices.

Commodity returns are based on the Credit Suisse Commodity Benchmark Index.

US High Yield and Investment Grade Corporate Debt returns are based on the CS High Yield and CS LUCI indices. European Investment Grade Corporate Debt returns are based on the CS LEI index. EM Corporate Bond Returns are based on the CS EMCI index.

The CS Hedge Fund Index is estimated through December 2010.

Source: Credit Suisse, Thomson Reuters Datastream

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Disclosure Appendix

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