

# Bullseye - weekly ideas

Asia CIO Office

Merrill Lynch Wealth Management

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# The RIC Report - Happy birthday, bull market

Michael Hartnett and Joe Zidle, Equity Strategists

<http://research1.ml.com/C?q=xVRWHJvLnB4dl%2buyA%2bVSpA%3d%3d&s=wongsh>

A year after the S&P 500 trough, 492 out of the 500 stocks in the S&P 500 and every asset class except US Treasuries have gained. The RIC examines what typically happens in the second year after a bear market. Historically, nine out of 10 times, the 2<sup>nd</sup> year was a positive year for the S&P 500 while fixed income returns tend to be flat. Equity Strategists, **Michael Hartnett** and **Joe Zidle**, expect the market in 2010 will be different from the extremes seen in 2008 and 2009. No major collapse and no massive gains but upside for equities is more likely than fixed income. Investors' nervousness toward public sector debt levels, low interest rates, rising corporate earnings, and relatively cheap valuations are all reasons for favoring equities over fixed income.

Three "Actionable Investment Themes" to position for this year:

1. Financials (a tactical theme), a contrarian call but the best cyclical recovery play. With the US consumer recovering and lower loan loss reserves, **financials'** earnings should earn \$20bn this quarter (that's almost their entire 2008 full year loss). (See chart below on retail stocks, a good lead indicator for banks).

2. Income (a secular theme)

Aging demographics enforce the trend that investors are likely to favor investments with **high and secure income** in the coming years. With low interest rates and low fixed income yields, investors may turn to equity (dividend yields) for income. The US Treasury Master index yields 2.3%, high grade corporate yields average 4.6% and the dividend yields of selected stocks (ranging 4.77%-6.30%).

3. Balance sheets (a key theme)

Investors should favor **strong balance sheets** (i.e. lack of debt and greater future spending) via US corporate and the EM consumers, in contrast to deteriorating government balance sheets (US, Japan and Europe). Investment ideas on this theme include equities over corporate bonds, US industrials and tech stocks, direct exposure to emerging markets, or indirectly through large-cap US multinationals.

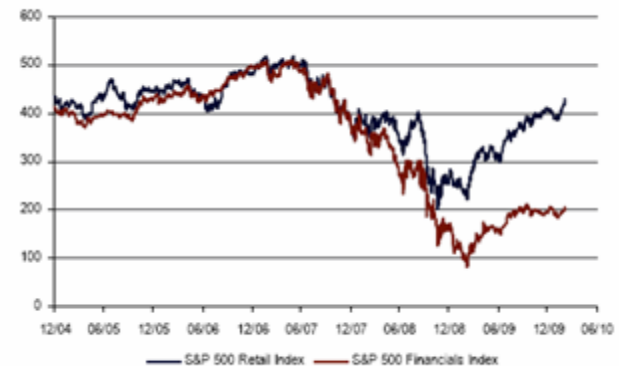
Investors remain concerned about two tail risks: **inflation** (if politicians choose to cure debt by printing money) and **deflation** (if interest rates spike prematurely in anticipation of inflation).

North American Economist, Ethan Harris believes it is unlikely to see a sharp rise in inflation during the first two years of economic recovery. However, long-term inflationary pressures remain from high levels government debt and commodity prices. Finally, the chance of deflation would likely be the result of a series of economic shocks or a major policy mistake.

How should investors position for inflation or deflation?

- 1) if worried about deflation, position in bonds over equities, real estate and commodities; in growth stocks over value stocks, and
- 2) if worried about inflation, position in small cap over large cap stocks, in value over growth; in commodities and real estate over equities and bonds.

Chart 2: S&P financials & retail stocks



Source: BofA Merrill Lynch Investment Strategy, Bloomberg



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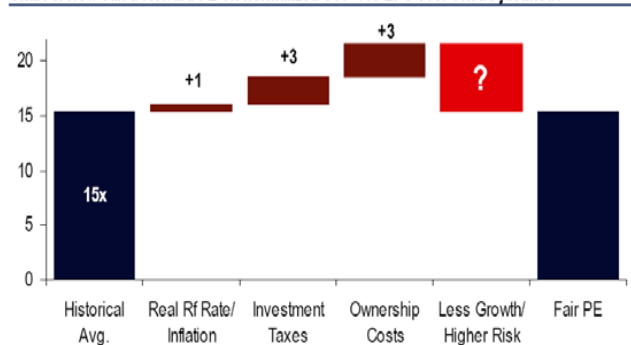
## Four reasons for a higher PE

David Bianco, US Equity Strategist

<http://research1.ml.com/C?q=PxcP6bz2YbGRqOya4w%2btw%3d%3d&s=sadhra>

Investors, analysts, academics often talk about the fair PE of a stock, including BofAML Global Research's US Equity Strategist, **David Bianco** who reiterates his target of 1275, 15x 2011 EPS for the S&P500. However, can a forward **PE of over 15x** really be justified? David presents four reasons why the S&P500 PE today should be higher than its historical average of 15x: (1) Lower real risk-free rates today are well below historical average; hence a lower opportunity cost of capital and higher equity prices. (2) Lower inflation given so much slack in the economy, reduces the effect of depreciation expense on EPS. (3) Lower investment taxes from 2003 Bush tax cuts have kept these taxes below historical levels; thus raising net return, and (4) Lower transaction costs from an evolving mutual fund industry will also raise net returns. In fact, the above "real-life" costs have eaten up much of an investor's gross return on the S&P500 for the past 50 years (1.3% net return compounded annually vs. the 9.5% gross.)

Chart 1: How can a forward PE on normalized S&P 500 EPS over 15x be justified?



Source: BofAML, US Equity Strategy

Although there are longer-term uncertainties about the economy and volatility, David believes the "real-life" costs have now changed and the S&P500 deserves a higher PE (potentially 7 points higher to the historical 15x.)

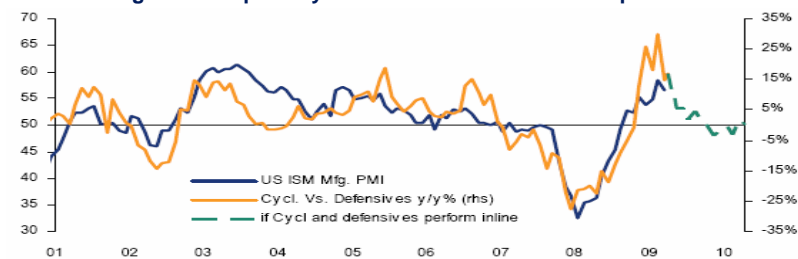
## Peaks, troughs and cycles

Gary Baker, European Equity Strategist

<http://research1.ml.com/C?q=Kblk9CyY7g7rCa5L2soXA%3d%3d&s=sadhra>

BofAML Global Research's European equity strategist **Gary Baker** has studied the peaks, troughs, and cycles to see what they tell us about **sector rotation**. Baker says that market rotation is a result of the interplay of various factors like economic growth and the gradual dampening effects of interest rate tightening. Typically in previous cycles, a peak in **ISM** has led to sector rotation, but the peak has been accompanied by rate tightening. This time though, given the absence of any imminent rate tightening in the US and EU, will a potential peak in the ISM trigger rotation? Baker says perhaps not....an ISM peak just by itself is an insufficient trigger. In previous cycles, a peak in ISM has occurred 4 months AFTER a first rate rise....and a rate rise is not happening for the US and EU anytime soon. Against this benign rate outlook, Baker sees **scope for further leg of cyclical performance** before a more defined sector rotation takes place.

US ISM Mfg and European cyclicals relative to defensives performance



Source: BofA Merrill Lynch European equity strategy calculations, Datastream

BofAML's European analysts have been pro-cyclicals for a while as there is still some catching up to do. With that in mind they come up with the following sector weights for Europe:

Overweight	Neutral	Underweight
Oil & Gas	Chemicals	Utilities
Banks	Construction	Food & Bev
Technology	Financial services	Healthcare
Basic Resources	Insurance	
Travel & Leisure	Media	
	Personal & HH	
	Real estate	
	Retail	
	Telecoms	
	Autos	
	Industrials	

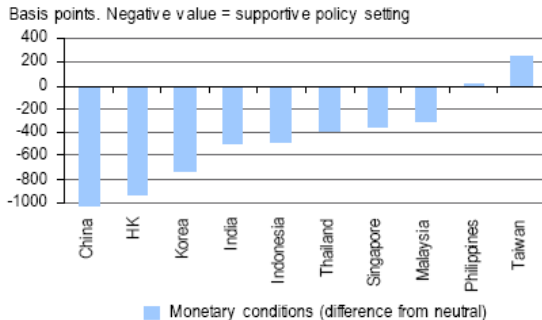
Source: Peaks, troughs and cycles – BofAML Research

# Food for thought (1)

■ Surprise surprise - **Malaysia** became the first Asia bank to formally raise rates by 25bp. The Bank of Negara Malaysia however stressed that this should be viewed as a step towards normalization and not tightening. Others will follow but again, it will be “a **slow exit from emergency.**”

BofAML Global Research’s economists **TJ Bond** and **Silvia Lu** believe **Asian central banks** have gone from “**super loose to very loose.**” Asian policy makers afraid to jeopardize their recovery remain **cautious on tightening.** Even China and India, two super economic recovery regions, have chosen to hike their reserve requirement ratios instead of hiking their interest rates. These “loose” monetary conditions are positive for near-term growth and asset prices, but also risks inflating asset bubbles and a gradual path to future inflation. Arguably, China is the exception and is positioned in an early stage of a tightening cycle.

## Asia’s supportive monetary conditions



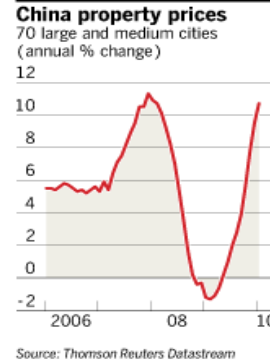
Source: CEIC, BofA Merrill Lynch Global Research calculations.



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■ Speaking of the exception – **China**, there has been much talk about fears of a **property market bubble.**

The *Financial Times* and BofAML Global Research quote data showing Chinese real estate prices having accelerated in February by their fastest pace in two years, with commercial and residential property in 70 of the largest cities rising by 10.7% (vs. 9.5% in Jan).



Stabilizing the property market is of course one of **China’s top policy priorities.** Beijing has introduced policies since the start of the year to curb soaring property prices, such as reinstating a tax on sales within five years of purchase, raising downpayment requirements and launching a huge program to build subsidized housing across the country. Banks need to be prudent in lending to the property sector.

Concerns are being raised in Hong Kong as well but resulting in consequences at the ballot office with five legislators resigning their seats and government announcing measures to deflate “potential asset prices bubbles”.

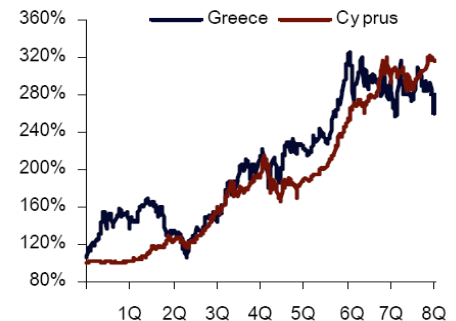
**Premier Wen Jiabao** pledged to crack down real estate speculators, but it will be a tricky **balancing act** of curbing speculators without crashing the market. More policy measures are likely to be announced following the conclusion of the NPC on March 14<sup>th</sup>, so watch this space...

■ Thinking back to pre-Lehman days can make investors bubbly. Markets showed signs of bubbles in assets and in regions. One market that looks to have burst or punctured but ready to balloon again is **Eastern Europe.**

A PwC study shows foreign direct investment into Eastern Europe ballooned from \$30bn in 2003 to \$155 bn in 2008. Sovereign debt concerns had previously drove investors away but investment flows are returning. Ukraine’s index jumped four-fold, while Russia and Hungary have doubled in a year. If sovereign debt fears fade and wages remain steady, FDI to the region could potentially reach \$172 bn by 2014. (source: FT Lex, 10 March)

EEMEA Analyst, **Michael Harris’s** key message is to own Hungary in any shape or form, convinced that **Hungary** will benefit from ERM entry. (See charts below where markets jumped post-ERM entry.) He is also overweight on Russia where oil prices are expected to remain resilient and show solid cyclical recovery.

**Chart 6: Greece and Cyprus equity markets post the ERM entrance**



Source: Datastream, BofAML Global Research

## Food for thought (2)

■ *Bullseye* loves reading the **Morning Market Tidbits**, a great compilation of interesting anecdotes from daily newspapers (e.g. WSJ and the FT to name a couple). Here are some of the little treasures *Bullseye* learnt this week;

❶ Contrary to fears that **protectionism** threatens the global economic outlook, the *WSJ* quotes the WTO saying otherwise: “*The share of world imports between September 2009 and February 2010 affected by protectionist measures was only 0.4%*”, compared to 0.8% in the previous period.

❷ **Brian Sack**, the System Manager of the Fed’s balance sheet and head of the Markets Group at the New York Fed spoke about “*the policy tools and strategy*” for the Fed’s eventual exit from its current accommodative policy stance. A sizeable reduction of the Fed’s balance sheet was suggested too, which could be achieved over the next two years just by allowing maturing assets to run off. Having these tools ready is necessary for exit but does not imply it will be used soon. Sack’s comments are consistent with BofAML Global Research’s views that **exit strategy is largely a 2011 onward event**.

❸ The **Manpower Hiring Intentions Index** slipped to +5 in 2Q from +6 in 1Q, hinting that while job growth might be just round the corner, it is not due to be strong enough for a significant decrease in the unemployment rate. BofAML Global Research expects unemployment to average 9.5% for 2010.

■ *Bullseye* cannot ignore the obvious **M&A activity** happening in the **energy** space, and what a nice way indeed to combine two areas that BofAML Global Research has been harping on - commodities as a focus and M&A as a theme. Besides the **Schlumberger-Smith** deal, earlier this week there was **Royal Dutch Shell** and **PetroChina** offering over A\$3.3 billion (\$3 billion) to acquire **Arrow Energy**, holder of Australia’s biggest coal-seam gas acreage.

**Total** decided to invest in a 1 billion euro (\$1.4 billion) LNG terminal near its Dunkirk refinery due for closure in northern France. This terminal, spearheaded by **Electricite de France**, will have a re-gasification capacity enough to meet over a fifth of France’s gas demand.

The list goes on.....

The *Financial Times* tell us of **BP’s** \$7 billion deal to buy international oil and gas assets from **Devon Energy** and enter the deep waters off the Brazilian coast.



Then we heard **India’s ONGC** may potentially borrow \$10 billion over the next decade as it competes with China and South Korea, to buy oil assets overseas to meet domestic fuel demand.

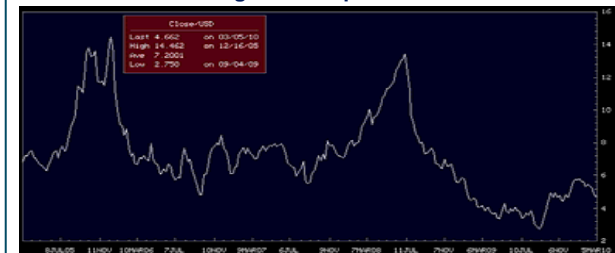
*Your Industry News* has talked about global oil and gas M&A shifting to a new paradigm. Looking forward there is still \$46 billion worth of deals on the market and \$18 billion have already been transacted in the first two months of 2010. In that case, M&A has truly started the year.....energized!

■ So what are the energy funds out there doing? *Bullseye* was happy to meet with **Investec’s Global Energy Fund Manager** – Mark Lacey. The fund invests in a condensed portfolio of energy equities and turns out that while Investec is bullish on oil (in line with BofA Merrill Lynch’s views) they are actually even **more bullish on the US natural gas market**.

Lacey expects range bound oil prices (\$65-85/bl) for 2010 as OPEC supply the market in the short-term. Significant destocking needs to be seen over the next 12 months in order for prices to move higher and long term oil demand should be driven by non-OECD countries. For instance, car density in China and India is expected to double within five years.

The cheapest energy source currently however is natural gas. Capex and drilling are falling fast, drastic cuts are likely to lead to higher prices and lots of M&A activity has been witnessed in the US gas market with Exxon’s \$43 billion takeover of XTO marking the boldest move. Investec forecasts a US gas price of \$6.50/mmcf for 2010 and \$7.0/mmcf for the long-term.

**Natural gas future price trend**



Source: Bloomberg

Top holdings of the fund include Chevrontexaco, Royal Dutch Shell, Marathon Oil, Total, Baker Hughes, Exxon, Smith Intl, XTO, ENI & Nexen.

## Food for thought (3)

■ There's been a lot of M&A talk. But with stronger corporate balance sheets what else could companies be doing with that extra pile of cash besides M&A? Increasing **capex** of course! And that is exactly what BofAML Global Research's **US** equity strategist **David Bianco** expects.

In light of the recent moderate dip in manufacturing ISM, Bianco emphasizes that this does not mean industrial activity will slow down, in fact there is **more big business capex yet to come**. BofA Merrill Lynch economists expect **industrial activity to remain solid** with production rising as a result of:

- ① slower pace of inventory liquidation (happening now) and then
- ② inventory restocking later in the year.

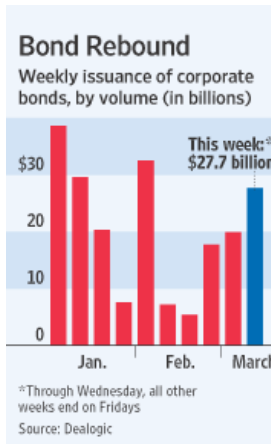
The US strategy team is **overweight industrials** as a sector because it offers strong gains as EPS growth accelerates in 2011. The US team prefers the movers over the metals and is **overweight Road & Rail** - the rationale behind this being that rail volumes are coming in better than expected which is suggestive of the domestic recovery further gaining traction and valuations are still undemanding. On the other hand within materials, **Metals & Mining is downgraded to underweight** as they are the most sensitive to the pace of global construction activity which could be at risk of a slowing down from Asia credit tightening.

The current leg of the rally is expected to **be led by Financials, Energy, Industrials and large-cap tech stocks**.

■ *Bullseye* spotted an interesting article in the *WSJ* about renewed confidence in the world economy and **credit markets** bouncing back (Source: "Credit Market Springs to Life", 11 March) Companies are aggressively borrowing again and financial liquidity is on the rise. **US bond sales** by Bank of America and GMAC Financial Services are on pace to conclude their busiest week of the year! And in Europe, borrowing by companies in March so far has already been more than 60% of February's totals.

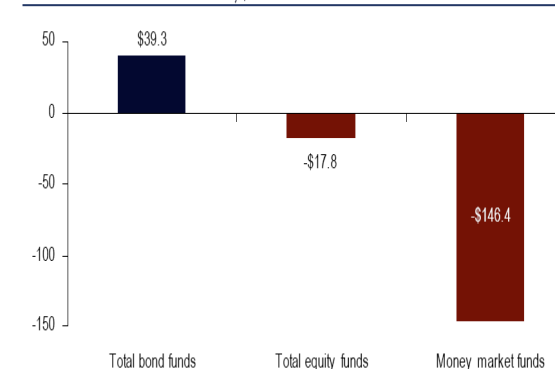
Risk premiums are falling again for corporate bonds and Citigroup for instance found strong demand for its sale of \$2billion of preferred securities. In total, US corporations have issued \$195.2 billion of debt in 2010, excluding government guaranteed bonds (up from \$166.8 billion during the same period last year).

This **resurgence in corporate debt** comes after a shaky February when several companies were forced to delay bond sales over Greece's debt worries. These concerns have subsided in recent days, and *Bullseye* recalls BofAML Global Research analysts repeatedly pointing out that these concerns were overdone.



■ Global Equity Strategist, **Michael Hartnett** continues to believe equities will outperform bonds this year. But obviously looking at recent fund flows, we have not seen that **bond-to-equity rotation** from investors just yet. Fixed income continues to draw an additional \$5.5 bn (03/03) for the 51<sup>st</sup> consecutive week. So what will trigger bond-to-equity rotation? Hartnett points to equity-supportive macro data particularly from the consumer side. With retail sales moving higher, US consumer discretionary stocks broke out to 18 month highs. He also looks for lower unemployment rate (a variable indicative of US consumer spending). Lower unemployment would potentially raise short-rate expectations, flatten the very steep yield curve and trigger rotation to equities out of bonds. So what is the latest unemployment situation? Recent US nonfarm payrolls were better-than-expected, having declined 36,000 in February and the unemployment rate held steady at 9.7%. (source: Bonds; not yet an equity bull's best friend, 5 Mar 2010)

Chart 1: YTD asset allocation flows, \$bn

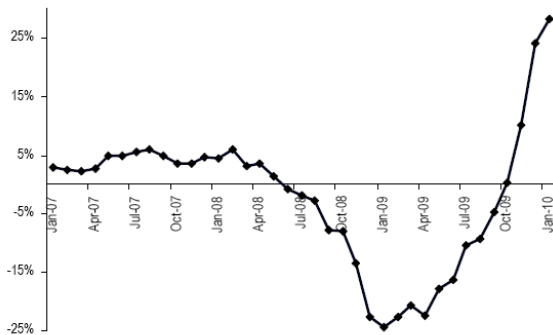


Source: Lipper FMI

## Food for thought (4)

■ US trade balance widens by 10.4% M/M in December, imports grew 4.8% M/M, exports grew 3.3% M/M for the eight consecutive month. Trade rebounds again, and the **transportation** industry gets busy. Consolidation within the industry has forced out weaker competitors, giving more market share to major industry players. Rail car loads are up 9.3% y-o-y, the highest absolute level since Dec 2008. Transportation Analyst, **Ken Hoexter**, reports positive news about truckload volumes and IATA air freight volumes up 28% y-o-y for January, driven mainly by inventory restocking. Retailers rebuilding confidence drove same-store sales up 4-6% in February. Ken sees strong data to support truckload, rail and airfreight sectors as companies rebuild depleted inventories and the global economy recovers. (Source: Transportation Tracker, 5 March 2010)

**Chart 4: Monthly Air Vol. – Total Freight Ton Kilometers**



Source: International Air Transportation Association



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■ Why do some investment managers do better than others? For many years, academics believe that the difference between funds performances is in asset allocation. A 1986 paper written by Gray Brinson suggested that asset allocation drove more than 90 pct of the difference in returns between funds.

The recent growth of exchange-traded funds (ETFs), which take macro views on baskets of stocks, illustrates everyone's conviction that asset allocation (not stockpicking) is the key.

A new generation of investors may adopt a new approach. A *Roger Ibbotson's* article suggests that return is explained by 3 components: asset allocation, stock selection and overall market movement. It depends on the type of fund. For index funds that simply match the index, asset allocation is sufficient. For hedge funds that make concentrated bets on stocks, **stockpicking** is essential.

The recent boom in commodities proves that academic papers can influence reality. Without years of academic articles introducing commodities as an asset class, investors would remain fixated on equities and bonds alone. A new generation of stockpickers may be emerging, looking to find bargain opportunities in a market focused purely on asset allocation.

*Bullseye* also recalls, Equity Strategist, **Michael Hartnett's** key theme for 2010 is the return of active management. (Source: FT column, 5 March)

■ Happy birthday, bull market! March 9 marks the one-year anniversary of the day the stock market began to recover from its 57 percent downturn. The largest bear market since the 1930s destroyed \$18tn of equity market capitalization around the world. Since March 9, the stock market has climbed back 69 percent. and a traditional gift on such occasions, is a nicely wrapped **diversified portfolio**.

According to *Ibbotson Associates*, if an individual had invested \$10,000 just before the market downturn in 2007 and put half in stocks through the S&P 500 and the rest in long-term U.S. government bonds, the person would have had roughly \$9,675 at in February, a loss of 3.26 percent. (source: Chicago Tribune, 10 March) The lesson learnt – with a good diversified portfolio, the components will do their job, offsetting parts of poor performance at any one time.



Source: Wikipedia

**And on that note, have a great weekend and week ahead!**

# Global Market Performance

Region	Index	CCY	Last Value	Performance in local ccy (%)						Bloomberg Data				Strategists	Bloomberg Ticker	
				(3y performance is annualized)						P/E	Curr Yr Est. P/E	Next Yr Est. P/E	P/B			Div Yld (%)
				1w	1m	3m	YTD	1y	3y							
<b>Global</b>																
Global	MSCI AC WORLD (ACWI)	USD	302.62	2.50	7.06	2.79	1.50	69.75	-3.58	21.28	14.61	11.99	1.87	2.36	Michael Hartnett	MXWD Index
Developed markets	MSCI WORLD	USD	1,182.69	2.42	7.02	2.91	1.69	66.39	-4.64	21.37	14.90	12.18	1.84	2.41	Michael Hartnett	MXWO Index
Emerging markets	MSCI EM	USD	989.83	3.00	7.36	2.00	0.21	97.60	6.18	20.65	12.91	10.84	2.11	2.07	Michael Hartnett	MXEF Index
Latin America	MSCI EM LATIN AMERICA	USD	4,146.28	3.63	10.01	1.15	1.16	113.49	14.51	17.93	13.98	11.50	2.42	2.63	Pedro Martins Jr.	MXLA Index
EMEA	MSCI EMEA	USD	331.22	1.64	7.71	6.65	2.36	98.04	-0.04	17.73	10.66	-	1.78	2.06	Michael Hartnett	MXEA Index
Asia Pacific ex-Japan	MSCI AC ASIA PAC EX JAPN	USD	415.32	3.14	7.51	2.36	0.19	98.87	5.52	23.19	14.47	12.37	2.05	2.52	Sadiq Currimbhoy	MXAPJ Index
<b>North America</b>																
US	S&P 500 INDEX	USD	1,150.24	2.50	6.89	4.49	3.60	62.98	-4.27	18.43	14.74	12.26	2.21	1.87	David Bianco	SPX Index
US	DOW JONES INDUS. AVG	USD	10,611.84	1.73	4.96	2.02	2.41	57.66	-1.99	15.92	13.54	11.67	2.59	2.56	David Bianco	INDU Index
US	NASDAQ COMPOSITE INDEX	USD	2,368.46	3.35	8.89	8.38	4.58	74.33	0.66	39.94	19.78	15.89	2.73	0.83	David Bianco	CCMP Index
US (Mid Cap)	S&P 400 MIDCAP INDEX	USD	782.51	3.11	10.28	11.24	7.98	83.07	-0.53	22.70	18.37	14.91	1.99	1.42	Steven G. DeSanctis	MID Index
US (Small Cap)	RUSSELL 2000 INDEX	USD	677.22	3.86	11.99	13.18	8.53	87.57	-3.41	145.84	24.47	17.11	1.85	1.22	Steven G. DeSanctis	RTY Index
<b>Europe</b>																
Europe	STXE 600 € Pr	EUR	257.60	0.26	7.21	5.69	1.97	60.30	-7.53	19.64	12.96	10.66	1.65	3.24	Gary Baker	SXXP Index
UK	FTSE 100 INDEX	GBP	5,617.26	1.80	9.38	7.78	4.74	58.85	0.87	18.57	12.28	10.12	1.88	3.35	Gary Baker	UKX Index
<b>Japan</b>																
Japan	TOPIX INDEX (TOKYO)	JPY	932.47	2.38	4.56	5.05	2.78	35.40	-17.51	-	31.84	18.79	1.14	1.73	Masatoshi Kikuchi	TPX Index
Japan	NIKKEI 225	JPY	10,708.47	3.27	6.18	6.09	1.61	51.16	-13.49	-	36.72	20.84	1.43	1.52	Masatoshi Kikuchi	NKY Index
<b>Asia Pacific (ex-Japan)</b>																
Australia	S&P/ASX 200 INDEX	AUD	4,819.10	1.14	7.10	5.69	0.45	57.20	-0.75	-	15.99	13.06	2.06	3.74	Tim Rocks	AS51 Index
China	HANG SENG CHINA ENT INDX	HKD	12,172.26	2.05	5.51	-6.13	-4.86	79.05	11.60	20.03	12.68	10.76	2.43	1.90	David Cui	HSCEI Index
China	SHANGHAI SE COMPOSITE IX	CNY	3,047.15	0.53	0.96	-6.16	-7.02	44.89	2.23	31.73	17.60	14.82	3.24	1.30	David Cui	SHCOMP Index
Hong Kong	HANG SENG INDEX	HKD	21,219.01	2.10	4.74	-3.07	-2.94	82.23	6.24	17.75	14.11	11.93	1.96	2.54	Alistair Scarff	HSI Index
India	BSE SENSEX 30 INDEX	INR	17,167.96	1.02	6.29	0.40	-1.65	108.20	11.35	25.68	20.85	16.43	3.39	1.04	Jyoti Jaipuria	SENSEX Index
Indonesia	JAKARTA COMPOSITE INDEX	IDR	2,675.85	3.76	5.59	6.27	5.59	109.81	17.37	32.38	14.12	11.66	2.81	2.05	Verdi Budiman	JCI Index
Korea	KOSPI INDEX	KRW	1,658.14	1.44	4.05	0.10	-1.46	47.02	5.38	18.06	10.52	9.39	0.70	1.39	Bryan Song	KOSPI Index
Malaysia	FTSE Bursa Malaysia KLCI	MYR	1,313.44	1.35	5.42	5.29	4.07	62.03	7.64	18.82	15.89	13.97	2.20	2.77	Melvyn Boey	KLCI Index
Pakistan	KARACHI 100 INDEX	PKR	9,879.70	3.18	1.54	10.60	6.16	84.22	-0.11	12.55	8.60	7.18	1.69	4.86	Imtiaz Gadar	KSE100 Index
Philippines	PSEI - PHILIPPINE SE IDX	PHP	3,081.19	1.63	5.89	3.29	2.51	73.74	3.53	14.69	12.86	11.20	2.14	3.37	Jojo Gonzales	PCOMP Index
Singapore	STRAITS TIMES INDEX	SGD	2,873.63	2.99	4.17	2.93	-0.71	99.74	-0.05	14.23	15.00	13.44	1.68	2.90	Melvyn Boey	FSSTI Index
Taiwan	TAIWAN TAIEX INDEX	TWD	7,750.30	1.10	4.14	-0.57	-5.35	67.55	4.46	75.38	15.27	13.16	2.11	2.33	Tony Tseng	TWSE Index
Thailand	STOCK EXCH OF THAI INDEX	THB	725.95	0.46	4.77	4.05	-0.33	82.99	7.45	13.06	10.97	9.34	1.53	3.72	Ian Gisbourne	SET Index
<b>Fixed Income</b>																
Investment Grade	Citigroup WorldBIG USD Local C	USD	189.07	0.15	0.52	0.77	1.78	7.28	6.52	-	-	-	-	-	Martin Mauro	SBWBUL Index
High Yield	CS High Yield Index Value	USD	814.07	1.06	1.16	4.96	2.61	56.70	5.23	-	-	-	-	-	Martin Mauro	CSHY Index
Emerging Markets	JPMorgan EMBI Plus	USD	508.50	0.62	3.13	3.21	3.13	30.93	7.03	-	-	-	-	-	Martin Mauro	JPEIPLUS Index
<b>Commodities</b>																
Commodities	REUTERS/JEFFERIES CRB IX	USD	273.39	-1.28	2.04	0.93	-3.53	29.07	-3.72	-	-	-	-	-	Francisco Blanch	CRY Index
Agriculture	DJUBS Agri TR	USD	117.36	-2.63	-3.59	-8.64	-10.98	10.63	-1.23	-	-	-	-	-	Francisco Blanch	DJUBAGTR Index
Gold	GOLD SPOT \$/OZ	USD	1,109.58	-2.21	1.48	-0.52	1.15	19.74	19.48	-	-	-	-	-	Michael Widmer	GOLDS Comdty
Oil	WTI Crude Oil Spot \$/barrel	USD	82.11	0.75	9.07	17.52	3.47	93.98	10.99	-	-	-	-	-	Francisco Blanch	USCRWTIC Index

Source: Bloomberg  
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