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THE G20 SUMMIT

- **News and Comment** Pages 5 & 13
- **Assertive China** Analysis, Page 11
- **G20 & South Korea** Separate section

World Business Newspaper

News Briefing

US banks to sidestep investing restrictions
Wall Street groups such as Goldman Sachs, JPMorgan Chase and Morgan Stanley will continue to invest billions of dollars in property and companies in spite of new rules aimed at curbing the bets banks make with their capital, executives say. **Page 17; www.ft.com/usbanks**

King outlines risks
Mervyn King, governor of the Bank of England, outlined the biggest risks to growth in the UK. **Page 3; Lessons for G20, Page 13; Lex, Page 16; Currencies, Page 32; www.ft.com/moneysupply**

Threat to Nokia's lead
Sales of mobile phones operating on Google's Android system are threatening Nokia's lead in the smartphone sector, just as the Finnish handset maker is feeling pressure at the other end of the market from low-cost Asian rivals. **Page 17; www.ft.com/telecoms**

MoD budget saved
The Treasury has stepped in to save the Ministry of Defence from a black hole of about £400m in its annual budget, after officials prematurely booked the proceeds from a planned sale of Eurofighter Typhoon jets to Oman. **Page 2**

Jobless reform concern
Welfare-to-work providers will have to fire staff and close offices while leaving tens of thousands of the unemployed without access to their support as the government runs down its programmes for the jobless, it has been warned. **Page 2**

Review for piracy law
A judicial review of measures in the Digital Economy Act to stem online copyright infringement has been granted by a High Court judge. **Page 3**

Concessions sought
The European parliament is set to embrace the tight 2011 budget championed by David Cameron, the UK prime minister, but is demanding concessions in return that would give it a stronger say over future European Union spending. **Page 6**

Obama reaches out
US president Barack Obama reached out to moderates in Indonesia, the largest Muslim-majority country, reiterating that the US was not at war with a "great religion like Islam". **Page 8; Editorial Comment, Page 12**

India stance attacked
Pakistan has condemned Barack Obama's call for India to assume permanent membership of the UN Security Council, describing the US president's position as "incomprehensible". **Page 8; www.ft.com/pakistan**

FT writers win awards
Kate Burgess was named journalist of the year on pension issues, while John Authers was named investment journalist of the year, in the national newspapers category of the 2010 State Street Institutional Press Awards.

Separate section

Executive Appointments
Things people do to get a job
Hiring the disadvantaged
Should your CV include a photo?
Plus the best jobs in business

Ireland's borrowing costs rise sharply

Cash-strapped banks join in bond sell-off

Country 'close to losing credibility'

By Sam Jones, David Oakley and Sharlene Goff in London

Ireland's cost of borrowing shot up to its highest level since the launch of the European single currency as a result of a wave of forced selling by bondholders and the country's cash-strapped banks.

Benchmark 10-year bond yields rose by more than half a percentage point to 8.64 per cent on Wednesday while the country's spread over benchmark German bonds soared to 6.19 percentage points – both record highs since January 1999.

"The Irish situation seems to be getting worse by the day," said Don Smith, economist at Icap. "These yields are unsustainable. Ireland is close to losing credibility among investors, if it hasn't already."

Dublin has the advantage over Greece, which in May turned to the European Union and International Monetary Fund for assistance, because it is funded into July.

Bankers say the likelihood is growing, however, that the Irish will need bail-out loans.

Patrick Honohan, central bank governor, attempted to play down concerns over the country's debt burden but in doing so raised the spectre of a bail-out by the IMF, adding to market jitters.

Any such rescue package would be likely to entail a set of austerity measures similar to the ones already being enacted by the Irish government, Mr Honohan said.

"I would assume that the IMF view on the policies that have been proposed by government and the policies on banking [would be acceptable]... An IMF package wouldn't look that much different," he said. But he conceded that movements in the bond market indicated that markets remained sceptical.

The dramatic sell-off in Irish bonds was driven by a fire sale of positions by market participants who were unable to meet collateral requirements enforced by LCH.Clearnet – one of Europe's biggest clearing houses – on Wednesday morning.

Ireland's banks were faced with an estimated $1bn (£621m) cash-call from LCH.Clearnet as a result of its decision to require a deposit of 15 per cent against all Irish bond positions as an indemnity against default.

The margin will be cleared on Thursday and collected on Friday, a memo sent to LCH.Clearnet members said.

Bank of Ireland alone must stump up as much as €250m (£214m), the Financial Times has learnt.

The bank is understood to be meeting the call by dipping into its cash reserves, rather than through selling down its €1.7bn holding of bonds.

In order to avoid the call, many other banks and traders are dumping their bond positions, however.

Additional reporting by John Murray Brown in Dublin.

Financial woes, Page 6
The Short View, Page 17
Bond sell-off, Page 32

Study break Tuition fee protest ends in violence

Violence flared at the central London headquarters of the Tory party on Millbank, after students and teachers had gathered to protest against planned increases in university tuition fees. Organisers say 50,000 people attended the protest Page 4

PA

Greenspan warns over weaker dollar

By Alan Beattie in Seoul

The US is pursuing a policy of weakening its currency which is driving up exchange rates in the rest of the world, according to Alan Greenspan, the former chairman of the Federal Reserve.

Writing in today's Financial Times ahead of the G20 meeting in Seoul, Mr Greenspan argues that along with China also holding down the renminbi, the upward pressure on currencies elsewhere means risks a return to widespread trade protectionism. Mr Greenspan criticises China for continuing to prevent the renminbi strengthening, saying it reflects a misguided view that a weak currency is necessary for export growth and political stability. "China has become a major global economic force in recent years," he writes. "But it has not yet chosen to take on the shared global obligations that its economic status requires." More unexpectedly, Mr Greenspan adds: "America is also pursuing a policy of currency weakening."

Mr Greenspan does not specify which agency in the US system is implementing policies to weaken the dollar, but his words are likely to be seized on by critics of the US Federal Reserve. Governments around the world have complained that the Fed's recent move towards pushing more dollars into financial markets is creating destabilising capital movements and pushing up exchange rates elsewhere. In the US system, formal responsibility for exchange rate policy lies with the US Treasury. Tim Geithner, Treasury secretary, has always maintained that the US's policy of a strong dollar is unchanged, though the Treasury has never specified what value that implies.

> 'China has not chosen to take on the shared obligations that its status requires'
>
> **Alan Greenspan**

Ben Bernanke, Fed chairman, recently defended his actions and said he was fully aware of the global importance of the dollar.

"The best fundamentals for the dollar will come when the economy is growing strongly," he said.

Speaking in London, Mervyn King, the governor of the Bank of England, also expressed concern that failure to address the issue of imbalances could create the conditions for a new financial crisis.

"If we end up 12 months from now with countries taking protectionist measures, everyone will suffer. I think the absolute imperative for this weekend [at the G20] is a clear demonstration that every member of the G20 recognises that the imbalances are a problem ... If we don't do that then I fear the next 12 months will be an even more difficult and dangerous period than the one we have been through," said Mr King.

G20 summit, Page 5
Elevated aspirations, Page 11
Alan Greenspan, Page 13
Lex, Page 16
G20: separate section
Interactive graphic at www.ft.com/currencymap

Pressure on Rolls

Pressure on Rolls-Royce increased further as the airline with the biggest fleet of A380 superjumbos urged the UK company to be more open about what was causing problems in some of its engines. 'I believe it would be helpful if Rolls were a little bit more communicative about what's actually going on,' said Tim Clark (pictured), president of Dubai's Emirates airline, which has ordered 90 of the passenger jets and has 14 flying at the moment.

Report, Page 17

China jails father of tainted milk victim for role in support group

Conviction on charge used to silence dissent

By Jamil Anderlini in Beijing

A Chinese activist who organised a support group for fellow parents of children affected by one of the country's worst food safety scandals has been sentenced to two and a half years in prison on a charge often used to silence government critics.

A Beijing court on Wednesday handed down the unusually harsh sentence for "disturbing social order" on Zhao Lianhai, whose young son fell ill in 2008 after drinking baby formula tainted with melamine, an industrial chemical. At least six children in China died after drinking melamine-tainted milk and more than 300,000 were left with kidney problems.

The scandal was initially covered up by the local authorities and, allegedly, a central government ministry to ensure it did not overshadow the Beijing Olympic Games, which opened at about the same time.

The verdict coincided with the final day of David Cameron's trip to China. The prime minister had praised the virtues of open democracies and a free press in a speech to students at Peking University.

Li Fangping, Mr Zhao's lawyer, said the prosecution's case revolved around three "crimes": co-ordinating parents to hold up small signs in front of a court and a factory involved in the scandal, giving interviews to international news organisations in a public place and overseeing a small gathering at a restaurant for affected parents.

Mr Zhao's sentence appears to be part of a crackdown on political activism that has intensified since the Nobel Peace Prize was awarded to Liu Xiaobo, the dissident now serving an 11-year prison sentence following his calls for political reform.

The milk scandal provoked outrage from all sectors of Chinese society and, in the aftermath of the Olympics, Beijing ordered an investigation that found more than 20 companies had been selling products tainted with melamine, which is used in plastics and fertiliser.

A farmer and a melamine producer were subsequently convicted and executed and a number of senior company executives were jailed.

After his infant son fell ill from drinking the tainted formula, Mr Zhao started a support group and website for parents to share information on health problems and exchange advice on suing the companies involved. He was first detained in November 2009 as compensation claims came to the courts and just days before the first visit to China by Barack Obama, the US president.

World Markets

STOCK MARKETS

	Nov 10	prev	%chg
S&P 500	1218.71	1213.4	+0.44
Nasdaq Comp	2578.78	2562.98	+0.62
Dow Jones Ind	11357.04	11346.75	+0.09
FTSEurofirst 300	1109.61	1117.24	-0.68
DJ Euro Stoxx 50	2845.93	2890.64	-1.55
FTSE 100	5816.94	5875.19	-0.99
FTSE All-Share UK	3003.45	3033.48	-0.99
CAC 40	3888.45	3945.71	-1.45
Xetra Dax	6719.84	6787.81	-1.00
Nikkei	9830.52	9694.49	+1.40
Hang Seng	24500.61	24710.6	-0.85
FTSE All World $	213.6	215.08	-0.69

CURRENCIES

	Nov 10	prev		Nov 10	prev
$ per €	1.370	1.391	€ per $	0.730	0.719
$ per £	1.603	1.612	£ per $	0.624	0.621
£ per €	0.855	0.863	€ per £	1.170	1.158
¥ per $	82.8	80.8	¥ per €	113.4	112.4
¥ per £	132.6	130.2	£ index	81.0	80.5
$ index	80.1	79.0	€ index	95.86	96.46
SFr per €	1.335	1.338	SFr per £	1.562	1.549

COMMODITIES

	Nov 10	prev	chg
Oil WTI $ Dec	87.81	86.72	1.09
Oil Brent $ Dec	88.96	88.33	0.63
Gold $	1,392.70	1,409.50	-16.80

INTEREST RATES

	price	yield	chg
US Gov 10 yr	99.70	2.66	0.00
UK Gov 10 yr	112.77	3.16	0.12
Ger Gov 10 yr	98.21	2.46	0.01
Jpn Gov 10 yr	98.22	1.00	0.02
US Gov 30 yr	93.83	4.24	-0.01
Ger Gov 2 yr	99.66	0.94	-0.04

	Nov 10	prev	chg
Fed Funds Eff	0.17	0.18	-0.01
US 3m Bills	0.14	0.13	0.01
Euro Libor 3m	0.99	1.00	0.00
UK 3m	0.66	0.66	-

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Jet deal blows £400m hole in MoD

Planned sale on this year's ledger

Treasury steps in to balance the books

By Alex Barker, Political Correspondent

The Treasury has stepped in to save the Ministry of Defence from a black hole of about £400m in its annual budget, after officials prematurely booked the proceeds from a planned sale of Eurofighter Typhoon jets to Oman.

Ministers were dismayed to discover the over-optimistic accounting of the export deal, which had threatened to make it even harder for the department to meet tight budgets.

The problems arose from MoD officials under Labour wrongly assuming Oman would make a payment of at least £400m this year.

A Treasury concession now gives the MoD leeway to recognise the sale at some point over the next four years. "It does again show that the culture of optimism has all sorts of risks for the MoD," said one senior defence figure. It showed "there needs to be a new culture of realism, not cross my fingers and hope for the best".

Details of the budget troubles came as a group of senior retired naval officers spoke out against the "strategically and financially perverse" decision to scrap the Harrier jump jets and Ark Royal aircraft carrier.

Former heads of the navy, including Lord West and Sir Julian Oswald, warned that the cuts "practically invited" Argentina "to inflict on us a national humiliation" by invading the Falkland Islands. Nick Harvey, armed forces minister, dismissed the criticism as "absolute nonsense".

One of the lines of UK defence in the Falklands is the Typhoon, an aircraft designed as a cold war fighter jet that has survived several Treasury attempts to axe the programme.

The MoD is now reliant on exports – to Oman and Saudi Arabia among other destinations – in order to balance its books and meet its commitments to purchase jets under the Eurofighter consortium, which includes Spain, Italy and Germany.

In April Gordon Brown announced he was in talks to sell jets from the second Typhoon production run to Oman. This prompted officials to book the sale proceeds, even though the deal was far from complete.

It was flagged up to ministers as one of the "top financial risks" to the MoD, forming part of what was an estimated £38bn shortfall over the next decade.

The sultanate later approached Liam Fox, defence secretary, requesting to buy jets from the third batch of more sophisticated and expensive Typhoons, a change that is likely to significantly delay the final payment.

"We are examining the consequences of the decision the Omanis are going to take. There are some issues around that," said one senior defence figure. "We are getting close to clarity on the Oman deal. But the likelihood of it appearing in this year's budget is small."

Under the Eurofighter agreement the UK is signed up for 40 aircraft from the third production run, although it was also allowed to count export orders to countries including Saudi Arabia towards its total so it only had to pay for 16 aircraft.

Defence industry analysts say the Omani order could be for as many as 24 aircraft, as Oman has wanted to replace its 24 ageing Jaguar jets for some time.

Argentina presses case for Falklands

The Argentinian government, which views the "Malvinas", as it calls the Falklands, as a matter of international justice and national pride, has vowed to get the islands back, and wastes no international diplomatic opportunity to press its case and muster support among regional allies, **writes Jude Webber in Buenos Aires**.

But it says peaceful negotiation is now the only way to proceed, in spite of the dire warnings of Britain's former naval top brass.

"[Liam] Fox shouldn't be concerned. We're not thinking of attacking the islands," Héctor Timerman, the foreign minister, said last week.

Argentina has objected to British military exercises in the islands but reserved its own heavy guns for rhetorical attacks on what it calls Britain's obsolete colonial stance and persistent refusal to attend sovereignty talks, in spite of its status as a UN Security Council member.

British companies began drilling for oil around the islands this year amid a wave of hype of a new "black gold" rush. Argentina has done all it can to impede service companies from supporting the efforts.

Labour to attack Brown's record on economy

By George Parker, Political Editor

Alan Johnson, the shadow chancellor, is to launch an attack on Gordon Brown's stewardship of the economy, saying he allowed Britain to become over-dependent on tax receipts from the City and housing.

Mr Johnson's admission that Labour presided over "an unbalanced economy" is part of a strategy to show that he has learnt the lessons of the past and to help rebuild the party's economic credibility.

He privately admits Labour has been sidelined in the economic debate since the election, allowing George Osborne, chancellor, to present Labour as wreckers of the economy and living in a state of "deficit denial".

Mr Johnson has mapped out a strategy, starting today, which initially sees Labour recognising mistakes of the past, addressing what he sees as a serious omission on the part of Mr Brown.

The second stage will see the shadow chancellor start to identify areas of public spending that Labour would cut, in an effort to gain "permission" to start talking about the deficit with a degree of credibility.

Meanwhile, Mr Johnson and Ed Miliband, Labour leader, have issued an edict requiring shadow ministers to clear any statements or speeches they make that commit the party to higher public spending.

Mr Miliband has been advised by Neil Kinnock, Labour's former leader, that the party made a serious error in failing to impose tough discipline on spending soon after the Conservative election victory in 1987.

"By the time the next election came around in 1992, the Tories added up every commitment made by every spending minister in the previous five years and came to a very big total," said one Labour official. "We won't make that mistake again."

Mr Johnson's appointment was a signal by Mr Miliband that he wanted to occupy the economic centre ground.

Mr Johnson will repudiate part of Labour's economic legacy in a London speech, saying it should have been obvious that the country was overreliant on the City and a housing bubble.

"A proper understanding of how reliant our tax base had become on certain sectors should have made clear that our economy was too narrowly focused," he will say.

However, the shadow chancellor will also argue that the coalition has peddled "myths" about Labour's economic management, pointing out that City corporation tax receipts helped to put the public finances in good shape – until the crash hit.

Concern rises over shake-up for jobless

By Nicholas Timmins, Chris Giles and Alex Barker

Welfare-to-work providers will have to fire staff and close offices while leaving tens of thousands of the unemployed without access to their support as the government runs down its programmes for the jobless, it has been warned.

The coalition government is scrapping all the current welfare-to-work projects to replace them with the Work Programme, a much more ambitious project to get those on incapacity benefit and the long-term unemployed back to work with providers paid – ministers hope – entirely by results.

Although contracts for the new programme are due to be signed in March, the Department for Work and Pensions has repeatedly said it expects the Work Programme to get going fully "in the summer".

However, new referrals to the current programmes are being halted from December in half the country and in March in the remainder.

Kirsty McHugh, chief executive of the Employment Related Services Association, the providers' trade body, said: "There is concern across the sector, from the big prime providers to the smaller specialist voluntary organisations whose skills will be essential to the success of the Work Programme.

"They are going inevitably to lose staff and may have to end leases, only to be asked to crank it all up again a few months later," she said.

Some of the bigger providers might be able to bankroll smaller ones during the three months or more that the unemployed were no longer being referred, she said. "But there must be a risk that some will go under."

On the DWP's own figures, at least 50,000 of the unemployed, and possibly many more, will have no programme to go to in the gap between schemes being wound down and the Work Programme starting.

Chris Grayling, the work minister, has argued that the jobless will still get support from Jobcentre Plus, although its budget is under pressure from the spending review. The DWP said it would work with providers "to ensure continuity of support" and that it was "irresponsible to raise unnecessary concerns at this time".

Meanwhile, David Cameron, the prime minister, has announced tougher sanctions on those who refuse to apply for jobs or take them, or who refuse work experience, as part of the welfare reform white paper due on Thursday.

The new "claimant contract" will remove benefit for three months, six months and then three years for repeat offences. Downing Street officials said the sanctions would be "almost" automatic. At present, Jobcentre Plus advisers can use discretion.

"The message is clear," Mr Cameron said. "If you can work, then a life on benefits will no longer be an option."

At present advisers can remove benefits for two, four and then 26 weeks. According to DWP figures, 110,000 people had sanctions applied in 2009-10 from the 5m claims for jobseeker's allowance over the year.

Iain Duncan Smith, the work and pensions secretary, is set to claim that the new single benefit, which the government plans for working age claimants, will make 2.5m better off.

110,000

Number of people who had benefit removed in 2009-10

David Cameron takes in the sights at the Great Wall. He was at pains in China to raise human rights issues in a 'sensitive and measured' way Epa

Pay-off awaited from quiet diplomacy

Beijing visit

David Cameron now realises that securing big export deals from China is a slow process, writes **Chris Giles**

David Cameron came to China at the helm of a large delegation of British business figures hoping to do business. He left realising that achieving big export deals with China is a slow and difficult process, even though he spoke softly on human rights and made no gaffes during his trip.

In a speech on Tuesday he hailed new business worth billions of pounds, but the export deals announced on the trip amounted to less than £1bn; a Rolls-Royce deal for 16 new jet engines accounting for £750m of a total no higher than £900m.

Other big deals which had been expected – one between BP and Cnooc of China and another with Diageo – did not come off, Downing Street officials said, because the Chinese political establishment was not ready to sign. Officials said they hoped the deals would proceed in due course, but it would be a slower process than expected.

The strategy on the trip, a senior British official said, was to do business while also raising issues of concern, especially on human rights, in a "sensitive and measured" way.

This Mr Cameron did assiduously during his visit. He did not raise specific rights cases in his formal meetings with Wen Jiabao, prime minister, and Hu Jintao, China's president.

It is understood that some specific cases of abuse, such as the imprisonment of Liu Xiabo, the Nobel Peace Prize winner, were raised at a banquet on Tuesday evening. But Downing Street would not confirm such a discussion took place, whose name the prime minister raised if he did raise the issue, or what the response was.

On human rights Mr Cameron used a tactic first employed by Barack Obama, US president, to make his point without publicly criticising the Chinese government. The British premier described the difficulties he faced in Britain with multiparty democracy, a free press and an independent judiciary, but said these irritations of political freedom made it "easier ... ultimately for the British government to come to sensible decisions and to develop robust policies that command the confidence of our people".

He repeatedly made a point that he was not in Beijing to "lecture" or "hector" the Chinese, even though he did say in a speech that Britain had "deeply held concerns" about human rights.

Lecturing China was also far from the agenda when Mr Cameron raised the issue of global trade imbalances and the danger of currency wars, sparked in part by China's managed exchange rate that most economists believe is artificially low and boosts the competitiveness of its exports.

Instead of sticking to the argument of the Group of Seven rich nations – that China should work harder to make its currency reflect market pressures – the prime minister took a softer approach.

He welcomed the fact that the Chinese government was talking about introducing, in time, "greater market flexibility into its exchange rate". This could not be completed overnight, "but it must happen", he said.

At no stage did officials think the trip could lead to an equivalent of the $20bn (£12.4bn) in trade deals signed between Nicolas Sarkozy, French president, and Mr Hu last Friday. They talked about deals worth "billions of dollars."

The question they were pondering as the prime ministerial jet took off from Beijing en route to the Group of 20 summit in Seoul was whether all the diplomacy was effective.

$20bn

Trade deals signed between France and China

Elevated aspiration, Page 11
Notebook, Page 12
Lex, Page 16
Videos: flaws in China's economic model
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Soldiers face Iraq war crimes probe

Civilians seeking public inquiry

By Jane Croft, Law Courts Correspondent

The army is at the centre of a new crisis over alleged prisoner abuse after it emerged that three soldiers could face trial for war crimes.

Military prosecutors are investigating the soldiers over claims that they abused an Iraqi detainee and the director of service prosecutions will decide whether they should face charges.

Details of the investigation emerged during judicial review proceedings at London's High Court on Wednesday. The case has been brought by lawyers acting for more than 200 Iraqi civilians seeking a public inquiry into alleged abuse of Iraqi prisoners at the hands of their British captors.

No further information about the probe was disclosed, although the allegations were passed to prosecutors three weeks ago.

The Iraqis claim they were mistreated in British-controlled detention facilities between April 2003 and December 2008. In written arguments submitted to the High Court, lawyers for the Iraqi civilians claim the civilians suffered "torture or ... inhuman or degrading treatment or punishment" at the hands of soldiers.

They claim that "sensory deprivation ... can be seen across all facilities and time periods, with 160 allegations made of sight deprivation", including the use of blackened goggles.

The court papers refer to "sound deprivation (usually ear muffs)", "hooding", and a "clear practice of placing detainees in stress positions" ranging from prolonged kneeling to prolonged standing with arms lifted.

A number of allegations relate to the practices of the Joint Field Interrogation Team, which it is claimed was a self-contained unit designed to control and interrogate detainees.

The Ministry of Defence has argued that a public inquiry is inappropriate and that the Iraq Historical Allegations Team within the Royal Military Police should investigate the claims. However, lawyers for the Iraqis claim that the team is not independent of the armed forces.

The MoD said in a statement: "The MoD has been clear throughout that if allegations are found to be true then individuals may be prosecuted. That is why we have set up the Iraq Historical Allegations Team. They will investigate these cases thoroughly and identify any action that needs to be taken."

The ministry added: "They remain allegations and, if untrue, making such serious allegations falsely would be a heinous slur on members of the army."

Lord Justice Richards and Mr Justice Silber, two High Court judges, have been asked by Public Interest Lawyers, which is acting for Iraqi civilians, to rule on whether there should be a single public inquiry into the claims.

The judges are due to give their ruling on the case later this year.

In 2006 Corporal Donald Payne of the Duke of Lancaster's regiment pleaded guilty to inhumane treatment of prisoners protected by the Geneva convention, after Baha Mousa, an Iraqi hotel worker, died in custody in Basra in September 2003. Mousa died from asphyxiation, and a post-mortem examination found 93 injuries to his body. Cpl Payne was jailed for a year and expelled from the army.

Court papers refer to hooding, sound deprivation and placing detainees in stress positions

BA suffers setback in cabin crew clash

By Gill Plimmer

British Airways' attempt to reach a settlement in its acrimonious dispute with cabin crew has hit another stumbling block after two branches of the trade union involved said they would not recommend the airline's latest offer to members.

BA and the Unite union last month reached a tentative agreement aimed at ending the long-running dispute, which began last year and caused 22 days of strike action.

But Bassa and Amicus, divisions of Unite that represent the bulk of cabin crew members, said they could not recommend the deal as it was "a step too far".

In particular, they are angry at clauses that require shop stewards to drop all outstanding legal claims arising from the dispute, as well as giving BA the right to withdraw travel concessions from staff in future. A Bassa spokesman said: "There are some good parts within BA's offer, in particular their acceptance of binding, independent, Acas arbitration, but there are many other clauses which we simply, as a trade union, cannot recommend."

British Airways had taken away travel concessions from striking cabin crew during the dispute, but later returned them as it sought to bring the conflict to an end.

Unite is still preparing to recommend the offer in a consultative ballot but said it would hold a strike vote if the deal was rejected.

BA said it thought the offer was fair.

"The company continues to deal directly with the union, Unite. It is Unite who will ballot their members, not Bassa or Amicus – which are sections within the union. Unite has already stated its position clearly... This remains unchanged."

Trade risks are main threat to UK, says Bank

Growth depends on global recovery

Forecasts even riskier than usual

By Norma Cohen and Daniel Pimlott

The biggest risk to growth in the UK is that the economies of its trading partners suffer badly, slowing demand for exports and making it difficult for the nation to undertake a rebalancing of its economy, according to the governor of the Bank of England.

Mervyn King unveiled the latest quarterly inflation report on Wednesday showing that the Bank had only marginally changed its forecast for both growth and inflation since its last report in August.

The Bank noted that there were even more risks than usual to its forecast. Moreover, members of its monetary policy committee were unusually divided over how they expected various factors affecting inflation would influence the eventual outcome. Towards the end of the forecast, the committee judged that it was "about as likely that inflation will be above the target as below it", Mr King said in his opening remarks.

"But at both the two and three-year horizons, there is only a one-in-four chance that inflation will be within a half percentage point of the target. That underlines the uncertainty faced by the committee."

Mr King repeatedly returned in a press briefing to what he said was the central issue facing the British economy: whether it would be able to achieve the rebalancing necessary to reduce dependence on consumption by over-stretched households and the public sector by replacing it with demand for exported goods and services. "The biggest conjunctural risk that we face is bad news on the world economy and in particular in the euro area," Mr King said, noting that more than 60 per cent of UK exports were to the eurozone – including 7 per cent to Ireland alone.

Nearly three years after a 25 per cent drop in the value of sterling, Britain's trade balance appeared to have improved little. Moreover, the governor warned, the world economy overall was likely to be damaged if Group of 20 leading economy members meeting this weekend could not agree how to reduce trade imbalances without triggering protectionist measures.

"What is most important at present, given the difficult and dangerous times that the world economy faces, is that the world leaders at the G20 have a constructive approach.

"We are in a position where the world economy can be a win-win outcome. But I'm afraid we're also in a position where it can be a lose-lose," he said.

But although the inflation report offered a balanced view of the risks facing the UK economy, investors bet that the Bank did not plan to pump new stimulus into the economy any time soon, driving yields on the UK's benchmark 10-year debt up by the most in more than a year.

"Compared with recent press conferences . . . the governor's tone was more balanced," said Ben Broadbent, economist at Goldman Sachs. "For the first time in a while, his remarks in the press conference were broadly consistent with the content of the report itself."

The Bank barely moved its forecasts for growth in the next few years from its prediction three months ago. Growth is expected to be 2.4 per cent next year and 2.8 per cent in 2012 and 2013 once the range of risks that the economy will underperform are taken into account, according to Financial Times calculations. That is above the average market forecast of 1.8 per cent next year but close to the Office for Budget Responsibility's expectation of 2.3 per cent growth.

Seoul summit, Page 5
Lessons for G20, Page 13
Lex, Page 16
Currencies, Page 32
www.ft.com/moneysupply

Production

Capacity conundrum

Among the biggest conundrums to emerge from last year's recession was what, exactly, happened to Britain's capacity to supply goods and services, **writes Norma Cohen.**

The answer is central to policymakers' thinking about inflation. If supply capacity has been permanently lost, it may mean that, when demand begins to rise again, producers will not be able to meet it. As a result they will jack up prices for goods and services.

In successive inflation reports over the past year the Bank of England has made repeated references to its expectation that high unemployment and mothballed production capacity mean the economy is producing much less than it is capable of.

However, persistently high inflation has led some to question whether more capacity has been destroyed and that its loss is not temporary.

In its inflation report on Wednesday the Bank attempted to look closely at some of the conflicting evidence on the matter, noting that a small margin of spare capacity may have inflationary implications as an economy recovers.

The report notes that the evidence is mixed.

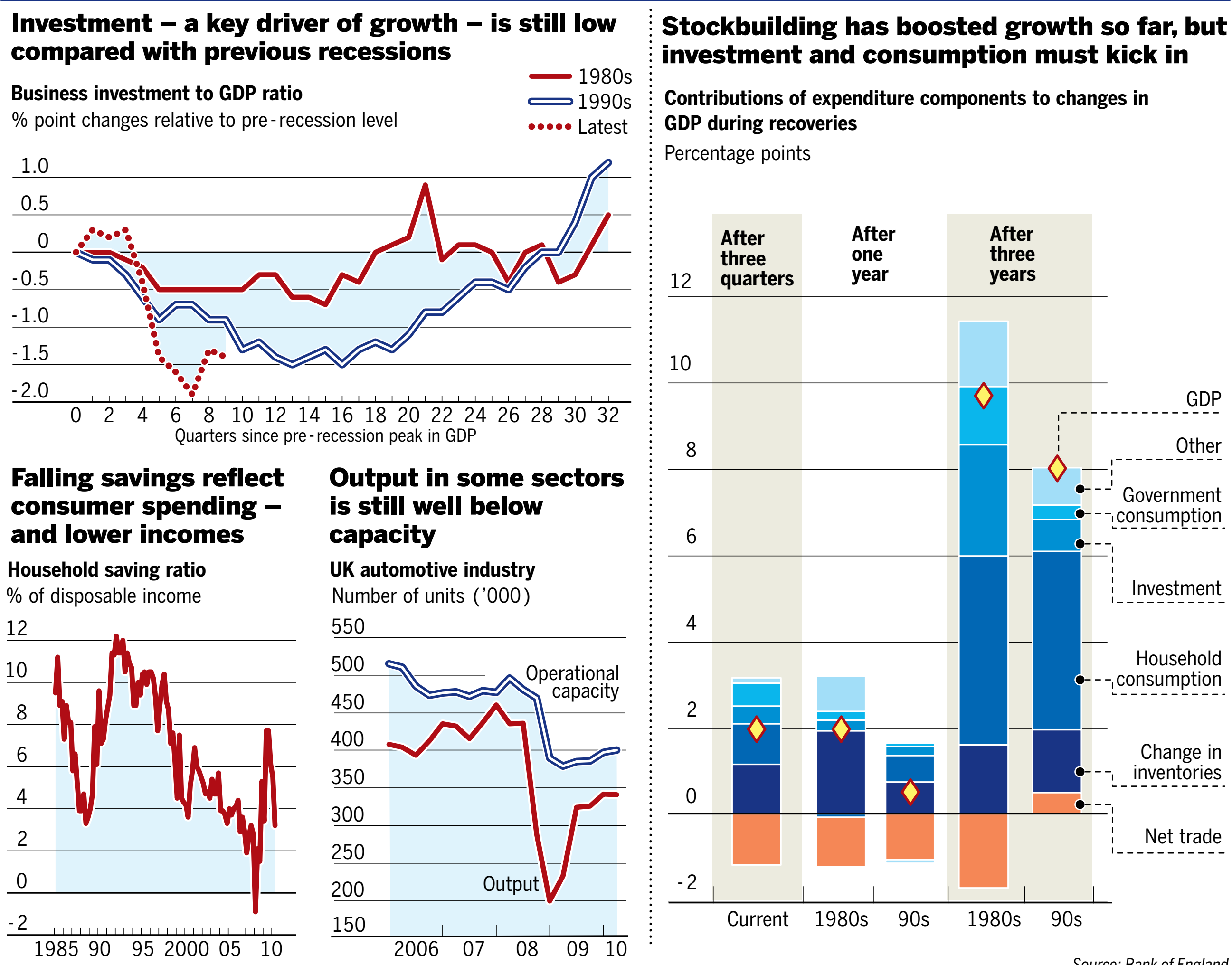
However, on balance, while the monetary policy committee believes some pre-recession capacity has been lost forever, "substantial spare capacity within companies remains, including some capacity that has been temporarily suspended but which could be brought back into use as demand strengthened".

One reason for the confusion about capacity is that different measures tell different stories. Business surveys suggest that spare capacity now, particularly within manufacturing companies, is close to pre-recession levels.

However, when companies respond to surveys, the report notes, they may be taking into account only how much of their production capacity is idle but available to work right now, rather than productive capacity that has been shelved but could be brought back on stream when conditions permit.

Photo: Felix Clay

Foundations of growth



Court to review law on internet piracy

By Tim Bradshaw, Digital Media Correspondent

A judicial review of measures in the Digital Economy Act to stem online copyright infringement has been granted by a High Court judge.

BT and TalkTalk, two of the UK's biggest internet service providers, filed a complaint with the High Court in July arguing that the act passed in the dying days of the Labour government was "unfair", failed to take account of European law and was ratified too hastily during the "wash-up" period after the election was called in April.

Measures to tackle online filesharing were strengthened during the bill's passage, including plans to force broadband providers to suspend internet access for repeat offenders and bar access to sites that were seen as facilitating piracy.

Several leading internet groups, including Google and Facebook as well as BT and TalkTalk, protested against the moves.

Justice Wyn Williams ruled in London on Wednesday that a review be granted on the grounds of compliance with the European technical standards directive and compatibility with EU privacy and e-commerce directives.

The judicial review is expected to come to court in February.

BT and TalkTalk said they were "very pleased that the court has recognised . . . our concerns".

"It is important for everyone involved – copyright owners, consumers, ISPs and institutions like libraries and universities – to have certainty on the law before proceeding," the ISPs said, claiming that costs of implementing the act could run into tens of millions of pounds.

The Department for Business, Innovation and Skills said it was disappointed with the decision and insisted that the act was consistent with EU law.

The BPI, MPA and the Creative Coalition – groups representing content owners – also bemoaned the ruling, saying piracy threatens jobs in the media sector.

Ofcom is still proceeding with its implementation of the plans, with a final version of its code for ISPs expected to be published this month. The obligations are expected to come into force in early summer 2011.

King denies crossing line over coalition

By Norma Cohen, George Parker and Daniel Pimlott

Mervyn King, governor of the Bank of England, has rejected suggestions from some senior Bank officials that he has gone too far in his support for the coalition's plans for aggressive fiscal consolidation.

Dismissing worries that he had tied himself too closely to the government's plans for rapid and deep cuts as not a "serious question", Mr King said members of the monetary policy committee all agreed on the need for a credible deficit reduction.

But a Financial Times report on Tuesday that current and former members of staff – including some members of the MPC – felt Mr King had crossed the line in endorsing the coalition's plan to eliminate the deficit reinforced Labour's own concerns.

George Mudie, a Labour member of the Commons treasury committee, said it had "become a habit" for the governor to side publicly with the Tory position on deficit reduction.

A spokesman for Alan Johnson, the shadow chancellor, said: "The government clearly does not have a monopoly of wisdom on how to deal with the deficit. The divergent views on the MPC demonstrate this clearly."

Mr King, speaking at the publication of the Bank's latest forecasts for growth and inflation, said there might be differing views on fiscal policy on the MPC, just as there were differing opinions on monetary policy.

"I'm sure there are probably different views on fiscal policy but we don't sit down and discuss it because it's not the remit of the MPC," he said.

But he added: "You need a credible medium-term fiscal plan in place. I don't think anyone on the committee disassociates themselves from that view."

Discomfit among Bank officials with Mr King's support for the coalition's plans has developed following some unusual interventions by the governor.

A year ago Mr King told MPs that Labour lacked a "credible plan" to restore the public finances. Then, days after the election, he backed the Conservative and Lib Dem plans for a faster pace of cuts, saying that any harm they did to the economy would be "swamped by [good] news that we will get about movements in domestic demand".

Airing the Bank's inflation report in August, in which the growth forecast was downgraded, Mr King refused to pin any blame for slower growth on plans to slash spending – unlike most private sector economists who also reduced their forecasts.

In addition to Mr King and George Osborne, Sir Nick Macpherson, the Treasury permanent secretary, fully supports the need for a faster consolidation. The chancellor had planned to deploy Mr King and Sir Nick to persuade the Lib Dems to back a £6bn cut in public spending this year during coalition talks; in the end Nick Clegg's party needed no persuading.

Mr King had a long history of discord with the previous Labour government. Gordon Brown's public procrastination about whether to reappoint him soured relations with the governor, and they never recovered.

"Of course, Mervyn would always be careful to say something else which appeared supportive of government policy, but he must have known how his remarks would be interpreted," a former Treasury official said.

"Alistair Darling didn't think he had a blue rosette on his desk or anything like that . . . but Mervyn has been around long enough to know what he is doing."

Relations became so dire that Mr Darling believed Mr King had become a conduit to the Tories, however unwittingly, of confidential government thinking, notably on a banking sector bail-out in October 2008.

Mr King has vehemently denied the suggestion, but the fact that suspicions lingered in the Treasury was a sign of poor relations.

One Labour former minister said: "The quickest way to convey our thinking to George Osborne was to tell the governor. Reappointing him was one of Gordon Brown's biggest mistakes."

Labour has watched Mr King's endorsement of the coalition's fiscal approach as further evidence that he risks compromising his political independence.

"It's absolutely paramount the governor should be away from politics," said a Labour former minister. "He derives his authority from his independence."

Editorial Comment, Page 12

Political manoeuvres

February 2004
Mervyn King raps the knuckles of Ed Balls, Gordon Brown's chief economic adviser, for commenting on monetary policy close to an interest rate decision

December 2004
King insists that Brown should meet his self-imposed fiscal rules. Brown ignores the advice

2007
Brown prevaricates publicly for several months before agreeing to give King a second five-year term as governor

January 2008
Conservatives accuse Brown of a 'fairly determined effort to sideline and even undermine' the BoE

May 2009
King's downbeat assessment of the economy warns of another possible downturn in election year and a 'slow and protracted' recovery

June 2009
King says the 'extraordinary' deficit has to be reduced faster than the Treasury planned

July 2009
Conservatives say they will transfer regulatory powers to King

October 2009
Brown rebukes King after the governor calls for Britain's biggest banks to be split up; the Conservatives say King's speech is 'powerful and persuasive'

November 2010
King gives a firm endorsement to the coalition government's cuts

Report backs radical tax reform to revive economy

IFS study hits at costly system

By Vanessa Houlder

Sweeping reforms of the tax system are needed to improve Britain's economic performance and living standards, according to a wide-ranging study chaired by Sir James Mirrlees, a Nobel laureate.

A report published by the Institute for Fiscal Studies, the independent think-tank, on Wednesday said income tax should be merged with national insurance contributions, value added tax should be extended to nearly all spending including financial services, and "the damaging bias in favour of debt over equity finance" should be eliminated.

Sir James, a professor of economics at the University of Cambridge and the Chinese University of Hong Kong, said the review showed the UK tax system was costly and inequitable. "It discourages saving and investment, and distorts the form they take. It favours corporate debt over equity finance. It fails to deal effectively with either greenhouse gas emissions or road congestion."

The proposed changes would be politically difficult, but sticking with the current system involved complexity, unfairness and significant economic costs, the review said. "We cannot forever succumb to the tyranny of the status quo."

The Treasury said it would consider the review's findings but pointed out it was already simplifying the tax system and consulting on tax policymaking reforms.

Tax advisers raised concerns about the administrative costs of some of the Mirrlees proposals. The Institute of Directors criticised the review's "marked emphasis on progressivity", which it said risked providing disincentives to growth.

1.4%

Projected GDP boost from fiscal change

The IFS decision to assemble a commission of economists, led by Sir James, to conduct a comprehensive survey of the tax system and the possibilities for reform was designed as a follow-up to the Meade report, which it published in 1978. This critique of tax policy did not lead to immediate change but was widely viewed as a benchmark by which changes in the tax system were judged.

The Mirrlees review calls for the creation of an "allowance for corporate equity", a tax break that would ensure equal treatment of equity and debt-financed investments, while helping reduce the incentive for multinationals to shift taxable profits out of Britain.

The resulting loss of corporate tax revenue should be offset by raising taxes on wages rather than on corporate profits, according to the review, which warned against raising corporate tax rates because this would encourage business to relocate. In the long run, wages would be pushed up as a result of increased investment from the reform, it said. Overall it would boost gross domestic product by 1.4 per cent, more than £20bn at current prices.

The study criticised current taxes on earnings as "an opaque jumble of different effective rates as a result of tapered allowances and a separate NI system". It highlighted the "bizarre" marginal rate structure that pushes the tax rate up to 60 per cent on incomes between £100,000 and £112,950.

NI contributions should be levied on dividends to eliminate the incentive for owner-managers of small businesses to pay themselves in the form of dividends rather than salaries, the report said.

But the tax bill for shareholders would be reduced by an innovative "rate of return allowance" that would exempt the risk-free return on their investment from tax.

National news

Big Society suffers housing setback

Axing of regional targets unlawful

Thousands of new homes back on table

By Ed Hammond and Elizabeth Rigby

The Big Society initiative, a central plank of government policy, has been dealt a blow after the High Court said Eric Pickles' abolition of regional housing targets was unlawful.

The ruling could safeguard the development of hundreds of thousands of new houses and was welcomed by the building industry. Cala Homes, which brought the case, argued that Mr Pickles, the communities secretary, had wrongly used discretionary powers to axe regional spatial strategies – long-term centralised planning frameworks introduced in 2004.

The housebuilder had planned a 2,000-home development in Winchester. The changes to policy left the company concerned that it would struggle to complete the project.

Ian Ginbey, partner at Macfarlanes who is acting for Cala, said the government's push towards localism had been dealt a blow.

"There are a number of housing proposals rejected on the basis that the revocation was lawful. These will need to be revisited," he said.

Housebuilders have argued that the coalition government has failed to put in place any substantial policy changes, creating a planning law vacuum. Some warned that it would lead to a hiatus on building, while others have called the push towards localism a "charter for Nimbyism".

The lack of clarity was particularly unwelcome as the newbuild industry attempts to overcome a fall in demand caused by low consumer confidence and tight mortgage finance.

"Today's judgment allows the government to put in place a clear transition to get from the old system to the proposed localism-based one. This will avoid throwing away the many years of planning for future housing delivery," said the Home Builders Federation.

Mr Pickles told planning authorities across England, in a letter in July, that the scrapping of RSS was not a signal to stop making plans for their area. The letter read: "Local planning authorities will be responsible for establishing the right level of local housing provision in their area, and identifying a long-term supply of housing land without the burden of regional housing targets. Some authorities may decide to retain their existing housing targets. Others may decide to review their housing targets."

All but a few local authorities slashed targets, with Leeds, Bristol and Bath scrapping more than 50,000 homes between them.

However, in spite of Wednesday's ruling, Bob Neill, communities minister, said plans to get rid of regional strategies would go ahead. "This judgment changes very little. Later this month we will be introducing the localism bill to parliament which will sweep away the controversial regional strategies. Top-down targets don't build homes – they've led to the lowest peacetime housebuilding rates since 1924."

Caroline Flint, shadow communities and local government secretary, said the government's housing policies were failing to meet the aspirations of hundreds of thousands of families who wanted a decent home.

Network Rail and Jarvis face crash charges

By Robert Wright, Transport Correspondent

Unlimited fines could be levied on the rail infrastructure owner and the company that maintained a stretch of rail line after regulators started a prosecution over the fatal Potters Bar crash more than eight years ago.

Network Rail and Jarvis face charges over their maintenance of a set of points at Potters Bar, north of London, that failed on May 10 2002, derailing a train travelling at 100mph. The crash killed six passengers on the London to Cambridge train and one bystander.

The Office of Rail Regulation's decision follows one by the Crown Prosecution Service in 2005 not to pursue a corporate manslaughter prosecution over the crash, which followed the failure of bolts meant to hold the points in place.

The track was owned at the time by Railtrack, the rail network's former owner, which collapsed into administration in October 2001. Network Rail bought Railtrack from its administrators in October 2002.

Jarvis, which was linked with a series of mishaps on routes it maintained, went into administration in March. While Jarvis had day-to-day charge of maintenance on the line, Railtrack retained overall responsibility for ensuring the route was safely maintained.

Ian Prosser, the ORR'S director of rail safety, said the conclusion of an inquest into the deaths this year freed the office to decide what action to take.

"I have decided there is enough evidence, and it is in the public interest, to prosecute Network Rail and Jarvis Rail for serious health and safety breaches," he said.

Steven Norris, the former transport secretary who was a director of Jarvis, stirred up controversy by suggesting after the crash it was "a distinct possibility" that the points involved had been "interfered with".

The crash was one of several incidents that persuaded Network Rail to take back responsibility for day-to-day maintenance from contractors.

Both companies are charged with failing to ensure between March 31 2001 and May 11 2002 there was a safe system in place for maintaining points like those involved in the crash.

The companies could each be fined £20,000 if the case is heard in a magistrates' court. If, as seems likely, the case goes to a crown court, they could face unlimited fines.

Tuition fees protest erupts into violence

By Chris Cook, Michael Stothard and Elizabeth Rigby

Young people lit fires, smashed windows and fought riot police, as a Westminster protest against a rise in university tuition fees degenerated into the first mass violence in the UK since public spending cuts were announced in the October comprehensive spending review.

Several hundred protesters broke away from a much larger peaceful demonstration on Wednesday afternoon to attack the Millbank office complex overlooking the Thames.

The buildings, owned by the Reuben brothers, property developers, house the headquarters of the Conservative party.

> 'It's not acceptable. This level of violence was largely unexpected'
>
> **Sir Paul Stephenson, Met Police commissioner**

Rioters, many masked, shattered windows and wrecked the building's lobby. Some protesters found their way on to a roof, from which they displayed banners, waved flags, dropped leaflets and threw missiles.

Police moved in to protect the building and acted preemptively to shield the nearby Liberal Democrat headquarters.

Heavy and sharp objects were thrown at them by protesters on the ground and from the roof. Seven officers and seven protesters suffered light injuries, and the police made several arrests.

Sir Paul Stephenson, the Metropolitan Police commissioner, said: "It's not acceptable. It's an embarrassment to London and to us, and we have to do something about that . . . This level of violence was largely unexpected."

The demonstration, intended to be peaceful, was organised by the National Union of Students and the University and College Union, the university employees' trade union. Both oppose government moves to raise the cap on tuition fees from £3,290 to £9,000.

Organisers said 50,000 people attended the protest. Aaron Porter, NUS president, believed a "small minority" had arranged to cause trouble beforehand. Some of the rioters had brought hammers and flares with them.

"We talked about the need to prevent anything like this . . . Unfortunately, a minority have undermined us," said Mr Porter.

As the trouble erupted, NUS officials directed protesters not to approach the Millbank complex and told the demonstrators that public displays of violence would be counterproductive.

A vice-chancellor from a London university said the events in Westminster would undermine the anti-fees campaign, adding that it "could not have gone better for the government. George Osborne [the chancellor] will be delighted".

A government insider said: "There was what looked like a fire extinguisher hurled [off a building]. It could have killed someone . . . The public will not be sympathetic in the face of such violence."

But Stephen Williams, a Lib Dem MP and former front bench spokesman on higher education who has still not decided how to vote on the issue, said he did not think the rioting "would change the substance of the debate". It is not known how many of the violent protesters were students or university workers.

A man who threw glass at a riot police officer said: "I am against the cuts. I am against the Tories. But I am more against the system as a whole. It needs to be burnt down and started again from the bottom up." He declined to be named.

Elane Heffernan, a public sector worker from east London, said: "The riot police were actually forced out by a wall of students . . . Riot police have not been defeated like that since the poll tax. I believe students are the future. We cannot let Cameron do to the students what Thatcher did to the pit communities."

The violence overshadowed what would have been a difficult day for Nick Clegg, the deputy prime minister and leader of the Lib Dems. His party is expected to allow a rise in fees, in spite of having pledged during the election campaign to oppose such an increase.

Mr Clegg stood in for David Cameron at prime minister's questions, enduring a stream of questions on university finance and taunting from Harriet Harman, Labour's deputy leader. Outside parliament, his party also drew strong criticism from placard-writers and protesters.

Mr Porter, the NUS leader, pledged to use proposed new "recall" powers, which would allow local people to force by-elections, "against any MP that breaks their pledge on tuition fees" – a particular threat to Lib Dem MPs.

Who picks up bill? www.ft.com/westminster

Student anger: organisers say 50,000 people attended the protest. Aaron Porter, NUS president, said a 'small minority' arranged to cause trouble Getty

Reforms look unlikely to save money, says report

The demonstrators out in force on Wednesday were upset by attempts to cut spending on tuition subsidies by 80 per cent, **writes Chris Cook**.

But a report by a higher education think-tank, funded by the sector, suggests that the government could save no money from these reforms. The new paper, published by the Higher Education Policy Institute, says the answer to the question: "Will the proposals decrease the public contribution to higher education?" is that it is "too close to call" but the cuts could even lead to a small increase in the public contribution. Data from the Department for Business, Innovation and Skills (BIS) reveal that the government expects to recover almost 70p in every pound that it lends in student loans. The 30 per cent loss is known as the resource account and budgeting charge, or RAB.

The report's authors estimate that if this loss rate rose to a little less than 50 per cent, the new system would cost no less than the old one. The authors believe that this is quite conceivable on the basis of plausible changes in assumptions.

The HEPI analysis says "reducing the average annual growth in [graduates'] real income from the 4.7 per cent based on the BIS assumptions to 3.5 per cent increases the RAB to 47 per cent". The authors also note that "the [BIS] model assumes equal numbers of male and female" graduates when, in truth, "there are many more female graduates than male, and on average females earn less". As a consequence, they say, "the increased cost [of degrees] will very likely be met not by the student but by the taxpayer".

A BIS spokesman said: "We used Treasury assumptions about future levels of economic activity and wage growth in the modelling undertaken. The IFS [Institute for Fiscal Studies think-tank] independently modelled the impact of these reforms and produced estimates very close to our own."

News digest

Cargo bomb was timed to hit US

The bomb found on the cargo aircraft at East Midlands airport last month was timed to detonate over the eastern seaboard of the US, Scotland Yard said on Wednesday.

The device, which was removed from a UPS aircraft by police shortly after 3.30am on October 29, was timed to go off seven hours later, police said.

Scotland Yard said: "If the device had not been removed from the aircraft the activation could have occurred over the eastern seaboard of the US."

Press Association

Clegg rejects late voting reform

An elections watchdog was set on a collision course with Nick Clegg, deputy prime minister, after he dismissed calls for a law change to ensure last-minute voters were not turned away.

The Electoral Commission said it was "disappointed" that the government had ignored its call for legislation to prevent a repeat of angry scenes during the general election in May.

At least 1,200 people were still queueing in 16 constituencies when polls closed at 10pm, meaning they could not cast their ballot.

It also aired fears that town hall budget cuts could affect the smooth running of the referendum on changing the voting system due for May 5.

Press Association

Olympic role for bike hire scheme

London's bike hire scheme will be extended to much of east London in time for the 2012 Olympic Games in the area, the London mayor's transport organisation has promised.

The scheme, which started in July, will cover the whole of Tower Hamlets and north Shoreditch in neighbouring Hackney, said Transport for London on Wednesday.

Members of the scheme have taken 1.5m journeys, but officials have been cautious about expanding its reach because they have been eager to understand how bikes flow around the existing scheme first.

Robert Wright

Rare Chinese jar sells for £2.6m

A rare Chinese porcelain jar has been sold for £2.6m – more than four times its high estimate – at a Sotheby's auction in London.

The Yuan dynasty jar from the 14th century, decorated in a classic blue and white peony pattern, was sold to an anonymous buyer on the telephone after a battle between four bidders.

Nicolas Chow, the international head of fine Chinese ceramics and works of art for Sotheby's, described the jar as an "honest and beautiful example" of a much-copied style, which "galvanised" the room at Wednesday's auction.

He would not reveal the identity of the winning bidder, but said the beaten bidders for the jar, which came to auction from a private Portuguese collection, included a dealer and a collector from Hong Kong.

Peter Aspden

BBC backs S4C independence

The BBC does not want to take over S4C when it becomes responsible for funding the Welsh-language channel, the chairman of the BBC Trust said on Wednesday.

In a letter to his counterpart at S4C, Sir Michael Lyons said the BBC was committed to maintaining the channel's creative independence.

It will largely be paid for out of the TV licence fee under changes announced as part of last month's comprehensive spending review. The Department for Culture, Media and Sport had already said it wanted to break the link between the channel's annual grant, currently £100m, and inflation.

Press Association

Aristocrats own third of all land

Almost a third of land in England and Wales is still owned by a small group of aristocrats, research indicated on Wednesday.

Wealthy people and their estates are thought to control about 20m of the country's 60m acres.

Research by Country Life magazine found that 36,000 members of the Country Land & Business Association, whose members are mainly individuals and estates, collectively own half of all rural land in England and Wales.

The Forestry Commission is the country's biggest landowner, holding almost 2.6m acres on behalf of the government, which has announced plans to privatise the agency.

It is followed by the National Trust, which has 630,000 acres and 350 historic properties, while the Defence Estates, which holds land for the Ministry of Defence, has 593,000 acres and pension funds collectively control 550,000 acres.

Press Association

More struggle to pay mortgages

The number of people struggling to pay their mortgages has almost doubled during the past year, a housing charity says.

About 18 per cent of homeowners said they faced a constant struggle to keep up with their home loan repayments, up from just 10 per cent a year earlier, according to Shelter.

The research comes as the Council of Mortgage Lenders is due to release figures showing how many homes were repossessed during the third quarter of the year.

Press Association

Business group presses for congestion charge revamp

Better planning urged for capital

By Bob Sherwood, London and South-East Correspondent

London needs a broader congestion charge scheme, covering more of the capital's roads and levying varying tariffs on motorists, according to a report from a panel of business leaders.

The group, which has studied evidence from businesses and transport providers over the past year, will today call for a more sophisticated, Singapore-style toll scheme that raises and lowers charges according to the time of day and congestion levels.

The report from the London First Infrastructure Commission, headed by Martin Stanley, global head of the infrastructure arm of Macquarie Group, says: "A scheme covering a greater area of London, incorporating variable tariffs that changed with congestion levels, could deliver considerable benefits in terms of reduced and more certain journey times."

In the short term, the report also calls for targeted charging schemes to address local congestion problems, such as levying a toll on the overloaded Blackwall tunnel to help pay for a new east London river crossing.

The panel, assembled by London First, which represents big businesses in the capital, says the initial benefits of the central congestion charge have diminished over time. But after Boris Johnson, London mayor, scrapped the planned western extension of the scheme, it acknowledges that "the political challenges are formidable".

> 30
>
> **Recommendations made by London First**

There are more than 30 recommendations in the commission's report, which will be submitted to the mayor and which presses for far-reaching reforms to address London's creaking infrastructure.

It urges greater transparency in the workings of London Underground and Transport for London, the mayor's transport body, better long-term planning by government and greater engagement between utilities and businesses.

Mr Stanley says: "We need better co-ordination between national government, London government and the providers of London's infrastructure to ensure the needs of both consumers and businesses are considered."

The commission also suggests devolving tax-raising powers to the mayor so he can prioritise spending on infrastructure projects. However, it seeks a more independently regulated TfL and a change in the mayor's role so he is more clearly the champion of Londoners' interests and not "the defender of TfL's operations".

Overall subsidy levels across TfL's operations are "unaffordable", it adds, and says the mayor should continue to increase fares in real terms.

The business panel wants to see longer-term planning objectives built into the five-year delivery periods for private utilities.

Utility groups should face time-based charges for digging up the strategic roads that cause the most congestion.

Regime for big banks kept fluid

Regulators wary of two-tier system

Rules aim to deal with systemic risk

By Patrick Jenkins and Brooke Masters in London

Governments and financial regulators will keep fluid a list of big banks that should be classed as global systemically important financial institutions – or GSifis – as they strive to deal with the potential danger of a two-tier system.

Twenty or more of the world's biggest banks are set to be categorised as GSifis but regulators are determined that the list should be reviewed regularly – at least annually, according to one senior supervisor – so institutions that grow fast, acquire rivals or change the way in which they interact with counterparties in the financial system can be brought into the regime.

At the same time, a global regulatory group will be created to police the way national regulators supervise their GSifis and impose tighter rules as well as possible capital surcharges and mandatory losses on creditors in the event of a government bail-out.

According to people close to the reforms, the group will also make sure that banks categorised as GSifis are treated similarly by their national regulators.

The new rules, due to be outlined in a G20 communiqué on bank regulation on Friday, will put in place a key piece of a puzzle that has remained since the financial crisis – how to deal with banks that pose a systemic risk.

The G20 announcement will come two months after global regulators at the Basel Committee on Banking Supervision outlined the core rules of its new regime.

The Financial Stability Board, the panel of central bankers and regulators responsible for enacting the G20's decisions, plans to announce the creation of the regulatory group after the Seoul meeting to underscore that they want the rules to have teeth. However, there will be national latitude on which instruments should be used to fund systemic surcharges, including common equity, contingent capital and bail-in debt – bonds that wipe out investors automatically in crisis situations.

Under the new plan, people familiar with the communiqué say, the FSB will draw up by the middle of next year the parameters of what constitutes a GSifi, as distinct from a bank that is big in its home country but whose failure would cause ripples that are largely contained at home.

The distinction suggests big Asian institutions – notably most Japanese and Chinese banks, which are big at home but less entwined in the global financial system than Wall Street banks, for example – would not count as GSifis.

A second category of banks that are of systemic importance in a country or region would contain some names that are on the cusp of both definitions and would be among the most likely to switch into GSifis.

People familiar with the plans say that, although the focus will be on GSifis "initially", there are moves to extend some of the extra requirements to nationally systemic groups later.

See separate G20 section
Editorial Comment, Page 12
Alan Greenspan, Page 13
Basel rethink, Page 13
Lex, Page 16

Obama faces barriers at home to trade pact with Seoul

GLOBAL INSIGHT

Alan Beattie
in Seoul

Barack Obama: master and commander of the world economy, or merely peripatetic salesman-in-chief?

So far, it looks more like the latter. During the president's Asia tour, he has spent more time touting US exports than battering down trade barriers. Mr Obama says the export deal he proudly announced in India, with the spurious mathematical precision often attached to such estimates, would create 54,000 jobs. The US economy generated nearly three times that number last month alone.

In South Korea, where he arrived late on Wednesday for a meeting of G20 leaders, Mr Obama can rescue something of real economic substance from this tour. Faced with a trade-sceptical Congress, US trade officials have done precious little negotiating over the past two years. But this week they have been in Seoul, locked in talks with their famously intransigent South Korean counterparts to get the US-South Korea bilateral trade deal – agreed in 2007 by George W. Bush's administration but not ratified – into a state acceptable to the South Korean assembly and Capitol Hill.

Thus is revealed the striking weakness of US administrations in trade policy. US negotiators operate with small but vocal lobbies peering over their shoulders. Moreover, the new Congress's views on trade are unusually and unhelpfully uncertain.

Of three pending trade deals that Mr Obama inherited from Mr Bush – the others being Colombia and Panama – South Korea has the least number of enemies in Washington. South Korea is America's seventh biggest trading partner, though still representing just 3 per cent of US trade.

American business executives complain that the EU is outflanking the US, since Brussels has recently agreed its own trade pact with Seoul.

South Korea is among the US's closest allies in a region where Washington needs them, and since it has an advanced economy with high wages and fairly free trade unions, the US labour movement's usual race-to-the-bottom objections are less relevant.

But in spite of all this weight behind it, a small but vocal lobby has managed to hold it up. The naysayers are essentially two companies, Ford and Chrysler, backed by a single union, the Union of Automobile Workers, in a single industry, autos, with a single complaint, that technical standards are used as a de facto form of protectionism.

Negotiators are trying to thrash out some side agreement reassuring US carmakers that South Korea will not allow auto standards to become barriers. But enthusiasm for the deal in the new US Congress is still uncertain.

In theory, a House of Representatives controlled by the traditionally liberalisation-friendly Republicans should be more willing to drive a deal through. But along with the defeat or retirement of several centrist pro-trade deal Democrats in the recent midterm elections, isolationist and anti-corporate rhetoric from the Tea Party movement has some free traders worried.

> American business executives complain that the EU is outflanking the US

Officials from the National Foreign Trade Council, a business association, bluntly describe the new Congress as "all over the place" on trade issues.

In truth, Tea Party opposition is probably more of a challenge for the multilateral so-called "Doha round" of talks than bilateral deals such as South Korea. Jim DeMint, the South Carolina senator regarded as the godfather of the Tea Parties, is a strong free-trader and previously supported trade pacts with Central America.

Other conservative favourites such as the senators Rand Paul from Kentucky and the rising star from Florida, Marco Rubio, have spoken kindly of bilateral trade deals.

Rather than the substance, the case is likely to turn on the purely partisan issue of whether Republicans on Capitol Hill are prepared to hand Mr Obama a victory, any victory – even one on a traditionally Republican issue first negotiated by a Republican president. If they oppose it, then hopes of taking Doha out of the deep freeze and concluding a proposed trans-Pacific trade pact will shrink yet further.

In that case, Mr Obama's position will be weaker than ever on the trade front – and his officials will go back to spending most of their time flogging US exports to existing markets rather than prising open new ones.

Free-trader: Jim DeMint, South Carolina senator

Pressure grows on China as surplus surges

Currency debate

By Geoff Dyer in Beijing

China's trade surplus surged again in October to \$27.1bn, the second highest level so far this year, putting new pressure on Beijing over its currency policy ahead of the G20 summit.

The October trade surplus increased from \$16.9bn the month before and is one of the largest recorded by China in a single month, raising questions about the pace of rebalancing.

Although economists said that seasonal factors had exaggerated the size of the trade surplus last month, the increase will give ammunition to those governments at the G20 that want China to accelerate the pace of appreciation of its currency. China has, in turn, heavily criticised the new round of quantitative easing by the US Federal Reserve and announced on Wednesday it was raising bank reserve requirements by 0.5 percentage points, amid concerns about rising inflation.

"China's rising trade surplus is yet another sign of a resurgence of global trade imbalances," said Eswar Prasad, a former International Monetary Fund official now at Cornell University. "It is becoming increasingly clear that China has not made much progress on rebalancing its economy and reducing its dependence on exports."

He said that while China had the US on the defensive ahead of the G20 over its monetary policy, the new trade data "will rebalance the debate".

The World Bank last week urged Beijing to make a big push for structural reforms aimed at boosting domestic demand and consumption.

● The US trade gap declined by 5.37 per cent in September to \$44bn, the commerce department said. Exports outpaced imports, rising by \$500m to \$154.1bn as the weaker dollar made US goods and services cheaper to the rest of the world. Imports declined by \$2bn to \$198.1bn.

Lex, Page 16
Full story: www.ft.com/globaleconomy

Anti-G20 demonstrators gather for a torchlight protest in Seoul as world leaders arrive for the start of the summit Getty

Deep fractures hit hopes of breakthrough

News analysis

Governments are unlikely to agree on a strategy to tackle economic imbalances, writes **Alan Beattie**

Governments have played down expectations of a big breakthrough in resolving global economic imbalances from the G20 leaders' meeting this week in Seoul after clear divisions emerged over currencies and current account deficits.

On Wednesday Barack Obama, US president, reiterated the need for countries with current account surpluses – a category including China and Germany – to increase domestic demand rather than relying on exports.

A plan agreed at an October meeting of G20 finance ministers "commits us all to pursue policies to reduce the risk that unsustainable external imbalances will re-emerge", he said.

But experts said the meeting would end without a clear map about how to get there. Eswar Prasad, formerly a senior International Monetary Fund official, said: "The summit will highlight areas of general agreement, even if those lack specifics, and paper over areas where there are deep fractures among the G20."

A proposal floated last month by the US to set numerical targets or "indicative guidelines" for current account imbalances is being rested for this particular match to avoid injury. In avoiding open confrontation with China, Washington is playing the long game, reckoning that pressure may be counterproductive to the internal debate under way in Beijing.

The People's Bank of China, the central bank, is keener on letting the renminbi appreciate and more open to the idea of setting current account targets, but for the moment other voices within the Chinese government have dominated. How long that will continue is anybody's guess, most likely including that of the White House.

In the meantime, the US has had to cope with a counterattack from Beijing and Berlin, which last week inveighed against the US Federal Reserve for further monetary easing, which they said was worsening imbalances and destabilising the world economy. Wolfgang Schäuble, Germany's finance minister, provocatively described US policy as "clueless", arousing surprise and concern from some other G20 officials – especially since finance ministers generally refrain from commenting on the actions of their own or others' central banks.

Mervyn King, governor of the Bank of England, on Wednesday made what appeared a coded criticism of China and Germany, telling a London press conference: "I hope that at the G20 meeting this weekend that we will get a co-operative message rather than some of those that we have been getting in the last few days and weeks."

Ousmène Mandeng, a former IMF official now at Ashmore Investment Management in London, expressed the frustration of many with the underperformance of the grouping. "The aim seems to be to damp expectations," he said. "But should it be? At this juncture, one would think that the G20 needs to demonstrate leadership."

Earlier this week, Robert Zoellick, World Bank president, startled many with his suggestion that currency values be determined with reference to gold. Monetary affairs are generally the provision of the bank's sister institution, the IMF.

"Zoellick's [plan], a wrong proposal from the wrong institution I think, illustrates that there is quite a lot of appetite for ideas but also that there is a vacuum on idea leadership," said Mr Mandeng.

In other areas, actions are either being postponed or implemented partially and at a country level. The G20 is likely to defer decisions on whether large financial institutions should be made to hold more capital, given their threat to the financial system, and people familiar with the process say many decisions are being left to national regulators.

In trade, although the G20 communiqué is likely to restore the ritual call for a conclusion to the Doha round" of multilateral trade talks, Indian and Brazilian negotiators have said they will not give ground to the US to get to a deal.

Recently the European Union did improve considerably the preferential access it offers to exports from poor countries by relaxing the "rules of origin" that determine how many imports those economies can use, but other countries have declined to offer more concessions.

The summit will have some good news: reform of the IMF's governance, which will give more votes and more seats on the executive board to emerging market countries. But that deal was concluded among the G20 weeks ago and confirmed by the IMF board last Friday, so will be a success to reflect on rather than to announce.

Gold 'elephant'

Soaring gold prices reflect unease about the strength of large developed economies, says Robert Zoellick, World Bank president, **reports Kevin Brown in Singapore**.

Urging the G20 to take note, he said increasing use of gold as a monetary asset was an "elephant in the room" being ignored by policymakers in the global imbalances debate.

The search for an alternative to weak currencies in the developed world showed the need for co-ordinated growth plans based on free trade and structural reforms.

Full story www.ft.com/globaleconomy

Sarkozy promises to be team player in diplomatic game

France

No acts of showmanship are expected before Paris takes over the G20 presidency, writes **Ben Hall**

Nicolas Sarkozy has a history of throwing his weight around at G20 summits – even threatening, implausibly, to walk away from the London meeting in 2009 unless he got his way.

In Seoul, the French president will try to be more discreet.

"Nicolas Sarkozy wants to be in listening mode and to be a team player," said an Elysée palace official.

France, which takes over the presidency of the Group of 20 leading economies on Friday, needs to play a careful diplomatic game if it is to have any hope of achieving its ambitious agenda.

South Korea's achievements, which risk being swamped by a broader conflict over currencies and current accounts, could be eclipsed altogether by an act of Sarkozy showmanship, some Korean officials fear.

But Seoul is not Mr Sarkozy's moment. In any case, he does not have a miracle solution to pull out of his hat.

Mr Sarkozy has set three priorities for the French presidency: reform of the international monetary system to reduce exchange-rate volatility; increased regulation and transparency of commodities markets; and reform of global governance.

When the French president first spoke of his wish for a "new Bretton Woods" agreement on exchange rates in January, it seemed hopelessly grandiose to most onlookers and to many of his officials.

Paris has since scaled back its ambitions. International monetary reform will come incrementally: through building on existing work to put in place financial safety nets, rules on use of capital controls and the promotion of alternative forms of currency, such as special drawing rights.

At least, say French officials, Mr Sarkozy was prescient enough to make exchange rates a priority.

Paris's push on exchange rates has since been eclipsed by Washington's call for limits on current-account surpluses and deficits and the backlash this triggered from China and Germany.

France, a deficit country, should instinctively favour the US initiative to correct imbalances. Mr Sarkozy used to rail against Chinese "monetary dumping".

But Paris needs to keep China and Germany, its most important European partner, on side if its G20 presidency is to succeed, so it has already cast itself in the role of honest broker.

The Elysée believes that an "accusatorial approach" aimed at Beijing or Berlin will be counterproductive. It wants a series of international seminars to draw China into a permanent dialogue over exchange rates, although the format has yet to be defined.

"The [US] idea is good, but must be part of a broader agenda to avoid the 'good guy, bad guy' scenario," said a French official.

France's task over the next year will be to piece together what an official called "an international doctrine on exchange rate policy" – including a set of guidelines for balanced growth that goes beyond the simple metric of current-account deficits.

Mr Sarkozy wants to associate the German, British and Russian leaders in his endeavours.

A successful presidency will require a lot of patience, diplomacy and self-restraint, to which Mr Sarkozy is temperamentally ill-suited. He is anxious to use the G20 to rebuild his presidential stature before the 2012 French elections, and a full-blown crisis might suit him better.

But he is taking over the G20 at a critical juncture, when its purpose and legitimacy are in question.

"This comes at the right time for Sarkozy," said a European diplomat. "The Koreans have done a good job, but they are not in the same league of international diplomacy. The G20 now has to decide what it's for. It's not going to be a Sarkozy show. He has to make things happen."

Additional reporting by Christian Oliver in Seoul

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Ireland's financial woes

Central bank chief eyes foreign buyers

Honohan speaks out on ailing sector

Borrowing reached euro-era high

By John Murray Brown in Dublin

Patrick Honohan, Ireland's central bank governor, on Wednesday put a "For Sale" sign over the country's ailing banks, stressing that foreign ownership of the troubled sector was "not as far-fetched a scenario as it might appear to some".

Speaking to Dublin's International Financial Services Summit, he said: "From a national point of view, the entry of foreign purchasers for some or all of the banks would help transfer both credit and liquidity risk to those in a better position to bear them." He went on: "Astute bankers recognise there is profitable banking business to be done in Ireland in the years to come, though they will differ on the optimal timing and the pricing of entry."

His comments came as Ireland's cost of borrowing reached a new euro-era high, amid growing speculation among investors that its fiscal and banking crisis will force the country to seek outside assistance, either from the International Monetary Fund or the European Financial Stability Facility, set up by the European Union in the wake of the Greek debt crisis earlier this year.

The bank governor, an academic and former IMF economist, acknowledged wryly "the favourable impact on investor confidence has not yet been as strong as might be hoped for" following three austerity budgets and a €50bn bank bail-out to restore minimum capital buffers.

But, he expressed disappointment that the "the recapitalisation burden is often over-stated as a contributor to the required fiscal adjustment". He said the interest cost on the promissory notes issued to the banks as capital amounted to "about one-tenth of the fiscal adjustment now in prospect over the next four years".

The government has provided €29bn for the scandal-racked Anglo Irish Bank and the two smaller building societies Irish Nationwide and Educational Building Society – with all three now state owned. It has also invested €3.5bn worth of preference shares in each of the two big banks, Bank of Ireland and Allied Irish Banks. AIB is set to be more than 90 per cent government-owned after it concludes a €5.4bn open offer and placing later this year, which is fully underwritten by the state's sovereign wealth fund.

Mr Honohan calculated that if losses incurred at the local operations of Lloyds and Royal Bank of Scotland are also included, Ireland's property crash has resulted in losses across the six main lenders of €85bn or 55 per cent of gross domestic product. "In addition to the state's share in injecting funds to meet these estimated losses, the remainder has in effect been absorbed by the shareholders. I mention this ... to dispel any impression that the policy and shareholder response in restoring capital levels might have grossly low-balled loss estimates."

Markets, Page 32

Pressure points factors pushing Irish borrowers to their limits

Repossessions
To date repossessions have been fairly rare occurrences, running at 11 per 100,000 mortgages in the second quarter of 2010, but fears are growing that the figure will rise

Unemployment
Joblessness has been on the rise since 2008 but encouraging monthly data suggest the rate has stabilised at around 13 per cent

Mortgage rates
Borrowers on variable rate products are facing higher interest costs and 200,000 borrowers will be in negative equity by the end of this year, according to some estimates

Cuts in salaries
Public sector salaries were reduced by an average of 15 per cent last December to achieve a quarter of the €4bn of savings made in this year's budget

Press Association

Fears rise over new round of home loan defaults

News analysis

Many mortgagors will be in negative equity this year, says one expert. John Murray Brown reports

John and Patricia Burnett moved back to Ireland in 2000 and bought a house. Mr Burnett lost his job as a lorry driver and then his house, after agreeing last month to a repossession order from the bank. Now the grandfather fears he may be "homeless in eight weeks". His local authority says that because the Burnetts volunteered to give back the keys to their family home, they are ineligible for social housing.

Every week Ireland's court reporters describe families in similar straits.

To date repossessions have been fairly rare occurrences, running at 11 per 100,000 mortgages in the second quarter of 2010 compared with 82 per 100,000 in the UK.

But now some economists are warning the country, after cleansing banks of their toxic commercial property loans, could be hit by a second wave of bad debts as mortgage holders default.

Yesterday, yields on Irish debt breached 8 per cent, a euro-era high, after LCH.Clearnet, the London clearing house, raised collateral fees on Irish bonds.

"What we saw in the boom times was all corporate finance activity. Now in the bust, it's bankruptcy, and liquidation," says Linda O'Shea Farren, a lawyer and former adviser to the Irish Labour party. "But its not just the corporate sector that is affected, ordinary people are getting sucked into the mess. The crisis is now affecting the whole country."

"The next act of the crisis will rehearse the same themes of bad loans and foreign debt, only this time as tragedy rather than farce," says Morgan Kelly, a University College Dublin professor who earlier predicted the government would have to bail out the banks because of their reckless commercial property lending.

Only this time, he adds, it will not be bondholders the Irish government will struggle to repay, but the European Central Bank, which has become the main lender to Irish banks.

David Duffy, an economist with the Economic and Social Research Institute, a Dublin think-tank, estimates by the end of this year almost 200,000 borrowers – or a quarter of all mortgage holders – will be in "negative equity", when their borrowings exceed their home values.

Lenders argue that negative equity is not the key driver for default. That is more typically a function of unemployment – as in the Burnetts' case – and encouragingly monthly data would suggest the rate has stabilised at around 13 per cent.

Moreover, in setting tough new capital adequacy standards, both Matthew Elderfield, Ireland's financial regulator, and Patrick Honohan, central bank governor, believe the banks have a sufficient capital buffer to survive.

Mr Elderfield's new capital targets assume banks will have to write off the equivalent of 5 per cent of their mortgage books in the next two years. "Despite recent trends in arrears and reschedulings, there is as yet no hard indication that the stress levels would be exceeded," Mr Honohan told a conference on Wednesday.

A 12-month moratorium is in place to prevent banks from enforcing repossessions, provided the borrower is co-operating.

A report by a government-appointed expert group, due later this month, is expected to recommend some form of mortgage interest relief. This will not reduce borrowers' debts, but should improve household cash flow.

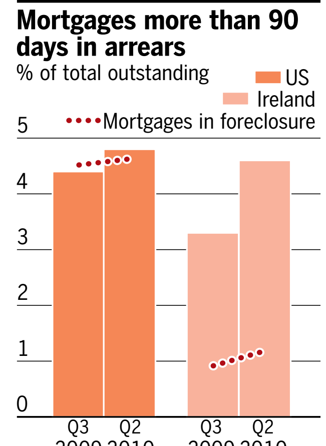
Wilbur Ross, the veteran head of WL Ross, the New York based private equity investor bidding for Ireland's Educational Building Society, said he would consider some form of debt forgiveness for distressed borrowers. "The thing we learnt in the US is if the guy got a mortgage for 125 per cent of the value of the house, the chances of that guy paying are slim," he said in September.

According to Ronan O'Driscoll, director with Savills Ireland, the real estate agents, any relief risks a backlash from those who borrowed sensibly during the boom.

"Most people didn't go crazy," Mr O'Driscoll says. "But in the buy-to-let market there was a lot of speculation. Many borrowers will see any attempt to help them a little like bailing out the banks."

www.ft.com/ireland

Mortgages more than 90 days in arrears
% of total outstanding



Sources: Thomson Reuters Datastream; Central Bank of Ireland

MEPs set to accept Britain's budget demands

By Joshua Chaffin in Brussels

The European Parliament is set to embrace the tight 2011 budget championed by David Cameron, the UK prime minister, but is demanding concessions in return that would give it a stronger say over future European Union spending.

MEPs and ministers from member states will meet in Brussels today to try to hammer out a final compromise on the budget that would defuse a debate inflamed by domestic politics and personal attacks.

On the eve of the meeting, Alain Lamassoure, the chairman of the Parliament's budget committee, voiced optimism that a deal was in reach.

"We are ready to come very close [to Mr Cameron's position]," he said. But as a price for their support, he and other MEPs have set out political demands that could affect EU budget-making for years to come.

At the top of the list is a commitment from governments to have a "serious debate" about a tax to fund the bloc's institutions – an idea dismissed by Germany and the UK.

They are also seeking guarantees that the Parliament would have a bigger role in crafting the broader financial framework that would dictate spending from 2014 to 2020. "The Parliament has asked for things that go well beyond the 2011 budget," said one person briefed on the negotiations.

Mr Cameron has staked much of his credibility in Europe on the budget after he forced the issue on to the agenda of a summit in Brussels two weeks ago. Citing the cuts being made by the UK and other governments, he insisted the EU budget should rise by no more than 2.9 per cent in 2011.

That is at odds with the 5.9 per cent increase sought by the Parliament and the European Commission, the EU's executive branch. Although EU officials acknowledge austerity measures in member states, they argue that more money is needed to cope with the EU's expanded responsibilities under the Lisbon treaty, which came into force in December.

They have also argued that money spent at the EU level could yield greater efficiencies and ease national budgets. The tone of the debate has intensified as leaders such as Mr Cameron try to appease domestic constituents facing deep cuts, wary of sending more money to what many view as a profligate Brussels.

Their anger has been fanned by reports from Open Europe, a pressure group, claiming the EU has spent hundreds of thousands of euros to fund a dog fitness and rehabilitation centre.

Pledge to lift EU energy barriers

Plan unveiled for new investment

By Joshua Chaffin in Brussels

Europe's energy chief pledged to dismantle barriers that have thwarted the goal of a common European energy market as he unveiled a strategy paper calling for €1,000bn in new investment over the next decade.

Introducing a plan to help connect the continent's oil and gas pipelines and enhance its electricity grid, Günther Oettinger, the energy commissioner, on Wednesday complained that the EU's pipeline networks were "still operating within the borders of the principalities of the 19th century".

European policymakers have settled on a more liberalised market as the linchpin of a strategy to address the biggest energy challenges confronting the bloc – from climate change to security of supply.

Opening the network and enhancing its links would allow renewable sources of energy, such as solar and wind, to better compete with traditional generators, they argue. It would also make it easier for member states to share supplies in the event of another cut-off of Russian gas such as that which occurred in 2009, leaving tens of thousands of citizens without power in the depths of winter.

However, the EU has failed to realise those ambitions because of a lack of physical infrastructure to stitch together national networks as well as a reluctance by many member states, including Germany – the commissioner's home – to embrace European laws that would expose their national energy companies to greater competition.

Mr Oettinger said the bulk of the cost to build new connections and adapt pipelines so that they would be capable of flowing in both directions would have to come from the private sector. But he said the EU could contribute through co-financing schemes, particularly for projects with little commercial appeal.

Much of the money, he acknowledged, would ultimately come in the form of higher electricity bills for consumers.

In terms of removing long-standing market barriers, Mr Oettinger promised to be more confrontational with European leaders, who will focus entirely on energy policy at a special summit meeting in February.

"It's all a matter of national political will," the commissioner said. "We will be asking heads of state, 'Do you really want this, or is this just something for speeches?'"

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News digest

HK minimum wage set to rise

Hong Kong has proposed a minimum wage of HK$28 ($3.60) an hour as the government seeks to tackle the widening income gap.

While Hong Kong has often been considered the world's freest economy, the government has recently increased its intervention, largely because of growing social discontent over wealth disparity.

Justine Lau, Hong Kong
Full story: www.ft.com/asiapacific

German medicine price shake-up

The German parliament's expected approval of rules to limit drugmakers' power to set prices in Europe's biggest market is expected to have repercussions across the European Union.

The reform due to be passed today will require drugmakers to prove new products have innovative uses in order to keep much of their pricing power.

Gerrit Wiesmann, Berlin
Full story: www.ft.com/europe

Challenge of drug smugglers grows

Elaborate methods of smuggling cocaine and a record number of new unregulated drugs are challenging drug control policies in Europe, where about 1,000 cocaine-related deaths are reported a year, according to the European Union's drug agency. Traffickers are using exports such as clothes, plastics and fertilisers to smuggle cocaine base which is then extracted in clandestine laboratories, the European Monitoring Centre for Drugs and Drug Addiction said.

Peter Wise, Lisbon

At least 191 have died from Mount Merapi's eruption

Volcano disrupts Obama trip

Mount Merapi, Indonesia's most volatile volcano, spewed clouds of ash into the sky on Wednesday, forcing some international airlines to again cancel flights and Barack Obama, US president, to cut short his visit. The official death toll has climbed by more than 40 to 191. Officials said earlier figures had not included people who died of heart attacks and other illnesses linked to the volcano. **AP, Jakarta**

Games without frontiers

Over the past 10 years, elite athletes in the west have become a global TV phenomenon.

In this extract from 'Decade, a study of the noughties', **Simon Kuper** considers an 'electronic colonialism'

THIS SATURDAY IN FT WEEKEND

World news

US economy

Blueprint seeks $4,000bn cuts

Social Security and Medicare targeted

Commission looks at tax code change

By James Politi in Washington

Leaders of a presidential commission proposed $4,000bn in cuts to popular programmes such as Social Security, defence and Medicare to reduce the US budget deficit, and challenged members of the bipartisan panel to thrash out a compromise in coming weeks.

Alan Simpson, the former Republican senator from Wyoming, and Erskine Bowles, the former Clinton administration official, on Wednesday presented the blueprint of spending cuts and changes to the tax code that would reduce the budget deficit to 2.2 per cent of gross domestic product by 2015.

The plan would raise the retirement age for Social Security, currently at 66, to 68 by 2050 and 69 by 2075, and lower individual and corporate tax rates while cutting or modifying a number of popular tax breaks such as the mortgage interest deduction.

It would slash defence spending by $100bn through 2015, in addition to another $100bn in domestic cuts through measures including the elimination of earmarks, a 10 per cent reduction in the federal workforce and the freezing of salaries at government agencies for three years.

"We have harpooned every whale in the ocean and some of the minnows," Mr Simpson told reporters.

The release of the plan by Mr Simpson and Mr Bowles came after a closed meeting of the 18-member commission, established in February by Barack Obama to set a path for long-term deficit reduction.

The panel had not gathered since midterm elections, in which Republicans capitalised on Americans' concerns about the economy, including the mounting debt burden.

The proposal sets the stage for weeks of horse-trading within the commission, which includes several high-profile lawmakers such as newly empowered House Republicans Dave Camp and Paul Ryan, as well as Democratic stalwarts such as Dick Durbin, the Illinois senator, and Kent Conrad, chairman of the Senate budget committee. Early reactions from members were mixed. Jan Schakowsky, a Democrat, said: "It's not a proposal I could support." Mr Ryan and Mr Camp said: "This is a provocative proposal, and while we have some concerns with some of their specifics, we commend the co-chairs for advancing the debate."

The White House did not take a position: "[The president] respects the challenging task that the co-chairs and the commissioners are undertaking and wants to give them space to work on it." But lobby groups campaigning for the US to embark on an aggressive deficit reduction plan in order to soothe international capital markets and avert a debt crisis cheered the proposal.

"It is truly a remarkable plan," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "This plan does it all."

Graphic images to wean smokers off habit

Tobacco packaging

By Stephanie Kirchgaessner in Washington

Cigarette smokers in the US will be subjected to graphic reminders of the ill effects of the habit – including images on cigarette packs of a corpse in the morgue and a cancer patient in hospital – as part of a strategy by the Obama administration to get people to quit.

A proposal unveiled on Wednesday would require tobacco companies to include one of nine new graphic images and warning statements on cigarette packs. The administration said the move represented the most significant change to hit cigarette advertising in 25 years.

"When the rule takes effect, the health consequences of smoking will be obvious every time someone picks up a pack of cigarettes," said Margaret Hamburg, the top commissioner at the Food and Drug Administration.

Dr Hamburg said the proposal was a "concrete example" of how the FDA's new oversight of the tobacco industry, mandated by a law passed in 2009, would benefit public health.

Research has shown graphic images are "very effective" in anti-smoking campaigns, according to Lois Biener, a senior research fellow at the University of Massachusetts' Center for Survey Research.

Ms Biener said a similar programme adopted in Canada showed that, even when individuals sought to cover up the warnings by keeping their cigarettes in cases, for example, they were still more motivated to quit than people not exposed to graphic images. Research showed that the most effective images were also the most graphic and disturbing.

The FDA appears to have kept that in mind in designing some of the proposed labels.

Other images in contention include two sets of lungs – one healthy and pink and another that has been ravaged by smoking – as well as a stark image of man lying in an open coffin next to the words "Smoking can kill you".

Under US law, cigarette makers have to include written warning labels on cigarette packs, but not graphic images.

Philip Morris, the cigarette maker, said it had supported several initiatives cited by the Health and Human Services Department regarding tobacco and that it planned to "actively participate" in the FDA's packaging proposal.

The public has been invited to post comments about 36 proposed images, nine of which will be chosen by the FDA in June and implemented in September 2012.

Texas set to wield scalpel as budget deficit grows

By Sheila McNulty in Houston

Rick Perry may have won his third term as Texas governor this month, but the prize is a state budget deficit analysts estimate has grown as high as $25bn.

The projected deficit, to be announced in January, would leave Texas with tough decisions about how to meet spending commitments, as its constitution requires a balanced budget. It faces scaling back already lean budgets for education, healthcare and public safety.

Texas is one of 39 states that have projected budget gaps for the 2012 fiscal year, according to the Center on Budget and Policy Priorities. Republicans who were swept to power in state capitols in midterm elections on November 2 are promising big spending cuts in response, from trimming social services and reducing benefits for public workers to selling off state assets.

Texas is among seven states with no personal income tax; imposing one would mean revising the state constitution. Raising taxes is not an option for its Republican governor.

"You might not remember the $10bn deficit . . . in 2003," Mr Perry said in his recent campaign. "Rather than jack up taxes, we took the same approach you'd take if your business had a shortfall; we drew a line between wants and needs then cut spending. We won't hesitate to take that approach again."

The Dallas Morning News quoted senior legislative staff this month saying the deficit has gone as high as $25bn and could rise if the economy does not pick up.

Analysts agree, citing falling sales taxes, which account for about 65 per cent of revenue. Other sources, including the motor vehicle sales tax, franchise tax, natural gas tax, insurance premium taxes and lottery proceeds, have all been hit by a weak economy.

"It's going to be a really bad couple of years for public schools," said Mark Jones, political scientist at Rice University. Education accounts for 55 per cent of state spending, he said.

Other areas highly dependent on the state are healthcare, accounting for 25 per cent of spending, and public safety, accounting for roughly 10 per cent.

Richard Murray, political scientist at the University of Houston, said the state had not fully recovered from the cuts made in 2003. For example, 26 per cent of Texans are uninsured – a higher percentage than in any other state. The estimated average salary of public school teachers ranks 39th among states, with state and local expenditures per pupil in public schools ranking 44th.

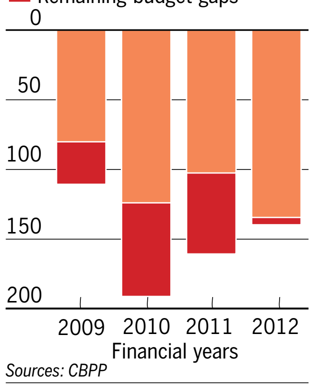
Given an increasingly elderly population, large numbers of uninsured and a rise in those using public education, Mr Murray said drastic cuts would be needed.

Harvey Kronberg, head of the Quorum Report, which reports on Texas politics, said: "There are a lot of constituencies out there who are unaware how deep this is going to reach."

www.ft.com/usstates

US states in the red

Budget shortfalls ($bn)



Sources: CBPP

Erskine Bowles (left), speaking on Capitol Hill, sits with Alan Simpson, his co-chair on President Obama's bipartisan deficit commission AP

Fiscal panel outlines difficult choices

News analysis

Fears of a bond market shock likely to be a persuasive aid in gathering support for plan, writes **James Politi**

After weeks of quiet discussions, Erskine Bowles and Alan Simpson, co-chairs of the president's fiscal commission, finally showed their cards on Wednesday.

First, it was in a closed-door session with the 18-member panel that was charged by Barack Obama in February with solving America's fiscal problems. Then it was with reporters at a hastily assembled press conference just across the street from the US Capitol in Washington.

"We have got some tough choices to make," Mr Bowles said. "We are on the most predictable path to an economic crisis that I can imagine." Fear of a bond market shock may ultimately be the most persuasive argument for Mr Bowles, the former chief of staff to Bill Clinton, and Mr Simpson, a former Republican senator from Wyoming, as they try to round up support for their ultra-ambitious plan.

The commission's remit from Mr Obama was to slash the US budget deficit to 3 per cent of gross domestic product by 2015 from its 2010 level of 8.9 per cent of output. Mr Bowles and Mr Simpson went even further, unveiling $4,000bn in savings for the US government over 10 years that would reduce the projected deficit to 2.2 per cent of GDP by 2015.

Mr Bowles and Mr Simpson were only speaking for themselves but no sector of the budget was protected, from Social Security, to Medicare, to defence, to popular tax breaks.

The challenge will be to get the rest of the commissioners to agree on a final proposal before a December 1 deadline, with Republican and Democratic members likely to spar viciously over the details.

Expectations that a strong consensus will emerge are low in Washington, given a bruising midterm election campaign that caused tense feelings between the parties to deteriorate further.

The commission has no legal power and the only way its proposals will be implemented is if they are passed by both houses of Congress and signed by the president Mr Bowles and Mr Simpson secured a promise from congressional leaders that a vote would take place on the package this year if 14 of 18 members sign off on it but it remains doubtful that such a degree of unity can be achieved.

'This commission is merely an excuse to raise net taxes on the people'

Nancy Pelosi
Democratic speaker

Indeed, some cries of disapproval were already being heard across Washington from the right and the left. Conservatives at American for Tax Reform lamented that "this commission is merely an excuse to raise net taxes on the American people" as Nancy Pelosi, Democratic speaker of the House, said the plan was "simply unacceptable" and any "viable proposal should strengthen our economy, but in a fair way".

Indeed, if it has any chance of garnering widespread support on the commission, the plan may have to be significantly altered, and probably scaled back, in negotiations.

There is some room for manoeuvre, since the plan proposed by Mr Bowles and Mr Simpson on Wednesday was slightly more aggressive than the commission's mandate. But the co-chairs warned that the mathematics of deficit reduction would still have to work in the end.

For instance, if panellists want to reintroduce popular tax breaks – such as deductions for child care, or interest on the mortgage for a second home – they will have to outline how they intend to pay for it, or accept corresponding rises in individual and corporate income tax rates.

David Kendall, a fiscal policy analyst at the Third Way think-tank, was ultimately optimistic about the commission's prospects, even as he expected some "violent" conversations in the next few weeks.

"You're going to get some of the stuff that's going to be acceptable," Mr Kendall said, adding that the rest would be "down as a marker" for changes to fiscal policy in the future.

Birthplace of microfinance joins backlash

Bangladesh caps interest rates

By Amy Kazmin in New Delhi

Bangladesh, the birthplace of the global microcredit movement, has decided to cap interest rates for microloans at 27 per cent, the latest sign of a growing regulatory backlash in south Asia against an industry once hailed as a "magic bullet" to cure poverty.

The move came just days after India's microfinance industry agreed to a voluntary 24 per cent interest rate cap on its microloans in the southern state of Andhra Pradesh, where local authorities have accused the industry of charging usurious rates and employing coercive collection tactics.

Zahid Hussain, a Dhaka-based World Bank economist, said Wednesday's order by Bangladesh's Microcredit Regulatory Authority (MRA) – which licenses and supervises microfinance organisation – followed a growing tide of criticism against Bangladesh's huge microlending industry.

"This cap does not come as a surprise to me but I am glad they capped it at a level which is not too low," Mr Hussain said.

Home of the renowned Grameen Bank – the not-for-profit microfinance institution founded by Nobel Peace laureate Muhammad Yunus – Bangladesh today has more than 1,000 different players, including government institutions, banks, and non-government organisations, offering microcredit. Together, these entities have about $2.2bn in outstanding loans to about 30m poor borrowers, mostly women.

But Bangladeshi microfinanciers – which charge rates from 20 to 50 per cent or even more – have come under attack from influential policymakers – including Mr Yunus himself, who has described some as "the new loan sharks".

Qazi Kholiquzzaman Ahmad, chairman of PKSF – which channels government funds into microfinance, has complained about over-lending, which he has called a "death trap" for the poor, while Ama Muhith, the finance minister, has emphasised that microcredit is no panacea for poverty.

Even Dhaka's Financial Express newspaper wrote in an editorial this week that "the high lending rates charged by microfinance institutions are considered to be one of the reasons for keeping the hard-core poor in the debt-trap continuously".

It went on to say that lending rates appeared "unreasonable" and called for a revision to "avoid any political backlash".

Bangladesh's MRA said the 27 per cent interest rate cap would take effect in July.

The regulator also said it was banning forced deductions from microloans for mandatory savings schemes, capping administrative charges and requiring a 15-day grace period from loan dispersal until the first repayment.

But Mr Hussain raised questions about how the agency would enforce the rules in more than 65,000 villages. He also said the intensifying complaints over microfinanciers' high interest rates in Bangladesh failed to take account of villagers' limited options.

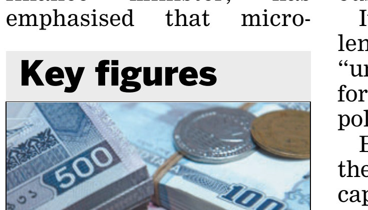
"If microcredit wasn't there in that particular village, what alternative would these villagers have?" he said.

"Commercial banks are not there, so the recourse is either from friends and relatives, or traditional moneylenders – and they charge 120 per cent."

Meanwhile, Indian microfinance companies are hoping their offer of a "voluntary" 24 per cent interest rate cap in Andhra Pradesh will lead to an end of the disruptions of their activities in the state.

Over the past month, Indian micro-financiers, including SKS – which raised $350m in an initial public offering in August, have encountered serious interference from local authorities in their efforts to collect more than $2bn in outstanding loans in the state.

Key figures



27%

New limit on microloan interest rates

$2.2bn

Outstanding microfinance loans in Bangladesh

Iraqi parties break political stalemate on government

By Leila Fadel and agencies in Baghdad

Iraq's political leaders have reached a deal to form a new government that will break the political stalemate that has plagued the country for eight months and give Nouri al-Maliki, Shia prime minister, a second term.

Faced with little choice if he hoped to preserve his political bloc, secular Shia Ayad Allawi, the head of the largely Sunni-backed Iraqiya, agreed to support Mr Maliki's bid for Iraq's top job, in spite of no real concessions from the Shia leader to share power.

The decision seems to be a defeat for a US plan for a power-sharing arrangement between Mr Allawi, whose group won the plurality in Iraq's parliament, and Mr Maliki.

"There was too much pressure from our own political groups. Unfortunately a deal was made, and now we have to concentrate on the ministries," said a leading member of parliament from the Iraqiya bloc. "We didn't want Iraqiya to split, and our negotiating team failed."

Iraq has been without a new government since the inconclusive March 7 election, which gave Iraqiya two more seats than Mr Maliki's bloc. Neither had enough for a majority in parliament, leaving the factions to negotiate a government.

Over the past months, Iraqiya had repeatedly rejected another Maliki term and demanded the right to form the government as the top vote winner in the election.

Legislators are expected to meet on Thursday for only the second time since the election. Under the deal reached on Wednesday, the parliament is expected to appoint a speaker from Iraqiya, before reappointing the Kurdish president, Jalal Talabani. He, in turn, will name Mr Maliki as prime minister. Mr Maliki will then have to put together a cabinet that a simple majority in Iraq's parliament will have to approve.

Iraqiya would take the speaker's post, the foreign ministry and a role with possibly expanded authority over defence issues, the economy and foreign affairs.

"Tomorrow in parliament, it will be the beginning of forming not just the government, but forming the Iraqi state," Mr Maliki said on Wednesday. "God willing, we will go ahead."

The move to secure a second term for Mr Maliki came on a day when bomb and mortar attacks targeting Christians across the Iraqi capital killed at least three people and wounded dozens of others.

By agreement with the Washington Post

Obama urges Islam to help beat al-Qaeda

First presidential visit to a mosque

Speech echoes Cairo address

By Anthony Deutsch in Jakarta and Anna Fifield in Washington

Barack Obama reached out to moderates in Indonesia, the largest Muslim-majority country, reiterating that America was not at war with a "great religion like Islam".

The US president conceded, however, that his administration had made little progress since promising better relations 17 months ago.

Mr Obama's latest approach to the Muslim world came after he and his wife Michelle, who wore a headscarf, visited the Istiqlal mosque, south-east Asia's largest, in Jakarta on Wednesday.

It was his first trip to a mosque since becoming president and risks setting off further conservative commentary at home about his Islamic connections.

"Innocent civilians in America, Indonesia and across the world are still targeted by violent extremists," Mr Obama told a crowd of about 6,500 at the University of Indonesia, in a speech in which he used the Arabic greeting *as-salaam aleikum*, familiar to Muslims around the world, and also dropped in Bahasa phrases picked up during his four years in Jakarta as a boy.

"America is not and never will be at war with Islam. Instead, all of us must work together to defeat al-Qaeda and its affiliates," Mr Obama said.

His speech echoed an address he delivered in Cairo last June, billed as a "new beginning" in relations with the Muslim world, damaged by the Afghanistan and Iraq invasions – the Bush administration's responses to the September 11 2001 terrorist attacks.

"The relationship between the United States and Muslim communities has frayed over many years. As president, I have made it a priority to begin to repair these relations," he said. The US still had "much more work to do" to bridge differences.

Muslims around the world have been disappointed with Mr Obama's lack of action, especially on his promise that he would close the detention centre at Guantánamo Bay within a year of taking office.

The president, whose middle name is Hussein, a nod to Muslim ancestors of his father, has been subject to repeated claims by conservative activists that he is a Muslim and attended a madrassa, or Islamic school, while living in Indonesia. This is in spite of repeated affirmations of his Christian faith and the fact that his Jakarta school was Catholic.

> 'America is not and never will be at war with Islam. All of us must work together'
> **Barack Obama**
> **US president**

In August, amid a controversy over whether an Islamic centre should be built near the lower Manhattan site of the 9/11 attacks, he sparked an uproar by saying Muslims had the right to practise freely anywhere in the US.

A Pew Research Centre poll at the time found that one in five Americans think Mr Obama is a Muslim, almost double from a year before.

These factors had conspired to keep Mr Obama away from mosques, in contrast to his predecessor George W. Bush, who visited a mosque soon after the 2001 terrorist attacks.

While at the Istiqlal mosque on Wednesday, Mr Obama discussed religious harmony with the grand imam, Ali Mustafa Yaqub, who told the president he could play an important role in world peace. Mr Obama replied: "*Inshallah*", or "god willing".

After his visit, the president told reporters that Mr Yaqub described how the mosque allowed the Catholic cathedral opposite to use its car park at Christmas, when the Christian church's own was full.

Mr Obama cited this as an example of how religions peacefully co-operated in Indonesia.

As an ally in US efforts to combat terrorism, Indonesia has imprisoned and killed hundreds of militants in an ongoing crackdown. Indonesia has itself been hit by a string of terrorist attacks since 9/11, including the 2002 and 2005 Bali bombings that killed more than 220 people.

One element of a new "comprehensive partnership" signed with Susilo Bambang Yudhoyono, Indonesia president, on Tuesday will be renewed aid to special forces, which was cut off during the Clinton administration owing to human rights violations.

In Indonesia, the US president enjoys strong popularity even though the majority of citizens opposed the wars in Iraq and Afghanistan and disagree with Washington's Middle East policies. Jakarta has no diplomatic ties with Israel and mass rallies have been held in support of a free Palestine.

Mr Obama praised Indonesia's transition from a military dictatorship just 12 years ago to a democracy, with a flourishing economy and religious freedom.

Editorial Comment, Page 12

Barack and Michelle Obama meet grand imam Ali Mustafa Yaqub at Istiqlal mosque AP

White House warns on atomic stockpile in push for treaty

Defence

By Daniel Dombey in Washington

The Obama administration has warned Republicans that an $80bn plan to upgrade the US atomic weapons stockpile may be at risk if Congress does not approve a nuclear arms treaty with Russia.

Barack Obama, president, is pushing to have the treaty approved before the new Congress takes office in January.

He unveiled his 10-year plan to modernise the nuclear complex the day he sent the New Start treaty to the Senate for ratification, partly in a move to win Republican support.

His administration is now making clear the stockpile plans are also at stake, amid fears that failure to approve the treaty in the handful of legislative days left this year could leave the international arms control system in tatters.

"There is a risk that not moving ahead with Congress could shatter the fragile consensus on modernising the nuclear complex," said a senior administration official.

"New Start puts nuclear modernisation in the right context for those who worry how it could send the wrong signal to the world and undermine our non-proliferation efforts."

Officials add that if the New Start deal – perhaps Mr Obama's biggest foreign policy achievement – was not ratified by the Senate, it would not only damage efforts to "reset" relations with Russia, but also destroy the arms inspection system that built bilateral confidence.

The administration fears that ratification prospects will recede if the issue is handed to the new Senate, with its reduced Democratic majority. But Republicans, who hold a trump card because of the need for a two-thirds majority, say they are reluctant to pass the deal in the lame-duck session of Congress.

The administration also recognises that a single senator could hold up the deal. "It is necessary to get unanimous consent to do a lot of things," said the administration official. A separate civil nuclear deal with Moscow might also fall, because of a lack of legislative days, leaving Dmitry Medvedev, Russian president, with little to show for his co-operation with the Obama administration on issues such as Iran.

"Every day that we don't have this verification regime in force is a day in which, unfortunately, miscalculation and distrust can develop," Ellen Tauscher, undersecretary of state for arms control, told the Financial Times. She pointed out that the previous nuclear inspection regime, established by the original Start treaty, expired in December.

The new treaty imposes limits on strategic nuclear forces held by the US and Russia – together accounting for 90 per cent of the world's nuclear weapons. Advocates have abandoned earlier administration claims that Start dramatically cuts weapons, arguing instead that the key is the monitoring mechanisms.

> 'It is practically a no-brainer that it ought to be ratified'
> **George Shultz**
> **Former secretary of state**

The treaty has been strongly backed by the US military, including Admiral Mike Mullen, chairman of the joint chiefs of staff, who has testified on its behalf, and by six former secretaries of state and five former defence secretaries.

Key Republicans are not convinced the issue should be taken up in the lame-duck period, with Jon Kyl, an Arizona senator, leading a group seeking more assurances about spending on nuclear laboratories as part of modernisation.

"The trade I'm looking for with the administration is that we'll negotiate a treaty with good numbers as long as you promise to modernise the force that's left," said Lindsey Graham, a Republican senator from South Carolina. "I don't know if there's momentum for that in the lame-duck [session] or not."

Former Republican administration officials are much more resounding in their support of the deal. "It is practically a no-brainer that it ought to be ratified," George Shultz, President Ronald Reagan's secretary of state, told the FT, describing the treaty as "all-round beneficial".

Its failure would be a "terrible signal" and show US "indecisiveness" by not ratifying a treaty negotiated by the president.

MORE ON FT.COM

Until this month, relations between Cuba and the US had been on an upward path. But then US congressional elections swept some of the most visceral opponents of rapprochement in the Cuban émigré community into Washington
www.ft.com/americas

Pakistan denounces 'incomprehensible' US stance on India

Security Council

By Matthew Green in Islamabad and Farhan Bokhari in Karachi

Pakistan has condemned Barack Obama's call for India to assume permanent membership of the UN Security Council, describing the US president's position as "incomprehensible".

Islamabad's angry reaction threatened to open a rift with the US at a time when Washington is seeking greater Pakistani support for its campaign in Afghanistan. Pakistan, which has fought three wars with India since 1947, issued a statement on Wednesday expressing its "strong disappointment" at the US decision.

"It is incomprehensible that the US has sought to support India, whose credentials with respect to observing UN charter principles and international law are at best chequered," the statement said.

Mr Obama crowned a three-day visit to India by expressing support for the country's quest for permanent council membership in a speech to lawmakers in New Delhi on Monday.

The announcement won a rapturous welcome in India, but has reawakened Pakistani fears that the US favours its rival.

The conflicting reactions underscore the balancing act Mr Obama faces in trying to boost commercial ties with India to create US manufacturing jobs without complicating a fraught alliance with Pakistan, a relationship central to Washington's security interests.

Pakistan accuses India of violating UN decisions on the future of the disputed territory of Kashmir.

A series of decades-old Security Council resolutions call for a referendum to allow Kashmiris to choose between India and Pakistan but they have never been implemented.

A senior Pakistani official said Mr Obama's support of India's candidature was unlikely to lead to any tangible progress in India's search for greater global recognition. "We all know the reform of the UN body will be extremely difficult," the official said. "By publicly supporting India's case, the Americans have just added to Pakistan's nervousness."

Islamabad's relations with the US deteriorated last month after it temporarily shut a key supply route for Nato forces in Afghanistan in protest at an incursion by a US military helicopter that killed two Pakistani soldiers.

Mr Obama has since welcomed senior Pakistani soldiers and politicians to Washington for the latest of a series of high-level talks and promised Pakistan's army a further $2bn in military aid. The US wants Pakistan to take action against havens used by Afghan militants in North Waziristan in its tribal belt.

Pakistan's army says it is too thinly stretched. Some suspect Pakistan is reluctant to turn on long-standing proxies it used to exert influence in Afghanistan and would prefer to play a brokering role to try to influence any eventual peace negotiations between Taliban factions and Kabul.

Elevated aspirations

Asia Amid a rise in territorial disputes, both China and the US are paying closer attention to regional strategic interests – in a rivalry that today forms a backdrop to the G20 summit, writes **Geoff Dyer**

Goodwill visit: an officer in China's navy in Manila on an April call by two frigates on their way back from Aden. Beijing is broadening the naval remit to include protecting economic interests and seaborne trade
Eyevine

"If Bismarck were in Beijing today, he would say this was our nightmare," says Shi Yinhong, an international relations scholar at Renmin University in Beijing, about China's relations with the rest of Asia. "His advice was always that if you have five neighbours, you need to be on good terms with at least three. That is not our case."

For the past few months, Asia has had a sneak preview of the sort of diplomatic minefields that could lie ahead as China's influence and power expand. Unresolved territorial disputes have flared up, a possible arms race has started to take shape and there have been the stirrings of a real strategic rivalry between the two main powers in the region, China and the US – which will be one main backdrop when leaders of the Group of 20 developed and emerging nations meet in Seoul today.

At the root of the anxieties is the worry that a self-confident China, which recently overtook Japan as the second-largest economy in the world, wants to translate its economic power into greater political and military influence. Beijing's massive stimulus plan helped Asia to ride out the global financial crisis with relative ease and its sustained economic dynamism is of big benefit to other countries in the region. But the recent tensions serve as a warning that the rise of China could become harder to accommodate politically.

"I fear we could be about to enter a much more rocky period," says Simon Tay, chairman of the Singapore Institute of International Affairs.

When Deng Xiaoping led China, he famously urged his colleagues to "keep a cool head and maintain a low profile" because he believed – as Otto von Bismarck did in Germany a century before – that economic expansion required his country to lay to rest old antagonisms in its immediate neighbourhood. For the decade that followed the Asian economic crisis in 1997, China's leaders did just that. Behind slogans such as "win-win" and "peaceful rise", they settled land border disputes, signed loan, aid and trade deals and generally did all they could to seem unthreatening.

The past year, however, has brought signs that China is shunning that softly-softly approach in Asia. The most obvious example is in the South China Sea – where the Spratly and Paracel islands are claimed in part or in full by China, Vietnam, Malaysia, Taiwan, the Philippines and Brunei.

1,000 miles

US estimated range of ballistic missiles tested by China

6

Territories claiming the Spratly and Paracel islands in full or part

Amid increasing warnings that China is pushing its claims more aggressively, the simmering tensions came to the fore in June when Hillary Clinton, US secretary of state, told a regional gathering that the US could act as a mediator in the South China Sea – a move that was supported by a handful of other Asian governments. According to officials present at the meeting, Yang Jiechi, China's foreign minister, responded angrily that the proposal was an "attack on China" and told the nations that supported the US intervention: "China is a big country and other countries are small countries and that is just a fact."

In September, Beijing became embroiled in a furious diplomatic dispute with Tokyo after the Japanese coastguard arrested the captain of a Chinese fishing boat for ramming its vessels in the waters off another group of disputed islands in the East China Sea. At one stage, Japanese companies reported that shipments of rare earths – metals that are used in many aspects of manufacturing and which China dominates – had been blocked. Yoichi Funabashi, editor-in-chief of the Asahi Shimbun, one of Japan's main dailies, described Beijing's tactics as a campaign of "diplomatic shock and awe".

Disputes over the various islands have flared up many times before. But one reason why the recent disagreements have caused so much anxiety in Asia is that they come as China is beginning to put in place a navy that could start to challenge US dominance in the region's seas.

China's navy used to focus mainly on preparing for war over Taiwan. After years of large investments, however, its remit is now broadening to include the protection of Chinese economic interests overseas and its vast seaborne trade. "With our naval strategy changing now, we are going from coastal defence to far sea defence," Rear Admiral Zhang Huachen, deputy commander of the East Sea Fleet, told Xinhua news agency this year.

China has a large and growing fleet of nuclear submarines and has opened an underground naval base in Hainan island off the south coast, allowing quicker access to the South China Sea. According to US officials, China has also tested long-range ballistic missiles that could be used against aircraft carriers stationed 1,000 miles from the Chinese coast. Although it is not yet clear whether the technology will be effective, it is part of a plan to extend Chinese naval influence well beyond what is called "the first island chain", stretching from Indonesia to Japan and encompassing the disputed islands in the East China Sea.

Elizabeth Economy, a China specialist at the Council on Foreign Relations, a US think-tank, argues that the military expansion is part of a broader strategy to forge a more activist foreign policy – which also includes, for instance, proposals for the renminbi to play a larger international role and huge investments in turning domestic state media companies into international news operations that can rival CNN or the BBC.

Rather than being a passive observer of events that avoids being drawn into new commitments, China wants to start shaping events to its own ends. "There is a much stronger desire from the top now to try and remake the rules of the game," she says.

'If you are a strategic thinker in China, you do not need to be paranoid to think the US is trying to bandwagon Asia'

For other observers, the more assertive stance is less a decision by the leadership and more a reflection of pressures from below – from public opinion that can be at times strongly nationalistic, from elements within the Chinese military, from state-owned companies that have growing interests overseas and from politicians looking to position themselves for the next leadership transition in two years' time.

Wang Junsheng, a young academic at the Chinese Academy of Social Sciences, says that especially among younger people, the start of "a healthy great power mentality" is influencing policymakers.

One response within the rest of Asia has been to ramp up arms purchases. Vietnam, for instance, has ordered $2.4bn of submarines and fighter aircraft from Russia.

But the growing anxiety about China also provides an opportunity for the US to reassert itself in Asian diplomacy after a decade when Washington was preoccupied by terrorism, Iraq and Afghanistan. As well as offering to mediate in the South China Sea disputes, the US has held naval exercises with the South Korean government, which was angered by China's refusal to criticise what it believes was North Korea's role in the sinking of a South Korean warship this year. The US navy also held a joint drill with Vietnam over the summer – 35 years after US troops withdrew from Saigon.

Indeed, both Barack Obama, US president, and Mrs Clinton have been travelling in Asia this week on trips designed to emphasise Washington's new-found commitment to the region. "China is being challenged," says Carl Thayer, an expert on south-east Asia at the Australian Defence Force Academy. "Some of the strategic trends that China thought were going its way are starting to be confounded."

But just as many in Asia are concerned about the new signs of Chinese assertiveness, some also fear that the US will overplay its hand and embolden the very hardline voices in China who are already pushing for Beijing to take a tougher stand.

"The US is in danger of re-engaging in Asia on acrimonious terms," says Mr Tay in Singapore. "If you are a strategic thinker in China, you do not need to be a paranoid conspiracy theorist to think that the US is trying to bandwagon Asia against China." Some of the US statements have not gone down well in Beijing. After Mrs Clinton warned Cambodia last week not to become too dependent on China, one Chinese official remarked: "Can you imagine if the Chinese government told Mexico not to be too dependent on the US?"

Yet it is not inevitable that this series of events will quickly spiral into a broader geopolitical clash in Asia. Indeed, in the past few weeks there have been signs of the US and China trying to ratchet down the sort of tensions that have alarmed the region.

President Hu Jintao has announced he will visit the US in January and discussions between the two countries' militaries have resumed after a hiatus of several months. At the regional meeting in Vietnam last weekend, where Beijing and Tokyo sparred again, Chinese premier Wen Jiabao also talked about creating a "sea of peace and co-operation" in the South China Sea – prompting hopes that a legally binding code of conduct for the sea can be negotiated.

"China appears to have recognised the costs of its actions and is taking steps to repair its image, such as restarting military-to-military ties with the US," says Taylor Fravel, a China expert at the Massachusetts Institute of Technology. "Even if these steps represent only tactical shifts, they do underscore how China must continue to be sensitive to regional sentiments."

The US, meanwhile, has postponed another naval drill with South Korea and the Obama administration has again declined to label China as a "currency manipulator" ahead of the G20 summit.

The tensions have also given new relevance to institution-building in the region. Asia has an alphabet soup of different forums, including Asean and Apec, that have sometimes struggled to define a clear purpose but could play an important role in accommodating China's increasing power.

Even governments wary of China's recent moves are also looking to strengthen ties with Beijing. As well as conducting drills with the US navy, Vietnam has, for example, also held military exercises with the Chinese. Asian countries hope to use the US and its military power as a hedge against a growing China, but not as an alternative to a country that has the most dynamic economy in the world.

Most of all, they want to avoid having to choose between, to borrow Bismarck's words, those "two powerful heraldic beasts". If tensions ascended that far, Asia would indeed be in for a time of much tumult.

In need of good neighbours

In the South China Sea, the Paracel and Spratly groups of islands (many of which are just reefs or atolls) are claimed in part or in full by China, Vietnam, Malaysia, the Philippines, Taiwan and Brunei. The Paracels are contolled by China, while Vietnam controls many of the Spratlys. In the East China Sea, islands called the Senkaku in Japan and the Diaoyu by China are disputed by Beijing though controlled by Tokyo

Associations and alliances

Asean finds itself obliged again to heed its founding purpose

It would be an exaggeration to say that the countries of the Association of South-East Asian Nations are terrified of China. But only just.

"There is no doubt that China is growing increasingly, er, assertive," says a top Asean official following the organisation's recent summit in Hanoi. "They've never really abandoned the communist approach – you know, that what I have is my own and what you have is for discussion. When they were [economically] small, that didn't matter. Now they are big it is starting to matter a lot."

This view of China as a potential aggressor is not a revelation for Asean, which was founded in 1967 as a regional non-communist grouping beneath the US strategic umbrella. But after a long period in which the Asean countries concentrated – with significant success – on economic development, China is once again emerging as a motivating principle for the organisation.

Its 10 members – Thailand, Indonesia, the Philippines, Malaysia, Singapore, Brunei, Burma, Cambodia, Vietnam and Laos – have little in common except their location. Yet even setting aside Burma – whose regime relies on Beijing for support – all have had to recognise that they cannot escape the strategic implications of China's rise.

Their response has focused on seeking to corral China by engaging it in regional diplomatic discussions centred on the East Asia Summit, a forum set up by Asean that also includes Japan, South Korea, India, Australia and New Zealand.

Beijing has opposed any US role in regional groupings, arguing strongly last year against involving Washington in new Asia-Pacific forums proposed by Japan and Australia. But in a move that signalled growing regional concerns, Beijing was outflanked two weeks ago by Asean leaders who agreed in Hanoi to invite the US (and Russia) to join next year, nullifying China's diplomatic advantage.

Dealing with China remains tricky for Asean, however, because it is such a compelling economic partner. Asean and China this year implemented the world's largest bilateral trade agreement, measured by population, with trade flows of $231bn in 2008, according to China's commerce ministry.

Although most leaders think that US involvement in the region provides an essential counterweight to Chinese assertiveness, they do not necessarily applaud Washington's methods.

"The Americans don't necessarily understand the Asian culture very well, and they can be counterproductive," says the senior Asean official, citing demands about human rights made by Hillary Clinton, US secretary of state.

Kevin Brown

FINANCIAL TIMES

"Without fear and without favour"

Thursday November 11 2010

King cannot be the coalition's courtier

Bank of England governor must avoid partisanship

The preservation of central bank independence is more of an art than a science. But as a general rule, it is unwise for a central banker to seem too close to the government of the day.

Mervyn King has been criticised for "blurring lines" by speaking out excessively on fiscal policy. But the real charge against the governor of the Bank of England is one of perceived political partiality. This is emphatically denied by the Bank and not proven. Nonetheless, Mr King should be careful.

The governor should not be required to maintain a trappist silence on fiscal policy. There are clear links between fiscal and monetary policy; these have become more pronounced following the financial crisis. Mr King has every right to have a view about the government's proposed tightening and its impact on economic growth. It is a question of judgment whether such views should be aired publicly or shared privately with ministers. But in the absence of a crisis, the latter approach is likely to be the more fruitful one.

The charge against Mr King, however, goes further. It is that he has been too keen to attach himself to a specific set of policies. It is true that the governor has on at least one occasion appeared publicly to endorse George Osborne's policy of tightening faster than the last government intended. It was unwise of him to appear at the Trades Union Congress in September and say that Britain might have faced the same fate as Greece had it not come forward with a credible deficit-reduction plan.

Mr King's relations with the last government were strained. That his dealings with the coalition are smoother is welcome if it results in clearer and more predictable policy. But any hint of partisanship would be fatal. It would undermine the Bank's effectiveness in its primary role of ensuring price stability (already challenged by its inability to hit its inflation target). Investors would fret that the Bank was holding down interest rates simply to help the government. Its reputation would also be tied to the success of the tightening itself – and would suffer were it to fail.

It is worrying that the rumblings about Mr King come from within the Bank, as this raises questions about his leadership skills. These will be tested further when the Bank expands as it absorbs regulatory functions from the Financial Services Authority.

Thus far, Mr King has been accused only of blurring lines – not crossing them. He should take note. The Bank's credibility is already at stake.

The lost roadmap

Obama's bid for Muslim friendship lacks material action

Barack Obama's speech in Jakarta on Wednesday was the US president's third address from a Muslim capital to the Islamic world. He reiterated two important messages: that the US is not at war with Islam, and that democracy and the Koran are not incompatible.

Mr Obama is a brilliant speechmaker and his assertions are welcome. But he has yet to prove his broader foreign policy success in forging sustainable engagement with moderate Islam.

It is perhaps unsurprising that he is making such gestures of friendship now. In the run-up to last week's US midterm elections, Mr Obama would not have dared enter a mosque; a fifth of Americans still believe he is Muslim.

It is correct to declare Indonesia a powerful example of an emerging democracy: the largely Muslim population of this south-east Asian nation lives under a secular constitution. Mr Obama was also right to point up Jakarta's progress in his swipe at China that "prosperity without freedom is just another form of poverty".

But his words will find little resonance among Muslims elsewhere. The Arab world does not seek to emulate Indonesia. The links between democracy and economic advancement are valid. But the internal politics of states in the Middle East, the continued US presence in Afghanistan, and the enduring Palestinian-Israeli quagmire will drown out this message.

Few US presidents would expect their foreign policy record to be judged after two years; Mr Obama acknowledged his Nobel prize was premature. In 23 months, Washington has pulled combat troops out of Iraq, reset relations with Russia and reached out to Iran – though this last effort was rebuffed.

Rebuilding alliances take a long time; success is incremental. But the Arab world is disappointed. There are more troops in Afghanistan. The Guantánamo Bay detention centre remains open. A recent Brookings Institution poll found only 16 per cent of Arabs were optimistic about US policy in the Middle East – in 2009, 51 per cent hoped for improved interaction.

Mr Obama has restated his belief that Israel and Palestine should exist "side by side in peace and security". No easy solution exists, of course. The administration has become more conciliatory towards Israel. That is a policy, but not one that will mend frayed relations with Muslims.

As Mr Obama stressed, one speech cannot eradicate years of mistrust – nor can three speeches do so, if strong actions do not follow fine words.

Russia's legal mire

Journalist's beating highlights the lack of rule of law

Supporters of Russia's ruling "tandem" of Vladimir Putin and Dmitry Medvedev often complain that the west is unfair in criticising its democratic record. Quietly, some suggest Russia is not yet ready for full democracy. Free elections might return liberals who would take the country back to 1990s-style disorder, or nasty nationalists. Russians must be protected from themselves.

Yet perhaps the most pernicious failing of Russia's current system is that while many Russians may feel better off than a few years ago, they cannot feel protected. Last weekend's vicious beating of the journalist Oleg Kashin, his skull, jaw, leg, and fingers smashed with an iron bar, is the latest of many distressing illustrations.

A corrosive combination of what Mr Medvedev has termed "legal nihilism" and corruption means Russians cannot feel safe that law enforcement authorities will protect them from harm. Or, if they do suffer harm, that the legal system will enable them to secure justice or redress. Journalists cannot feel safe doing their jobs. Tycoons cannot feel safe from possible state expropriation, smaller business owners from corporate raiding – often by the police. Expectant mothers cannot feel safe that they will be able to give birth without demands for a bribe if they want an anaesthetic.

Senior Russians point out that similar problems, sadly, are found in many other countries, including its fellow Brics. But Russia's nominal per capita income is more than twice that of China, eight times that of India. Its lack of legal protections is arguably the biggest factor separating it from the more prosperous nations whose ranks it aspires to join. It may also harm Russia's prospects of making that transition. It is surely at least one of the factors why Russia's stock market trades on a hefty discount to other big emerging markets. It may be a reason why foreign direct investment is not picking up, post-crisis, as quickly as the government would like.

All that makes the lack of progress on legal reforms – in spite of the pledges of both Mr Medvedev and, earlier, Mr Putin (who promised a "dictatorship of laws") – perplexing. The likely conviction of former Yukos chief Mikhail Khodorkovsky next month on new embezzlement charges, described even by former senior officials as absurd, is proof of that. Yet the rule of law is not an abstract value. Until Russians – not just journalists but all citizens – start feeling a bit safer, investors will never feel entirely safe either.

Letters

Love it or hate it, gold brings out true believers

From Mr Arun Motianey.

Sir, Those who reflexively attack any and all proposals for finding a role for gold in the international monetary system are no less true believers than those who argue for a return to a classical gold standard. And those who reflexively invoke Keynes' characteristically showy description of the barbarous relic always end up displaying a similar veneration towards central bankers' powers that is entirely undeserved after their poor record of predicting and managing economic crises.

Robert Zoellick's article "The G20 must look beyond Bretton Woods" (November 8) had just a single reference to gold in a long "package" of proposals. It was a sensible suggestion that international money – the medium of exchange used to settle international accounts of trade – should include an asset that for cultural and other conventional reasons cannot be debauched. This is because gold is an asset that is also no one's liability. That is the first point in its favour.

There is another. The price of gold has proved itself the best global goods price index there is. The cost of a broad basket of goods (expressed in US dollars) is higher and rising much more quickly measured across the world economy than it is in the US (also, naturally, notated in dollars).

Why is this important? It is troubling because it weakens the argument of those who say that nominal exchange rates need to move more. Of course they do but an adjustment is already occurring in real exchange rates through inflation differentials; yet growth through rebalancing remains elusive. The price of gold is therefore signalling a fundamental disequilibrium in the world economy and policymakers would do well to take heed of it.

I heard no plea in Mr Zoellick's article about a return to the gold standard. Those who did are merely hearing voices in the air.

Arun Motianey,
New York, NY, US

Shrill commentary that has now reached hysterical levels

From Mr Jack Jones.

Sir, The FT is notorious for its lack of enthusiasm for gold. As the price of gold has risen over the past 10 years your commentary has become increasingly shrill. This week, your analysis of the World Bank's proposal for a gold-linked monetary system reached a level that can only be described as hysterical.

Your edition of November 9 ran no fewer than four opinion pieces on gold – the main editorial, two Lex items and the Short View column. Only the Short View attempted to present what might be called a balanced view, and all four pieces appeared oblivious to your markets page headline "Eurozone debt fears drive gold to fresh record".

Gold is one of the most unpredictable of all financial instruments. However, its recent rally is totally rational given the increasing uncertainty surrounding global financial systems. As gold is currently demonstrating, it provides unique insurance and diversification characteristics, while in real terms it remains below its previous peak.

Perhaps it might be time for the FT to step back a little and examine not only why it does not recognise these characteristics but also why it feels the need to have such a strong view on gold's price level.

Jack Jones,
Beckenham, Kent, UK

Feeling sorry for World Bank chief

From Mr Julian Jessop.

Sir, I never expected to feel sorry for the World Bank president. But first you conjure a front-page lead story from just one variation on the last of five reforms suggested in Robert Zoellick's Comment article ("The G20 must look beyond Bretton Woods", November 8), then you devote much of the next day's paper to rubbishing the idea!

Julian Jessop,
Chief International Economist,
Capital Economics,
London SW1, UK

Taking a shine to diversity of views

From Mr Brian Tillot.

Sir, Regarding Robert Zoellick's recent proposals on the role of gold, James Mackintosh in the Short View quotes a US hedge fund manager who sees gold "reaching $10,000 an ounce", while the Lex column postulates that "the price would drop" (both November 9).

That's why I read the FT, it takes in such a wide diversity of views!

Brian Tillot,
Surbiton, Surrey, UK

Periphery proposal ignores Greece's recent experience

From Dr Desmond Lachman.

Sir, Your editorial "Periphery planning" (November 9) suggests that, should their present situation deteriorate, Ireland and Portugal should make plans to access the European Financial Stability Fund in order to prevent their liquidity problems from turning into solvency problems. It makes this recommendation seemingly oblivious to Greece's recent experience with massive EU-IMF borrowing.

In May 2010, the European Union and the International Monetary Fund extended to Greece a €110bn bail-out package intended to assure markets that Greece's public financing needs would be fully covered over the next three years.

Yet, despite this package, Greece's interest rate spreads have now returned to their pre-May 2010 highs as markets have become increasingly concerned with its disappointing economic growth performance and with its mounting domestic political and social difficulties.

Greece's present interest rate spreads suggest that the market is now assigning a high probability that Greece will default on its sovereign debt within the next five years.

Sadly, like Greece, Ireland and Portugal too suffer more from solvency than from liquidity problems. They do so in the sense that the very large fiscal adjustment they now are required to make in order to restore fiscal sustainability cannot be effected within the straitjacket of euro membership without provoking the deepest of economic recessions.

No amount of official financing will prevent a deepening in these countries' economic recessions as they try to implement draconian fiscal austerity without the benefit of a cheaper currency that might incentivise their export sectors. This deepening, in turn, will only heighten the political resistance already much in evidence in both Ireland and Portugal to adhering to IMF-style fiscal adjustment.

It is far from clear that the interests of the eurozone's periphery are well served by European policymakers' stubborn refusal to recognise these countries' solvency problems for what they are.

Desmond Lachman,
American Enterprise Institute,
Washington, DC, US

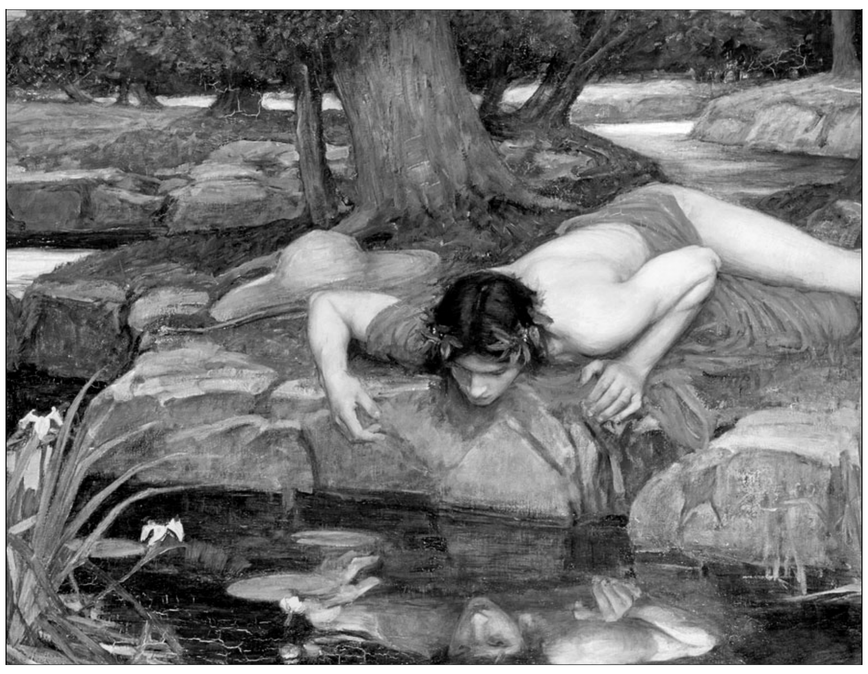
Business schools ensure they pick biggest narcissists

From Mr Puneet Batra.

Sir, I couldn't agree more with Jeffrey Pfeffer's article "The narcissistic world of the MBA student" (November 8), about increased narcissism among MBA students. However, business schools have a selection bias for such students by making essays such an important part of the application process.

Writing an essay praising oneself requires a fair amount of narcissism, and by picking those with an innate ability to do so, business schools ensure that they will select the most narcissistic of the bunch.

Puneet Batra,
New York, NY, US



Who's a valedictorian, then? Bridgeman Art Library

Keep up the searches, even if inconvenient

From Mr Paul Walker.

Sir, In reply to Michael Spence's letter (November 9) about excessive airport searches: as a frequent traveller to the Philippines I might agree that two searches at Manila airport are excessive; however, for a country in which terrorist organisations such as the Abu Sayyaf are active, and in which the sophisticated counter-terrorist capacity of wealthier countries is lacking, the authorities there no doubt have their reasons. This very point explains why countries perform their own checks, since there is no consistent approach to screening in any country.

Personally, I am pleased that the people responsible for airport security in the countries through which Mr Spence travelled do not want to be subjected to the consequences of a security lapse elsewhere. If we begin substituting convenience for security, it plays into the hands of the terrorists. Keep up the searches, please.

Paul Walker,
New Malden, Surrey, UK

Forecast cost of Olympic project has fallen – by £29m

From Mr John Armitt.

Sir, Your report "Olympics costs jump £53m" (November 10) gives your readers a misleading picture of the Olympic budget. A more accurate headline might have read that the forecast cost of the project has fallen by £29m.

The £53m figure you quote represents only those parts of the project where there are potential increases – it does not reflect the greater amount of savings made elsewhere, meaning that overall the cost of the project has fallen.

The savings made this quarter also mean that accumulatively since the start of the project we have now made savings of more than £750m.

Clearly there are challenges ahead and we are not complacent, but with 75 per cent of the project now complete we are on track to deliver one of the largest construction projects in Europe on time and within budget.

John Armitt,
Chairman,
Olympic Delivery Authority

Corrections

● An article about ArcelorMittal on November 9 incorrectly stated in some editions that the steelmaker's Quebec-Cartier Mines contributed four-fifths of its global iron ore production rather than one-quarter.

● Jeremy Darroch, chief executive of BSkyB, is 48, not 47 as wrongly stated in an article on November 8.

COMMENT

World video
UK plays 'catch up' with European rivals in China, says the FT's Richard McGregor
www.ft.com/ukchina

Gideon Rachman's blog
Cameron, Obama and a zero-sum world
www.ft.com/rachmanblog

● To contribute please e-mail: letters.editor@ft.com or fax: +44 (0) 20 7873 5938 Include daytime telephone number and full address ● For corrections e-mail: corrections@ft.com

Notebook

Robert Shrimsley

Planning the long march to China

Like all major visits, David Cameron's trip to China was planned in advance in detail by diplomats from both sides. The FT has seen a transcript of the final discussion.

OK, so we've all agreed on the itinerary. Now I think we just need to tiptoe into some of the more tricky issues of protocol and subjects for discussion. Shall we start with the welcoming ceremony?

Yes. Your prime minister will be greeted by our premier, Wen Jiabao, in the Great Hall of the People and inspect a guard of honour. He and his ministers will witness the signing of the deal for 16 Rolls-Royce aircraft engines. Early discussions will then be followed by a banquet, also in the Great Hall, in which we will serve lobster soup and rib-eye steak.

Well that sounds splendid. Now on the delicate matters of human rights . . . The prime minister would like to discuss your relationship with the Dalai Lama.

We understand the prime minister's position. We will just need to make some small revisions to the schedule. Instead of Mr Wen, he will be greeted by the second secretary (commercial) at the Ministry of Foreign Affairs. We will witness the signing of the trade deal for 16 life vests for a Gulf Airstream and then enjoy an intimate dinner at the Number Seven Noodle House in the migrant labourers district.

I see. Perhaps we can leave the Dalai Lama to one side.

It might be for the best.

However, Mr Cameron does wish to talk about Tibet. He wants to say that he spoke about Tibet with Premier Wen.

Perhaps the prime minister might wish to inquire about infrastructure and modernisation in Tibet. We could talk in detail about that and he can then say he raised the issue.

Splendid. Well, into the breach then; Mr Cameron feels it is politically impossible for him to avoid discussing human rights.

Naturally, we are delighted to have your prime minister lecture us on the superiority of your model as he visits, cap in hand, to beg us to fund your debt and buy your products.

Perhaps if Mr Cameron prefaced his remarks stressing that he has no intention to lecture his hosts . . .

So he will begin his lecture by declaring it is not a lecture. That may help, but there is no possibility of him mentioning individual cases.

Mr Cameron feels under domestic pressure on this. Naturally, he is aware of sensitivities and does not wish to give offence but he will lose face if he cannot not tell the British people that he brought up the matter of Liu Xiaobo.

We understand the importance your prime minister attaches to appearances. Very well, he may brief the press that he raised the matter.

Excellent, thank you. Now when and how do you suggest he raise it?

We did not say he *could* raise it. We said he could tell people he had.

I'm afraid the prime minister would feel very uneasy lying about the Nobel laureate. Perhaps it could come up in the general conversation with President Hu.

That would be unfortunate. Mr Hu would feel obliged to raise the concerns of your Mayor of London about the Kosovo-style ethnic cleansing of his City. We may also voice our unease at your use of control orders without conviction and the imprisoning of Mr Vince Cable, who we understand is held under cabinet arrest and unable to speak freely on issues.

Mr Cameron needs to raise the issue with someone.

He may mention it to the doorman on the way in but his remarks will not be translated.

I see, well getting back to the general issue, then . . .

The British prime minister may discuss reform but he may also wish to admire our economic success and mention our increasingly pivotal role at the top table of global affairs.

"Top table of global affairs" – yes I'm sure we can do that.

In which case we would be content for him to echo the words of President Obama, speaking broadly as a candid friend about the value of freedom and political reform.

And he would make these remarks during his discussion with Mr Hu?

We thought perhaps a speech to students might be more appropriate.

Won't that look like a lecture? Anyway we agree.

That would be most acceptable. It may be possible to add pan fried cod in lychee sauce and eight delicacies in pear to the menu for the banquet.

Pleasure doing business with you.

One last thing . . .

Yes?

There seems to be a mistake in our list. This photographer is not really part of the official delegation, is he?

'The Chinese may not have any human rights but they've got an awful lot of our debt'

robert.shrimsley@ft.com

The eurozone's stark lessons for the G20

Alan Greenspan

As the Group of 20 meets to seek common ground on protectionism, this year's euro crisis will hover over their deliberations. The crisis that erupted in Greece has again exposed the fragility of a key element of currency-pooling arrangements: the important value created by a pooling of interests tends to be distributed disproportionately in favour of the financially less collegial members of the pool. Thus, unless restrained, too often, some members will try to exploit their advantage, as Greece brazenly did in recent years.

The restraint imposed on the euro area by the stability and growth pact was supposed to limit euro-denominated sovereign borrowings. The pact, confronted with its first big test in 2003, failed. The cumulative consequences of the failure emerged this year as a fiscal crisis in Greece and other euro members. The benevolent mood accompanying the creation of the euro was nowhere to be seen.

Fortunately, threats to European monetary union, so far, have been successfully fended off by the herculean actions of the European community assisted by the International Monetary Fund. Currency problems have now spread to the global financial system which, like the euro area, requires adherence to certain rules to sustain it. It is not only the well publicised friction between China and America – both may be right about each other – but also by the drive for competitive export advantage through currency manipulation in a world where a zero global current account balance permits none.

China has become a major global economic force in recent years. But it has not yet chosen to take on the shared global obligations that its economic status requires. Chinese policymakers still believe, incorrectly in my view, that if they cannot keep their currency suppressed and exports booming, their country faces economic contraction and dreaded political instability. But China also realises it needs the global market to prosper, and should widespread protectionism take hold, its prosperity would likely be one of its large casualties. China seems to be seeking a balance in which the renminbi appreciates against the dollar, but only modestly.

America is also pursuing a policy of currency weakening. The suppression of the renminbi and the recent weakening of the dollar are, of necessity, producing firming exchange rates in the rest of the world to, as they see it, the rest of the world's competitive disadvantage. Something has to give in this arena of zero-consolidated current account balances.

One of the least heralded events of the past two years has been the recovery and vigour of global trade. The ratio of global exports to gross domestic product that fell sharply during the crisis had fully recovered by the second quarter of this year. Preliminary estimates for the third quarter, however, suggest a modest slowing.

The suppression of the renminbi and the dollar's weakening are producing firming exchange rates in the rest of the world

For a half century or more, global trade has risen faster than GDP. That is one reason the Chinese development model, based on rapidly increasing global export markets, and earlier, the paradigm of the Asian tigers, have been so successful. But even without protectionism, there are clear upside limits to the growth rate of global trade. Protectionism would accelerate that slowing.

As G20 members gather, they appreciate that despite heated political rhetoric, protectionism has failed to emerge in full force. This may have been one of this year's most pleasant surprises. The G20, in April 2009, in perhaps its most productive meeting, emphasised support for unfettered global trade. The need to convert those uplifting words to immediate action will dominate this week.

The global trading system can tolerate a modest amount of protection and still, in conjunction with the financial system, tend to direct much of the world's savings to the most potentially productive investments. Typically, that elevates global productivity growth and living standards. But the flaws in the global trading system are large and worrisome.

We should not wish to inhibit those market-determined capital flows that reflect the cross-border shifting of resources that enhances global productivity. These flows are the big determinants of desirable realignments of exchange rates over time. But we should discourage reserve accumulation whose sole purpose is to suppress exchange rates for competitive export advantage. This, of course, has been the market-distorting consequences of China's accumulation of over $2,000bn of reserves since 2000.

What the G20 can initiate through the IMF is a set of rules that limits the accumulation of reserve assets and sterilisation of capital inflows. China may need an officially sanctioned extended adjustment period, and provisions may be required to deal with unsterilised capital inflows threatening smaller markets. But that would be far easier to monitor and control than a stability and growth pact that requires control of central government revenues and spending.

Delimiting a country's ability to suppress its exchange rate (reserve accumulation limits) or to blunt the effect of unwanted capital inflows (sterilisation) may not fully dissuade a country bent on other protectionist forms. But if the G20 is serious in pledging to sustain open multilateral trade and the international financial system that fosters it, it should be willing to forgo an element of sovereignty to achieve net gains for all.

The writer is former chairman of the US Federal Reserve

We must rethink Basel, or growth will suffer

Vikram Pandit

Leaders of the Group of 20 economies meeting in Seoul must decide whether to recommend additional capital and liquidity requirements for banks above and beyond those proposed by the Basel committee. They should proceed cautiously. There is a point beyond which more is not necessarily better. Hiking capital and liquidity requirements further could have significant negative impact on the banking system, on consumers and on the economy.

Basel seeks to address some of the reasons why the financial system fell into crisis, including over-leverage, pro-cyclicality and unlevel playing fields. On the issue of leverage, I support Basel's new higher capital requirements and expect my company to meet and exceed them well ahead of schedule. I believe they will make the system safer – in part because changes in risk weightings make the new requirements higher than they seem. Under Basel III the advertised 7 per cent is really more like the old 12 per cent. That is a substantial level and, with proper regulatory supervision, more than enough to stabilise the banking system.

But in the two other areas, risk management and calibration, the Basel architecture is silent, does not go far enough or makes the problem worse. It worsens the pro-cyclicality problem, for instance, by reducing capital requirements in good economic times – an inducement to banks to begin over-leveraging again once they feel the worst is behind them. Improper calibration also fails to level both the institutional and geographical playing fields. Different kinds of institutions are regulated differently (and some not at all) while different countries are allowed to implement as much, or as little, of Basel as they like. These unlevel playing fields will chase capital out of the highly regulated formal banking sector and away from countries with strong rules and into new, less regulated or unregulated shadow banking systems. Overall risk in the financial system will rise. More capital will not solve either of these problems.

In crucial areas the Basel architecture is silent, does not go far enough or makes the problem worse

Basel also makes matters worse for consumers. The latest rules judge risk largely on the basis of credit scores and data from the worst outlier years of the recent crisis. A consumer or small business seeking a loan will therefore be assessed largely on what happened from 2008 to 2010. Little weight is given to future prospects. This history-based approach will raise capital costs for a large group of consumers and many small and medium-sized businesses – the primary job creators in our economy. No one disputes that riskier loans should be backed by higher levels of capital. But basing risk measurements almost entirely on data from the crisis years will mean that the "haves" who need credit the least will get the most, and pay the least for it. The "have-nots" who need credit will be those hurt most.

Finally, Basel's effect on the economy, and in particular on aggregate demand, could be severe. The flipside of lowering capital requirements for good times is raising them in bad – exactly when lending is needed the most. Credit will shrink, businesses will wait to hire and expand, and consumers will further retrench. The last thing the global economy needs is another economic dampener. Yet the bidding war we are seeing in which certain countries try to outdo Basel and one another with ever-higher capital levels amounts to exactly that.

It is understandable in the wake of the crisis that regulators prefer to err on the side of caution. But double-digit ratios will undermine lending, slow capital formation, lower demand and restrict growth. They will impede recovery by raising the cost of credit precisely when it is needed most. And it is not even clear that these higher requirements will make the broader financial system safer.

Striking the right balance between systemic safety and economic vibrancy should be our goal. The pendulum is in danger of swinging too far in one direction. Thankfully, the process is not over. Much remains to be determined, from lending limits to liquidity requirements. We need to take a page from the open and transparent debate that produced Dodd-Frank in the US. The issues at stake could hardly be more important – and are vital matters not just for regulators but even more so for world leaders and finance ministers. Rather than try to outdo the aspects of Basel that are already sound, G20 leaders have an opportunity to fix what is still broken.

The writer is Citigroup chief executive

Ellison is not Silicon Valley's judge

John Gapper

The world of enterprise applications software is short on entertainment, so we can thank Larry Ellison for providing some. This week, Oracle's co-founder and chief executive hired private detectives to serve a court subpoena on Léo Apotheker, Hewlett-Packard's new chief executive.

Mr Ellison is irate at various targets – at HP for ejecting his friend Mark Hurd as its chief executive (Mr Ellison has since appointed Mr Hurd as co-president of Oracle); at SAP, his German competitor, for allowing its former subsidiary TomorrowNow to take Oracle software; and at Mr Apotheker, formerly SAP's chief executive, for his role in both companies.

Hardly a day goes by without Mr Ellison assailing Mr Apotheker – notably for allegedly overseeing "an industrial espionage scheme centring on the repeated theft of massive amounts of Oracle's software" at SAP. Mr Ellison did not mention his *bête noire* in testimony in the SAP-Oracle trial this week but he wants him to be grilled by David Boies, Oracle's lawyer.

Mr Ellison's accusations against Mr Apotheker are overblown. While SAP's executives ought to have spotted that something was wrong at TomorrowNow and acted to prevent it more quickly, there is no evidence of Mr Apotheker condoning theft of Oracle's property – or that he is morally unfit to head HP.

Oracle's chief executive should take some deep breaths and calm down. Perhaps HP should have stuck with Mr Hurd, and maybe Mr Apotheker ought to have done more to stop copyright infringement at TomorrowNow. But Mr Ellison is ill-suited to his self-appointed role as Silicon Valley's ethics tsar.

Oracle is a highly competitive company. It has been sued by the Department of Justice for fraudulently overcharging public sector customers, which it denies. The tone is set by Mr Ellison, who is a hard-charging, aggressive entrepreneur. I sympathise with his indignation over TomorrowNow but he should leave it to judges and juries to dispense justice.

In the absence of Mr Apotheker, the court has heard evidence of wrongdoing at TomorrowNow, and SAP's admission to "contributory infringement" of Oracle's copyright. This does not, however, equate to Mr Ellison's grand conspiracy.

TomorrowNow was a provider of support for software sold by PeopleSoft, a company Oracle bought in 2004 for $10.3bn. Oracle charged customers a fee equivalent to 22 per cent of its software licences per year for fixes, software updates and upgrades, but TomorrowNow offered a limited service at half that price.

The PeopleSoft deal made Oracle, which until then had mainly been a database software company, a much stronger competitor to SAP. So the latter's executives hatched a plan to buy TomorrowNow for $10m and use it to lure PeopleSoft customers over to SAP's rival applications.

JOHN GAPPER'S BLOG
Read and post comments on this column by going to **www.ft.com/gapper**
To follow John's blog, go to **www.ft.com/gapperblog**

In January 2005, SAP's executive board, including Mr Apotheker, saw a presentation that warned of potential legal problems over the acquisition. It said that Oracle might sue because TomorrowNow stored copies of PeopleSoft software on its servers, rather than solely using customers' own copies.

As it later transpired, that was merely the tip of the iceberg since TomorrowNow was infringing on copyright far more egregiously than that. It was downloading huge amounts of PeopleSoft software and copying not only software fixes and patches but passages from manuals – in other words stealing.

After Oracle sued, SAP admitted in July 2007 that TomorrowNow had made "inappropriate downloads" and wound it down in October 2008. Mr Apotheker, who took charge of the sales effort to migrate PeopleSoft customers to SAP, became co-chief executive in April 2008.

Despite Mr Ellison's promises, Oracle has not come up with proof that Mr Apotheker was aware of TomorrowNow's full misdeeds. His sales role gave him less insight into its software operations than Gerhard Oswald, the SAP executive responsible for software support (who also failed to stop it).

The fact that SAP's board feared legal action does not prove they knew TomorrowNow was so reliant on theft. Software maintenance is a highly profitable part of Oracle's business, with sales margins of more than 90 per cent, so the company had a strong incentive to try to block any competition.

Third-party support of the kind TomorrowNow was overtly engaged in involves what Josh Greenbaum, a technology consultant, calls "a very complex and opaque area of contract law". Oracle thus might have had scope to sue on lesser grounds.

Mr Boies told me Mr Apotheker ought to have known that something was wrong because TomorrowNow offered a support service with 150 employees, compared with Oracle's 15,000 engineers. "Where did he think all that came from? The software fairy?" he asks.

Even Oracle, however, described TomorrowNow's operating model as a "puzzle" in its complaint against SAP. SAP should have dug deeper, but nothing in all the e-mails and other documents indicates that Mr Apotheker knew the answer.

HP was entitled to give the job of chief executive to Mr Apotheker and he should carry on doing it – no matter what Mr Ellison says.

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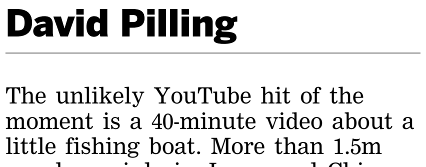
Why China and Japan are oceans apart



David Pilling

The unlikely YouTube hit of the moment is a 40-minute video about a little fishing boat. More than 1.5m people, mainly in Japan and China, have watched this ocean drama, only a tad fewer than those who logged on to a 40-second clip about Tyson the skateboarding dog.

The featured Chinese trawler is at the centre of a September incident that brought Sino-Japanese relations to their lowest point since 2005. The footage, leaked last week, purports to show a Chinese boat ramming a Japanese coastguard ship in waters close to uninhabited, but fiercely contested, islands known as Senkaku in Japan and Diaoyu in China. Its release has reignited controversy over Japan's arrest of the captain, which set off a diplomatic shoving-match between Beijing and Tokyo. So intense was the political pressure from Beijing that Japanese prosecutors released the captain without pressing charges, citing concerns about Sino-Japanese ties.

The video appears to have been leaked in an effort to back Japan's story: it had no option but to arrest the captain for deliberately colliding with a ship near the Japan-administered islands. Beijing has consistently denied the fishing boat acted provocatively, though many Chinese netizens have branded the captain a hero for precisely that.

Tokyo's apparent climbdown in releasing the captain provoked a backlash at home. Even Yoichi Funabashi, editor-in-chief of the Asahi Shimbun, Japan's most liberal mainstream newspaper, published an anguished letter in which he decried Beijing's actions. "If China continues to act as it has, we Japanese will be prepared to engage in a long, long struggle with China."

The normally mild-mannered Mr Funabashi, a Chinese speaker, complained bitterly about retaliatory measures by Beijing, including a non-acknowledged ban on the export of rare earths. The "Senkaku shock", he predicted, would prove to be a much bigger blow to Japan than the "Nixon shock" of 1971 when the US president normalised relations with Beijing behind Tokyo's back.

Why on earth is ownership of these tiny rocks so explosive an issue? Certainly, there are important strategic matters at stake. Nearby waters in the East China Sea are teeming with fish and potentially rich in oil and gas. They are also near important shipping lanes. But really to get at the heart of the dispute, as so often in Asia, one needs to peel back layers of history.

Beijing views its claim over the disputed islands as part of a broader mission to right historical wrongs

Beijing claims the islands have been part of China since the Ming Dynasty era (1368-1644), when, it says, international maps confirmed its ownership. From Beijing's perspective they are part of Taiwan, which Japan colonised after defeating China in the Sino-Japanese war of 1894-95. As such, they should have been relinquished when Japan gave up Taiwan after the war.

Not surprisingly, Japan's account is entirely different. It says it surveyed the Senkaku/Diaoyu islands in 1885, confirming they had "been uninhabited and showed no trace of having been under the control of China". They were not part of Taiwan, it says, but were run from Okinawa and thus rightly returned to Japan in 1971.

I offer no opinion as to whose legal claim is stronger. But I suspect that something deeper is at stake. Before westerners brought their guns and opium to east Asia, the idea of a nation state was not well established. "Back then, people didn't really have the concept of sovereignty, rather there was suzerainty," says Min Gyo Koo, an expert in international affairs in Seoul. China was self-evidently the dominant civilisation, he says. As such, it collected tribute from surrounding kingdoms, such as Ryukyu, which later became known as Okinawa when it was annexed by Japan.

Jonathan Fenby, a historian of China, puts imperial China's likely relationship with the Senkaku/Diaoyu islands thus: "Things like exercising practical sovereignty over a rocky island didn't matter. So long as people recognised the innate superiority of the Chinese system, that was enough."

Crucially, the country that most thoroughly absorbed European concepts of sovereignty and the nation state was Japan. In the Meiji Restoration of 1868, it overhauled its semi-feudal shogunate, replacing it with a parliamentary system. It took on board the western notions that, to be a great nation, it must acquire an empire. That set it off on its tragic campaign of regional expansionism.

Beijing and Tokyo peer at the Senkaku/Diaoyu through a different lens. China views its claim as part of a broader mission to right historical wrongs by returning the region to the way it was before the west – and its Japanese stepchild – messed things up. For Beijing, the dispute, and others like it in the South China Sea, is nothing less than part of a campaign to overturn 150 years of humiliation. Tokyo, by contrast, regards China's growing assertiveness as a challenge to the legal and administrative norms that have held since the war. For Japan it is a matter of law, for China, one of respect. It is not obvious how these two views can be reconciled.

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Online: George Magnus on why the G20 will fail to strike a new grand bargain on global imbalances **www.ft.com/comment**

Business Life

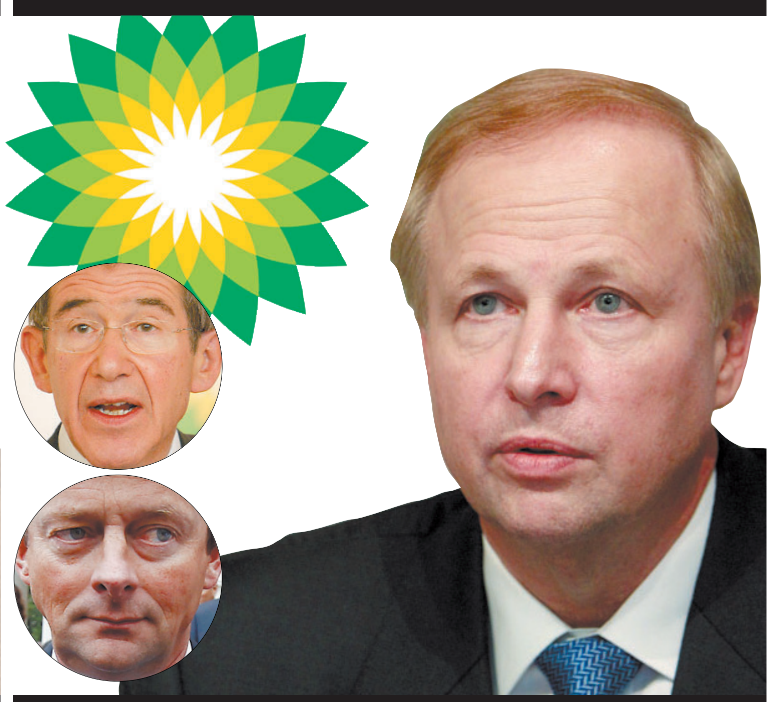
Choose tomorrow's leader today

Too few boards identify potential heirs for the top jobs, but investing in a succession process can pay big dividends, writes **Alicia Clegg**

McDonald's
A long-standing management development programme meant that the appointment of Jim Skinner (above) as CEO, following the deaths in quick succession of Jim Cantalupo (top) and Charlie Bell, went as smoothly as possible under difficult circumstances.

Procter & Gamble
Before he assumed the position of chief executive, Bob McDonald (above) sat down with A.G. Lafley, his predecessor, and the head of human resources to identify high-fliers who would need reassurance that they would be part of the new regime.

Xerox
Although Ursula Burns (above) was outgoing CEO Anne Mulcahy's personal preference to take over the role, it was still hard for the incumbent to yield power and accountability before she left.



BP
In recent years, the energy company has appointed from within, with two crises forcing changes. After the Gulf of Mexico oil spill, an American, Bob Dudley (above), was chosen to succeed Tony Hayward, who took over from Lord Browne (top).

With so much hanging on successful leadership, you might expect boards to be experts at picking the perfect candidate to pilot their companies. Recent chief executive shake-outs at BP, Nokia and LG Electronics suggest otherwise.

Concerns over succession are not confined to the handful of premature CEO departures that play out in the media spotlight. Berkshire Hathaway's announcement last month of Todd Combs as an investment manager prompted speculation that he could be the chosen successor to 80-year-old Warren Buffett.

In Creating People Advantage 2010, a recent global executive survey conducted by Boston Consulting Group and the World Federation of People Management Associations, half the respondents identified gaps in their ability to generate tomorrow's CEOs. Yet, paradoxically, CEO succession ranks higher on boardroom agendas than ever.

Treating succession as an "event, rather than a process or a discipline" is a common failing, says Roselinde Torres, a partner at BCG who leads the company's leadership practice. History has a habit of repeating itself, she says: the loss of one CEO triggers a search, internal candidates are scrutinised and headhunters summoned. Then the directors make a choice and succession drops off the agenda – until next time.

Yet sustained investment in succession can pay dividends. A long-standing policy of developing future leaders allowed McDonald's to appoint the current CEO Jim Skinner to replace Jim Cantalupo and then Charlie Bell,

Treating succession as an 'event' rather than a process or a discipline is a common failing

who died within a year of each other, without hiring externally. Richard Floersch, chief human resources officer, says McDonald's now requires managers right down to individual restaurants to name "ready-now" and "ready-future" candidates who could replace them. The relevant employees then agree on a career development plan.

At Procter & Gamble, CEO Bob McDonald has had his feet under the desk for just over a year, but already half a dozen hopefuls are locked in competition to succeed him. Between now and the next succession, the contenders will be wined and dined, mentored and given development roles designed to reveal "how they stack up against each other", says Moheet Nagrath, global HR officer. "It's a constant process that takes place year in year out."

The P&G model resembles the General Electric horse race in which Jack Welch pitted successor Jeff Immelt against rival contenders James McNerney and Bob Nardelli, both of whom left to run other companies. While less of a gamble than grooming a single heir-apparent, who could fall from grace or be poached by a competitor, contests still need managing to deliver the best candidate.

Getting succession on the agenda can be a challenge in itself. Although boards are ultimately responsible for CEO appointments, the fact that non-executives do not work in the business means that, in practice, it is the incumbent CEO, assisted by the chief human resources officer, who develops the succession pool and puts forward candidates. "If CEOs want to duck the succession issue they find ways of doing it," says Joseph Bower, a professor at Harvard Business School and author of *The CEO Within*.

Criteria for choosing between candidates are not hard and fast. If the outgoing CEO has done well, a business may be tempted to go for a clone who, it hopes, will do the same. But this risks picking leaders to fight yesterday's battles. As Chip Goodyear, former CEO of BHP Billiton, puts it: "There's not one right CEO [for a business]." A strong financial manager may suit a recession; whereas an upturn may favour an entrepreneur.

At BHP Billiton, Mr Goodyear developed a handful of managers who could replace him. The board chose Marius Kloppers. But all the frontrunners, Mr Goodyear says, "could handle a CEO role".

Mr Goodyear, who joined BHP as chief financial officer, is himself no stranger to the highs and lows of leadership transition. Having parachuted into the CEO job in a leadership crisis in 2003, he transformed the organisation after its merger with Billiton into one of the world's most successful mining businesses. Last year, however, he joined Temasek Holdings, Singapore's sovereign wealth fund, as CEO-elect. But disagreements on strategy led to his appointment being terminated before he took up the role. Of this experience he merely comments: "When you come in from the outside . . . there are going to be risks."

Being involved part-time in the business means boards have limited chances to study candidates close up, potentially favouring the biggest self-promoters. One way round this, says Richard Emerton, a senior client partner at executive search group Korn/Ferry Whitehead Mann, is to give candidates special projects so directors can "observe and interrogate them on a genuine business issue". Better still, he adds, is if the incumbent can be prevailed upon to hand over some of his or her responsibilities so the board can watch how the contenders shape up in actual CEO roles.

Persuading CEOs that this is a good idea could prove tough, however. In the October issue of the Harvard Business Review Anne Mulcahy, former CEO of Xerox, described how hard she had found it to "give up power and accountability" to Ursula Burns, her preferred successor.

According to Shlomo Ben-Hur, a professor of leadership and organisational behaviour at IMD, thousands of years of human history have primed leaders to mistrust power-sharing: "As the chief of a tribe, you don't necessarily want to assign a deputy. You want to remain [powerful] until the very end."

How much consideration should companies give to external candidates? Analysis by Booz & Co, the consultancy, suggests that internally appointed CEOs generate higher shareholder returns than external hires. But that is not to say companies can ignore the world outside. If competitors are generating better candidates, you need to know about it.

One company hoping to break the rule that insiders outperform outsiders is Unilever. In 2008, its board selected Paul Polman, a former P&G and Nestlé executive, as its first externally appointed CEO. "We had three outstanding internal candidates. But Paul was better, so he got the job," says Sandy Ogg, chief human resources officer.

The divisions that succession contests create can return to haunt a new leader. If the contest is bruising, there is a strong chance the defeated candidates will leave – followed shortly by their protégés and associates, who may have concluded that their own prospects look gloomy, with their guy out of the picture.

P&G acted to forestall such an outcome. Before taking office, Mr McDonald sat down with Mr Nagrath and outgoing CEO A.G. Lafley to draw up a list of high-fliers at risk of leaving that he would get to know as soon as his appointment was announced. "If you don't know the new leader," Mr Nagrath says, "it's only human nature to ask 'where does that leave me?'"

The appointment of a new CEO might solve the immediate problem of who will lead the company. But, if followed by an exodus of tomorrow's rising stars, the problem won't stay solved for long.

Picking future winners

● **Don't put all your eggs in one basket.** No single chief executive is right for all situations, says Mr Goodyear. Developing several contenders improves the opportunities for picking the right person.

● **Avoid cloning.** Dominant CEOs, like controlling parents, can stunt their successors' development, says Prof Bower.

To foster leaders with independence of mind, who will question existing practice, send high-potential executives out from headquarters to develop their skills in the field.

● **Know the market.** "Even if you don't hire externally, it's important to have a view on outside talent," says Prof Ben-Hur.

Unilever employs an agency to benchmark the skills of its potential leaders against the world's top talent – then works with them on overcoming their weak points. "We want to be better than our best competition," says Mr Ogg.

● **Don't trash your legacy.** CEOs who dodge succession may be setting their businesses up to fail. Procter & Gamble "drills it into" people that their successor's success is their legacy, and uses compensation to drive the message home.

When A.G. Lafley left, his entire retirement package was in company shares– and, thus, directly linked to P&G's future performance.

The case study

How to create a green supply chain

Devising a 'cradle-to-cradle' carpet-maker

DESSO The Floor is Yours

The challenge: In 2007, Stef Kranendijk, chief executive of carpet manufacturer Desso, set new sustainability goals for his company based on the cradle-to-cradle concept developed by Michael Braungart and William McDonough.

Companies that commit to this must produce goods that consist of non-hazardous raw materials that do not release volatile organic compounds (VOCs) and are easy to disassemble.

Using the cradle-to-cradle criteria, these products will either be broken down later to form a new product or disposed of as biodegradable waste. Any company choosing this route must organise a rigorous analysis of its raw materials.

Desso has publicly committed itself to becoming a cradle-to-cradle company by 2020.

Persuading shareholders: Desso was able to convince its shareholders, including its private equity part-owner, that cradle-to-cradle would help business performance.

"We launched it as a design and quality initiative that would boost our innovation capability with positive effects on the environment and public health," says Mr Kranendijk. "This way, we convinced ourselves and the other shareholders that cradle-to-cradle was a business-building concept."

Desso also saw an opportunity to leap ahead of its competitors in sustainability.

The results, according to Mr Kranendijk, were that initial costs were high, but "it led to so much innovation that we saw a swift pay out".

Communicating across the organisation: Mr Braungart held workshops within the company to explain the process to all managers and staff. Once they heard about cradle-to-cradle, they were proud to be associated with it. "The cradle-to-cradle movement unleashed an enormous amount of energy, which helped to accelerate innovation and change," recalls Mr Kranendijk.

Employee satisfaction levels rose, according to the company's surveys.

Persuading suppliers: This was the toughest challenge, and about half the suppliers were unwilling to make the changes.

"We told the ones who would not dance with us to stay seated while we danced with the others," says Mr Kranendijk.

Those that did get involved were enthusiastic, however. One supplier invested tens of millions of euros in new equipment to enable it to depolymerise – break a polymer down into smaller units – yarn into caprolactam from batches of used carpet tiles. Caprolactam can then be used to make new yarn.

Innovation: Alongside design and functionality, the commitment to cradle-to-cradle manufacturing has become one of the three drivers of innovation at Desso.

For example, the company's focus on VOCs prompted it to look more closely at air quality. This has led to the development of the Desso AirMaster, a new carpet designed to capture fine dust that can carry damaging particles into the lungs or cardiovascular system.

Desso is also developing a new business in which it offers to take back and reprocess used carpets for the same cost as disposing of the materials in landfill. This is especially relevant to France and the UK, where carpet materials are sent to landfill rather than incineration as in other parts of Europe.

The company hopes other carpet manufacturers will follow suit: "The cradle-to-cradle process will only work if others take it on as well," says Mr Kranendijk.

Making it happen: In 2008, Desso started with its largest product range: carpet tiles for offices. Working with Mr Braungart, Desso changed a few of the ingredients leading to a new product called EcoBase.

Also, at Desso, carpet tiles can be reused through a process during which the yarn is depolymerised by one of its suppliers to become caprolactam and turned into new yarn.

Key lessons: Setting a long-term goal to become cradle-to-cradle was key. Desso also found it useful to start making changes in office carpet tiles, where it could achieve an early win. That was instrumental in proving that a big change could be achieved.

Having a leader who was committed to the change and communicating to all stakeholders has also helped. Mr Kranendijk has held regular sessions with staff and pressed the company's suppliers to change their approach – which has included letting some of them wait it out while he worked with the more willing ones.

Morice Mendoza

The writer is director of MendozaMedia

The review

Internet champions should learn from this history of media revolutions

The Master Switch
The Rise and Fall of Information Empires
By Tim Wu
Knopf, $27.95/£19.99

Faced with the evidence presented here about the evolution of promising new communications and media networks over the past century, it is hard to feel optimistic about the internet.

As told by Tim Wu of Columbia University, the history of modern communications, from telephone to cable television, is one of freedoms thwarted. Monopolies or cartels, often sanctioned by government in the name of efficiency and public service, have a habit of asserting themselves.

Ultimately, those information empires may not hold back the technological advances that supersede them, but they often prove adept at forestalling the inevitable for some time.

If that pattern holds, the radical openness of the internet may soon come to seem a historical oddity. Wu's history of the telephone, radio, movie and TV industries in the US reveals a common pattern. The birth of new communications technologies is often an occasion for rampant idealism. It happened with the telephone, and again with radio: hobbyists and local business people leapt at the chance to form their own small networks and stations, and commentators pronounced the dawn of a more perfect democracy of information.

Eventually, larger networks formed and big business took over. The downside: a world in which information diversity was constrained, and where network owners were more willing to engage in self-censorship to please government or vociferous social groups. Incumbents also have a strong incentive to suppress promising technologies that might undermine their power.

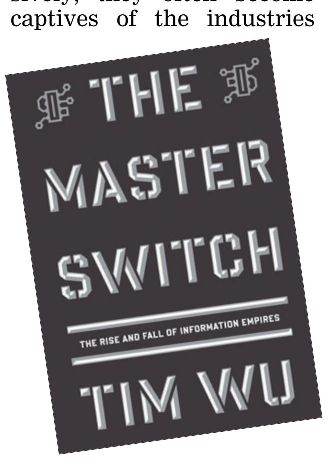
But there is hope. The seeds of new communications technologies are often sown at the edges of the empire – in a lone inventor's lab or, as with the internet, in a government research agency. By the time the powerful wake up to the danger, it is too late.

The history of information industries seen through this lens casts a useful light on an important current debate: is the internet by nature a more "open" medium that will resist the swing towards centralising control, or is it destined to follow a similar path? Wu's history suggests a depressing answer.

But in important ways, the internet really is different. The old media were built on economic or physical scarcity. There was not enough room on the radio dial for everyone who wanted to run their own station, at least not one with signal power to reach beyond a few miles. The rise of dominant broadcast networks was not the result solely of rapacious business strategies: the airwaves were a scarce resource. On the internet, access to content is theoretically limitless and the cost of distribution falls almost to nothing.

That does not mean reactionary or restrictive forces can't, or won't, win again. In this regard, history provides ample warning.

Government bureaucrats have provided scant defence – indeed, they have often been complicit in the creation of information empires. As this book argues persuasively, they often become captives of the industries they are meant to regulate. It is also often easier to reach an accommodation with a communications monopolist – in return for fulfilling some "public interest" function – than to risk rocking the boat.



Tim Wu warns of the threats to internet openness

Consumers have also proved careless in their defence of the freedoms that unrestricted networks ensure. Openness in communication networks is a worthy ideal, but as anyone with a PC struck by a computer virus can attest, its virtues can be overrated.

In this regard it is Google, current king of the online media heap, that looks the anomaly. Wu quotes chief executive Eric Schmidt: "The vote is clear that the end user prefers choice, freedom and openness."

If so, that is not at all clear to Steve Jobs at Apple, whose iPhone and iPad are built on a different premise. Ease of use and quality of service are the touchstones in his universe – even if that comes at the price of less choice.

Wu has an answer to the risk of a return to less open networks. He proposes a ban on vertical integration in communications and media, to keep producers and distributors of digital content apart, and to separate both from the producers of electronic gadgets.

This should be as fundamental as the separation of church and state in the US constitution: there would be no motivation for any network or device to prefer some types of content over others. All bits would, finally, be created equal.

Such a remedy, however, seems neither practical nor justified. It would require the forced break-up of today's media conglomerates and the imposition of strict regulations over a large and growing part of the economy. Where is the current harm that requires such a dramatic response?

Apple's products are winning millions of customers. And while they stop short of Schmidt's ideal of openness, they are far closer to current notions of the personal computer than to limited-function consumer electronics.

Will the iPad, and the networks and content to which it is attached, prove the thin end of the wedge, and will this lead to the rise of the next restrictive information empires? There is still time for the scrip to turn out differently. But regulators and consumers alike have been put on notice.

Richard Waters

Arts & Television

Razzle-dazzle of the battling queen bees

Nigel Andrews
FILM

Star power – another phrase for solar power if you think about it – will do when other energy forms fail. It roars out, full of flares and neutrinos, from Sigourney Weaver and Jamie Lee Curtis in **You Again**. In **My Afternoons with Marguerite** it bursts forth from Gérard Depardieu, a large, round object of enormous gravitational power.

Weaver and Curtis are battling mums in a Disney comedy that has, for once, more wit than whimsy. Barely are the titles done before ugly duckling schoolgirl Kristen Bell – "ugly" as in specs, zits and teeth braces, "ugly" as in will-convert-to-superbabe-in-two-seconds – greets us in the present day as a top PR girl in LA. The only person she hopes never to meet again is the girl (Odette Yustman) who bullied her at school. Surprise! Guess who's about to marry her brother.

That clash of grudge-bearers is mimicked by a parallel cataclysm. Guess who the bride's mother is? Sigourney Weaver: who used to bully and queen-bee over Bell's mum, Jamie Lee Curtis, when *she* was at school. Bell's younger brother takes one look at Weaver, a vision of couture, grooming and regal pluperfect malice, and says, "She looks computer-generated". (She does. She looks as if she could pixel-zap all opposition.)

Weaver hasn't been this good, this sly, queenly and high-style, since her Oscar-nominated über-bitch in *Working Girl*. Curtis matches up, a sinewy but svelte suburban mom, prone to disasters such as a pipe-burst in Weaver's hotel suite bathroom – "Did you take a shower?" asks the queen of cool when Curtis pads back, wetted down, into view – but with legs that kick a mean cheerleader routine at a pre-wedding party.

A great deal of talent clearly got stuck in a lift at Disney, causing Mouseco to say "We'll hire the lot". Even producer John Strauss co-wrote *There's Something About Mary*, the best comedy of the late 1990s. Matters get a little saccharine and conciliatory near the end, but so do Shakespeare's comedies. Take what you get and enjoy it.

Gérard Depardieu was born to play Falstaff, though unfortunately in the wrong country. He is glorious in *My Afternoons with Marguerite*, as glorious as he was with another Marguerite – single "t", surname Duras – in *Le Camion* (The Truck). Like that intellectual "Beauty and the Beast", in which the diminutive author of *Hiroshima Mon Amour* conversed about life and art with the hulk who looks as if he can barely join two sapient syllables, the new movie is about a male mammoth having a torch shone down the path of enlightenment.

A boiler-suited giant in a small town, Depardieu's character lumbers across a sweet little old lady who sits and reads on a park bench. Soon they are parsing Camus' *La Peste* together. Soon after that, they are platonic sweethearts. Despite bombardments of feel-good banality from director Jean Becker, who fills in with folksy vignettes in the local bar (sometimes the whole of France seems a Stella Artois commercial), Gisèle Casadesus as the biddy and Depardieu as the lunkhead guide us towards their own unshowy truth.

"This rough magic I here abjure," said Prospero in *The Tempest*. But what to do with his used or spent equipment? It might lie around on the island causing an environmental hazard. "I'll break my staff," he resolves, "bury it certain fathoms in the earth." Good idea. As the precursor of nuclear waste – the antecedent to Finland's radioactive rubbish as discussed in **Into Eternity** – it could be interred five metres, or five kilometres, below ground. Then it would be safe till it decontaminated after 100,000 years.

Film-maker Michael Madsen (no relation to the ear-slicing actor of *Reservoir Dogs*) has made a riveting documentary: as spooky as the early scenes of *2001* in its glacial camera-prowlings around "Onkalo", a deep-mined waste bin for nuclear garbage and the probable future of disposal for our planet. Madsen offers himself as a mad presenter, striking a single match in darkness – several times – to witter on about Prometheus, eternal fire and human hubris. I enjoyed him. I enjoyed even more the mischievous questions he puts to Onkalo's masters and creators.

Will the 5,000-metre-deep burial site really be safe? Might not future peoples, undeterred or even seduced by "keep out" warnings, break it open, as we break open Egyptian tombs? Has anything human-built ever lasted a thousand centuries? (Answer, no). Do we really have any idea what we are doing? (Answer, not much). The music of Radiohead, Sibelius and Arvo Pärt comment on this masquerade of eternity. The more the scientists reassure us, the more anxious we feel. Soon every country will have an Onkalo, or dozens, and we will be sitting on a timebomb the size of the earth's core.

This is a new-season scare and we need it. The old-season scare is becoming a bore. Vampires. After the *Twilight* saga, *Vampires Suck* and *Let Me In*, Jorge Michel Grau's **We Are What We Are** has a family of low-income cannibals darting about Mexico City seeking whom they may devour. The cops can't keep up since they are movie cops, trained to run slightly slower than their quarries. There is much incantatory claptrap about "the ritual", a climactic communion we never see. Unaccountably praised by some critics, the film is like a supermarket sandwich, flavourless as you consume it while leaving a slightly nasty taste in the mouth afterwards.

Fezeka's Voice is a documentary aimed at the heart. Holly Lubbock directed this touching tale of an African school choir tested in Salisbury cathedral, England, to discover fame and warmth of hospitality. Yes, even English people blub when listening to lovely music or saying farewell to guests from across the world. Nor is the film without wit. Bishop Desmond Tutu makes a guest appearance and is then replaced – can you spot the exact moment? – by his Madame Tussauds waxwork.

Star power: Jamie Lee Curtis and Sigourney Weaver in 'You Again'

Gérard Depardieu in 'My Afternoons with Marguerite'

You Again (U) ★★★★☆
Andy Fickman

My Afternoons with Marguerite (15) ★★★☆☆
Jean Becker

Into Eternity (No Cert) ★★★★☆
Michael Madsen

We Are What We Are (15) ★☆☆☆☆
Jorge Michel Grau

Fezeka's Voice (PG) ★☆☆☆☆
Holly Lubbock

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DANCE

Rambert Dance

Sadler's Wells, London

The Rambert Dance Company, installed this week in Rosebery Avenue, brackets an intriguing new work about a neurological disorder with two pieces guaranteed to cause symptoms that we associate with psychic distress – such as anxiety and an eagerness to run screaming into the night.

The heart of the evening is a curious, and convincing, study by Aletta Collins inspired by the terrifying epidemic of "sleepy sickness" that raged at the end of the first world war at the same time as Spanish flu. Its effect was to make its victims prisoners of their bodies, locked like statues in the paralysis of their physical and nervous systems, freed intermittently by music, seemingly cured and then driven to frenzies of tics and depression by the drug L-dopa. This horrific event was discussed in a book by Dr Oliver Sacks, who had sought to relieve the sufferers. Collins's *Awakenings*, with a heartfelt score by Tobias Picker and admirable design by Miriam Buether (darkened, austere stage; no coloured clothes for four men and four women) is a vivid response to this text.

We see the sufferers, trapped in frozen poses of catatonia, or released into fierce convulsions. We see their need for freedom, emotional as well as physical, and the piece – dominated by a performance from Jonathan Goddard of searing truth – tugs at our responses. Easy meat, one might unkindly think, for a choreographer, but Collins is plainly involved, and her dancers are compassionate and potent.

The evening had begun with Christopher Bruce's *Hush*, which is so cute that it makes old Shirley Temple movies look like the Ring cycle, and is not to be preferred to root-canal dentistry. It ended with *Cardoon Club* by the German dance-maker Henrietta Horn, which has a promising opening with dancers (outfitted with claw-like fingernails but few interesting steps) framed by vast, silver-beaded hangings. The dancers move, process and establish a mysterious atmosphere as the band plays 1970s music. And they go on. And then on, while careworn predictabilities occupy the stage. Thoughts about organising Christmas, of death by tedium, pass by. There is no escape. Maybe "sleepy sickness" was like this. And oh! those hapless dancers. ★★★☆☆

Clement Crisp

www.sadlerswells.com

This Evening's Television

BBC 1

Martin Clunes plays 'Reggie Perrin' at 9.30pm

6.00 BBC News.
6.30 Regional News Programmes.
7.00 The One Show.
7.30 EastEnders.
8.00 Watchdog. An investigation into an energy giant accused of pursuing people for debts they do not owe.
9.00 Have I Got News for You. Guest host Jo Brand joins team captains Paul Merton and Ian Hislop.
9.30 Reggie Perrin. The success of the new product range leaves Reggie with a difficult decision to make.
10.00 BBC News.
10.25 Regional News and Weather.
10.35 Question Time. Topical debate from London.
11.35 This Week. Political and parliamentary developments from the past seven days.

BBC 2

6.00 Eggheads. Quiz.
6.30 Strictly Come Dancing - It Takes Two. The latest from inside the training rooms.
7.00 The Culture Show. Andrew Graham-Dixon remembers war artist Henry Tonks and Tom Dyckhoff visits Horace Walpole's Strawberry Hill House.
8.00 Nigella Kitchen. Comfort food in focus.
8.30 Autumnwatch 2010. Why gardens can be such important sanctuaries for wildlife during autumn.
9.30 Autumnwatch Unsprung. A discussion on the issues raised in the main programme.
10.00 Never Mind the Buzzcocks. Terry Wogan hosts the comedy music quiz.
10.30 Newsnight.
11.20 The Culture Show. R

Nigella Lawson serves up comfort food at 8pm

ITV1 London

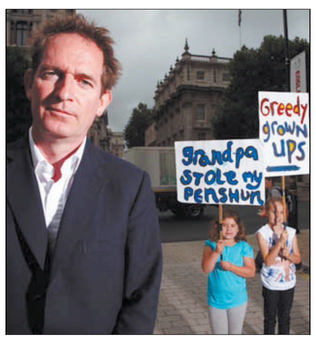
Ade Edmondson in 'Monte Carlo or Bust' at 9pm

6.00 London Tonight.
6.30 ITV News and Weather.
7.00 Emmerdale.
7.30 The Cost of Caring: Tonight. Jonathan Maitland investigates claims that some elderly patients are being forced to pay for medical care that used to be provided free by the NHS.
8.00 Emmerdale.
8.30 Coronation Street.
9.00 Monte Carlo or Bust. The three teams embark on the final leg of their journey. Last in the series.
10.00 ITV News at Ten and Weather.
10.30 London News and Weather.
10.35 FILM Memphis Belle. Fact-based second world war drama, starring Matthew Modine and Eric Stoltz.

Regional variations apply

Channel 4

6.00 The Simpsons. R
6.30 Hollyoaks.
7.00 Channel 4 News. Including sport and weather.
7.55 4thought.tv. Foreign correspondent John Simpson discusses how his faith has helped him come to terms with some of the atrocities he has witnessed.
8.00 River Cottage Every Day. Last in the series.
9.00 Britain's Trillion Pound Horror Story. The full extent of the financial crisis and a call for a radical rethink of the role of the state.
10.30 True Blood. Eric takes advantage of Sookie's good nature.
11.40 Rory Peck Awards 2010. Last in the series.
11.45 Reaper. Sam and Morgan in a contest to win the position of Satan's right-hand man.



Martin Durkin explores the financial crisis at 9pm

Five

6.00 Home and Away. R
6.25 Live from Studio Five. Celebrity interviews and showbiz gossip.
7.00 Five News at 7.
7.30 Jaguar Adventure with Nigel Marven. The naturalist swims among Brazil's aquatic life, and follows a jaguar for an afternoon. R
8.00 Battle of Arnhem: Tour of Duty. Part two of two. Ten teenagers re-create the 1944 parachute assault on Arnhem to find out how they would cope with life on the front line of a second world war battle.
9.00 FILM Heartbreak Ridge. Action adventure, directed by and starring Clint Eastwood.
11.40 The World of Stupid Criminals. Comedy writer Chris Rowe scours the archives for footage of inept criminals.

Cable & Digital

BBC3
7.00 Doctor Who. 7.45 Doctor Who Confidential. 8.00 EastEnders: The Greatest Weddings. 9.00 Kara Tointon: Don't Call Me Stupid. 10.00 EastEnders. 10.30 Russell Howard's Good News. 11.00, 11.20 Family Guy. 11.45 Freak Like Me.

BBC4
7.00 World News Today. 7.30 Birds Britannia. 8.30 The Pre-Raphaelites: Victorian Revolutionaries. 9.00 Battlefield Poet: Keith Douglas. 10.00 Wilfred Owen: A Remembrance Tale. 11.00 Gods and Monsters: Homer's Odyssey.

E4
6.00, 6.25 Scrubs. 7.00 Hollyoaks. 7.30, 8.00, 8.30 Friends. 9.00 The Big Bang Theory. 9.30 How I Met Your Mother. 10.00 Misfits. 11.05 The Omen.

More4
6.35 Deal or No Deal. 7.25 Grand Designs. 8.30 The Daily Show with Jon Stewart. 9.00 Help! My House is Falling Down. 10.00, 11.00 Leave a Trace.

Film4
7.00 Sister Act. 9.00 Crash. 11.10 Lady Vengeance.

TCM
6.05 Alexander the Great. 9.00 The Mask. 11.10 Betrayed.

Sky Sports 1
6.00 Ringside Special. 7.00 Sky Sports News at Seven. 7.30 SPL Round-up. 8.00 The Rugby Club. 9.00 Ringside Special. 10.00 Time of Our Lives. 11.00 Premier League Review.

History
6.00 Ancient Discoveries. 7.00 How the Earth was Made. 8.00, 9.00 Ice Road Truckers. 10.00 America: The Story of the US. 11.00 Decoding the Past.

Sky Arts 1
6.00 Get Up Stand Up. 7.00 The Book Show. 8.00 Beyond Biba. 9.00 Pixies Live at Eurockeennes. 10.35 The Pixies Acoustic.

Discovery
6.00, 7.00 Mythbusters. 8.00 How Do They Do It? 8.30 How it's Made. 9.00 I Shouldn't Be Alive. 10.00, 11.00 Deadliest Catch.

Pick of the Day

Sober economists, beware. **Britain's Trillion Pound Horror Story** (C4 9pm) is directed by Martin Durkin, whose iconoclastic *Great Global Warming Swindle* attracted both supporters and denigrators from the wilder shores of dottiness. Theories on phoney cuts and bloated public expenditure may strike you as revelatory or OTT . . . Or opt for BBC4's **Battlefield Poet: Keith Douglas** (9pm). An intriguing personality and a writer allegedly equal to the Great War poets, Douglas died in Normandy at 24.

Scent of a Woman won an Oscar for Al Pacino's blind ex-soldier (Sky Modern Greats 8pm).

Martin Hoyle

THE LEX COLUMN

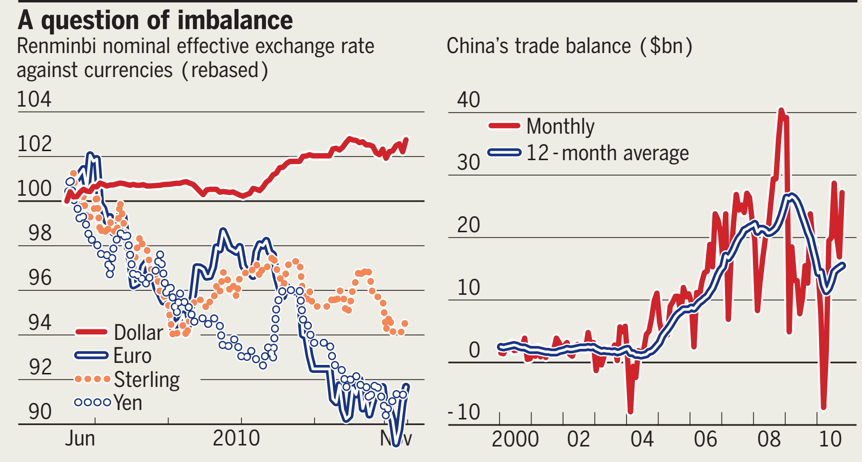
Thursday November 11 2010

Redback mountain

Just what the G20 needed to keep things lively: unequivocal evidence of vast and persistent imbalances. The latest monthly data from China confirmed another big annual leap in exports and a whopping trade surplus of $27bn, two-fifths wider than the 2006-2009 average. Thursday's industrial production (expected to be strong) and consumer price inflation numbers (probably above target) should strengthen the critics' conviction that China's currency is weaker than it should be.

For peacemakers at the Seoul summit, the good news is that China has abandoned its attempts to persuade the world that the red-back is fairly valued. Since mid-June, when the People's Bank said it would allow more foreign exchange flexibility, appreciation has been a matter of when, rather than if. The bad news is that the principals are still at cross-purposes. While Beijing wants to lift purchasing power through increased wages and subdued inflation, and appears ready to tighten monetary policy to do it, Washington just wants a stronger renminbi against the dollar. China, in short, is focusing on real appreciation; the US nominal.

A question of imbalance



Source: Thomson Reuters Datastream

The dollar/renminbi rate has become a political plaything. Note, for example, that this week's surge before the Seoul summit accounts for a quarter of the renminbi's total strengthening since mid-June.

Better to make the bilateral dispute multilateral. The Royal Bank of Canada calculates that the nominal, trade-weighted effective exchange rate has actually dropped pretty steadily during the past five months, as the renminbi has strengthened only slightly against a fallen dollar. This almost certainly contributes to China's mega-surplus.

The US case may look less compelling in a few months, after China's monetary tightening slows growth and base effects make the annual comparison less dramatic. So the G20 is an ideal forum to broaden the debate. The more the US can demonstrate that the weak renminbi hurts others, the more likely that China will relent.

Bank of England

Cuckoos are singing from the doves' nests at the Bank of England and the Federal Reserve. Following the Fed's "QE2", the decision to purchase $600bn in Treasury bonds, several governors of the US central bank are voicing doubts. Kevin Warsh, not known as a hawk, is not persuaded that QE2 will have "significant, durable benefits for the real economy", even though he voted for it.

And on Wednesday Mervyn King, governor of the Bank, admitted that there was "a range of views that is wider than usual" at Threadneedle Street. His comments came along with a cautious inflation report. Core UK inflation is running at levels not seen since the early 1990s – and the central bank now sees an even chance that consumer price inflation will be above the target of 2 per cent in two years' time. Since the Fed only acted because it saw an imminent danger of a deflationary liquidity trap, the Bank of England's forecast prompted many outsiders to drop their prediction that Mr King would soon launch his own QE2.

What conclusions to draw from this? First, central bankers can say QE is not a weapon in a currency war, but investors do not agree; the pound rallied sharply on Wednesday. Second, it is unwise to rely on central bankers taking extraordinary measures when they palpably dislike them. Third, markets are indeed relying on such measures, as the response in the UK, where both bonds and stocks sold off, makes clear. Finally, that response might just have created a buying opportunity.

Mr King did not quite rule out QE2. With unparalleled austerity cuts in view, his forecast for 3 per cent gross domestic product growth next year would be mighty impressive. A significant growth disappointment is quite possible, leaving the QE2 option open.

Eon

Utilities are the sloths of the corporate jungle. So many assets, so little oomph. Johannes Teyssen wants to change that. The chief executive of energy group Eon has shaken up the management board since taking over in May. Now he wants to free up capital by shedding €15bn of assets in its European business to pay down debt and move into markets with better growth prospects. He wants 25 per cent of earnings to come from outside Europe by 2015.

This makes sense. European utilities rule over empires of highly regulated, low-return assets in their back yards. Mr Teyssen must be thanking his lucky stars that his predecessor failed to land Spain's Endesa in 2006, otherwise Eon's starting point would be even more difficult.

As it is, its shares are down 22 per cent this year even after Wednesday's 3 per cent bounce. It is also under earnings pressure from low gas prices and Germany's tax on nuclear power. This will cost Eon €900m a year at the operating level for six years, starting in 2011. The company is predicting flat earnings before interest, tax, depreciation and amortisation until 2013 before disposals (it reported nine-month adjusted ebit of €8bn on Wednesday).

The issue is whether Mr Teyssen's strategy is transformational enough to match Eon's challenge. The disposals target represents one-third of the company's €45bn market value, but selling productive assets in Europe could reduce earnings by up to €2bn a year, UBS estimates. Buying potentially riskier assets could also take time to produce returns. So the flat earnings forecast looks optimistic.

As Europe's biggest utility, Eon's slimming-to-grow strategy may prompt a wider industry rethink. But investors will need patience: sloths are not called slothful for nothing.

Singapore Airlines

Parents normally expect their offspring to do better than they did. But there is something slightly indecent about the speed with which Tiger Airways has surpassed its creator. Since the budget carrier was spun out of Singapore Airlines in January, its shares have outperformed SIA's by 13 per cent. In a world of crimped corporate travel, it is becoming hard to distinguish the rough-and-tumble price-cutter from the premium-led operator.

Take passenger revenues per available seat kilometre, or RASK. (ASK is a measure of capacity: the number of seats available multiplied by the number of kilometres flown.) In Tiger's case, RASK weakened from 6.4 cents in the first quarter to 6.1 in the second. That is as it should be: the *raison d'être* of a budget airline is to find ways to push fares lower. But for SIA, the decline was much steeper. First-half results published late on Tuesday showed that RASK was down from 13.4 cents to 10.9 between the first and second quarters. No one disputes that SIA has some of the world's best cabins and lounges. It is just that airline customers are increasingly unwilling – or unable – to pay for them.

The world's second-biggest carrier by market capitalisation is still a must-own. SIA's 2 per cent average return on equity over the past five years is a badge of distinction when set alongside the global industry average (-22 per cent).

But in Asia as elsewhere, the future for budget looks brighter than for premium. Qantas's Jetstar, for example, in its sixth successive year of double-digit growth, has reported three times higher underlying earnings before interest and tax than its parent during the past two years. SIA's decision to hold on to one-third of Tiger looks a smart one.

Semi-public banks

Those who called for US bank nationalisation during the crisis are now ridiculed. A rebound in share prices and the repayment of government bail-out money supposedly vindicate the alternative approach of muddling through. But there were subtle as well as hard arguments for state ownership. Dud loans may yet show more banks to be insolvent. And muddling through is already having contradictory and undesirable consequences.

At the heart of the matter was the Obama administration's insistence that saved banks do their bit to boost the domestic economy. Bank results are now littered with feel-good stories of helping small businesses and families. But the truth is that domestic bank lending has contracted every quarter since the end of 2008, according to Federal Reserve data, in spite of the latest loan officer survey showing a slight easing of lending standards for the past three-quarters. (They would tick that box, wouldn't they?)

Banks retort that there is no thirst for funds – one-quarter of loan officers reported a fall in demand from large companies versus last quarter. A greater number said smaller businesses were increasingly shy. Companies deny this, but it is feasible given the deleveraging going on. There is demand from the developing world – but should US taxpayers' money be helping banks expand their balance sheets abroad? This week, for example, Citigroup said it wanted a few hundred more branches in Asia within four years.

Under normal circumstances, companies can do what they please with shareholders' capital. But when banks become semi-instruments of government policy, strategies become conflicted. What if Citi said it was halving its US presence to focus on Latin America? This may not be a bad idea, but chief executive Vikram Pandit would have the White House on the phone before he had finished speaking. The danger is that companies not run for shareholders alone find themselves increasingly discounted. You cannot be half pregnant – or half public.

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3. Goldman executive fired over violations
4. G20 draws up two-tier bank plan
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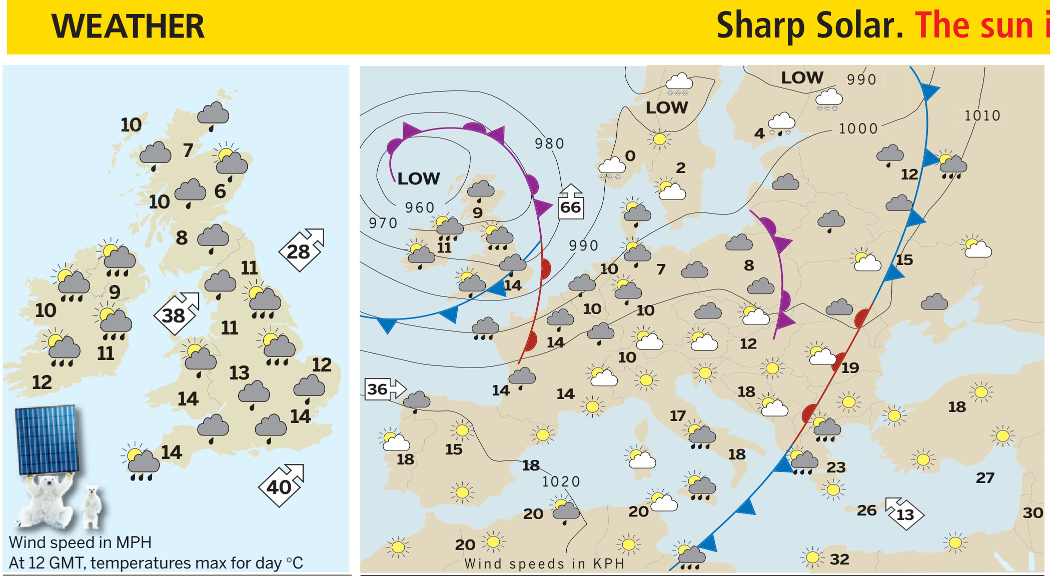
WEATHER



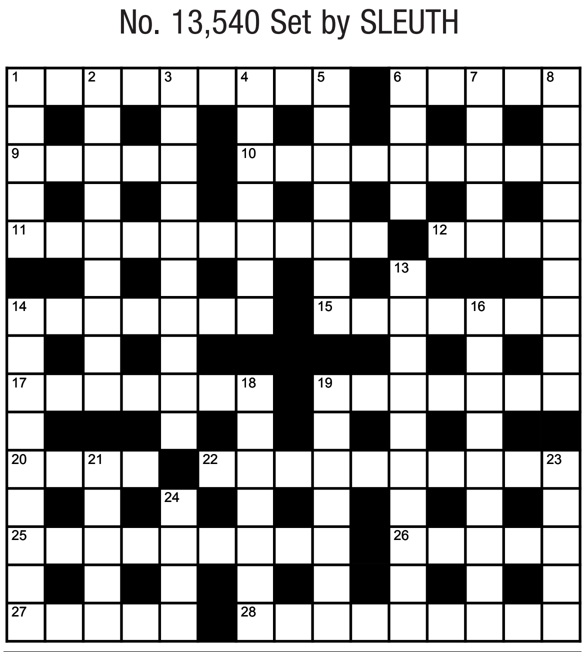
Forecasts by MeteoGroup

Today's temperatures Maximum for day °C & °F — Warm front — Cold front — Occluded front

Abu Dhabi	Sun	32	90
Amsterdam	Rain	10	50
Athens	Sun	23	73
B'ham	Rain	13	55
Bangkok	Fair	33	91
Barcelona	Sun	18	64
Beijing	Sun	12	54
Belfast	Shower	9	48
Belgrade	Sun	19	66
Berlin	Cloudy	7	45
Brussels	Rain	10	50
Budapest	Sun	12	54
Buenos Aires	Sun	22	72
Cardiff	Rain	14	57
Chicago	Fair	20	68
Cologne	Shower	9	48
Copenhagen	Shower	8	46
Delhi	Sun	30	86
Dubai	Sun	32	90
Dublin	Shower	11	52
Edinburgh	Rain	9	48
Frankfurt	Rain	10	50
Geneva	Rain	10	50
Glasgow	Rain	9	48
Hamburg	Shower	7	45
Helsinki	Sleet	4	39
Hong Kong	Sun	26	79
Istanbul	Sun	21	70
Jersey	Rain	14	57
Lisbon	Fair	18	64
London	Rain	14	57
Los Angeles	Sun	24	74
Luxembourg	Rain	7	45
Lyon	Fair	11	52
Madrid	Sun	15	59
Manchester	Shower	11	52
Miami	Fair	26	79
Milan	Sun	13	55
Montreal	Sun	7	44
Moscow	Rain	12	54
Mumbai	Thunder	32	90
Munich	Fair	8	46
New York	Sun	13	56
Nice	Sun	17	63
Paris	Rain	14	57
Prague	Cloudy	7	45
Reykjavik	Sun	1	34
Rio	Rain	23	73
Rome	Shower	17	63
San Francisco	Sun	18	65
Stockholm	Cloudy	2	36
Strasbourg	Drizzle	10	50
Sydney	Thunder	27	81
Tokyo	Fair	16	61
Toronto	Sun	10	50
Vancouver	Rain	11	51
Vienna	Fair	10	50
Warsaw	Cloudy	8	46
Washington	Sun	15	60
Zurich	Fair	10	50

CROSSWORD

No. 13,540 Set by SLEUTH

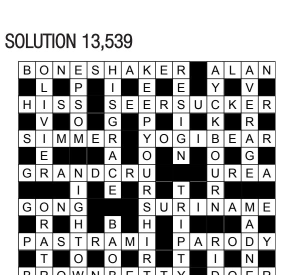


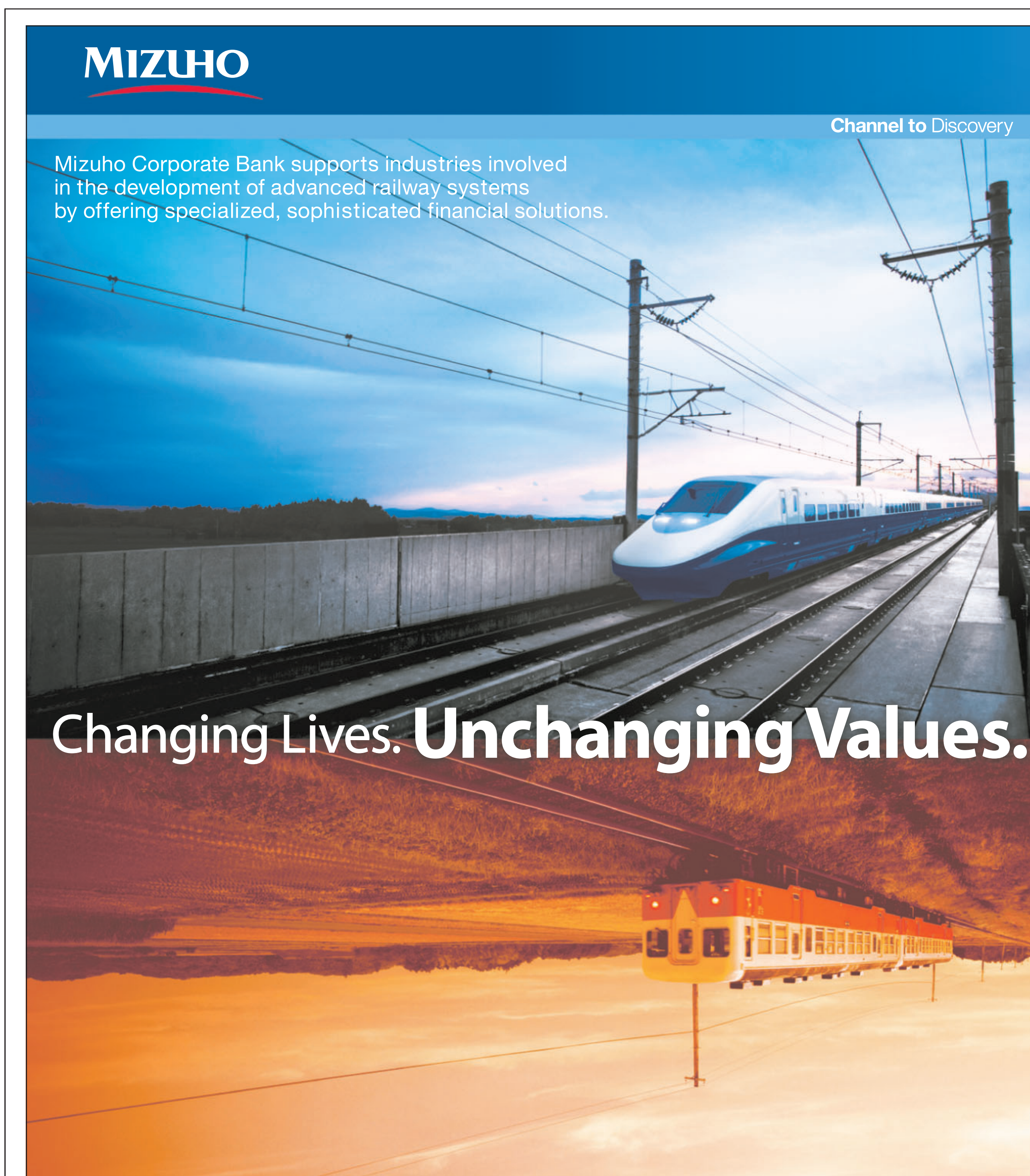
JOTTER PAD

ACROSS
1 Magazine missing article, one found at ground? (9)
6 Baggage money (5)
9 Obscure almanac covers where ruler holds sway? (5)
10 Take choir after training for Jerusalem, perhaps (9)
11 Vegetables including potato encapsulating starters in local lunch? Certainly (2,3,5)
12 Fit of emotion, we hear, for bird (4)
14 Trick from rotten chap taking in retired lord (7)
15 Reason to go after drug is exciting (7)
17 Group to consider reportedly part of ship (7)
19 Some tennis again a disappointment (7)
20 A negative reaction after finding river, foreign river (4)
22 Very ethical university soul upset after councillor is beset by drink (10)
25 Woman guiding visitors in house? (9)
26 Renounce permission (5)
27 Sally after end of exercise gets fit (5)
28 Man in second exam is not accommodating (9)

DOWN
1 Sort of bush? About right (5)
2 Something flowing out from eastern people probed by scholar (9)
3 Lend out BMW wrongly in a dilapidated state (10)
4 Bar suspended for a daredevil performance? (7)
5 English element blocking Napoleon's way – and followers? (7)
6 Spirited male to oppose foreign money (4)
7 An amount of money granted in discussion without partner? (5)
8 Writer and chef on stream (9)
13 Drink is obtained beneath select feature of castle (10)
14 Distinctive ending to letter? (9)
16 An Italian brought up in appeal by a lover (9)
18 Arch yet flustered person on board? (7)
19 Impudent conduct upset sister in part of service? (7)
21 A set of four henchmen rose for former statesman (5)
23 Number of clues forwarded for audience (5)
24 Support rugby player (4)

SOLUTION 13,539





FINANCIAL TIMES

COMPANIES & MARKETS

Thursday November 11 2010

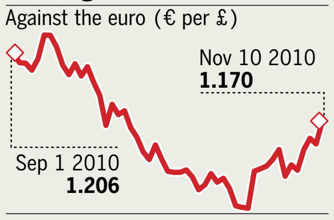
Richard Waters US solar companies face tough Chinese competition **Page 22**

Week 45

News Briefing

Sterling

Against the euro (€ per £)



Source: Thomson Reuters Datastream

Pound rises to six-week high against the euro, Page 32

UK companies

Oil services rebound
Majors need higher specification rigs to meet regulations. **Page 19**

Grocer eyes India
India will be next overseas market to be investigated by J Sainsbury. **Page 20**

Piper Jaffray retreat
Companies in biotech sector look elsewhere for financing. **Page 20**

Lombard
Laxey Partners' assault on Alliance Trust is ambitious – and probably futile. **Page 18**

International companies

First Eastern fillip
HK private equity firm has $500m for China-focused UK enterprises. **Page 23**

Japan's investors vexed
Concern grows among country's shareholders over seemingly flawed capital raising process. **Page 23**

Cisco suffers
Cisco falls as investors show concern over the group's direction. **Page 22**

Google obstacles
Search group faces new US watchdog probe amid criticism from Republican lawmaker. **Page 22**

Markets & Investing

CTFC sets swaps date
Regulators to detail which institutions will face new US rules on derivatives markets next month. **Page 33**

Farm price fears
Government controls on grain and other commodities are adding to volatility. **Page 33**

Anglo American steady
Mining stocks lead the FTSE 100 sharply lower but Anglo American stands firm. **Page 34**

Insight
The Fed's chosen strategy is logical and probably unavoidable. **Page 32**

Wall St to sidestep Volcker rule

Banks to continue bets with own capital

Principal investments option to be used

By Francesco Guerrera and Justin Baer in New York and Tom Braithwaite in Washington

Wall Street groups will continue to invest billions of dollars in property and companies in spite of new rules aimed at curbing the bets banks make with their capital, executives say.

US financial groups such as Goldman Sachs, JPMorgan Chase and Morgan Stanley intend to take advantage of a little-discussed aspect of the "Volcker rule" – part of the financial reform law approved in July – to continue making direct investments.

The rule, named after Paul Volcker, former Federal Reserve chairman, bans banks from short-term trading of securities for their own account – and limits its investments in private equity groups and hedge funds. Legislators were seeking to reduce banks' risk-taking and focus their efforts on helping customers rather than themselves.

However, the Volcker restrictions do not apply to "principal investments" – banks' direct purchases of securities, companies and property assets – because they are regarded as longer-term commitments and carry higher capital charges.

Unlike short-term "proprietary trading", which has traditionally had a modest impact on earnings, principal transactions were both an important driver of banks' profits in the run-up to the financial crisis and a big source of losses. Lehman Brothers' participation in the $23.6bn leveraged takeover of Archstone, a property group, in 2007 contributed to the investment bank's demise a year later.

A senior Wall Street banker said such deals remained attractive in spite of changing regulations and new global rules that sharply increase the capital that must be held against potential losses. "On balance it has been a good business," he said.

Advocates for a broad curb on banks' investments believe a separate part of the reform law gives regulators a mandate to prevent banks from taking dangerous risks with their own money. Carl Levin, the Democratic senator from Michigan, said the prohibition was "clear and strong, and I am hopeful the regulators will implement it accordingly".

Simon Johnson, professor at Massachusetts Institute of Technology, said it would be "pretty crazy" if banks were allowed to invest as a principal in longer-maturing assets and securities. "That's exactly how banks blew themselves up," he said.

Institutions such as Goldman and JPMorgan reaped large returns from investments ranging from small equity stakes to takeovers.

Goldman had $22.9bn in principal investments, including some made through funds, on its books at the end of September, while JPMorgan valued its portfolio at $6.8bn. The banks declined to comment.

Republicans take aim, Page 23

The Short View

James Mackintosh

This is a quote to strike fear into every Irish heart: George Papaconstantinou, Greek finance minister, said this week that "Greece is not Ireland". He meant to emphasise the strength of the Greek banking system, rather than its economy – after all, reports suggest he is poised to revise the Greek budget deficit sharply upwards. But even a deficit of 9.3 per cent will look rosy compared to Dublin's expected 32 per cent.

The Irish bond market has gone haywire. The backdrop is a dire economy, fears that the banking crisis is not yet resolved, and worries over the tottering government. The trigger on Wednesday, though, was the decision by LCH.Clearnet to slap a 15 per cent haircut on Irish repurchase agreements, prompting panic as investors rushed to close out positions.

Irish yields have gone stratospheric, with the 10-year bond at 8.6 per cent, almost double the level of April. Fears may subside as repo positions are moved to the European Central Bank, but the deeper worry in the markets will remain: perhaps Ireland is Lehman to Greece's Bear Stearns?

Greece has no need to tap bond markets for another two and a half years, thanks to a bail-out by the European Union and the International Monetary Fund. If Greece keeps taking the medicine, bonds maturing before then will be repaid.

Irish bondholders ought to be similarly reassured by the European Financial Stability Facility, designed to rescue eurozone members in trouble.

Unfortunately for Dublin, Germany has thrown a spanner into the money machine, insisting future bail-outs impose losses on bondholders.

Nothing is finalised, and the ECB is lobbying against Berlin. But bondholders are right to be worried. If Germany gets its way, automatic haircuts will become self-fulfilling: struggling state borrowers will be pounced on by short sellers guaranteed a profit when the country has to be bailed out.

www.ft.com/shortview

Google's Android dents Nokia smartphone dominance

By Mary Watkins in London

Sales of mobile phones operating on Google's Android system are threatening Nokia's lead in the highly lucrative smartphone sector, just as the Finnish handset maker is feeling pressure at the other end of the market from low-cost Asian rivals.

More than a quarter of the smartphones sold globally in the third quarter of 2010 ran on the Android operating platform compared with 3.5 per cent a year ago, according to new figures from research firm Gartner.

Nokia, which runs on Symbian, saw its share of the market slip from 44.6 per cent to 36.6 per cent in the same period.

The results highlight how the adoption of Google's open source platform by more than a dozen manufacturers including Samsung and HTC, as well as strong demand for Apple's iPhone, is making it harder for Nokia to retain its lead.

About a fifth of the handsets sold globally were high-margin smartphones, which offer a range of multimedia services.

"We've been very bullish on Android," said Carolina Milanesi, research vice-president at Gartner. "For me, the story is about Samsung and how when you have a heavyweight supplier, you see how quickly volume grows."

Apple, which runs on iOS and ranks third in the smartphone market after being overtaken by Android phones, saw a slight dip in market share, though unit sales rose to 13.5m.

All of the big players are seeing their overall global market share of the handset sector eroded at the low end by a growing army of non-branded or copycat manufacturers.

These "white-box" manufacturers – which largely operate out of China and other parts of Asia – buy ready-made chipsets and then package their low-cost phones for sale to emerging markets.

Some of the bigger players operate legally but many more garage-style operations shift their goods to India, Africa and Latin America without licences or proper identifying codes.

Gartner said that global sales of handsets rose 35 per cent in the third quarter to 417m units. A third of the devices sold were made by companies that were not among the major players, and many of whom were white-box manufacturers.

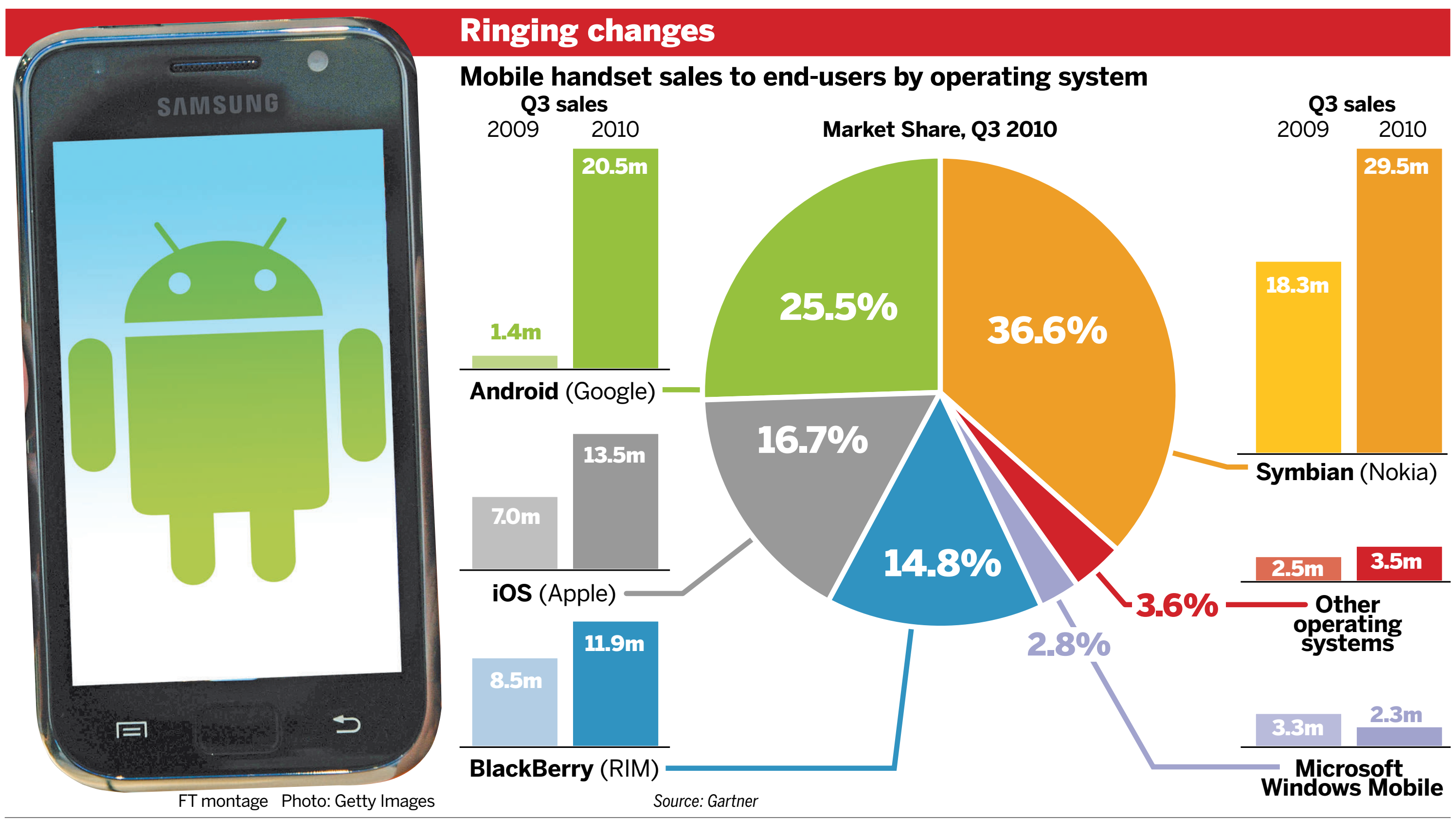
Ms Milanesi said the large jump in shipments from non-branded and copycat phone groups was "having a profound effect on the top five mobile handset manufacturers' combined share".

Nokia's overall share of the global market fell from 36.7 per cent to 28.2 per cent in the third quarter, its lowest level since 1999. Samsung's share dropped from 19.6 per cent to 17.2 per cent, while third-ranked LG declined from 10.3 per cent to 6.6 per cent.

On the back of the growth in white-box sales, Gartner is now predicting a 30 per cent rise in overall handset sales for the year. It expects the expansion of Apple's iOS platform to the iPad tablet to help the US group grab more market share.

Ringing changes

Mobile handset sales to end-users by operating system



FT montage Photo: Getty Images

Source: Gartner

Emirates seeks more clarity from Rolls-Royce over A380 engines

By Pilita Clark in London and Peter Smith in Sydney

Dubai's Emirates, the airline with the biggest fleet of A380 superjumbos, has raised the pressure on Rolls-Royce by calling on the UK company to be more open about the problems with some of the engines on the flagship aircraft.

Rolls-Royce has issued two brief statements since one of its engines broke apart last week, forcing a Qantas A380 to make an emergency landing in Singapore. Neither explained the cause of the problem.

"I believe it would be helpful if Rolls were a little bit more communicative about what's actually going on," said Tim Clark, president of Emirates, which has ordered 90 of the world's largest passenger jets from Airbus and has 14 flying.

He was speaking after Singapore Airlines became the second carrier in less than a week to ground A380s because of problems with Rolls-Royce engines. The airline said it was making "precautionary engine changes" on three of its A380s after finding "oil staining" in the engines.

Australia's Qantas has grounded its six superjumbos since the emergency landing.

Mr Clark said there was no sign of bookings faltering on A380s, which remained hugely popular, but it was "vitally important" the engine issue was resolved quickly so the A380 did not become a "bete noire". Shares in Rolls-Royce closed down 3 per cent on Wednesday.

Wolfgang Mayrhuber, chief executive of Lufthansa, said it would stick with Rolls-Royce engines for its A380s, according to Frankfurter Allgemeine Zeitung. Mr Mayrhuber said the German carrier had sent an engine back to Rolls-Royce for evaluation but the A380 was "as secure as any other aircraft".

Emirates uses engines from a rival US-based consortium in its A380s. But Mr Clark's comments reflect concern among airlines that the sparse data from Rolls-Royce about the causes of the engine problem could hurt the superjumbo's reputation.

As one executive said on Wednesday: "The great flying public doesn't understand the difference between a Rolls-Royce engine and any other, they just see an A380." Rolls-Royce declined to comment.

Nick Cunningham, an aerospace analyst at Agency Partners, did not believe the latest grounding meant more problems for Rolls-Royce: "Everyone is just being super-cautious."

Probes continue, Page 18
Dreamliner tests halted, Page 21

Companies and sectors in this issue

Companies

Sectors

Activist will struggle to pierce Alliance Trust's hide

Andrew Hill
LOMBARD

Like a mosquito's attempt to bite a rhino, Laxey Partners' assault on the unyielding hide of Alliance Trust, the FTSE 100 company that is the UK's largest investment trust, is ambitious – and probably futile.

Under Lesley Knox and Katherine Garrett-Cox, respectively chairman and chief executive, Alliance Trust has continued to pursue a stately course, unmoved by market rallies and crashes, and determined to go on churning out an increased dividend year after year.

Changing the trust's direction takes time. This is the organisation that first talked about merging its twin investment trusts – which shared investment policy, management and headquarters – in 1923. It finally got around to doing so in 2006.

Ms Knox and Ms Garrett-Cox have shaken things up – a little. The trust has created an asset management arm. It recently sold off a chunk of its UK investments to expand into emerging market equities. But in buying back some shares over the past year, it has acted in an ad hoc fashion and purchased from similarly staid institutions – Norway's state pension fund and DC Thomson, a fellow member of the Dundee corporate gerontocracy. Laxey's calls for a more systematic mechanism to narrow its 18 per cent discount to net asset value have already been firmly repudiated.

Recent history ought to be on the activist investor's side. Discount control schemes are now more common in the investment trust sector. Alliance Trust's savings scheme, which could allow a small minority a disproportionate sway over a fifth of the shares, is a secondary issue, but it does look odd at a blue-chip. The very size of Laxey's target will attract attention and possibly encourage institutions, some of which grumble about the trust's recent lacklustre performance, to rally round Laxey's self-interested case.

But the trust's board can take shelter behind the thick armour of loyal, retail shareholders, making up 70 per cent of the register. Many of them would probably be happy to return to an era when your average investment trust director could still get home in time for his tea, a slice of Dundee cake and a leisurely read of The Beano. That's no reason for Ms Knox and Ms Garrett-Cox to regress – but it's hardly an incentive for them to push through sudden changes, either.

Bring pay into the open

The new High Pay Commission may seed the thunderclouds for a new debate about excessive executive remuneration, but the banks are the obvious lightning rod.

Disclosure requirements circulated on Wednesday by the Financial Services Authority – fruit of the European capital requirements directive – simply underline this. Some have compared them to Sir David Walker's proposals that banks should disclose employee pay in bands.

Either way, disclosure requirements are likely to expose how many staff below board level are rewarded more richly than executive directors – and, more important, where in the bank they work.

Some bankers fear this will fuel the politics of envy. It will. It may also cramp the competitiveness of the UK against other jurisdictions, unless the rules can somehow be extended beyond the European Union. But the utility of greater disclosure for risk-aware boards and investors is obvious. It should increase the pressure on remuneration committees to focus on pay and perks below board level and encourage shareholders to hold directors to account if ill-designed incentives encourage line managers to accumulate excessive risk. Hurrah for that.

Oh, those Russians . . . !

HMV was in focus on Tuesday after a Russian oligarch declared a holding in the retailer . . . (FT)

"Hello. How can I help you?"

"I wish to buy."

"Sure, mate. What are you after? Gig tickets? IPod? Tour T-shirt? Loaf of sliced wholemeal? We sell virtually everything these days. Even a few CDs."

"*Nyet*. I wish to buy stock."

"'Stork?' Is that a band? World Music is over there, next to the Nintendo accessories and behind the transactional kiosk. If you can't find it, try Amazon (but don't say I told you)."

"No. You don't understand. My name is Alexander Mamut. I am Russian billionaire. I have money. I wish to buy stock in company."

"Oh. Right. I get you. Hang on a minute while I make a call. Hello? Security? Got Ivan the Terrible down here with a suitcase full of roubles. Says he wants to buy shares in HMV. Yeah. Right. Complete joker. Oi! Ra-ra-Rasputin! Scarper! Stop wasting our time. And *do svidaniya* to you too!"

andrew.hill@ft.com
To comment, visit www.ft.com/lombard

Buy-back call puts pressure on Alliance

INVESTMENT COMPANIES

Activist investor wants realignment

Trust prefers a performance focus

By Miles Johnson and Alice Ross

A rebel investor has called on Alliance Trust to buy back its own shares on a regular basis, placing the UK's largest investment trust under mounting pressure to reform along the lines of its rivals.

Laxey Partners, a London-based activist investor with a 1.3 per cent holding in the £2.3bn FTSE 100 investment group, sent a letter to the company's board demanding a resolution at its annual meeting next year to buy back shares.

Alliance Trust shares trade at a larger discount to the value of its investment assets than its peers. Several of its investors have in recent years unsuccessfully pressed its management to buy back shares to narrow the gap.

Katherine Garrett-Cox, chief executive, has resisted pressure from analysts and investors to begin a buy-back programme, arguing that the company prefers to concentrate on performance.

Alliance Trust confirmed it had received a letter from Laxey Partners and that it was in ongoing talks with all its shareholders.

The company is unusual among investment trusts as private shareholders and its own savings scheme constitute the majority of its shareholder base – making it hard for institutional investors to press for change.

"We'd be keen to see them do something about it," said Mick Gilligan at Killik, a shareholder. "There've been a number of investors who've made the case to them and the reply was just a fob off."

Laxey Partners is also calling for a reform to the way the savings schemes votes are counted at company meetings. Currently, votes from the 21.6 per cent block are "scaled up", meaning that a small number of votes count for a larger number of shares.

Investors have long agitated for a change of stance at the company. Troy Asset Management, an asset manager, bought a stake in 2008 and gathered support for a discount policy change from other investors controlling nearly 10 per cent of the company. But after a year of discussions with the board it was told that there would be no movement on the discount policy.

Alliance Trust shares have traded at an average discount of 16 per cent to its net asset value over the past four years, and since the start of 2009 the company has underperformed its comparable index.

Since last year, Alliance Trust twice bought back a small number of shares for the first time in its 105-year history. The purchases from Norway's state pension fund and the DC Thomson family prompted disquiet over unequal treatment. The shares fell 0.4p to 355.8p.

See Lombard

Going nowhere: Australia's Qantas and Singapore Airlines have grounded their A380 superjumbos since the discovery of oil leaks and staining Getty

Probes into Rolls-Royce engines continue

AEROSPACE

News analysis

Engineers are still seeking the cause for the Qantas breakage last week, writes **Pilita Clark**

Two airlines, Australia's Qantas and Singapore Airlines, have now grounded A380 superjumbos since last Thursday after inspections revealed what Qantas called oil leaks and Singapore described as oil "staining" in their Rolls-Royce engines.

While the precise cause of the engine problems remains unclear, there are at least two reasons why an oil leak can be troublesome on a jet aircraft engine.

The first, and less likely, is that if oil enters parts of the engine it is not supposed to be in, it can cause a fire.

The more common factor is that, although the oil leak itself may be innocent, it could be a symptom of wear or failure in another part of the engine, which could then cause more serious problems.

To compare this scenario with the workings of a family car, if an oil seal on the crankshaft started to leak, it could allow oil to work its way towards the clutch and eventually cause the clutch to slip.

So far, Qantas has said it is focusing its attention on oil leaks "in the turbine area" of three engines it has removed from its fleet of six A380s after one broke apart shortly after take-off from Singapore last Thursday.

The incident forced the pilot to make an emergency landing, scattering debris on to a nearby Indonesian island.

The turbine section is the part of the engine behind the combustion area, where a set of bladed discs connect to shafts running the length of the engine that also turn the compressor and fan.

> The oil leak . . . could be a symptom of wear or failure in another part of the engine

Significant amounts of oil are required to lubricate large bearings on these shafts and if enough were to leak out it could affect the operation of the shafts, which could put too much pressure on components such as the turbine discs.

Engineers are studying a fragment of a turbine disc recovered from the failed Rolls-Royce Trent 900 engine on the Qantas A380 and are trying to find the rest of it.

That is because they want to see if the disc itself could be flawed, perhaps because of failures in the casting process used to make it, or whether it is more likely it broke under pressure from other parts of the engine.

Some experts say that if the disc had shattered because it was made of defective material, the air safety authorities would probably have recalled all of Rolls-Royce's Trent 900 engines.

Others have speculated that internal wear caused the oil to leak, leading to a fire, or vibrations, or blades rubbing against the casing in the engine, which in turn caused discs to rupture.

What is not in contention is that the Qantas A380 suffered a relatively rare "uncontained engine failure".

In other words, parts of the engine broke up and pierced the casing, an event that could have caused far bigger problems if components had then found their way into the passenger cabin.

Because of their potential danger, such events are closely monitored by the air safety authorities.

The Federal Aviation Administration in the US says that it has counted 58 uncontained engine failures on western-built aircraft between 1982 and 2008.

The UK Civil Aviation Authority lists only two reports of such failures in the past three years.

Lex, Page 16
Boeing/Dreamliner, Page 21

Jobs cut at Rok as rival bids assessed

CONSTRUCTION

By Ed Hammond

Administrators to Rok have made a first round of redundancies at the failed building and maintenance group, laying off more than 700 of the company's 3,700 staff.

The announcement from PwC comes after three days of discussions with potential buyers and moves by rival builders to win work directly from Rok's former customers.

"Regrettably, the redundancies were necessary for economic reasons where there has been little or no interest in the business from prospective purchasers, or where there was insufficient work for staff to carry out," said Mike Jervis, leading the administration process.

The job losses are mostly in Rok's core maintenance and improvements division, which carries out repairs for a mix of local authorities, private residential and commercial customers.

"In the case of the maintenance and improvements division, we are rationalising the national network to slim down areas where there is not enough work for employees, principally in the build division," Mr Jervis said.

Rok collapsed into administration on Monday after the Exeter-based group ran out of money.

The failure followed a torrid year for Rok, in which it issued a series of profit warnings and was forced into an embarrassing U-turn over the suspension of its former finance director.

Some of Rok's rivals told the FT they had approached the builders' staff and offered them jobs, but refused to say how many or from which division.

However, PwC said it had received more than 100 expressions of interest in buying the business.

People

EDITED BY
Emiko Terazono

M&S strategy pays off for Rose

Was it the cutting back of the branded goods, the axing of the Portfolio women's wear brand or the new slogan "Only at M&S"?

Departing chairman **Sir Stuart Rose** revealed he sold 100,000 shares, worth more than £4.1m, on the day new chief **Marc Bolland** showcased his strategy. It was Sir Stuart who introduced third-party brands such as Kellogg's, as well as the Portfolio clothing brand.

Mr Bolland was diplomatic on Tuesday when he announced his business plan, noting it was "evolution not revolution". M&S shares fell on Wednesday and, with Sir Stuart's remaining holding of 1.4m shares representing a potential overhang, the M&S chief might have to watch his words a little while longer.

Russian racing

After football, it was only a matter of time before the Russians entered the Formula One fray.

LDC, the private equity arm of Lloyds Banking Group, is selling its stake in Virgin Racing – backed by **Sir Richard Branson** – to former racing driver **Nikolay Formenko's** sports car company Marussia.

LDC invested about £10m in December 2009, when it took up its stake in the Yorkshire-based team previously named Manor Grand Prix. At the time, the private equity group's Carl Wormald said the agreement to restrict resources that the teams could use would make the investment very lucrative.

The Russian deal could provide well-needed firepower to Virgin Racing, which has struggled in its first season, failing to pick up a single point.

The highest placing achieved by drivers Timo Glock and Lucas di Grassi is 14th. F1 supremo **Bernie Ecclestone** last week said the performance of the new teams was an embarrassment, and called on Sir Richard – who remains a shareholder in the team – to up his investment.

Pru namecheck

Buoyed by strong third-quarter sales, especially in Asia, Prudential chief executive **Tidjane Thiam** namechecked Pru Asia's fund management boss **Graham Mason** several times throughout the day.

The 48-year-old South African, who set up the Pru's offices in South Africa, was appointed to the Asia role based in Hong Kong last December. The insurer is likely to continue to beef up its leadership in Asia as it faces up to the challenges of former Pru chief **Mark Tucker's** AIA.

BP tunes in

BP's chief executives past and present were in attendance at the oil group's annual reception at the British Museum on Tuesday evening.

Bob Dudley, the present incumbent, mingled with his predecessor **Tony Hayward**, who left in July in the wake of the company's disastrous oil spill in the Gulf of Mexico, as well as **Lord Browne**.

As in recent BP shindigs held to bid Mr Hayward farewell, the mood was one of resilience in the face of adversity. It fell to Mr Dudley and his chairman, **Carl-Henric Svanberg**, to thank everyone for their "support" during the crisis.

Slated to finish at 9pm, the event appeared perfectly timed to allow the guests to turn on their television screens to watch Mr Hayward's first interview – on the BBC – since leaving the company.

people@ft.com

Coal chief on track for turnround plan

POWER PLAYER

Jonson Cox
UK Coal chairman

Jonson Cox, the new executive chairman of UK Coal, Britain's largest coal miner, is not one to shirk a challenge.

The energetic 54-year-old – who spent a brief but tumultuous stint at Railtrack at the height of its crisis – has successfully turned round Yorkshire Water and Anglian Water owner AWG.

He must now try to do the same for the lossmaking rump of the former state-owned British Coal.

Mr Cox is expected to complete a strategic and operational review of debt-strapped UK Coal – which supplies about 15 per cent of the coal used by power utilities in the UK, and is also one of the country's largest brownfield site property developers – by the year end. Devon-born Mr Cox, who left AWG in March, oversaw a threefold increase in the group's share price and eventually sold it to a consortium that included 3i in 2006.

Mr Cox read economics at Cambridge and started his career in 1979 at Shell, where he worked for 13 years in London, the US and Pakistan. He moved to Kelda, Yorkshire Water's owner, in 1992.

After 11 months as Railtrack's chief operating officer, he became service provider Valpak's chief in 2002 before moving to AWG in 2004.

The father of three enjoys spending time outdoors.

Lloyds Banking risk chief to leave post

BANKS

Post-FSA role may beckon for Sergeant

By Brooke Masters, Chief Regulation Correspondent

Carol Sergeant, chief risk officer of Lloyds Banking Group and one of the most prominent women executives in the City, will leave her post in January.

Ms Sergeant has not decided what she will do next, but the former regulator is considered a strong candidate to head one of the organisations that will be created from the break up of the Financial Services Authority.

The first risk officer to serve on Lloyds' executive committee, Ms Sergeant has been credited with helping the bank avoid the worst excesses of the mortgage boom. She also led efforts to revamp risk and compliance in the troubled HBOS side after the two banks merged in 2008.

Eric Daniels, outgoing chief executive, praised Ms Sergeant, and said: "She established an outstanding risk leadership team and has implemented industry-leading risk management standards and practices."

People familiar with the decision said Ms Sergeant began talking about leaving in the summer, before the bank decided to replace Mr Daniels with António Horta-Osório.

Ms Sergeant started her career at the Bank of England in 1974 and moved to the Financial Services Authority in 1997.

There, she was one of the main divisional heads and an executive board member. She was considered for the FSA chief executive post in 2003 after Howard Davies left but lost out to John Tiner.

She joined Lloyds in 2004 and was elevated to the board in 2008. Last year, she served on the panel of City leaders that advised then-shadow chancellor George Osborne on his plans to dismantle the FSA.

Oil services feel post-Macondo activity jump

OIL EQUIPMENT

News analysis

Majors' need to meet regulations is set to drive profits, writes **Christopher Thompson**

Back in August, oil services company Hunting bought Innova-Extel, a deepwater equipment manufacturer, for $125m (£80m). At the time the deal raised eyebrows, with analysts concerned that deepwater drilling would suffer a downturn in the wake of BP's Macondo disaster.

Three months on, the acquisition is looking like a canny move. Deepwater drilling, and the services companies that make it possible, have recovered quickly from the Macondo incident, driving share prices up across the sector.

Pete Rose, Hunting's finance director, says: "Despite Macondo, we see deepwater as becoming more and more important – that's where the majors are exploring and that's why we made the purchase [of Innova]. We also anticipate an increase in business because of stricter regulatory environments."

Hunting's logic for the Innova deal was simple. According to the company, most new wells will involve complex drilling, such as horizontal rather than vertical shafts, and in deep water. Last week, analysts raised their forecasts for Hunting's end of year pre-tax profit by £3m to £44.5m, partially on the back of its deepwater work. This reflects a positive trend across the UK oil services industry.

Since midsummer a post-Macondo boost has lifted the share prices of companies such as Hunting, John Wood Group, Amec and Wellstream. That's a result of continued deepwater drilling, higher rig specifications and renewed orders coming through.

"The trend for deepwater drilling will continue," said Todd Scholl, analyst at RBC Capital Markets. "Nine per cent of oil production will come from deepwater by 2015, from 2.2 per cent in 2000. As wells get more . . . complex and work in harsher deepwater environments there will be better pricing and higher margins for those oil services companies who can compete."

Even those not involved in deepwater drilling are feeling the glow, as companies and investors anticipate the benefits of increased regulation.

A US government report into the Macondo disaster is due in January, and is expected to lead to tighter safety regulations, equipment specification and drilling procedures across the offshore industry. Industry leaders predict this will lead to a knock-on effect, with EU commissioners also examining legislation.

'We see deepwater becoming more important . . . that's where the majors are exploring'

"Other governments will follow the US lead in the regulatory environment to prevent another Macondo," said Mr Rose. That will lead to greater production costs for operators – but a boon for those service companies contracted to carry out the extra work.

"In the short term, Macondo is negative but there's a long-term benefit because of greater regulation and higher specification rigs," said Nigel McCue, chief executive of Dubai-based Lamprell, whose shares are up 81 per cent to 390p since June. He voices an increasingly widespread opinion that concerns over the disaster's ripple-effect were overdone.

Neil Bruce, chief operating officer of Amec, whose shares have risen 35 per cent to £11.14 since June, said Gulf of Mexico-inspired delays have proved to be short lived.

"Capital is [now] being used for new upstream offshore projects in other locations around the world. With the oil price on the rise again and a backdrop of increasingly stable economic conditions, we are seeing a much better environment for upstream investment," he said.

Wellstream, the world's second-largest supplier of flexible pipelines, operates a factory in one such frontier location: Brazil. Its exposure to the coveted deepwater industry is why it has been courted by several would-be suitors, including US conglomerate General Electric, which made a failed £755m bid.

Amy Wong, an analyst at UBS, said the bounce in oil services tells investors something else: oil companies are ready to spend again.

"The oil majors wanted the services companies to reduce their costs post the financial crisis. As a result of that we've seen a lot of contracts put on hold, so one of the trends in the next 12 months or so is that these contracts will move forward," she said.

Last month, John Wood Group pointed to rising bidding volumes and contract awards, mirroring a wider improvement of order books across the industry.

For the group that's being led by a bounceback in offshore work, with three prospects in the Gulf of Mexico and two more in west Africa.

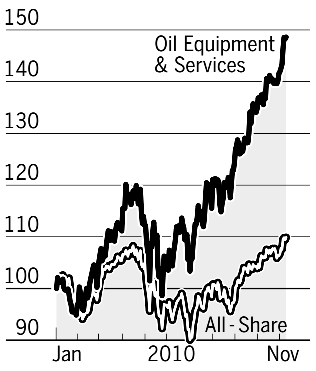
"As deepwater drilling resumes again, it can create a seedbed of projects two or three years out," said Allister Langlands, chief executive of John Wood Group.

Third-quarter reports issued over the past two weeks by oil groups such as Shell and ExxonMobil have shown that dividends are largely covered. So, oil services companies are bracing themselves for a new spending cycle.

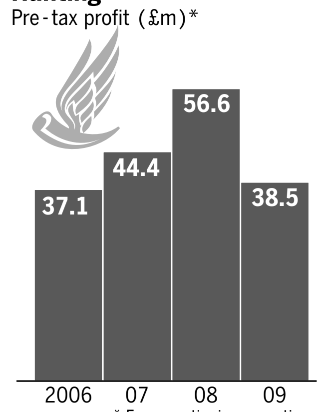
"Majors are not in the dividend growth mode anymore," said Mick Pickup, an analyst at Barclays Capital. "Investors are crying out for some form of growth [and] there's a log jam of projects to be awarded."

Light on the horizon for oil services

Share prices
FTSE indices rebased

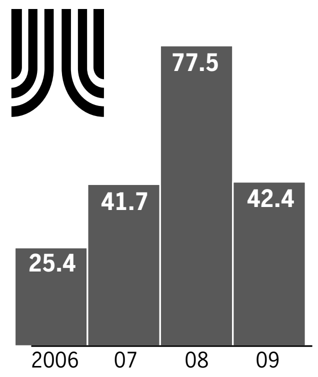


Hunting
Pre-tax profit (£m)*

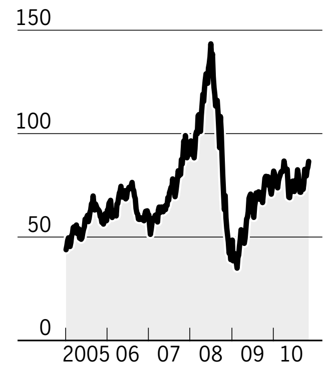


* From continuing operations

Wellstream
Pre-tax profit (£m)



Oil price
$ per barrel



Source: Thomson Reuters Datastream; companies

BP safety concerns put pressure on outsourcing to contractors

While the oil services industry is gearing up for a new spending cycle, one oil major has announced a review of its business with third-party contractors that could lead to less outsourcing: BP, **writes Christopher Thompson**.

BP's internal report into the Macondo disaster, released in late September, examined the role of service company Transocean, the owner of the Deepwater Horizon rig. The report has sparked a debate as to whether operators should be retaining more skills "in house".

Bob Dudley, BP's new chief executive, is to split the company's upstream business into three divisions – exploration, development and production. To Mr Dudley, the move is about "the way we manage risk", although some analysts believe that the result will be a reduction in outsourcing.

That would reverse a long-standing trend of oil majors outsourcing progressively more services to cut costs.

"An area where you could see majors moving into is operating their own rigs in a way that would allow, say BP, to fully control the safety at its wells," said Peter Hitchens, an analyst at Panmure Gordon. "But lots of the jobs farmed out to oil services are intermittent by nature so overall it's not likely to be practical."

Part of the problem is technology. Contractors have generally taken over much of the technological development associated with growth sectors such as deepwater drilling.

For the most part, however, outsourcing is still cost-effective. Keith Morris, an analyst at Evolution Securities, said: "I don't think we'll ever go back to oil companies owning drilling rigs – you'd spend half the time trying to farm it out to someone else."

Clients withdraw from Gartmore funds

GENERAL FINANCIAL

By Miles Johnson and Alice Ross

Private clients have pulled out millions of pounds from Gartmore funds following the surprise announcement on Monday that star fund manager Roger Guy would retire and that the asset manager was up for sale.

Investors have continued to pull out money from both Gartmore's retail open-ended and listed funds, prompting renewed concern among consultants over the stability of the troubled asset manager.

One fund platform said on Wednesday that its investors had withdrawn a total of £2m from Gartmore's funds since Monday.

Other fund managers have also been terminating agreements with Gartmore or removing their funds from their recommendations.

Fidelity said on Wednesday that it had removed three Gartmore funds from a list of top funds it recommends to investors on its platform. Skandia, the asset manager, has terminated a £32m mandate for Mr Guy in one of its funds.

Gartmore refused to comment on the redemptions.

14%

Level of stake held in group by rival Henderson

While Gartmore shares have fallen 15 per cent since news of Mr Guy's departure broke, several existing Gartmore investors have increased their stake in the company in anticipation of its sale.

Landsdown Partners, the Mayfair-based hedge fund, on Wednesday disclosed a 4.8 per cent holding, while rival Henderson has raised its stake from 12 to 14 per cent.

Goldman Sachs has been appointed to run a strategic review of the Gartmore business, which could result in a sale.

Schroders ruled out any interest in a deal when presenting its third-quarter results on Tuesday.

Gartmore is now technically in an "offer period", meaning it must not provide forward-looking statements.

However, due to it being a Cayman Islands-incorporated company, Gartmore is not subject to the jurisdiction of the UK Takeover Panel. Financial advisers have been recommending caution on Gartmore funds, downgrading them to "hold".

Hargreaves Lansdown, the financial adviser, has suggested to its advisory clients that they consider switching from Mr Guy's Gartmore Absolute Return fund, while Killik & Co recommended its clients sell their Gartmore shares.

Gartmore European Investment Trust, an independent company that was managed by Mr Guy, has bought back 900,000 shares in the first two days of the week, worth £5.6m and representing 4.1 per cent of its share capital.

The board has also put its management contract with Gartmore under review.

Gartmore shares fell 1.1p to 110.2p on Wednesday.

FSA in push for more detail on senior bankers' pay

GENERAL FINANCIAL

By Megan Murphy, Investment Banking Correspondent

British banks will have to provide a much more detailed breakdown of how they pay their senior managers under proposals put forward by the Financial Services Authority.

The disclosure requirements, circulated on Wednesday by the regulator, are part of a raft of controversial pay reforms set to come into force at the start of next year.

Governments, such as Germany and France, have yet to finalise comparable requirements

So far the industry has focused predominantly on guidelines that set strict limits on cash bonuses and will require bankers to take a higher proportion of any incentive awards in stock.

However, the new disclosure rules threaten to reopen the heated debate on bankers' pay by forcing banks to reveal the total amount paid to senior managers and employees whose actions have a "material impact" on an institution's risk profile in a single year.

Banks will also have to break down the total amount paid in cash and share bonuses, total deferred remuneration awarded and outstanding, and any sign-on or severance payments made to their employees, known as golden hellos and goodbyes.

Big banks have historically disclosed total pay figures as part of their year-end results, but they have not had to provide such a detailed breakdown beyond a select group of top executives. The FSA rules will apply to a far larger group of people, such as senior traders and salespeople.

The regulator has given financial institutions affected by the changes a month to respond to the proposals, which were initially approved by the European parliament in June as part of its new capital requirements directive.

As with the new rules on bonuses and deferred remuneration, the final disclosure requirements will apply to pay awarded for all work performed in 2010.

The FSA has taken the lead in implementing the European Union directive, drawing criticism from senior bankers for potentially damaging London's competitiveness as a financial centre when other European governments, including Germany and France, have yet to finalise comparable requirements.

Separately, the UK Treasury has pledged to introduce legislation requiring banks to disclose employee pay in bands, starting with those earning £1m-£2.5m, then £2.5m-£5m, and anyone earning more than £5m.

A consultation on those changes has yet to begin, but the Treasury insists it will soon.

Lombard, Page 18

Scottish and Southern defers gas storage venture

ELECTRICITY

Wholesale rise hits underlying profits

By Sylvia Pfeifer, Energy Editor

Scottish and Southern Energy has deferred plans to build more gas storage facilities, as the group reassured investors that it was on course to sustain dividend growth of 2 percentage points above inflation.

Ian Marchant, chief executive, said SSE had delayed the final decision on the Aldbrough II gas storage facility, a joint venture with Norway's Statoil, because of regulatory uncertainty and the shrinking premium of winter gas prices over summer contracts.

The news came as SSE announced a 6.1 per cent fall in adjusted profit to £385.5m for the six months to September 30, reflecting higher wholesale gas prices and low renewable energy output.

Pre-tax profit, including exceptional gains of £283m, rose from £514.4m to £644.8m. Britain's second-largest electricity generator has said it will raise its gas prices 9.4 per cent from December. SSE reported earnings per share of 33.2p, down from 34.2p in the same period last year, and the interim dividend rises from 21p to 22.4p.

The company plans to invest £1.5bn-£1.7bn a year over the next five years, of which 35-40 per cent will be spent on network assets, a similar share on onshore or committed offshore wind, with the rest uncommitted.

With the government in the middle of reforming the electricity market, Mr Marchant said any changes needed to ensure the promotion of investment into all four types of energy – renewables, carbon capture and storage, nuclear and flexible fossil.

"Don't design a regime that sorts out one and creates problems for the other three. The UK needs all of those [energy sources]," he said. "You need a regime that is also going to be there for at least 10 years.

Industry executives have said the UK market needs to be changed to encourage companies to invest in nuclear power. SSE and partners GDF Suez and Iberdrola expect to make a final decision on building a nuclear power plant in 2015.

The shares closed up 42p at £11.60.

SSE will invest heavily in wind farms over next five years PA

● FT Comment

SSE's interim figures beat analysts' expectations and investors have been given comfort by the group's comments that it is on course to sustain its promised dividend growth. The new guidance for 2010-11 of adjusted pre-tax profit is also higher. In spite of the market and regulatory uncertainties, SSE shares do not look expensive – they are trading on a forward price/earnings ratio of about 9 – and the yield remains attractive at 6.6 per cent.

More news at ft.com/companies/uk

● Great Portland Estates
Great Portland Estates has stepped up its development programme after reporting growth in rent on offices in London's West End.

The developer's property portfolio rose 7.3 per cent in value since March 2010, ahead of expectations. Net assets per share jumped 11 per cent.

Rental values rose 5.1 per cent, mostly through increases in its West End offices portfolio

● Fenner chief shifts role
Fenner, the Yorkshire-based industrial conveyor belt maker, is shifting its chief executive into the chairman's role after delivering a surge in full-year profits and revenues.

Mark Abrahams, chief executive at the engineering supplier for 17 years, is to replace Colin Cooke, who has served for the same period of time, as chairman.

Nick Hobson, a current member of Fenner's executive committee, will take on the chief executive role in March to complete the reshuffle

● Micro Focus shares fall
Shares in Micro Focus, the software and consultancy provider, lost ground on Wednesday as the company released trading figures for the first half of the year.

Investors expecting a profit warning were given a reprieve, although foreign exchange losses and charges on the company's property portfolio mean that full-year earnings are unlikely to outstrip last year's $78m

Small companies eyeing Aim need to tread carefully

David Blackwell
SMALL TALK

The pace of flotations on Aim is picking up. The latest London Stock Exchange statistics show that last month there were four, raising a total of £185.7m. That makes October the strongest month since March for money raised from new issues.

This week another three companies announced plans to float – Madagascar Oil, an exploration company, expects to have a market capitalisation of more than £300m; Manroy, a UK maker of heavy machine guns, will have a market capitalisation of about £12m; and Internetq, a mobile phone marketing company, is aiming for a market capitalisation in excess of £50m.

The range of businesses seeking a quote underlines Aim's attraction. The four companies that joined in October are just as diverse.

Instem Life Science Systems is a provider of healthcare IT software with a market capitalisation of £25m. Caparo Energy, which is planning to develop wind farms in India, has a market capitalisation of £192m. Skil Ports & Logistics raised £76m to build a port near Mumbai and has a market capitalisation of £112m. HaloSource is a US-based clean water technology specialist with a market capitalisation of £116m. Shares in all four are ahead of their debut prices.

In addition, Global Lock Safety (International), which provides security services to the Chinese retail sector, was introduced to the market without raising new money but with the intention of looking for funds next year. Its market capitalisation is £52m.

It is clear from the preceding list that the average size of the companies arriving on Aim has been increasing in spite of the continuing decline in total numbers to 1,198 at the end of last month, down from 1,335 a year ago.

At the same time the number of companies with a market capitalisation of less than £10m has fallen by 110 to 431, while the market capitalisation of all Aim companies has increased by £10bn to £67.6bn over the same 12 months.

The trend should give some comfort to those who believe the private sector can lead the country out of recession.

Blind ambition

However, it does not mean that the smaller companies have stopped coming. Hangar 8 joined the market on Wednesday after raising just £2m. The company, which manages privately owned passenger jets, had a market capitalisation of £9.5m at the placing price of 150p.

Hangar 8 has a good record, a clear plan for growth and a convincing chief executive. However, the company should not underestimate the difficulty of growing from such a size to the £25m market capitalisation that most City institutions regard as essential before they start to take notice.

Freshwater, a regional public relations agency, is a classic case of how ambitious plans can go awry. It joined Aim in July 2007, raising £4m at 85p and had a market capitalisation of about £10m. Since then, shareholders have watched their investment drain away. They will meet on Monday to vote on proposals to take the company private – a bit of a throwback to 18 months ago, when many companies upset shareholders with similar moves. The shares closed on Wednesday at 6.33p, giving a market cap of just over £1m.

Steve Howell, chief executive, brought it to market with a buy and build strategy. But after completing three acquisitions and strong 2008 results, the shares fell to 41½p by the end of that year and Mr Howell accused Aim of losing its way.

He told this column that Aim had been "rather promiscuous", and an influx of larger groups had soaked up money from the kind of company the market was founded to help. But he rejected any idea of leaving. "Why the hell should we consider delisting? It cost us £600,000 and we have the right to expect Aim should deliver," he said.

Nearly two years later he says his views have not changed, but the world has. The company has become both ineligible for VCT money and too tiny to interest small-cap fund managers.

An open offer in April this year to raise £600,000 at 20p a share confirmed his worst fears that there was no appetite for the stock in the City. Mr Howell remortgaged his house in order to take part, while his brother David – now a non-executive director – underwrote the deal and ended up with a 14 per cent stake.

Mr Howell insists that the company, which remains profitable, will generate value for shareholders. But it looks as though there is a mountain to climb to regain 20p, let alone 85p a share.

The legacy is a cautionary tale for all Aim candidates on the dangers awaiting a small public company that gets its timing wrong.

david.blackwell@ft.com

Sainsbury looks at overseas expansion

FOOD & DRUG RETAILERS

Team in China examines feasibility

King expects 'feisty Christmas'

By Andrea Felsted, Senior Retail Correspondent

India will be the next overseas market to be investigated by J Sainsbury, as the UK's third-biggest grocer by market share intensifies efforts to expand outside its home market.

Sainsbury, which on Wednesday reported an 8 per cent increase in underlying interim profit, also has a small team in China exploring whether it could open stores in the country's expanding retail market.

Darren Shapland, who was recently named development director and is spearheading the international push, said Sainsbury would look at two or three big developing markets.

"India we will come on to look at. We are not investing resources in it yet. We will probably look at that, and some of the other developing markets," he said, adding that Sainsbury could scrutinise India and China simultaneously. Mr Shapland also did not rule out Latin America as another possible market.

Sainsbury has had a team of six people in China exploring the retail market – including the property market and the regulatory environment – for the past three months. It has been looking at China in principle from London for the past year. As part of the research in China, the team is spending time with local families looking at how they shop and cook.

"We are looking at all aspects of it. If we wanted to run a retail business in China, how would we operate it? There is a limit to how much you can do from a desktop," said Mr Shapland.

He said Sainsbury could look to acquisitions to further its ambitions overseas, while he did not rule out a joint venture in China. But he added that Sainsbury had plenty to go for in its home market during the next three to five years, which is where it is adding and extending stores, developing its non-food and financial services businesses and opening convenience shops.

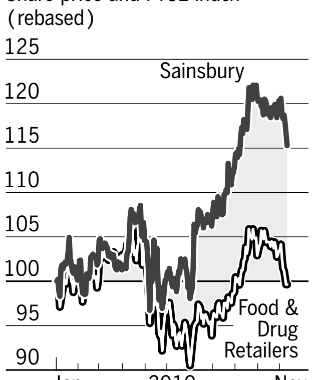
Pre-tax profit increased from £342m to £466m in the six months to October 2, including £106m of profit from the sale of properties.

Excluding this gain, pretax profit rose from £307m to £332m. Sales excluding VAT rose from £10.4bn to £11bn. Justin King, chief executive, said he expected another "feisty" Christmas.

He said customers had adjusted their behaviour to a tougher economic climate – with more people buying pet insurance to avoid high vet bills – but there was a risk from a rise in public sector unemployment. An interim dividend of 4.3p (4p) is payable from earnings per share of 18.4p (13.8p).

The shares fell 4p to 373.2p.

J Sainsbury
Share price and FTSE index (rebased)



Source: Thomson Reuters Datastream

Racking up: the supermarket chain signalled acquisitions to further its overseas ambitions — Bloomberg

• FT Comment

J Sainsbury is the fastest growing of the big four supermarkets, according to the most recent industry data, and speculation of a bid for the group refuses to abate. Analysts at Shore Capital forecast full-year pre-tax profit of £663m and the shares trade on a forward price/earnings ratio of about 15 times – a premium to Tesco's 13. The shares have risen 14 per cent during the past year and look to have fully priced in a continuation of the strong performance, and a possible bid to boot.

Piper Jaffray's biotech retreat reflects trend

GENERAL FINANCIAL

News analysis

Companies in the sector are having to look elsewhere for financing, writes Sarah Mishkin

Piper Jaffray, once one of the biggest brokers covering Britain's biotechnology industry, is the latest casualty of the capital markets' continued aversion to the notoriously high-risk and capital-intensive sector.

The investment bank, which once described itself as the leading adviser to UK healthcare companies by its number of clients and their market capitalisation, announced last month that it would close its European equities business.

The biotech sector has suffered from a financing drought since the credit crunch in 2007. But Piper Jaffray was particularly exposed to the sector and its portfolio included companies that had struggled after their drugs failed clinical trials or were rejected by regulators.

Andrew Duff, chief executive, said: "The equity capital-raising environment for European-based, middle-market companies remains depressed, particularly in biotechnology, our primary speciality focus."

Equity fundraisings by UK mid-cap companies, Mr Duff said, were down 67 per cent from the 2007 peak.

Before Piper Jaffray's decision, other banks and brokers had withdrawn from biotech. Canaccord, for example, chose not to replace its UK biotech team after most of it left in 2009.

Some brokers have reduced their coverage of biotech companies in preference for those that produce diagnostic tests or medical devices.

Investors favour such medical technology companies as they require less capital and take less time to get their products to market.

With investors still skittish, biotech companies are being forced to look elsewhere to fund research and provide early investors with an exit.

Some venture capital funds such as Abingworth, a specialist life sciences fund, remain active in the sector and a handful of companies including Vernalis and Proximagen have raised money to buy well-priced intellectual property assets.

Increasingly, however, small companies are turning to major pharmaceutical companies for financing and business support.

Smaller companies' need for cash coincides with larger companies' desire to cut costs and risk from their research programmes through working with nimbler start-ups. GlaxoSmithKline, for example, has spun out a research group, transferring researchers and patents to a start-up in exchange for an equity stake.

"In that sense, biotech [companies] are also in a good position," said Jeremy Carmichael, director of business development for Astex, a drug discovery company that has partnerships with companies including GlaxoSmithKline, Novartis and AstraZeneca.

Industry investment comes with drawbacks, as biotech companies cede some control over their work.

> Industry investment has drawbacks, as biotech companies cede some control over their work

Yet without the option to tap the stock market for funds, Mr Carmichael said, such partnerships are the only option.

Ark Therapeutics, once a client of Piper Jaffray's, is one company trying to work with bigger partners after jettisoning its previous strategy of working on its own to push drugs through the early stages of development.

After European regulators rejected its brain cancer drug Cerepro, Ark reviewed its portfolio and this May announced it would no longer wait until its programmes' late stages to look for partners for them, said Martyn Williams, chief executive.

"Partnering at an earlier stage obviously reduces the cost of a particular programme and also gives you the cash that allows you to move others forward," he said.

Ark has not yet begun any partnerships, but in spite of the rejection of Cerepro and the loss of its broker, Mr Williams says the new strategy has advantages.

He received the first call from another broker looking to pick up Ark about 30 minutes before hearing Piper Jaffray's announcement.

Johnston Press hit by recruitment advertising setback

MEDIA

By Esther Bintliff

The decline in advertising revenues at Johnston Press moderated in the third quarter, but the regional newspaper publisher said recruitment advertising continued to fall sharply amid worsening conditions in the job market.

Advertising revenues at the publisher of The Scotsman and The Yorkshire Post fell 5.4 per cent in the 18 weeks to November 6 compared with the same period a year ago, improving on the 6.3 per cent decline in the first half of the year thanks to growth in demand for property and display advertisements.

However, recruitment advertising plummeted 29.1 per cent, dragging down the overall figure. Excluding recruitment, print advertising revenues would have been down 2.5 per cent.

"We were hoping at the start of the year that things would be a little bit better by now," said John Fry, chief executive. "But while we're seeing general improvement in some advertising categories, we're not seeing it within recruitment, where the public sector in particular has stepped down."

The company does not expect advertising revenue to return to growth until some time next year. Mr Fry said the worse than expected fall in advertising sales would be "largely offset" by increased cost savings, including 335 job cuts since the start of the year and a decision to shift delivery of some local papers to wholesalers. As a result, he said, Johnston should still meet analysts' expectations for adjusted profit of about £35m in the year to this December.

Consensus forecasts are for revenue of about £409m.

Net debt was cut to £388m at the end of October, £13m lower than at the end of the first half.

That allowed Johnston to pull forward the £30m reduction of its facilities scheduled in 2011 to September 30, saving the company about £1m in interest costs in 2011.

Shares in Johnston Press fell 6.3 per cent, or ¾p, to 11¼p.

• FT Comment

Regional newspaper circulation has been falling for more than a decade. The recession tightened the squeeze on revenues, as local businesses – from estate agents to hairdressers – curtailed their advertising spend. It looks like a cyclical recovery in advertising has been choked by public spending cuts and weak recruitment demand. With undiluted exposure to the local media sector, Johnston Press is the most vulnerable of the listed regional publishers. Trinity Mirror's regionals are cushioned by its national newspapers, where ad revenues have already returned to growth, while Daily Mail & General Trust has a robust business-to-business arm that generates two-thirds of operating profit. Johnston shares trade at just less than three times 2010 earnings, compared with Trinity's four times and DMGT's 11. The discount, though tough, is fair.

Pru stays bullish on Asia while sounding note of caution

LIFE ASSURANCE

Growth likely to slow at year end

By Paul J Davies and Adam Jones

Prudential remains bullish on Asian growth in spite of the more cautious stance taken by banks such as HSBC, but the UK-based life assurer said a strong end to last year and Indian regulatory changes would mean an apparent slowdown.

Total third-quarter sales remained strong at £809m – 17 per cent ahead of the same period last year – driven by growth in Asia and the US. Net inflows into its asset management businesses in the UK and Asia, however, dropped 39 per cent to £1.8bn.

Tidjane Thiam, chief executive, said Asia remained the most attractive long-term growth opportunity for life assurers and that its value would be better reflected in the Pru's share price once its profitability became more visible.

The recent listing in Hong Kong of AIA, which the Pru tried to buy this year, has highlighted the value that local investors put on such businesses. The pan-Asian company was valued at $30bn (£18.6bn) when it floated and has risen to almost $37bn. This compares with the $35.5bn bid, which was deemed too aggressive by a large portion of shareholders.

"We always said it [the AIA deal] was the right thing to do, it didn't happen, so we stay focused on our growth in Asia," Mr Thiam said.

The drop in net inflows to the Pru's asset management businesses disguised a strong performance among the retail and institutional funds in Asia, Mr Thiam said. Net inflows there were 27 per cent higher in the third quarter at £407m, which means that over the first nine months, net inflows were more than 12 times higher at £1.7bn compared with £127m in the same period of 2009.

In Asia, sales growth rates would drop off at the end of the year because of a strong performance at the end of 2009, but also because Indian regulators were forcing the industry to redesign its products.

Some companies, for example UK rival Aviva, have grown more wary about India.

The shares fell 7½p to 623p.

RESULTS

Name		Turnover	Pre-Tax	EPS (p)	Div (p)	Pay day	Total
Aveva	Int	78.5 69.9	23.1 23.3	23.17 22.99	3.36 3	Feb 4	– 16.9
Charles Stanley	Int	59.7 55.9	7.29 5.49	11.53 8.6	2.5 2.2	Dec 31	– 9.45
Fenner	Fin	552.5 499.4	37.2 5.6	14.6 2.6	4.8 4.4	Mar 7	7.2 6.6
Great Portland	Int	23.5 23.9	116.8 29.8L	37.3 12.2L	3.1 3	Jan 5	– 8
IS Pharma	Int	6.53 5.93	1.41 0.521	3.5 1.2	– –	–	– –
Sainsbury (J)	Int	11,020 10,433	466 342	18.7 14	4.3 4	Jan 7	– 14.2
Scottish & Southern	Int	10,652 8,042	644.8 514.4	53.7 41	22.4 21	Mar 25	– 70
Snacktime	Int	4.48 3.77	0.201 0.809	1.21 13.75	– –	–	– –
Strategic Thought	Int	3.02 3.58	0.311L 0.769L	1.1L 2.9L	– –	–	– nil
TVC €	Int	– –	11.3L 21.1	9L 18	– –	–	– –
Wynnstay Properties	Int	– –	0.479 0.551	13.6 13.2	2.9 2.9	Dec 17	– 10.5

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period.
For more information on dividend payments visit www.ft.com/marketsdata

Price rises lift Detroit carmakers' bottom line

CARS

US buyers prepared to spend on vehicles

Production closely matched to demand

By Bernard Simon in Toronto

Americans are willing to pay more for a new car in spite of worries about their job security and precarious household finances, a shift that is helping to boost the bottom line of Detroit's carmakers.

General Motors said on Wednesday that higher vehicle prices contributed $600m to its North American operating profit in the third quarter. Net earnings rose to $2bn, its highest quarterly profit since 1999.

JD Power, a consultancy, estimates that the average transaction price for a new car in the US rose to $28,360 in October from $27,130 in July.

Edmunds.com, an online pricing service, said that only six of 42 brands had lower transaction prices last month than a year earlier. The laggards include BMW's Mini, down 5 per cent, as well as Mazda, Cadillac, Mercury, Subaru and Honda, which has been handicapped by an ageing line-up.

The general uptick in prices partly reflects a drive by the three Detroit carmakers to match production more closely to demand, allowing them to rein in discounts and other incentives. A slew of well-received new models has also helped them push up prices.

The sticker price for Chrysler's new Jeep Grand Cherokee, which went on sale in the summer, is about $500 lower than the old model. However, Edmunds.com estimates that incentives on the Cherokee tumbled to $1,339 last month from almost $6,500 a year ago.

CNW, an Oregon-based research group, estimates that transaction prices climbed to an average of 84.2 per cent of manufacturers' suggested retail price, from 80 per cent in May and a low of 75 per cent in the summer of 2009. October's advance was the fourth in a row.

George Pipas, Ford Motor's sales analyst said the company's small Fiesta, available in North America since the summer, typically sells for $3,000 to $4,000 above its $13,995 base sticker price as many buyers opt for high-margin extras.

GM ascribed its improved pricing to lower incentives, stronger sales of big pick-up trucks and fewer low-margin sales to car-rental operators and other fleets.

But Detroit's biggest carmaker, which is set for an initial public offering later this month, warned that it could fall back into a loss in the fourth quarter. It said operating earnings would be "significantly lower" due to higher production of less profitable vehicles, new model launch costs and higher engineering expenses.

Firefighters at Laredo, Texas, check the aircraft on Tuesday after it was forced to make an emergency landing AP

Dreamliner test flights halted

AEROSPACE

By Jeremy Lemer in New York

Boeing has suspended all test flights of its troubled 787 Dreamliner after one of the aircraft involved in the programme was forced to make an emergency landing on Tuesday after smoke started filling the main cabin.

Boeing said that until it had established what went wrong it was not going "to schedule any new flights" and would focus on ground testing.

Boeing has six aircraft in the testing programme as it aims to get the 787 certified by the US Federal Aviation Administration for commercial service ahead of the scheduled first delivery to Japan's All Nippon Airways in the middle of the first quarter of 2011.

The "incident is serious even under a best-case scenario," said Douglas Harned, an analyst at Bernstein Research, because each test aircraft is designed to perform specific tests. Any delays to the testing programme could further delay the in-service date, he added.

Under the worst case, he noted, "there could be a fundamental issue with the electrical system, which could require the redesign of a specific system". That could significantly delay certification and lead to expensive reworking of the design.

The latest incident is one in a series of setbacks for the Dreamliner, which has been beset by technical problems and is running more than two years late. Boeing has secured 847 orders for the 787, making it the most successful new commercial aircraft launch in history.

A fire broke out as the test aircraft, which is painted in ANA livery, was descending into the airport at Laredo, Texas, during a routine flight. The aircraft landed safely and the 42-man crew used emergency slides to evacuate.

A spokesman for the FAA said it was involved in the investigation into the fire. "Part of the reason for the test programme is, if there is a failure, to find out what happened and respond to it before the aircraft goes into commercial production."

> 'Part of the reason for testing is, if there is a failure, to find out what happened'

The National Transportation Safety Board, which is responsible for investigating air crashes and other serious accidents, said that it was also monitoring the situation.

Local news reported that flames were seen in certain electrical systems bays but people familiar with the matter said Boeing was still trying to establish whether the fire was caused by onboard electrical systems or by the temporary flight test equipment.

The company said the incident did not involve the engines, which are supplied by Rolls-Royce. The UK engineering group is under intense scrutiny after one of its engines on a Qantas Airbus A380 passenger aircraft suffered a near-catastrophic failure in-flight last week.

Boeing's shares, which have rallied about 25 per cent over the year to date, fell about 3 per cent to $67.01 in midday trading in New York.

Eon seeks to raise €15bn in asset sales

ELECTRICITY

Group looks beyond Europe to expand

By Sylvia Pfeifer in London

Eon, Germany's biggest utility, plans to raise €15bn ($21bn) by the end of 2013 from asset sales as it seeks to expand in growth regions outside Europe and reduce debt, chief executive Johannes Teyssen said.

The company said it expected its businesses outside Europe to deliver one-quarter of its total earnings by 2015. In his first comprehensive strategy presentation since taking the helm in May, Mr Teyssen said the planned asset sales would complement divestitures of about €13bn – including Eon's regulated US business – concluded during the past three years.

At least 50 per cent of the proceeds will be used to pay down debt.

At the end of the third quarter, Eon's economic debt – which includes provisions on the decommissioning of old power plants – stood at €44.9bn.

Eon said it planned to invest in selected markets outside its core European market, such as Latin America and Asia. It also said that energy demand was expected to grow steadily in emerging markets.

"Our objective is to sharpen Eon's profile as an international energy specialist and to increase our earnings strength by placing it on a broader, more international foundation," Mr Teyssen said in a letter to shareholders published on Wednesday.

The company declined to identify which assets it would put on the block, but is believed to be selling its power transmission grid in the UK. Mr Teyssen said the situation in some of the company's markets "remains difficult".

The economic crisis had adversely affected the market environment in Italy, Spain and France, he said.

"We expect our earnings streams from these markets to deteriorate over the medium to long-term."

The company's shift in strategy came as Eon reported adjusted net income in the nine months to the end of September up 2 per cent to €4.4bn.

However, it recorded a 40 per cent fall in net profit for the period to €3.78bn. The deterioration was principally due to exceptionally high non-recurring book gains on the disposal of power capacity, and impairment charges on goodwill and other assets, the company said.

> €44.9bn
> **Eon's economic debt at end of third quarter**

Earnings per share for the period were €1.85, down from €3.20, while sales were up 11 per cent to €63.9bn.

Dividends for 2011 and 2012 will be lower, Eon said, but it sought to reassure investors by introducing a minimum dividend of €1.30 share for 2011 and 2012.

Its shares rose 3.83 per cent to €22.79 in Frankfurt.

See Lex

MORE AT FT.COM

Australia's Queensland has sold the Port of Brisbane for $2.1bn to a four-member team including Global Infrastructure Partners.

www.ft.com/transport

The brightness of Silicon Valley's solar way has dulled

INSIDE BUSINESS

Richard Waters
on Technology

In last week's midterm elections, Californians resoundingly rejected a proposal to overturn an ambitious state law aimed at combating global warming.

Cracking down on carbon emissions is meant to do more than simply make Californians feel morally superior: according to governor Arnold Schwarzenegger and the technocrats of Silicon Valley, it is also a step towards giving the state – and the US – a leading role in "green technology".

So what happened the very next morning counts as a significant let-down. Solyndra – a Californian solar company that had been singled out for a $535m loan guarantee, marking it as a potential national champion – announced that it was closing one of its two plants and delaying the expansion of the second.

The coincidence strikes a discordant note. The solar business was meant to demonstrate how the Silicon Valley way of doing business could create a new, world-beating industry. Instead, it is in danger of becoming a rerun of one of the US tech industry's least pleasant interludes: the memory chip war of a quarter of a century ago.

What has gone wrong? Partly, the problem stems from a failure to appreciate the adaptability of a competitor. Using older technology based on making solar panels using silicon cells, Chinese manufacturers were meant to lag behind their more advanced US competitors.

As with the rise of the Japanese memory chip makers in the mid-1980s, though, the Chinese have proved adept at mastering new techniques and producing on a large scale, with the result that they have driven costs down fast and grabbed a large share of the market.

The Chinese may also have learnt another lesson from the Japanese: it does no harm to provoke a trade dispute if, by the time it's resolved, your local industry has already emerged the winner.

Japanese memory chip makers were accused of using predatory pricing to drive out their American competitors. By the time the US got around to imposing punitive tariffs it was too late: most of the big players, including Intel and National Semiconductor, had quit the business.

Last month, the White House took up a trade case against China over unfair subsidies to solar and other clean energy companies. But the nascent US solar industry may not withstand a long fight.

The second problem is that the Silicon Valley model for how to build a new industry has been found wanting.

Three or four years ago, venture capitalists were throwing money at promising new solar start-ups. Most were trying to apply a new technology based on printing thin layers of exotic new materials on to cheap substrates: even though the resulting panels are less efficient than silicon at converting sunlight to power, they would be far cheaper to produce and install.

There has always been a fine line in Silicon Valley between letting a thousand flowers bloom, and creating wasteful "me-too" companies. The thin-film solar rush looks like a clear case of the latter.

The challenges were compounded by the many experimental techniques brought into play by the VC stampede. Many turned out to be "20-year science projects", says Paul Holland, one of the Valley's green technology financiers.

As a result, many thin-film solar companies are finding it hard to "scale up", or reach the mass production levels needed to achieve the scale economies they had planned. But pressure from the Chinese competition is forcing some US producers to press ahead regardless.

Solyndra, for example, has been forced to roll the dice, says Jason Eckridge, a solar analyst at Lux Research. Rather than first perfecting its manufacturing processes at smaller scale, it is trying to move ahead in its more advanced, second plant, he says. With private capital of nearly $1bn, money may not be an immediate concern – but Solyndra, and many others in the business, have yet to prove they have a model that works.

One possible answer, suggests Sandy Cane, an old chip industry hand, would be for the US thin-film solar start-ups to band together and pool their expertise and resources – much as the chip industry did through the government-backed Sematech, an industry venture he was once involved with. Given their different manufacturing techniques and the early, entrepreneurial stage of many of these ventures, however, this would not be easy.

That leaves little choice but to keep pushing ahead. The US does have one national champion: First Solar, which has become the world leader in thin-film solar thanks to its early mastery of a material known as cadmium telluride. Yet even it is starting to feel the strain, to judge from a recent sharp fall in its gross profit margin. Also – unfortunately for California's voters – it's based in Arizona.

Richard Waters is the FT's West Coast Managing Editor.

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Tencent starts damage control

MEDIA

Beijing calls for end to software dispute

Impact on revenue will be marginal

By Kathrin Hille in Beijing and Tracy Tu in Hong Kong

Tencent has launched a damage control campaign, as the Chinese government called the company and a rival software maker to order over a bitter feud fought at the expense of internet users.

Tencent, which runs QQ, the world's largest instant messaging tool by number of users, last week tried to force its users to choose between using QQ and Qihoo 360, China's leading antivirus software.

Those QQ users who have 360 installed on their machines were no longer able to log on for certain QQ services.

Martin Lau, Tencent president, defended the step on Wednesday as an emergency measure to protect QQ users from what Tencent alleges was a malware attack by 360. The spat between the two was triggered in September by allegations from 360 that QQ was scanning users' computers for personal data, following the launch of an upgraded security product by Tencent.

Li Yizhong, Minister of Industry and Information Technology, called both companies "immoral" and "irresponsible." In an interview published in state media on Wednesday, he said top leaders wanted the dispute resolved quickly.

"We intend to repair our corporate image," Mr Lau said. "We will incur some additional expenses for user communication."

Some 20m of Tencent's 637m QQ users were affected by last week's move, the company said.

As only about 10.6 per cent of QQ users overall have paid subscriptions, analysts believe the immediate impact on revenues will be marginal.

Tencent said only 5m users continued to be affected by the dispute as of Wednesday, suggesting that the majority had picked QQ over 360.

Tencent said net profit in the third quarter rose 52 per cent compared with the same period last year to Rmb2.2bn, mainly on growing revenues from its online gaming business. The business environment in the fourth quarter would be weaker due to seasonal factors, the company said.

However, Mr Lau said Tencent was still evaluating the longer-term impact of the fight with Qihoo 360 on its business.

The company has sued Qihoo 360 for alleged unfair competition, and a consumer advocate has filed an anti-monopoly complaint against Tencent.

Internet users and industry executives have called for the government to regulate the industry better, to minimise unruly competition behaviour.

Legal Notices

THE HIGH COURT
COMMERCIAL
Record No. 2010/601 COS
IN THE MATTER OF THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND
AND IN THE MATTER OF THE COMPANIES ACTS, 1963 TO 2009
AND IN THE MATTER OF A PROPOSED REDUCTION OF CAPITAL PURSUANT TO SECTION 72 OF THE COMPANIES ACT 1963

NOTICE IS HEREBY GIVEN that a Petition presented to the High Court of Ireland on the 8th day of November 2010, and entered into the Commercial List, seeking the Court's confirmation of a reduction of the capital stock of The Governor and Company of the Bank of Ireland (the "Corporation") by the cancellation of €800,000,000 standing to the credit of the Corporation's stock premium account, is directed to be heard before the High Court sitting at the Four Courts, Inns Quay, Dublin 7, Ireland at 11.00am on the 26th November 2010.

Any creditor, contributor or interested party who wishes to support or oppose the making of any Order may appear at the time of hearing by himself or his Solicitor or Counsel for that purpose, provided notice is given to the undersigned by 5.30pm on the 24th November 2010.

Dated: 11th November 2010
Signed: **ARTHUR COX**
Solicitors for the Corporation
Earlsfort Terrace
Dublin 2
Ireland **(Ref: BOG/SR/JOC)**

Far-reaching: Disney was able to extend films such as 'Pirates of the Caribbean: Dead Man's Chest' into its other businesses Allstar/Disney

Silver-screen man with a golden touch

Interview

Rich Ross
Walt Disney Studios chairman

Building brand equity is central to the studio division's aims, writes **Ben Fenton**

Full-year earnings due to be released by Walt Disney today are likely to show Rich Ross as a man with a golden touch.

Three-quarters of the way through his first year in charge of Walt Disney Studios, the global group's most visible division, revenues were up 30 per cent to $1.6bn and operating profit had rocketed from $188m to $589m.

Now, the studio chairman's full might will be thrown into supporting *Toy Story 3* at next February's Oscars – but not in the animated picture section.

"People have asked what our aspirations are for *Toy Story*. We're of course going for best picture," he said in his first major interview since taking the job 13 months ago.

Refusing to recognise boundaries for the film, ostensibly a weepy children's animation, is part of his aspiration to break the image of Disney's film output as simply US kids' movies heavily marketed round the world.

"We think we have the best picture of the year, and if you look at the box office, we have the biggest movie of the year," said Mr Ross. "So consumers voted with their pocketbooks, and it was the best, most critically acclaimed movie of the year."

Only two animated films have ever been nominated for best picture at the Academy Awards: *Beauty and the Beast* in 1991 and *Up* in 2009. Neither won.

Having taken over from the veteran Dick Cook in October 2009, Mr Ross has set about changing the direction of the studios. However, he did inherit a slate of films which, uniquely in Hollywood history, contained two that each took more than $1bn: *Toy Story* and *Alice in Wonderland*.

"I think we end the first year in a strong position and with a very modern focus of how the business is structured today," he told the Financial Times during a visit to London, during which he took in five Disney projects being shot in the UK.

"Our goal is for each of the movies to be profitable. My skill set and my interests mean I put together creativity with a sound financial model," he said. "You can use movies to build brand equity for the Walt Disney Company, but that doesn't mean that the movies can be unprofitable."

Mr Ross's inherited slate is certainly helping his cause. Quarterly revenues for the three months

> 'My . . . interests mean I put together creativity with a sound financial model'

ending on July 31 2010 were up 30 per cent at $1.64bn and an operating loss of $12m in the same period of 2009 turned into a $123m profit.

Building brand equity, that is, making films that not only further the reach of the Disney name but also allow merchandising and other forms of exploitation, is the reason Mr Ross, 49, is sitting where he is.

Some 18 months ago, revenues and earnings at the studios were tumbling and Robert Iger, Disney's chief executive, lost patience with films coming from the studios that could not be turned into lunch boxes or toys or theme-park rides.

"The choice of the movies we make and the opportunity to not only build brand equity for the company itself, but also extend the properties into the [other] businesses we have, which we're able to do on an *Alice* or a *Toy Story* or on a *Pirates [of the Caribbean]* . . . that is the part where Disney really becomes unique," he said.

When Mr Ross was head of Disney's international television channels business, he made his name turning *Hannah Montana* and *High School Musical* into huge global brands.

"The way I look at the world is that the US, while the most dominant market, is one market," he said.

"I think of ourselves as global more than domestic or international. And certainly as we see our box office numbers grow globally and change, we have to make sure that we understand the consumers' mores, interests and tastes around the world.

"It needs to be a combination of understanding initially which movies you make and what will have global appeal."

But it is far more than just tailoring essentially US films for different markets. Disney under Mr Ross is making films in almost a dozen countries with local actors and in local languages. "We've done over this past year movies in China, India, Russia, and now we're expanding our operation to include Japan and Europe. I would say [there will be] a greater focus in Germany and Spain. It matters, and it's going to only matter more."

Rich Ross: has high aspirations for *Toy Story 3*

Cisco shares down over concerns on direction

TECHNOLOGY HARDWARE

Worries about hits to core business

By Joseph Menn in San Francisco

Cisco Systems' share price dropped 14 per cent in spite of the technology company's reporting better-than-expected first-quarter earnings as investors showed concern over the group's direction.

Its lacklustre quarterly results, alongside lower revenue projections, left investors concerned that the company was taking hits to its core business while continuing to chase after uncertain new technologies.

Cisco, the world's largest producer of computer-networking equipment, predicted 3-5 per cent revenue growth for the second quarter, falling well short of Wall Street's expectations for 13 per cent.

Company executives said that they missed their sales targets in the first quarter after a surprising drop-off in spending by public sector customers, especially European governments.

They also said they had been caught unaware by a fall in sales of set-top television boxes to US cable companies as Motorola gained share and big customers moved to internet-based devices. North American set-top box orders fell more than 40 per cent from a year before and executives said the trend would continue.

"We've got a couple of air pockets that we hit", said chief executive John Chambers. "The big picture hasn't changed."

But analysts pointed to revenue declines in areas such as security, where sales fell 2 per cent, as its competitors are booming.

"This is a pretty significant reset when the rest of the industry isn't seeing it," said UBS analyst Nikos Theodosopoulos, suggesting that Cisco might need to change its processes "given the breadth of what the company is doing".

Even in areas where Cisco is gaining, such as wireless, competitors are gaining faster, analysts complained. While Cisco emphasises video and collaboration tools, the core networking business is facing established rivals as well as new entrant Hewlett-Packard.

Executives defended the overall strategy on the call and in later interviews, saying that they continued to gain share in major pieces of the market for networking gear, where Cisco has traditionally dominated.

"We have the broadest portfolio", Cisco chief financial officer Frank Calderoni told the Financial Times. "Being a broad player in the market, there are going to be some segments where smaller competitors may be making some advances against us".

Mr Chambers said that he saw no reason to slow Cisco's aggressive acquisition strategy or change its pursuit of new areas.

Switch and router sales were up 25 and 13 per cent in the quarter, respectively. Cisco turned in net income of $1.9bn, or 34 cents a share, on revenue of $10.8bn. Non-GAAP earnings of 42 cents a share beat the Wall Street average of 40 cents.

US turns up heat on Google as probe launched

MEDIA

By Stephanie Kirchgaessner in Washington and Richard Waters in San Francisco

Google is facing a far more hostile environment in Washington than it has seen in years, including a new investigation by the Federal Communications Commission and tough criticism by a senior Republican lawmaker who has vowed to increase oversight of the group.

Michele Ellison, the enforcement bureau chief of the FCC, said the commission was probing whether the search group had violated the law following Google's admission last month that it had collected passwords, e-mails and other private information from unsuspecting individuals. The information was gathered as Google's Street View cars collected images of residential neighbourhoods for the company's online mapping service.

The FCC's announcement comes in the wake of a controversial decision by the Federal Trade Commission, the chief consumer protection watchdog, to abandon an investigation into the company. The FTC's move was criticised by privacy advocates, who claimed the decision was premature.

10%

Planned pay rise for Google employees at start of 2011

But the FCC's probe could represent just the tip of the iceberg for Google. One influential Republican lawmaker in the House of Representatives, who will have new power following last week's congressional elections, has signalled that Republicans will take a closer look at the Street View incident.

Joe Barton, a Republican who is vying to become chairman of the powerful House energy and commerce committee, said in a recent C-Span interview that it was virtually guaranteed that executives from Google would be asked to testify on Capitol Hill.

"There appears to have been a conscious effort to collect information," Mr Barton said of Google. "It wasn't just kind of accidentally gathered."

Google said it was "profoundly sorry" for the data collection and that it did not want to, and never had, used the data.

"We want to delete the data as soon as possible," the company said.

Meanwhile, Google will award its staff a 10 per cent pay increase at the start of next year and a holiday bonus, according to website Silicon Alley Insider.

Eric Schmidt, the chief executive, informed his 23,000 employees of the rise by e-mail, the Wall Street Journal later reported.

The internet industry is waging a "war for talent", Google chief financial officer Patrick Pichette said on a call with analysts last month.

Additional reporting by Reuters

UniCredit to unveil strategic shake-up

BANKS

New chief is open to 'asset swaps'

Review likely by the end of the year

By Rachel Sanderson in Milan

Federico Ghizzoni, chief executive of UniCredit, said that he is open to "asset swaps" in central and eastern Europe as part of a strategic shake-up that will see less capital available for the Italian lender's corporate and investment banking business.

Mr Ghizzoni's comments came during his first presentation as chief executive. He replaced Alessandro Profumo last month after the former CEO quit the post he had held for 15 years following an overwhelming vote of no confidence from the board. A UniCredit veteran who used to run the central and eastern European operations, Mr Ghizzoni is undertaking a strategic review to try to improve profitability. UniCredit is one of Europe's largest banks with €1,000bn ($1,377bn) in assets under management but it has seen its share price fall 70 per cent in the past two years.

15%

Fall in UniCredit's net income in third quarter

Speaking at a presentation of weaker than expected third-quarter results, Mr Ghizzoni said the review would be presented to the board at the end of the year and although he was not "excluding divestment from some countries" in central and eastern Europe, the region would remain a top priority for UniCredit "because this is the market for the future". He also denied rumours that one of the assets for sale could be HVB, the German bank it merged with in 2005.

"We want to stay in Germany. It would be illogical to withdraw from the largest and fastest-growing economy in Europe," he said.

UniCredit has indicated that it may withdraw from countries in central and eastern Europe where it is underperforming or under-represented in favour of focusing on countries where it has a stronger growth opportunity, such as Russia, Turkey and the Czech Republic.

Mr Ghizzoni said the strategic shift would also result in a change to capital allocation. "We will have a different mix of capital allocated between business and geographies: capital allocated to eastern Europe will go up, and capital allocated to corporate and investment banking will decrease. Retail will remain stable," he said.

Still, Mr Ghizzoni insisted that a decrease in funding available to corporate and investment banking business did not mean that there would be any less strategic focus, and he expected the business to contribute more revenues to UniCredit in the future.

In the third quarter to the end of September, UniCredit net income fell 15 per cent to €334m against a year earlier as lower trading income outweighed a drop in provisions for bad loans.

Net income fell from €394m to €334m a year earlier, missing analyst forecasts. Aldo Comi, an analyst at Keefe, Bruyette & Woods, called the results "uninspiring".

He said that revenues were "weaker in size and quality and a further drop in net interest margin does not read positively".

UniCredit shares fell 4.2 per cent to €1.74.

Funds can profit from share-price falls in the weeks leading up to an issue Bloomberg

Japanese highlight capital raising flaws

GENERAL FINANCIAL

News analysis

Investors fear that the system works against them, write Lindsay Whipp and Michiyo Nakamoto

Insider trading scandals have dogged Japan's equity markets in recent weeks but investors have broader concerns over what they consider to be the flawed process for raising capital.

They fear that the process allows short-term investors to profit at the expense of long-term shareholders and the companies themselves.

When a company announces a plan to issue shares in Japan, there is a two-week bookbuilding period to ensure that investors have an opportunity to apply for an allocation.

However, during this period, the company's shares will fall because of worries over dilution, and funds take advantage of this by shorting the shares or selling them and buying them back more cheaply.

In the US, the marketing period is 48 hours at most, giving investors less time to short shares.

In Japan, unlike the US, there is no rule prohibiting funds that have shorted a stock in a specified period before the issue date from receiving an allocation. This means that funds can bid aggressively for an allocation to ensure that they cover their shorts at a considerable discount.

Investors have also voiced frustration that companies do not need approval from shareholders to issue new shares to the market.

Some investors would like rules requiring companies to seek shareholder approval if they want to issue more than a certain percentage of outstanding shares, such as 20 per cent, in new equity.

As one big overseas investor puts it: "The larger issue is how out of step the capital raising process is in Japan relative to the rest of the world, and how these 'worst practices' result in capital destruction for investors, savers, the government, banks and Japanese pension funds – a huge cost to society – as well as a higher cost of capital to issuing corporates."

This has become an increasingly important issue because of the surge of equity issuance starting last year in a poorly performing market. The $42.3bn of new share issuance this year is closing in on 2009's full-year record of $59.3bn, according to Dealogic data.

Jamie Allen, secretary-general of the Asia Corporate Governance Association, says: "Our members are coming to us, particularly in the past two months, expressing concern [about] both the [potential] insider trading and the capital raising rules, and are concerned about dilution and lack of transparency.

"We do intend to talk to the FSA about this in the near future."

Japan's Financial Services Agency is considering whether it should reform the process of new equity issuance to address some of these concerns.

"We have started reconsidering the two-week period of marketing," says Takaaki Kobayashi, director of the FSA's Office on Financial Instruments and Exchange Law.

"We would like to work closely with the Securities and Exchange Surveillance Commission on the issue of short selling during the marketing period and, if necessary, we will implement such a regulation," adds Mr Kobayashi.

Some bankers and investors also advocate going further and using rights issues to protect long-term shareholders by giving them first refusal of new shares, similar to the process in the UK.

This would curtail the ease with which the stock can be sold short.

"Rights issues would be a good antidote [for the current issuance process]," says Doug Howland, head of capital markets at JPMorgan in Tokyo. "The perception is that the long-term holders and retail are going to come in for their rights, and as a hedge fund you're going to be reluctant to short the deal as you may not be able to cover them [through the allocation].

"At the moment shorting is more or less a one-way bet. Rights offerings would make it a two-way bet, creating more uncertainty, and clearly the share price wouldn't get attacked as much," he says.

Republicans take aim at ban on proprietary trading

GENERAL FINANCIAL

News analysis

Volcker rule has proved a fighting point on regulatory reform, writes Tom Braithwaite

The US ban on proprietary trading known as the Volcker rule has emerged as the main partisan fight over regulatory reform, with huge implications for the biggest US institutions.

After winning control of the House of Representatives in last week's midterm elections, Republicans are ramping up efforts to weaken the prohibition, which is named after Paul Volcker, the former Federal Reserve chairman.

Spencer Bachus, the favourite to replace Barney Frank as chairman of the House financial services committee, wrote to the Financial Stability Oversight Council to question the "doubtful" benefits and warn regulators not to spark an "exodus" of talent from US banks. Mr Volcker and a group of Democratic senators led by Carl Levin of Michigan wrote to the FSOC to urge strong application of the new rules.

Although the Dodd-Frank financial reforms passed by Congress last July enshrine the ban in law, there is considerable latitude for regulators to decide what activity is allowed.

Short-term proprietary trading is prohibited; banks are also limited to owning 3 per cent of a hedge fund or private equity fund, an investment that must not exceed 3 per cent of the banks' tier one capital.

But banks and their lawyers have been poring over the rules for loopholes. One is to disguise trading as customer-related activity, which is allowed under the law. Market making, buying and selling securities on behalf of a client, is explicitly permitted. The line with proprietary trading may not be clear cut.

Banks have also looked to principal investment as another potential grey area. Bank of America's 14 per cent stake in Hertz, the car hire company, was not made through a private equity fund and is not a short-term investment. Would it be permitted under the rules?

Institutions believe that they may be able to continue making such investments, even though they have short-term trading risks. Lobbying on the subject has roused Mr Levin.

"The American people are furious about bank bailouts, and they certainly are not calling on Washington to ease up on efforts to prevent a repeat of the financial crisis," he said.

"Just the opposite; they want tough rules that keep banks from once again risking taxpayer money."

See Lex

ING plans two insurance IPOs

GENERAL FINANCIAL

By Stanley Pignal in Brussels

ING is preparing separate initial public offerings for its US and European insurance activities, it said on Wednesday, as it reported profits below expectations because of a series of exceptional items.

Jan Hommen, the Dutch financial services group's chief executive, outlined a new "base case" of two IPOs, one focused on Europe and developing markets, the other on the US.

ING is splitting its banking and insurance operations on the orders of the European Commission.

The Commission demanded a restructuring of the group after it received €10bn ($13.7bn) of state aid from the Dutch authorities during the financial crisis, as well as help with souring US mortgage assets.

The operational separation will prompt a series of accounting changes, which will cause two large writedowns on variable annuities in the US – part of the insurance business that will be auctioned separately from the European assets.

A deferred-acquisition cost writedown on US variable annuities will result in a €1bn charge before tax in the fourth quarter, while moves to fair-value accounting in the US will lead to an adjustment to book value of €1bn to €1.3bn as of January 1.

Mr Hommen said: "These changes will substantially improve the reserve adequacy of the VA book, allow the company to better hedge interest rate risk, and will reduce earnings volatility."

Unexpected writedowns in the US and Japan insurance businesses dented ING's third-quarter net profits, which fell from €499m to €371m last year.

The underlying banking business benefited from improved market conditions, and reported €1.5bn in underlying profits, up from €250m last year.

ING is splitting its banking and insurance operations on the orders of Brussels

ING Direct, its consumer savings arm, saw profits of €412m compared with a €358m loss a year ago.

By contrast, the insurance business reported a net loss for the quarter of €656m, dragged down by €597m in special items.

The bulk of that related to a goodwill writedown of the US insurance business, a reflection of decreasing fair value of its US assets.

ING had previously said it was looking to float its insurance activities as a single entity, but that it was also open to an outright sale of the business.

The dual-IPO strategy would allow it to boost the division's valuation, Mr Hommen said.

He cited different approaches to valuation in the US and Europe as well as different regulatory requirements.

He outlined the business case for investors: "One Europe-led IPO with solid cash flow combined with strong growth positions in developing markets, and one separate US-focused IPO with a leading franchise in retirement services."

ING shares closed 2.4 per cent up at €8.16 in Amsterdam.

First Eastern fund targets UK

INVESTMENT COMPANIES

Boost for SMEs interested in China

By Jamil Anderlini in Beijing

First Eastern Investment Group, a Hong Kong-based private equity firm, has launched a $500m fund to invest in small and medium-sized enterprises (SMEs) in the UK and help them break into the Chinese market.

The fund was launched on Wednesday in Beijing during the official visit of David Cameron, the British prime minister.

"The new fund will provide welcome investment in our SMEs, help the UK to create more jobs, boost our exports and add to the investment flows between our two economies," Mr Cameron told delegates at a conference in Beijing.

The new fund, to be named the UK China Fund, plans to focus on buying minority stakes in British companies that lack the resources and network to expand into China.

Victor Chu, First Eastern's founder and chairman, told the Financial Times that the fund was particularly interested in companies that sell services that appeal to the growing Chinese middle class, such as e-commerce, logistics and "eco-lifestyle" enterprises.

Education businesses, especially vocational training and financial education companies, will be a focus of the new fund. It is also interested in companies based in regional cities such as Manchester and Liverpool and areas such as Somerset, in the south-west of England.

"SMEs are the backbone of Britain's industrial heartland but however good their product or services, economic growth in the UK and Europe is going to be stagnant in the next few years," said Mr Chu.

"We are on the ground here, we have an extensive network and experience and we can hold their hands so they can run much faster than they would ever be able to on their own."

Mr Chu has already started testing his concept, investing around £50m in the past 18 months in mid-cap UK companies such as Evolution Securities China, mobile banking company Monitise and luxury goods company Lulu Guinness.


Victor Chu: self-confessed Anglophile and Liverpool fan

The fund will raise money from wealthy families and from corporations, with "friends from the EU and Middle East" showing particularly strong interest.

The fund is also open to mainland Chinese investors, including large state enterprises and institutional investors such as insurance companies.

First Eastern has committed $100m of its own money to the $500m fund so it can start investing immediately.

Mr Chu is a self-confessed Anglophile. An avid supporter of Liverpool football club, he was educated and practised law in the UK. He is a native of Hong Kong and a prominent member of its business fraternity, which effectively runs the former British colony.

In 2007 First Eastern was part of a consortium led by Sir Richard Branson that tried to buy Northern Rock, the British bank in serious trouble at the time.

News digest

Maersk eyes record profit

Denmark's AP Møller-Maersk has said it expects to report its most profitable year in its history in 2010, in a marked turnround after the oil and shipping group recorded its first annual loss last year.

Maersk made the bullish forecast on Wednesday as it issued figures for the first nine months of the year showing the operator of the world's largest container ship fleet had already exceeded its previous $4bn forecast for annual net profit.

Maersk, like other container carriers, has benefited from a rapid revival in the volumes of containers being moved around the world as demand for the manufactured goods they contain has picked up worldwide.

The group's oil and gas activities have also benefited from high oil prices as Nils Andersen, chief executive, pushed through a group-wide cost-cutting programme.

Maersk now expects to report a net profit of $5bn this year, ahead of its previous record of $4.69bn in 2004. The group reported a third-quarter net profit of $1.67bn on turnover of $14bn.

Net profits for the nine months reached $4.19bn on turnover of $41.4bn, against a loss of $706m on turnover of $35.3bn in the same period of 2009.

Robert Wright, London

Drop in income for Allianz

Allianz, the German insurer, announced a drop in third-quarter income but said that it was on track to reach expected earnings this year after a boost from its asset management arm. Michael Diekmann, chief executive, said on Wednesday that operating profits for 2010 would be "towards the upper end of our target range" of between €6.7bn ($9.2bn) and €7.7bn. It was also on track to exceed €100bn in revenues for the first time since 2005, he said.

Net income in the quarter fell almost 9 per cent after higher tax charges than last year but beat analysts' forecasts. Operating profits rose by 2.3 per cent to €2.1bn for the third quarter.

Revenues rose from €22bn a year ago to €24.5bn, helped by continued demand for life insurance and pension products, although life insurance operating profits dropped 30 per cent compared with last year's results, which were helped by a rebound in financial markets.

James Wilson, Frankfurt

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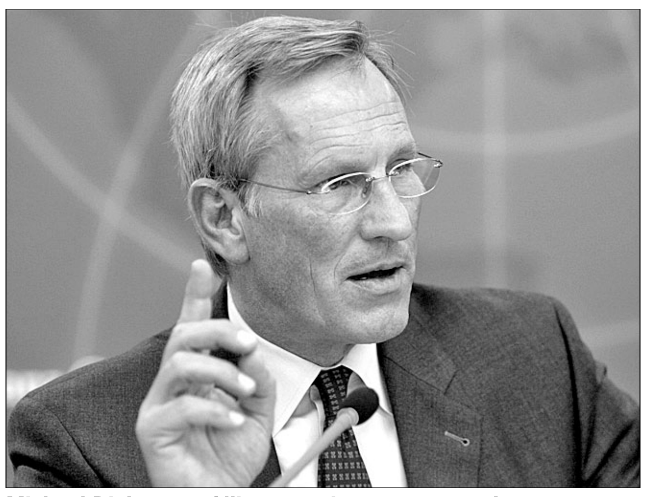
Michael Diekmann: Allianz earnings are on track Reuters

Chinese outlet to enter e-books

Dangdang, China's leading online bookseller, is to launch an e-book service at the end of the year.

The company said it planned to offer electronic books for PCs, mobile phones or e-readers, but would not start selling an e-reader itself in order not to compete with China's more than 15 existing reader vendors. The plan is seen as a test of whether companies can make money from selling content in China's fledgling e-book market. It comes as Dangdang has revived plans for a long-delayed initial public offering on Nasdaq.

Kathrin Hille, Beijing

Bovespa boosted by stock issue

Petrobras's record-breaking share issue helped third-quarter profits at BM&FBovespa, Brazil's multi-asset exchange. It announced profits of R$389.2m ($228.3m) in the third quarter, a 15 per cent year-on-year increase.

In a conference call, Edemir Pinto, chief executive, said that measures taken to curb capital inflows and the appreciation of the real had affected some operations on the exchange and raised uncertainty for investors. Eduardo Refinetti Guardia, chief financial officer, said: "The share price before the announcement [of capital controls last month] was close to 15 reals, and yesterday it closed at R$13.60."

Victor Brevins, London

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3A Multi Strategy USD		$2027.57		.....	2.38
3A Multi Strategy EUR		€1299.29		.....	1.97
3A Multi Strategy CHF		SFr1151.75		.....	1.63
3A Multi Arbitrage USD		$1377		.....	2.14
3A Multi Arbitrage EUR		€1213.18		.....	1.89
3A Multi Arbitrage CHF		SFr1183.05		.....	1.51
3A Long/Short USD		$1249.21		.....	3.06
3A Long/Short EUR		€990.63		.....	2.48
3A Long/Short CHF		SFr925.88		.....	2.20
3A Asia USD		$894.5		.....	–
3A Asia EUR		€881.79		.....	–
3A Asia CHF		SFr805.72		.....	–
3A Trading Fund USD		$949.71		.....	5.20
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Authorised Corporate Director – Capita Financial Managers

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Moderately Adventurous A Inc	4	154.14		–0.17	0.00
Moderately Adventurous A Acc	4	156.35		–0.16	0.00
Moderately Adventurous B Acc	4	158.94		–0.16	0.27
Moderately Adventurous C Inc	4	155.90		–0.16	0.46
Moderately Adventurous C Acc	4	161.62		–0.16	0.46
Moderately Adventurous D Inc	4	154.12		–0.16	0.00
Moderatley Adventurous D Acc	4	156.31		–0.16	0.00
Moderately Adventurous O Inc	4	153.58		–0.16	0.00
Moderately Adventurous O Acc	4	155.59		–0.16	0.00
Adventurous A Inc	4	144.98		–0.08	0.00
Adventurous A Acc	4	146.09		–0.09	0.00
Adventurous B Acc	4	148.63		–0.08	0.00
Adventurous C Inc	4	148.43		–0.08	0.19
Adventurous C Acc	4	151.08		–0.09	0.25
Adventurous D Inc	4	144.91		–0.08	0.00
Adventurous D Acc	4	146.00		–0.09	0.00
Adventurous O Inc	4	144.21		–0.08	0.00
Adventurous O Acc	4	145.22		–0.08	0.00
Balanced A Inc	4 C	139.37		–0.17	0.91
Balanced A Acc	4 C	148.54		–0.17	0.90
Balanced B Acc	4 C	151.01		–0.18	1.03
Balanced C Inc	4 C	141.93		–0.16	1.16
Balanced C Acc	4 C	153.61		–0.18	1.14
Balanced D Inc	4 C	139.95		–0.16	0.94
Balanced D Acc	4 C	148.58		–0.17	0.95
Balanced O Inc	4	139.38		–0.16	0.58
Balanced O Acc	4	147.85		–0.17	0.67
Moderately Cautious A Inc	4 C	125.76		–0.14	1.64
Moderately Cautious A Acc	4 C	141.08		–0.15	1.61
Moderately Cautious B Acc	4 C	143.42		–0.16	1.61
Moderately Cautious C Inc	4 C	130.31		–0.14	1.62
Moderately Cautious C Acc	4 C	145.68		–0.16	1.60
Moderately Cautious D Inc	4 C	126.76		–0.14	1.66
Moderately Cautious D Acc	4 C	140.83		–0.16	1.65
Moderately Cautious O Inc	4	125.94		–0.14	1.74
Moderately Cautious O Acc	4	140.28		–0.15	1.79
Income A Inc	4 C	99.87		–0.38	3.76
Income A Acc	4 C	126.15		–0.48	3.66
Income B Inc	4 C	102.74		–0.39	3.76
Income B Acc	4 C	127.79		–0.49	3.63
Income C Inc	4 C	103.03		–0.39	3.73
Income C Acc	4 C	130.35		–0.50	3.67
Income D Inc	4 C	100.23		–0.38	3.75
Income D Acc	4 C	125.59		–0.48	3.65
Income O Inc	4	100.05		–0.38	3.92
Income O Acc	4	125.18		–0.48	3.95
Sustainable Balance A Inc	4 C	94.27		–0.40	2.22
Sustainable Balance A Acc	4 C	101.61		–0.43	2.36
Sustainable Balance B Acc	4 C	101.94		–0.44	2.59
Sustainable Balance C Inc	4 C	95.12		–0.41	2.26
Sustainable Balance C Acc	4 C	103.73		–0.45	2.40
Sustainable Balance D Inc	4 C	93.39		–0.40	2.40
Sustainable Balance D Acc	4 C	101.15		–0.44	2.32
Sustainable Balance O Inc	4	93.76		–0.40	0.00
Sustainable Balance O Acc	4	100.96		–0.44	0.00
AAP Moderately Cautious A Acc	4	110.62		–0.38	1.93
AAP Moderately Cautious A Inc	4	105.12		–0.36	1.95
AAP Moderately Cautious C Acc	4	112.10		–0.38	1.92
AAP Moderately Cautious C Inc	4	107.10		–0.37	1.93
AAP Moderately Cautious D Acc	4	109.57		–0.38	1.92
AAP Moderately Cautious D Inc	4	104.31		–0.36	1.95
AAP Moderately Cautious O Inc ♦	4	104.08		–0.36	1.94
AAP Moderately Cautious O Acc ♦	4	109.34		–0.38	1.93
AAP Adventurous A Acc	4	104.23		–0.52	0.54
AAP Adventurous A Inc	4	103.17		–0.51	0.36
AAP Adventurous C Acc	4	105.58		–0.53	1.13
AAP Adventurous C Inc	4	103.31		–0.52	1.13
AAP Adventurous D Acc	4	103.24		–0.52	0.15
AAP Adventurous D Inc	4	102.40		–0.51	0.15
AAP Adventurous O Inc ♦	4	102.05		–0.51	0.19
AAP Adventurous O Acc ♦	4	103.06		–0.51	0.18
AAP Moderately Adventurous A Acc	4	108.12		–0.42	0.90
AAP Moderately Adventurous A Inc	4	106.45		–0.41	0.90
AAP Moderately Adventurous C Acc	4	109.53		–0.42	1.38
AAP Moderately Adventurous C Inc	4	107.46		–0.41	1.39
AAP Moderately Adventurous D Acc	4	107.09		–0.41	0.56
AAP Moderately Adventurous D Inc	4	106.08		–0.40	0.57
AAP Moderately Adventurous O Inc ♦	4	106.06		–0.40	0.29
AAP Moderately Adventurous O Acc ♦	4	106.81		–0.41	0.59
AAP Balanced A Acc	4	110.10		–0.40	1.45
AAP Balanced A Inc	4	106.68		–0.39	1.46
AAP Balanced C Acc	4	111.53		–0.41	1.70
AAP Balanced C Inc	4	107.69		–0.40	1.71
AAP Balanced D Acc	4	109.05		–0.40	1.28
AAP Balanced D Inc	4	106.10		–0.39	1.29
AAP Balanced O Inc ♦	4	105.62		–0.39	1.21
AAP Balanced O Acc ♦	4	108.80		–0.40	1.20

ACPI FM Limited (JER)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Global Credit Fund USD		$11.6221		(z)	–
Multi Strategy Fund USD		$192.47		.....	–
Equity Alpha Fund USD		$10.92		.....	–
Focused Equity Fund USD		$10.4		.....	–
Multi–Asset Fund USD		$75.68		.....	–
Masters Fund		$89.7804		.....	–
Hedge Equity Fund USD		$130.01		.....	–
International Bond Fund USD		$15.955		(z)	–

ACPI
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Emerg Mkts Fixed Income Fund USD		$104.51		.....	–
Financial Opportunities Fund USD		$106.47		.....	–
Global Credit Fund USD		$10.59		.....	–
Global Credit Fund EUR		€10.59		.....	–
Global Equity Fund USD		$98.92		.....	–
Global Fixed Income Fund USD		$127.85		.....	–
Global Fixed Income Fund EUR		€126.39		.....	–
India Fixed Income Fund USD		$10.5637		.....	–
Select Fund USD		$142.07		.....	–
Strategic Opportunities Fund USD		$113.00		.....	–

Abbey Life Assurance Co Ltd (UK)
80 Holdenhurst Road, Bournemouth BH8 8ZQ 0845 9600 900
Insurances

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Equity Ser. 1		255.7	269.2	–1.40	–
Prop. Ser. 1		321.1	338.0	–0.10	–
Equity Ser 2		537.5	565.9	–2.80	–
Prop. Acc. Ser 2		1094.8	1152.4	(z)	–
Selective Acc. Ser 2		1163.2	1197.5	–3.30	–
American Ser. 4		980.1	1031.7	+1.90	–
Asian Pacific Ser 4		354.0	372.6	–0.70	–
Custodian Ser. 4		390.7	411.2	–0.70	–
Ethical Ser 4		244.9	257.8	+0.60	–
Equity Ser. 4		450.2	473.9	–2.80	–
European Ser 4		459.8	484.0	–0.40	–
Fixed Int. Ser. 4		762.7	802.8	–1.90	–
High Inc. Ser. 4		1535.8	1616.6	+5.90	–
Indexed Inv. Ser. 4		487.9	513.5	–1.00	–
Intl Ser. 4		322.7	339.7	+0.10	–
Japan Ser 4		290.6	305.9	+4.50	–
Man. Ser. 4		1353.2	1424.4	–3.20	–
Money Ser. 4		522.6	550.1	.....	–
Prop. Ser. 4		839.3	883.5	–0.30	–
Protected Growth Ser 4		222.2	233.9	+0.40	–
Asian Pacific Ser 5		344.2	362.4	–0.60	–
Custodian Ser 5		379.9	399.9	–0.60	–
Ethical Ser 5		238.9	251.5	+0.50	–
International Ser 5		313.7	330.2	+0.10	–
Managed Ser 5		1315.8	1385.0	–3.10	–
Money Ser 5		511.7	538.6	.....	–
Property Ser 5		816.3	859.2	–0.30	–
Pension Funds					
American		1012.7	1066.0	+0.90	–
Asian Pacific		229.7	241.8	–0.50	–
Equity		3891.9	4096.7	–20.70	–
European		898.7	946.0	+0.60	–
Ethical		380.0	400.0	+1.00	–
Fixed Int.		1313.0	1382.1	–3.70	–
High Income		477.2	502.3	+2.30	–
Indexed		697.8	734.6	–1.50	–
International		650.5	684.7	+0.50	–
Japan		291.9	307.3	+4.50	–
Managed		3383.1	3561.2	–5.80	–
Property		1915.3	2016.1	–0.70	–
Protected Growth		280.7	295.4	+0.60	–
Security		1451.4	1527.8	+0.10	–
Selective		1450.2	1493.4	–4.30	–

Formerly Hill Samuel Life Assurance Ltd
80 Holdenhurst Road, Bournemouth, BH8 8ZQ
0845 6023 603

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
British Fund		1614.5	1708.5	+5.70	–
Capital Fund		1077.2	1139.9	+3.60	–
Dollar Fund		883.0	934.4	–3.70	–
Far East Fund		844.8	893.9	+1.70	–
Financial Fund		1948.0	2061.3	–9.50	–
Fixed Intl Fund		831.3	879.7	–2.00	–
Equity Fund		1439.1	1522.9	+4.90	–
European Fund		2398.1	2537.7	+17.30	–
Global Bond Fund		236.0	249.7	–0.20	–
High Yield Fund		1589.6	1682.1	+6.90	–
Income Fund		1814.3	1919.9	+7.80	–
Indexed Sec. Fd		391.7	414.5	–0.70	–
International Fund		918.5	972.0	–1.60	–
Japan Tech		443.9	469.7	+1.90	–
Managed Series A		1284.1	1358.9	+2.90	–
Money Series A		473.9	501.5	.....	–
Natural Resrcs. Fd		235.0	248.7	–0.40	–
Property Series A		1126.1	1191.7	+0.70	–
Security Fund		1617.3	1711.5	+5.70	–
Smaller Cos		1179.8	1248.4	+7.50	–
Spec. Sits Fund		1427.0	1510.1	+5.00	–
US Smaller Co's		1147.1	1213.9	–0.20	–
Pension Fund Prices					
Building Soc Ser A		492.2	518.1	.....	–
Dollar Ser A		564.3	593.9	–2.90	–
Equity Ser A		852.3	897.2	+3.60	–
European Ser A		1530.0	1610.5	+10.70	–
Far East Ser A		445.3	468.7	+1.30	–
Fixed Int Ser A		798.6	840.7	–2.30	–
Guaranteed Ser A		453.7	477.6	.....	–
Indexed Secs Ser A		462.6	486.9	–1.30	–
Intl. Ser A		559.2	588.6	–1.20	–
Managed Ser A		851.1	895.9	+2.50	–
Property Ser A		815.4	858.3	+0.50	–
Smaller Co's Ser A		320.8	337.7	+2.40	–

Abbey Life Assurance Co Ltd - Contd.
Formerly Target Life Assurance Co. Ltd
80 Holdenhurst Road, Bournemouth BH8 8ZQ
0845 6023 603
Life Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Deposit		381.5	401.6	.....	–
Equity		380.3	400.3	–2.20	–
Financial Series 1		129.5	136.3	–0.50	–
Financial Series 2		569.9	599.8	+2.70	–
Fixed Int.		582.0	612.6	–1.50	–
Gold & General		214.8	226.1	–2.70	–
Managed		1319.8	1389.3	+2.90	–
Managed Growth		405.2	426.5	+1.40	–
Property		691.3	727.7	+0.40	–
Residential Property		317.2	333.9	.....	–
TSB American		530.7	558.6	–1.70	–
TSB British Growth		2065.5	2174.2	+3.30	–
TSB European		835.5	879.5	+4.20	–
TSB Income		998.5	1051.1	+3.90	–
TSB International		611.9	644.1	+1.30	–
TSB Pacific		591.9	623.0	+1.50	–
Pension Funds					
Deposit		326.0	343.2	.....	–
Gilt		1691.7	1780.8	–4.90	–
Guaranteed		991.8	1044.0	.....	–
Index Linked		529.4	557.3	–1.10	–
Managed		5097.5	5365.8	+14.60	–
Managed Growth		483.8	509.3	+2.00	–

Prices quoted are for Accumulation units

Absolute Return Fund Trust
Other International

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Euro Class Aug 31		€798		.....	0.00
US Dollar Class Aug 31		$798		.....	0.00

ACTIVE TRADING FUND (IRL)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Active Trading Fund USD Nov 3		$1014.47		.....	–
Active Trading Fund EUR Nov 3		€1014.43		.....	–
Active Trading Fund GBP Nov 3		£1015.53		.....	–

Adelante Guernsey Limited (GSY)
Trafalgar Court, Admiral Park, St Peter Port, Guernsey
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Adelante Emerging Opportunities Fund		$18.0292		.....	–
Adelante Sovereign High Yield Fund		$61.4513		.....	–

Adelante Exotic Debt Fund Limited (GSY)
Trafalgar Court, Admiral Park, St Peter Port, Guernsey
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Adelante Exotic Debt Fund Limited		$20.0661		.....	–

Adelphi Capital LLP (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
The Adelphi Europe Fund					
USD Class (Final) Nov 5		$332.1538		.....	–
EUR Class (Final) Nov 5		€175.6639		.....	–
Adelphi Emerging Europe Fund					
USD Class (Est) Nov 5		$155.2898		.....	–
EUR Class (Est) Nov 5		€135.4996		.....	–

Alceda Fund Management S.A. / Member of Aquila Capital Group
36, avenue du X Septembre, L–2550 Luxembourg Phone: 00352 / 248 329–1
Fund Information: www.aquila-capital.de
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
AC SV Market Neutral 12 Vol01		€134.94	141.69	.....	–
AC SV Market Neutral 7 Vol EUR		€120.27	126.28	.....	–
AC SV Market Neutral 7 Vol GBP		£121.79	127.88	.....	–
AC Falcon Real Asset Fund		€107.70		.....	–
AC Triple Alpha Fund		€69.75	73.24	.....	–
AC Triple Alpha Fixed Income 50		€102.25	104.30	.....	–
AC Branca Tactical Fund		€100.49		.....	–
AC Pharos Evolution EUR		€75.26	79.02	.....	–
AC Pharos Evolution GBP		£75.41	79.18	.....	–
AC Brasil Inside Fund		€60.88	63.92	.....	–
AC India Inside Fund		€52.47	53.52	.....	–
Aquila Instl. Global Timber Fd		$100.08		.....	–

Alger SICAV (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
American Asset Growth A		$26.89		–0.23	–
American Asset Growth I		$28.00		–0.23	–

AllianceBernstein (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
American Blend A Nov 9		$10.95		–0.1	–
American Blend I Nov 9		$12.97		–0.11	–
Am Growth A Nov 9		$32.55		–0.28	–
Am Growth B Nov 9		$27.14		–0.23	–
Am Growth I Nov 9		$36.33		–0.31	–
Am Income A Nov 9		$9.09		–0.03	–
Am Income A2 Nov 9		$21.56		–0.07	–
Am Income B Nov 9		$9.09		–0.03	–
Am Income B2 Nov 9		$18.47		–0.06	–
Am Income I Nov 9		$9.09		–0.03	–
Emg Mkts Debt A Nov 9		$17.16		–0.06	–
Emg Mkts Debt A2 Nov 9		$23.39		–0.07	–
Emg Mkts Debt B Nov 9		$17.16		–0.06	–
Emg Mkts Debt B2 Nov 9		$22.34		–0.07	–
Emg Mkts Debt I Nov 9		$17.16		–0.06	–
Emg Mkts Growth A Nov 9		$39.77		–0.25	–
Emg Mkts Growth B Nov 9		$33.42		–0.21	–
Emg Mkts Growth I Nov 9		$44.39		–0.28	–
Eur Income A Nov 9		€7.00		.....	–
Eur Income A2 Nov 9		€14.33		–0.01	–
Eur Income B Nov 9		€7.00		.....	–
Eur Income B2 Nov 9		€13.25		–0.01	–
Eur Income I Nov 9		€7.00		.....	–
Eur Strat Val. A Nov 9		€7.97		+0.09	–
Eur Strat Val. B Nov 9		€7.10		+0.08	–
Eur Strat Val. I Nov 9		€8.75		+0.1	–
Eur Strat Value A		€9.10		+0.09	–
Eur Strat Value I		€9.37		+0.09	–
Eur Value A Nov 9		€9.79		+0.08	–
Eur Value B Nov 9		€8.93		+0.07	–
Eur Value I Nov 9		€11.38		+0.09	–
Gl Balanced (EUR) A		$16.79		–0.04	–
Gl Balanced (EUR) B		$16.23		–0.04	–
Gl Balanced (EUR) I		$17.21		–0.04	–
Gl Balanced A Nov 9		$17.46		–0.1	–
Gl Balanced B Nov 9		$16.46		–0.1	–
Gl Balanced I Nov 9		$18.22		–0.1	–
Gl Bond A Nov 9		$9.70		–0.02	–
Gl Bond A2 Nov 9		$17.38		–0.04	–
Gl Bond B Nov 9		$9.70		–0.02	–
Gl Bond B2 Nov 9		$15.09		–0.04	–
Gl Bond I Nov 9		$9.70		–0.02	–
Gl Conservative A Nov 9		$15.45		–0.05	–
Gl Conservative A2 Nov 9		$17.86		–0.06	–
Gl Conservative B Nov 9		$15.42		–0.05	–
Gl Conservative B2 Nov 9		$16.82		–0.06	–
Gl Conservative I Nov 9		$15.54		–0.06	–
Gl Eq Blend A Nov 9		$12.09		–0.1	–
Gl Eq Blend B Nov 9		$11.25		–0.09	–
Gl Eq Blend I Nov 9		$12.84		–0.1	–
Gl Equity Blend Pf (EUR) A		€9.84		–0.03	–
Gl Equity Blend Pf (EUR) I		€10.18		–0.03	–
Gl Growth A Nov 9		$44.21		–0.4	–
Gl Growth B Nov 9		$36.59		–0.33	–
Gl Growth I Nov 9		$49.43		–0.44	–
Gl Growth Trends Pf (EUR) A		€9.72		–0.04	–
Gl Growth Trends Pf (EUR) I		€10.06		–0.04	–
Gl High Yield A Nov 9		$4.73		.....	–
Gl High Yield A2 Nov 9		$10.80		–0.01	–
Gl High Yield B Nov 9		$4.73		.....	–
Gl High Yield B2 Nov 9		$17.21		–0.02	–
Gl High Yield I Nov 9		$4.73		.....	–
Gl Plus Fixed Inc. 1 EUR		€18.95		–0.05	–
Gl Plus Fixed Inc. 1 GBP		£19.91		–0.06	–
Gl Plus Fixed Inc. 1 USD		$19.55		–0.06	–
Gl Plus Fixed Inc.1D GBP		£17.46		–0.05	–
Gl Plus Fixed Inc.1D USD		$17.17		–0.05	–
Gl Plus Fixed Inc. 2 EUR		€18.94		–0.05	–
Gl Plus Fixed Inc. 2 GBP		£19.91		–0.05	–
Gl Plus Fixed Inc. 2 USD		$19.55		–0.06	–
Gbl Real Est Sec A Nov 9		$16.71		–0.46	–
Gbl Real Est Sec B Nov 9		$15.14		–0.42	–
Gbl Real Est Sec I Nov 9		$18.08		–0.5	–
Gl Style Blend 1 EUR		€11.20		–0.03	–
Gl Style Blend 1 GBP		£12.48		–0.04	–
Gl Style Blend 1 USD		$12.14		–0.08	–
Gl Style Blend 1D GBP		£12.38		–0.04	–
Gl Style Blend 1D USD		$12.02		–0.08	–
Gl Style Blend 2 EUR		€11.19		–0.03	–
Gl Style Blend 2 GBP		£12.48		–0.04	–
Gl Style Blend 2 USD		$12.13		–0.08	–
Gl Value A Nov 9		$11.40		–0.08	–
Gl Value B Nov 9		$10.39		–0.07	–
Gl Value I Nov 9		$12.21		–0.08	–
Gl Value Pf (EUR) A		€9.63		–0.02	–
Gl Value Pf (EUR) I		€9.97		–0.02	–
Global Thematic A Nov 9		$16.95		–0.09	–
Global Thematic B Nov 9		$14.70		–0.08	–
Global Thematic I Nov 9		$19.03		–0.1	–
India Growth Portfolio A Nov 9		$161.42		+1.31	–
India Growth Portfolio AX Nov 9		$141.45		+1.15	–
India Growth Portfolio B Nov 9		$167.66		+1.36	–
India Growth Portfolio BX Nov 9		$119.88		+0.97	–
India Growth Portfolio I Nov 9		$147.22		+1.2	–
Int'l Health Care A Nov 9		$133.90		–0.56	–
Int'l Health Care B Nov 9		$111.97		–0.48	–
Int'l Health Care I Nov 9		$147.30		–0.62	–
Int'l Technology A Nov 9		$126.41		–0.75	–
Int'l Technology B Nov 9		$108.60		–0.65	–
Int'l Technology I Nov 9		$142.71		–0.85	–
Japan Blend A Nov 9		Y5638.00		–4	–
Japan Growth A Nov 9		Y5304.00		–14	–
Japan Growth I Nov 9		Y5496.00		–15	–
Japan Strat.Value A		Y5986.00		+8	–
Japan Strat.Value I Nov 9		Y6187.00		+8	–
Short Mat Dollar A Nov 9		$7.41		.....	–
Short Mat Dollar A2 Nov 9		$10.22		.....	–
Short Mat Dollar B Nov 9		$7.41		.....	–
Short Mat Dollar B2 Nov 9		$10.13		.....	–
Short Mat Dollar I Nov 9		$7.41		.....	–
UK Value 1 GBP		£13.20		+0.02	–
UK Value 1D GBP		£12.76		+0.03	–
UK Value 2 GBP		£13.21		+0.03	–
US ThemResPft A Nov 9		$9.84		–0.09	–
US ThemResPft B Nov 9		$8.98		–0.08	–
US ThemResPft I Nov 9		$10.66		–0.09	–

Allianz Global Investors Luxembourg S. A. (LUX)
6A, route de Trèves, L–2633 Senningerberg
http://funds.ft.com/allianz/globalinvestorslux
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
RCM Asia Pacific – A – EUR		€19.36	20.33	.....	–
RCM BRIC Equity – AT – EUR		€96.24	101.05	.....	–
RCM China – A – GBP F	5	£148.45	155.87	.....	–
RCM Disc. Europe Strategy – A – EUR F		€94.78	99.52	.....	–
RCM Enhanced Sh.Term Euro – AT – EUR F		€105.51	105.51	.....	–
RCM Eur.Eq. Dividend – AT – EUR F	5	€165.89	174.18	.....	–
RCM Europe Equity Growth – A – EUR F		€122.88	129.02	.....	–
RCM Oriental Income –A– (USD) –USD F	5	$85.5	89.78	.....	–

Allianz Global Investors Ireland Limited (IRL)
5 Harbourmaster Place, International Financial Services Centre, Dublin 1,Ireland
http://funds.ft.com/allianz/globalinvestorsireland
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Allianz RCM US Equity – A – EUR		€41.84	43.93	.....	–

Allianz Global Investors (UK) Ltd (1200)F (UK)
155 Bishopsgate, London EC2M 3AD Investor Services 0800 317 573
Admin/Valuation: 0870 601 6117
http://funds.ft.com/allianz/globalinvestorsuk
Authorised Inv Funds
OEIC

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Allz RCM BRIC Stars A Acc	0	187.1400		–1.8200	–
Allz RCM BRIC Stars C Acc	0	193.0800		–1.8700	0.26
Allz RCM Brazil Fund A Acc	4	97.4300		–1.7800	–
Allz RCM Brazil Fund C Acc	0	97.4600		–1.7700	–
Allz RCM Customised Global Equity C	0	997.3700		–5.8900	1.00
Allz RCM Continental European	4	583.2600		–6.8500	0.93
Allz RCM European Eq Inc A Inc	0 C	119.1400		–0.9600	3.97
Allz RCM European Eq Inc A Acc	0 C	135.3500		–1.1000	4.03
Allz RCM EcoTrends A Acc	4	75.0400		–0.4800	–
Allz RCM EcoTrends C Acc	0	76.4800		–0.4900	0.01
Allz PIMCO Gilt Yield A	4	146.9100		–1.1400	2.95
Allz PIMCO Gilt Yield C	0 C	150.5800		–1.1700	2.95
Allz RCM Dynamic Growth A	4	169.9800		–1.4200	0.04
Allz RCM Dynamic Growth C	0	182.2200		–1.5200	0.58
Allz RCM Dynamic Growth S	0	141.8600		–1.1900	1.20
Allz RCM Japan A	4	366.9600		+1.6300	–
Allz PIMCO Stlg Total Return A	4	131.0900		–0.7200	4.53
Allz PIMCO Stlg Total Return C	0	131.5700		–0.7100	5.04
Allz RCM Total Ret Asian A	4	565.0200xd		+5.1100	1.21
Allz RCM Total Ret Asian Eqty C Inc	0	539.7300xd		+4.8800	1.25
Allz PIMCO UK Corp Bd A	4	95.3700		–0.6900	5.18
Allz RCM UK Equity A	4	137.5400		–0.6800	1.58
Allz RCM UK Equity C	0	5604.1400		–27.6200	2.50
Allz RCM UK Equity S	0	161.7100		–0.8000	2.88
Allz RCM UK Equity Income A	4	235.5800		–0.8600	4.23
Allz RCM UK Growth A	4	3266.7200		–12.9700	1.77
Allz RCM UK Unconstrained "A" Acc	4	139.4900		–0.1900	0.65
Allz RCM UK Index A Acc	0	1341.2300		–11.0600	2.44
Allz RCM UK Index A Inc	0	1073.7600		–8.8600	2.26
Allz RCM UK Mid Cap A	4	2396.3000		–12.3100	0.79
Allz RCM US Equity A	4	256.3600		–0.0700	–
Allz RCM US Equity C Acc	0	114.6400		–0.0300	0.28

*Yield expressed as CAR (Compound Annual Return)
All transactions to Ser A units the sell price will be used

Allied Dunbar Intl Fund Mgrs (1600)F (IOM)
43–51 Athol Street, Douglas, IOM 01624 661551
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
ADI Managed	5	$1.5980	1.6880	–0.027	0.4000
ADI Mgd Currency	5	$0.3554	0.3741	.....	0.1900
ADI W'wide Eq.	5	$1.5710	1.6610	–0.027	0.0000
ADI Nth Amer	5	$3.2110	3.3900	–0.041	0.0000
ADI Far East	5	$2.8460	3.0180	–0.018	0.0000
ADI Gilt & Income	5	£0.3144	0.3309	–0.0025	3.0100
ADI UK Cap Gth	5	£0.7360	0.7810	–0.0085	0.9300
ADI Europe Fd	5	€3.0600	3.2320	–0.034	0.3800

For conversion prices of shares phone: 01624 662860

American Century Sicav (LUX)
JPM customer service: +352–46–268–5633
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
ACI Gbl Grwth Equity Acc F		$10.44		.....	–
ACI Gbl Grwth Equity I Acc F		$10.49		.....	–
ACI US Grwth Equity Acc F		$10.23		.....	–
ACI US Grwth Equity I Acc F		$10.27		.....	–

Amundi Funds (LUX)
5 Allee Scheffer L–2520 Luxembourg+ 44 (0)20 7074 9332
http://www.amundi–funds.com/
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Amundi F Ar VaR2 € CC Classic – R – GBP	4½	£116.59		.....	–
Amundi F Em Eur CC Classic – R – EUR	4½	€33.14		.....	–
Amundi F Em Mk CC Classic – R – USD	4½	$35.00		.....	–
Amundi F € Corp CC Classic – R – EUR	5½	€15.59		.....	–
Amundi F G Bond CC Classic – R – USD	4½	$24.93		.....	–
Amundi F G China CC Classic – R – USD	4½	$574.20		.....	–
Amundi F Latam CC Classic – R – USD	3	$752.66		.....	–
Amundi F US Opp CC Classic – R – USD		$10.50		.....	–

Antares Investment Management Ltd
Other International

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Antares European Fund Ltd US Dollar NAV (Est) Nov 5		$451.3431		.....	–
AEF Ltd (Est) Nov 5		€445.9438		.....	–

Apollo Investment Management Ltd (GSY)
PO Box 44, Admiral Park, St Peter Port, Guernsey, GY1 3BG, Channel Islands 44 1481 700219
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Californian		£17.803	17.983	.....	0.00
Tiger		£33.595	33.932	.....	0.00

Apollo Investment Management Ltd (GSY)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Cautious		£10.882	10.885	.....	–
Balanced Growth		£7.701	7.701	.....	0.00

Archipel Fund Plc (IRL)
Administered by BOISS eperon_fund_accounting@boiss.boi.ie
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Archipel Portfolio Pro August 95 EUR Class A		€10.24		.....	–
Archipel Portfolio Pro Nov EUR Class A		€281.0922		.....	–

Argus Fund (LUX)
PICTET & CIE (EUROPE) S.A.
TEL (+352) 46 71 71 7666, FAX (+352) 46 71 71 7667
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Global F.		€1557.59		.....	–

Arisaig Partners
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Arisaig Africa		$14.64		.....	–
Arisaig Asia Consumer		$39.36		.....	–
Arisaig Latin America Fund		$22.91		.....	–

ARN INVESTMENT SICAV (LUX)
12, rue Eugène Ruppert, L–2453 Luxembourg
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
ARN Newly Indus.Ec.Fd A –C		$116.31		+0.01	–

ARTEMIS The Profit Hunter

Artemis Fund Managers Ltd* (1200)F (UK)
57 St. James's Street, London SW1A 1LD 0800 092 2051
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Artemis Capital	5	774.88	819.32	–7.42	1.30
Artemis Global Growth	5¼	103.81	109.65	–0.92	0.70
Artemis Global Income R Acc	5¼	53.31	56.45	–0.35	0.00
Artemis Global Income R Inc	5¼	53.31	56.45	–0.35	0.00
Artemis High Income	5¼ C	69.85xd	75.16	+0.03	7.33
European Growth	5¼	177.97	187.89	–2.60	1.50
Artemis Income	5¼ C	163.67xd	173.84	–0.69	4.80
Artemis Income Acc.	5¼ C	227.25xd	241.38	–0.94	4.80
Artemis Strategic Assets Acc.	5¼	63.24	66.96	+0.54	0.61
Artemis UK Growth	5	274.76	291.78	–3.10	1.40
Artemis UK Smaller Companies	5	619.28	667.58	–2.26	0.20
Artemis UK Special Situations	5¼	342.55	365.23	–2.47	1.80
Strategic Bond Quarterly Acc	5¼	65.91	70.14	+0.02	5.14
Strategic Bond Quarterly Inc	5¼	51.05	54.32	+0.01	5.14
Strategic Bond Monthly Acc	5¼	65.85xd	70.07	+0.01	5.14
Strategic Bond Monthly Inc	5¼	50.88xd	54.14	+0.01	5.14

Artemis International SICAV (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Global Equity A EUR Acc		€74.59		+0.27	–
Pan European Equity A EUR Acc		€63.2		+0.46	–
Pan European Equity A EUR Inc		€63.02		+0.47	–

Artemis Investment Management Ltd (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Artemis Gbl Hedge Fd Ltd GBP		£48.92		.....	–
Artemis Gbl Hedge Fd Ltd EUR		€46.57		.....	–
Artemis Gbl Hedge Fd Ltd USD		$49.62		.....	–
Artemis UK Hedge Fd Ltd EUR		€161.12		.....	–
Artemis UK Hedge Fd Ltd GBP		£176.11		.....	–
Artemis UK Hedge Fd Ltd USD		$167.82		.....	–

Ashburton Fund Managers Limited (JER)
17 Hilary Street, St Helier, Jersey JE4 8SJ 01534 512000
www.ft.com/funds/ashburton
FSA Recognised
Ashburton Global Funds PCC

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Sterling Asset Mgt. Fund PC		£2.2655	2.3788	.....	0.87
Sterling Asset Mgt. Fund PC – Class I	5	£99.1335	104.0902	.....	0
Euro Asset Mgt. Fund PC		€1.1527	1.2103	.....	1.23
Sterling Total Return Bond Fund PC		£5.8745	6.0801	.....	2.18
Dollar Total Return Bond Fund PC		$0.9914	1.0261	.....	1.84
Sterling Intl. Eq. Fund PC		£52.4561	55.0789	.....	0
Dollar Intl. Eq. Fund PC		$9.9035	10.3987	.....	0
Americas Eq. Fund PC	5	$1.7293	1.8158	.....	0
Americas Eq. – £ Feeder PC	5	£1.0484	1.1008	.....	0
European Eq. Fund PC	5	€4.2375	4.4494	.....	0
European Eq PC – Class I	5	€87.722	92.1081	.....	0
European Eq. – £ Feeder PC	5	£1.1768	1.2356	.....	0
European Eq – £ Feeder PC – Class I	5	£101.5601	106.6381	.....	0
Japan Eq. Fund PC	5	$2.129	2.2355	.....	0
Japan Eq. – £ Feeder PC	5	£1.0135	1.0642	.....	0
Japan Eq.– £ Feeder PC – Class I	5	£102.9821	108.1312	.....	0
Chindia Eq. Fund PC	5	$1.2824	1.3465	.....	0
Chindia Eq PC – Class I	5	$166.2089	174.5193	.....	0
Chindia Eq. – £ Feeder PC	5	£1.5607	1.6387	.....	0
Chindia Eq – £ Feeder PC – Class I	5	£104.8348	110.0765	.....	0

Ashburton Fund Managers Limited (JER)
Regulated
Ashburton Replica Portfolio Ltd

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
£ Asset Management Fund		£33.6964	35.5395	.....	0
$ Asset Management Fund		$30.1689	31.8235	.....	0
Euro Asset Management Fund		€1.3634	1.4383	.....	0
£ Cash & Fixed Income		£19.9822	21.0174	.....	0
$ Cash & Fixed Income		$19.2789	20.2844	.....	0
Multi Asset Cautious Fund GBP		£1.0445	1.0967	.....	0.85
Multi Asset Cautious Fund GBP – Class I		£96.275	101.0888	.....	1.07
Multi Asset Balanced Fund EUR		€0.9461	0.9934	.....	0.19
Multi Asset Balanced Fund GBP		£1.1231	1.1793	.....	0.29
Multi Asset Balanced Fund USD		$1.11	1.1655	.....	0.64
Multi Asset Balanced Fund GBP – Class I		£99.3118	104.2774	.....	0.73
Multi Asset Balanced Fund USD – Class I		$96.8489	101.6913	.....	0.77
Multi Asset Balanced Fund EUR – Class I		€95.3505	100.118	.....	0.68
Multi Asset Aggressive Fund GBP		£1.0239	1.0751	.....	0.25
Multi Asset Aggressive Fund GBP – Class I		£91.5776	96.1565	.....	0.14
Ashburton Money Market Fds Limited					
£ Money Market		£1.309	1.309	.....	0.25
$ Money Market		$1.1697	1.1697	.....	0.01
EUR Money Market		€1.1695	1.1695	.....	0.14

Ashmore Investment Mgmt Ltd (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Ashmore Emerging Markets Debt		$194.9863		.....	–

Ashmore Management Company Ltd (GSY)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Emerging Mkts Liquid Inv P'folio		$10.7408		.....	–
Local Currency Debt Pflo		$28.7818		.....	–
Russian Debt Portfolio		$83.7853		.....	–
Ashmore Asian Recovery		$34.1501		.....	–
Emerging Economy		$20.0822		.....	–
Multi–Strategy		$19.5433		.....	–
Emerging Mkts Global Inv Pflio		$99.6715		.....	–
Emerging Mkts Corporate High Yield		$112.4248		.....	–
Turkish Debt Fund Ltd		$114.9592		.....	–

Ashmore Management Company Ltd
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Ashmore Russian Equity		$955.1113		.....	–

Ashmore Sicav (LUX)
2 rue Albert Borschette L–1246 Luxembourg
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
EM Equity Select USD F	5	$128.16		.....	–
EM Mkts Corp.Debt USD F		$110.54		.....	–
EM Mkts Debt NOK F		NKr108.94		.....	–
EM Mkts Debt GBP F	5	£114.54		.....	–
EM Mkts Equity USD F	5	$105.37		.....	–
EM Mkts Inv.Grade Corp. Debt USD F		$108.26		.....	–
EM Mkts Loc.Ccy Bd USD F		$114.39		.....	–
EM Mkts Loc.Ccy Money Mkt USD F		$106.45		.....	–
EM Mkts Sov.Debt USD F		$110.65		.....	–
EM Mkts Sov.Inv.Grade Debt USD F		$109.99		.....	–
Emerging Markets Debt Inst USD	5	$182.99		.....	–
Emerging Markets Debt Inst EUR	5	€179.11		.....	–
Emerging Markets Debt Retail USD	5	$96.63		.....	–
Emerging Markets Debt Retail EUR	5	€165.65		.....	–
Local Currency GBP F	5	£106.76		.....	–
Local Currency Inst EUR F	5	€104.84		.....	–
Local Currency Inst USD F	5	$87.13		.....	–
Local Currency Retail EUR F	5	€101.09		.....	–
Local Currency Retail USD F	5	$111.1		.....	–

Aspect Capital Ltd (UK)
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Aspect Diversified USD (Est)		$348.41		.....	–
Aspect Diversified EUR (Est)		€208.46		.....	–
Aspect Master USD (Est)		$166.35		.....	–
Aspect Master EUR (Est)		€136.40		.....	–

Asset Value Investors Ltd (LUX)
54 St James's Street UK–LONDON SW1A 1JT00 44 207 647 29 00
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
The European Asset Value Fund Nov 4	5	€46.75		.....	–

Atlantas Sicav (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
American Dynamic Nov 9		$2011.06		.....	–
American One Nov 9		$1862.78		.....	–
Bond Global Nov 9		€1022.86		.....	–
Eurocroissance Nov 9		€502.61		.....	–
Far East Nov 9		$707		.....	–

Atlantis Investment Management

Atlantis Investment Mgmt (Ireland) Ltd (IRL)
Northern Trust, George Court 54–62 Townsend Street, Dublin 2 Rep of Ireland 00 353 1 542 2000
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Atlantis Asian Fund F	¼	$8.080		–0.6150	–
Atlantis China Fd F	5	$9.510		–0.2099	–
Atlantis Japan Opps H	5	$1.071		–1.0166	–
Atlantis New China Fortune Fund	1½	$1.617		+0.0619	–
Atlantis China Healthcare Fund H	5	$1.310		+0.8468	–

Atlantis Fund Management (Guernsey) Ltd
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Atlantis Jap Gwth Undil Nov 10		$12.17		.....	–

Atlas Capital SA
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
First European Growth Inc – USD Class		$128.73		.....	–
First European Growth Inc – CHF Class		SFr275.75		.....	–
First USD Composite Inc.		$706.53		.....	–
First EURO Composite Inc.		€126.53		.....	–

For Attica Institutional Multi–Manager Plc Fds see MM Institutional Fds Plc

AXA Framlington (1200)F (UK)
7 Newgate Street London EC1A 7NX Dealing: 0845 602 1952
Client Services: 0845 777 5511 www.axaframlington.com
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
American Growth Acc	5¼	218.3	231.0	–0.20	0.00
Biotech Acc	5½	42.78	45.42	+0.05	0.00
Emerging Markets Acc	5¼	216.9	231.2	+0.20	0.37
Equity Income	5¼ C	463.7	493.3	–0.90	3.92
(Accum Units)	5¼ C	1231.0	1310.0	–2.00	3.92
European Acc	5¼	474.0	502.2	–5.40	2.27
Financial Acc	5¼	359.0	380.8	–2.60	2.47
Global Opportunities Inc	5¼	625.8xd	663.6	–3.10	0.53
Global Opportunities Acc	5¼	699.5xd	741.8	–3.30	0.53
Global Technology Acc	5¼	35.12	37.18	–0.11	0.00
Health Acc	5½	663.6	704.5	+1.40	0.00
Japan	5¼	231.7	244.8	–0.30	0.51
Japan Smaller Co's Acc	5¼	37.37	39.47	–0.13	0.24
Managed Balanced Acc	5¼	232.0	245.9	–1.40	1.64
Managed Income	5¼ C	128.3xd	139.2	–0.10	5.50
(Accum Units)	5¼ C	613.8xd	666.2	–0.80	5.50
Monthly Income	5¼ C	185.9	197.8	–0.50	4.30
(Accum Units)	5¼ C	322.2	342.8	–0.90	4.30
UK Growth Acc	5¼	182.3	193.8	–1.70	1.97
UK Select Opps Acc	5¼	1972.0xd	2097.0	–15.00	1.60
UK Select Opps Inc	5¼	1163.0xd	1237.0	–8.00	1.60
UK Smaller Cos Acc	5¼	90.97xd	97.03	–0.07	0.77

AXA Investment Managers UK Limited (1400)F (UK)
PO Box 365, Bristol BS99 5SN
Admin & Enq: 0845 300 0479 IFA Dealing: 020 7003 1234
Customer Dealing: 0845 300 3475
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Defensive Dist R Acc	0	101.1		–0.40	3.87
Distribution R Acc	0 C	145.6		–0.60	4.04
Ethical Dist R Acc	0	96.57		–0.38	4.00
Global Dist R Acc	0 C	156.3		–1.00	2.63
Sterl Corp Bond R Inc N	4	75.72		–0.60	5.20
Talents Retail	0	45.7		–0.39	0.00
Talents Instl	0	47.09		–0.40	0.00

Bache Commodities Limited (LUX)
9 Devonshire Square, London, EC2M 4HP Tel: +44 (0) 20 7548 4000
Regulated
Bache Global Series (BGS)

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BGS Commodity Index –AI– (USD)		$83.36		.....	–
BGS Commodity Index –AI– Ann. Distr. (USD)		$103.28		.....	–
BGS Commodity Index –CI– Qtr. Distr. (JPY)		Y6411.41		.....	–
BGS Commodity Index –BI– Ann. Distr. (EUR)		€104.42		.....	–

BDT Invest LLP (IRL)
52 Jermyn Street, London SW1Y6LX +44 (020) 7659 1300
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BDT Asian Focus GBP A	3	£29.22		–0.16	–
BDT Asian Focus GBP B	E	£30.87		–0.15	–
BDT Asian Focus EUR A	3	€21.04		–0.12	–
BDT Asian Focus EUR B	E	€21.38		–0.12	–
BDT Asian Focus USD A	3	$26.38		+0.08	–
BDT Asian Focus USD B	E	$27.76		+0.08	–
BDT Oriental Focus USD A	3	$23.50		+0.02	–
BDT Oriental Focus USD B	0 E	$24.57		+0.02	–
BDT Oriental Focus EUR A	3	€20.82		+0.09	–
BDT Oriental Focus EUR B	0 E	€21.89		+0.10	–
BDT Oriental Focus GBP A	3	£29.18		+0.22	–
BDT Oriental Focus GBP B	0 E	£30.33		+0.21	–
BDT Japanese Focus GBP A	3	£6.48		+0.11	–
BDT Japanese Focus GBP B	E	£6.51		+0.11	–
BDT Japanese Focus EUR A	3	€6.08		+0.11	–
BDT Japanese Focus EUR B	E	€6.16		+0.10	–
BDT Japanese Focus USD A	3	$8.22		+0.07	–
BDT Japanese Focus USD B	E	$8.46		+0.07	–
BDT Japanese Smaller Cos USD A	3	$9.38		–0.02	–
BDT Japanese Smaller Cos USD B	0 E	$9.73		–0.02	–
BDT Japanese Smaller Cos EUR A	3	€8.15		+0.06	–
BDT Japanese Smaller Cos EUR B	0 E	€8.39		+0.06	–
BDT Japanese Smaller Cos GBP A	3	£8.66		+0.07	–
BDT Japanese Smaller Cos GBP B	0 E	£8.71		+0.07	–
BDT Japanese Smaller Cos JPY A	3	Y726.25		+5.81	–
BDT Japanese Smaller Cos JPY B	0 E	Y752.18		+6.02	–

BLME Asset Management (LUX)
BLME Umbrella Fund Sicav–SIF
FSA Recognised LUX

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BLME Sharia'a – $Income Fund – Share Class A Acc	0	$1047.99		.....	–
BLME Sharia'a – $Income Fund – Share Class B Acc	0	$1060.25		.....	–

BNP Paribas Investment Partners (LUX)
10, Harewood Avenue, London NW1 6AA
Investors Services (44) 020 7595 6762
FSA Recognised
Parvest

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Abs.Ret.Europe Bd		€110		.....	–
Bond Euro	5	€182.55		.....	–
Bond Euro Corporate	5	€145.16		.....	–
Bond Euro Government	5	€311.01		.....	–
Bond Euro Inflation–Ld	5	€123.61		.....	–
Bond Euro Long Term		€123.02		.....	–
Bond Euro Medium Term	5	€161.88		.....	–
Bond Euro Premium F	5	€105.11		.....	–
Bond Euro Short Term	5	€117.81		.....	–
Bond Europe	5	€311.92		.....	–
Bond Europe High Yield		€115.17		.....	–
Bond JPY	5	Y21089		.....	–
Bond USA High Yield	5	$181.7		.....	–
Bond USD	5	$423.82		.....	–
Bond World	5	$46.34		.....	–
Bond World ABS C	5	€72.69		.....	–
Bond World Corporate F	5	$125.31		.....	–
Bond World High Yield F	5	$130.67		.....	–
Bond World Inflation–Ld		€121.48		.....	–
Bond World Emerging	5	$348.61		.....	–
Convertible Bond Asia	5	$374.93		.....	–
Convertible Bond Europe	5	€127.88		.....	–
Convertible Bond Europe Small Cap		€121.28		.....	–
Diversified Conservative	5	€133.57		.....	–
Diversified Dynamic	5	€194.56		.....	–
Equity Asia Ex–Jap	5	$336.23		.....	–
Equity Australia	5	A$669.07		.....	–
Equity Brazil		$176.12		.....	–
Equity BRIC		$171.66		.....	–
Equity China	5	$335.22		.....	–
Equity Euro	5	€118.88		.....	–
Eqy Europe Converging	5	€128.38		.....	–
Enhanced Cash N8 Mths	5	€118.14		.....	–
Environmental Opp. C F	5	€98.31		.....	–
Equity Euro Small Cap	5	€200.57		.....	–
Equity Europe Alpha		€107.08		.....	–
Equity Europe Emerging	5	€177.24		.....	–
Equity Europe Finance	5	€69.95		.....	–
Equity Europe Growth	5	€194.21		.....	–
Equity Europe LS30 F	5	€71.53		.....	–
Equity Europe Mid Cap	5	€410.91		.....	–
Equity Europe Value	5	€121.67		.....	–
Equity France	5	€393.33		.....	–
Equity Global Brands	5	€300.55		.....	–
Equity High Dividend Europe	5	€66.84		.....	–
Equity India		$203.67		.....	–
Equity Japan	5	Y2813		.....	–
Equity Japan Small Cap	5	Y2942		.....	–
Equity Latin America	5	$928.65		.....	–
Equity Russia	5	$87.16		.....	–

BNP Paribas Investment Partners - Contd.

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Equity South Korea F F	5	$100.93		.....	–
Equity Switzerland	5	SFr572.29		.....	–
Equity Turkey		€189.13		.....	–
Equity UK	5	£126.99		.....	–
Equity USA	5	$77.6		.....	–
Equity USA Mid Cap		$121.21		.....	–
Equity USA Small Cap	5	$439.24		.....	–
Equity USA Value	5	$82.19		.....	–
Equity World	5	$127.21		.....	–
Equity World Emerging	5	$396.29		.....	–
Equity World Resources	5	$242.83		.....	–
Equity World Tech.Innovators	5	$108.68		.....	–
Flexible Bond Europe Corp	5	€113.1		.....	–
Global Environment F F	5	€98.04		.....	–
Real Estate Securities Europe		€64.48		.....	–
Short Term Euro Premium		€113.376		.....	–
Sust. Bond Euro Corporate		€117.73		.....	–
Sustainable Equity Europe		€83.07		.....	–
Short Term CHF	5	SFr307.734		.....	–
Short Term EURO	5	€207.236		.....	–
Short Term GBP	5	£195.664		.....	–
Short Term USD	5	$203.563		.....	–
Target Return + USD	5	$219.21		.....	–

BNP Paribas Investment Partners (IRL)
Tel: +352–2627 2814
Fortis Global Liquidity Fund Plc
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Sterling		£1.00		.....	0.53
Sterling Premium		£1425.94		.....	–
Sterling Premium Plus	0	£1365.75		.....	–
US Dollar	(z)	$1.00		.....	0.32
US Dollar Premium		$1268.03		.....	–
US Dollar Premium Plus	0	$1217.93		.....	–
Euro		€1.00		.....	0.95
Euro Premium		€1270.53		.....	–
Euro Premium Plus	0	€1230.82		.....	–

BNP Paribas Investment Partners (LUX)
(44) 020 7595 6762
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BNPP L1 Conv.Bd EuroZone	5	€117.17		.....	–
BNPP L1 Conv.Bd World	5	€123.54		.....	–
BNPP L1 Eq. Best Sel.Euro	5	€92.68		.....	–
BNPP L1 Eq. Best Sel.Japan	5	€80.56		(z)	–
BNPP L1 Eq. Best Sel.USA	5	€94.18		.....	–
BNPP L1 Eq Eur.Sm.Caps	5	€68.09		.....	–
BNPP L1 OBAM Equity World	5	€72.66		.....	–
BNPP L1 Real Estate Sec Eur	5	€107.54		.....	–

BNP Paribas
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Campbell FME Large		$3143.56		.....	–

BNP Paribas Harewood Solutions (UK)
10 Harewood Avenue London NW1 1AA
020 7595 8056 www.harewoodsolutions.co.uk
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
IFSL Harewood UK Enhanced Inc A F	4	112.4413		.....	0
IFSL Harewood UK Enhanced Inc B F	1	112.8469		.....	0

BNY MELLON ASSET MANAGEMENT

BNY Mellon Fund Managers Limited (1200)F (UK)
BNY Mellon House, Ingrave Road, Brentwood, Essex, CM15 8TG Dealer 0500 440000
Client Services Helpline: 0800 614330 Broker 0500 660000
Price Enquiry Freephone 0500 330000
Authorised Inv Funds
BNY Mellon Investment Funds
Sterling Income Shares*

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BNY Mellon Global Strategic Bond Fund	4 C	115.14		–0.37	4.32
BNY Mellon Long–Term Global Equity Fund	4	122.81		–0.27	0.25
Newton American	4	101.22		+0.15	–
Newton Asian Income	4 C	158.64xd		–0.08	4.84
Newton Balanced	4 C	166.68		–0.89	3.07
Newton Contl European	4	165.55		–1.57	1.18
Newton Cautious Managed Fund	4 C	160.24xd		–0.75	3.77
Newton European Higher Income	4 C	82.37xd		–0.81	4.48
Newton Global Dynamic Bd	4 C	111.09xd		–0.23	6.91
Newton Global High Yield Bond	4 C	68.65xd		+0.01	9.16
Newton Global Higher Income	4 C	121.89xd		+0.08	4.96
Newton Global Opportunities	4	145.69		–0.17	1.0
Newton Growth	4	300.5		–2.15	0.84
Newton Higher Income	4 C	55.5xd		–0.21	7.03
Newton Income	4 C	635.33xd		–3.97	3.31
Newton International Bond	4	207.9		–1.65	2.25
Newton International Growth	4	76.82		–0.2	0.91
Newton Japan	4	17.44		+0.06	–
Newton Managed	4	486.85		–2.34	1.61
Newton Oriental	4	558.93		–1.52	0.57
Newton Pan–European	4	169.29		–1.12	1.69
Newton Phoenix Multi–Asset Inc	4	124.81		–0.27	1.37
Newton Phoenix Multi–Asset Acc	4	141.78		–0.29	1.36
Newton Real Return	4 C	286.85		–0.52	3.45
Newton Real Return A	4 C	118.94		–0.22	3.56
Newton Corporate Bond Fund	4 C	79.7xd		–0.44	7.03
Newton UK Opportunities	4	192.35		–0.86	1.6

BNY Mellon Global Funds (IRL)
160 Queen Victoria Street EC4V 4LA +44 (0) 131 305 3131
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Asian Eqty A USD F	5	$3.5519		.....	–
Brazil Eqty A USD F	5	$1.3548		.....	–
Continental Eur Eqty A EUR F	5	€1.1632		.....	–
Emerging Mkts Debt A USD F	5	$1.6498		.....	–
Emerging Mkts Debt C USD F	5	$1.696		.....	–
Emerging Mkts Debt LC – A USD F	5	$1.2714		.....	–
Emerging Mkts Debt LC – C USD F	5	$1.6133		.....	–
Euroland Bd A EUR F	5	€1.4875		.....	–
Euro Corporate Bond Fund A EUR F		€1.1077		.....	–
Euro Govt Bd Idx Tkr A EUR F	5	€1.4184		.....	–
Evolution Currency Option A EUR F		€78.645		.....	–
Evolution Currency Option C EUR F	5	€83.654		.....	–
Evolution Global Alpha A EUR F	5	€88.835		.....	–
Evolution Global Alpha C EUR F	5	€95.522		.....	–
Evolution L/S Emerging Currency R USD F	5	$87.101		.....	–
Global Bond A USD F	5	$2.165		.....	–
Global Dynamic Bond Fund C USD F				.....	–
Global Eqty A USD F	5	$1.463		.....	–
Global Equity Higher Income B USD F		$1.1003		.....	–
Global Emerg Mkts Eqty Value A USD F	5	$3.9742		.....	–
Global High Yield Bond A EUR F	5	€1.3473		.....	–
Global Intrepid A USD F	5	$1.6695		.....	–
Global Property Securities A EUR F	5	€0.981		.....	–
Global Real Return (EUR) A EUR F		€1.0843		.....	–
Global Real Return (USD) A USD F		$1.1906		.....	–
Japan Eqty A USD F	5	$0.8224		.....	–
Japan Eqty Value A JPY F	5	Y5123.03		.....	–
Latin America Infrastructure Fund B USD F		$1.167		.....	–
Long–Term Global Eqty A EUR F	5	€1.1207		.....	–
Pan Eurp Eqty A EUR F	5	€1.0753		.....	–
Small Cap Euroland A EUR F	5	€2.3366		.....	–
Sterling Bond A GBP F	5	£1.5164		.....	–
S&P 500 Idx Tkr A USD F	5	$1.0764		.....	–
UK Eqty A GBP F	5	£1.3945		.....	–
US Dynamic Value A USD F	5	$1.4129		.....	–
US Eqty A USD F	5	$0.8932		.....	–
Vietnam, India and China (VIC) Fund F	5	$1.6942		.....	–
Emerging Markets Equity Fund F		$1.9784		.....	–

Bank of America Cap Mgmt (Ireland) Ltd (IRL)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Global Liquidity USD		$1.00		.....	0.32
Global Liquidity EUR		€1.00		.....	0.72

BANQUE SAFDIÉ

Banque Safdie SA (CYM)
Tel : (+41) 22 817 88 33
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Key Alternative Fd EUR		€11987.64		.....	–
Key Alternative Fd USD		$13149.49		.....	–
Safdie Latam Fd EUR		€12942.48		.....	–
Safdie Latam Fd USD		$15176.85		.....	–
Total Return (Offshore) Fd.		$12534.09		.....	–

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR, Channel Islands 01534 812800
FSA Recognised
Bond Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Sterling Bond F	3½ C	£0.4168	0.4168	–0.0032	4.8

Baring Fund Managers Ltd (1200)F (UK)
PO Box 831, 155 Bishopsgate, London EC2M 3YS
Dealing and Enquiries 020 7214 1004
Fund Information: www.barings.com
www.ft.com/funds/baring
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Absolute Rtn Glb Bond A Acc	5	130.5000		+2.3	0.90
Absolute Rtn Glb Bond A Inc	5	116.7000		+2.0	0.90
China Growth A Acc	5	128.3000xd		–0.4	0.30
Eastern Acc GBP	5	588.5000		+3.2	1.00
Eastern Inc GBP	5	580.1000		+3.2	0.08
Emerging Markets A Acc	5	276.8000xd		.....	0.50
Europe Select Inc GBP	5	1673.0000		–16	0.30
European Growth Inc	5	819.8	864.0	–11.1000	0.90
German Growth Acc GBP	5	401.2000		–5.7	1.60
German Growth Inc GBP	5	379.6000		–5.4	0.40
Glb Agriculture A Acc GBP	5	156.8000xd		–0.5	0.80
Gbl Agriculture A Acc EUR	5	€1.9000xd		+0.007	0
Gbl Agriculture A Acc USD	5	$2.5440		–0.024	0.10
Global Bond Inc	5	112.9	118.5	–0.2000	1.40
Global Growth Inc	5	275.5	290.4	–2.0000	0.10
Japan Growth Acc	5	96.55	101.7	+0.3000	0
Korea Acc	5	257.7	273.1	+6.0000	0.10
Multi Asset A Acc	5	132.5000xd		+0.1	0.40
Multi Asset A Inc	5	131.3000xd		+0.1	0.40
Portfolio Acc	5	541.2	573.3	–3.5000	1.20
Portfolio Inc	5	232.7	246.4	–1.6000	1.20
UK Growth Inc	5	199.7	211.2	–1.7000	1.60
UK Smaller Companies Inc	5	296.4	315.9	–1.1000	1.50
Charity Fund					
0800 032 6347 (charity enquiries)					
Targeted Return Fund Acc		£116.2	117.0xd	–0.4000	2.50
Targeted Return Fund Inc		104.3	105.0xd	–0.4000	2.50

Baring International Fd Mgrs (Ireland) (IRL)
Northern Trust, George Court 54–62 Townsend Street, Dublin 2 Rep of Ireland 020 7214 1004
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
ASEAN Frontiers A Inc GBP	5	£109.37	114.84	–0.16	–
Asia Growth A Inc GBP H	5	£41.77	43.86	+0.27	0.06
Australia A Inc GBP	5	£74.75	78.49	–1.48	–
China Select A Inc USD F	5	$11.46	12.03	–0.08	–
Eastern Europe A Inc GBP	5	£75.86	79.65	–0.05	–
Emerging Mkt Debt LC A Inc GBP hedged		£12.39	13.01	.....	–
Emerging Opportunities Fund – Class A GBP Inc H	5	£25.05	26.31	–0.01	1.34
Europa A Inc USD Nov 10 H	5	$43.51	45.68	–0.71	0.28
Glb Aggregate Bond A Inc USD H	5	$11.15xd	11.71	–0.09	4.15
Global Emerging Markets Fund – Class A GBP Inc H	5	£24.53	25.75	.....	0.13
Glb Select A Inc GBP Nov 10 H	5	£7.93	8.32	–0.06	0.06
Glb Resources A Inc GBP H	5	£18.76	19.70	–0.34	–
High Yield Bond A Inc GBP Hedged H	5	£7.25xd	7.61	+0.01	4.43
Hong Kong China A Inc GBP	5	£611.44	642.01	–2.26	–
International Bond A Inc GBP Nov 10 F	5	£17.27xd	18.13	–0.10	2.70
Latin America Fund – Class A USD Inc Nov 10 H	5	$56.42	59.24	–1.29	0.39
MENA A Inc GBP F	5	£10.38	10.90	+0.03	–
North America A Inc GBP F	5	£37.97	39.87	–0.15	–

Baring International Fd Mgrs (Ireland) (IRL)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
China A–Share A Inc GBP F	5	£6.73	7.07	+0.02	–
Korea Feeder Fund USD Class A USD Acc Nov 10		$23.30	24.46	+0.28	0.00

Barings (Luxembourg) (LUX)
FSA recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Russia Fund Class A GBP Inc F		£45.11		.....	–

Barmac Asset Management Ltd (UK)
2 The Boulevard, City West One Office Park Leeds LS12 6NT
Authorised Corporate Director – Capita Financial Managers
Dealing: 0845 922 0044
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
The Castleton Growth Fund Inst Acc ✠ F	5½	104.80		+0.03	0.00
The Castleton Growth Fund Inst Inc ✠ F	5½	104.24		+0.03	0.00
The Castleton Growth Fund Ret Acc ✠ F	5½	104.01		+0.03	0.00
The Castleton Growth Fund Ret Inc ✠ F	5½	104.35		+0.02	0.86

Bedlam Funds Plc (IRL)
20 Abchurch Lane, London, EC4N 7BB
Dealing: 00 3531 542 2907 Enquiries: 00 4420 7648 4300
www.ft.com/funds/bedlam
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Bedlam Global A	0	£174.4000		.....	–
Bedlam Global B		£178.4400		.....	–
Bedlam Emerging Markets A	0	£227.1000		.....	–
Bedlam Emerging Markets B		£223.5900		.....	–
Bedlam Europe A		£131.2600		.....	–
Bedlam Europe B		£135.5800		.....	–
Bedlam Japan A		£81.3900		.....	–
Bedlam Japan B		£78.8900		.....	–
Bedlam UK A	0	£132.5700		.....	–
Bedlam UK B		£133.0000		.....	–
Bedlam 200	0	£86.5400		.....	–

Blackmore Capital Management Limited (GSY)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Branded Comm Opps Fd Class A		£1.0000		.....	–
Branded Comm Opps Fd Class B		£1.0670		.....	–
Branded Comm Opps Fd Class C		£1.0695		.....	–

BlackRock (IOM)
3rd Floor, Atlantic House, Circular Road, Douglas, Isle of Man 01624 671128
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BLK Offshore Bal Pfolio	5	166.9xd	176.4	–1.00	2.1
BLK Intl Bond	5	48.07xd	50.65	–0.12	–

BlackRock (JER)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BlackRock UK Property Oct 29		£33.8367		.....	–
BLK Intl Gold & General		$12.83	13.52	.....	–

Blairmore Holdings Inc
Other International Funds
Smith & Williamson Investment Management
Administrators – S G Hambros Bank & Trust (Bahamas) Limited

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
NAV Oct 29		$11.6074		.....	0.23

Blakeney Management Ltd (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Blakeney Investors		$29.01		.....	–
Blakeney Investors–S08/08		$8.17		.....	–
Blakeney Investors–S11/08		$12.26		.....	–
Blakeney Investors–S08/09		$11.50		.....	–
Blakeney Investors–S09/09		$10.83		.....	–
Blakeney Investors–S10/09		$10.66		.....	–
Blakeney Investors–S11/09		$10.81		.....	–
Blakeney Investors–S12/09		$11.18		.....	–
Blakeney Investors–S02/10		$10.98		.....	–
Blakeney Investors–S04/10		$10.09		.....	–
Blakeney Investors–S07/10		$10.53		.....	–
Blakeney Investors–S09/10		$10.33		.....	–

*Weekly Valuing Funds

BlueBay asset management

BlueBay Asset Management plc (LUX)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BlueBay Emerging Market Bond Nov 9		$241.98		.....	–
BlueBay Emerging Market Select Bond		$148.20		.....	–
BlueBay Global Convertible Bond I		$157.75		.....	–
BlueBay High Yield Bond		€262.66		.....	–
BlueBay Investment Grade Bond		€139.71		.....	–
BlueBay Emg Mkt Loc Curr Bd		$167.01		.....	–
BlueBay Emg Mkt Sel Bd		$117.41		.....	–

BlueBay Asset Management plc (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
BlueBay Multi–Strategy Fund		$123.33		.....	–
BlueBay Multi–Strategy PLUS Fund		$126.39		.....	–
BlueBay Value Recovery Fund (EUR) Sep 30		€105.84		.....	–
BlueBay Value Recovery Fund (USD) Sep 30		$105.84		.....	–

Bonfield Asset Management Limited
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
The Longbow New Europe Fund Nov 3		$74.73		.....	–

BONHOTE
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Bonhôte–Arbitrage (EUR)		€7599.0		+20.0	–
Bonhôte–Performance (EUR)		€9250.0		+170.0	–

Boyer Allan Investment Mgmt LLP (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Boyer Allan Greater China Inc A1 (Est) Nov 5		$197.30		.....	–
Boyer Allan Japan Inc USD NAV (Est) Nov 5		$119.69		.....	–
Boyer Allan Pacific Inc A2 (Est) Nov 5		$780.75		.....	–
Boyer Allan Pacific Opportunities A1 USD Inc NAV (Est) Nov 5		$285.84		.....	–

Braemar Group PCC Limited (GSY)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Ground Rents Class A		£1.0559		.....	–
Ground Rents Class B		£0.9953		.....	–
UK Agricultural Class A		£0.9655		.....	–
UK Agricultural Class B		£1.0207		.....	–
Student Accom Class A		£1.3143		.....	–
Student Accom Class B		£1.0093		.....	–

British Property Opportunities Fund (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Managing Partners British Prprty Opps Fd GBP Grwth		£114.4510		.....	–

CAF Investment Services (UK)
Kings Hill, West Malling, Kent 03000 123 222
www.ft.com/funds/CAF
Property & Other UK Unit Trusts

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Bond Income Fd		62.60	62.83xd	–0.4600	3.77
UK Equity Growth Fd		137.0	137.3xd	–0.9000	4.58
CAF UK Equitrack Inc Fd		60.45	60.45xd	–0.50	2.8
CAF UK Equitrack Acc Fd		72.95	72.95xd	–0.61	2.8

CCLA Investment Management Ltd (UK)
80 Cheapside, London EC2V 6DZ 0800 022 3505
Property & Other UK Unit Trusts
CBF Church of England Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Investment Inc Nov 9		1086.97	1103.39	.....	4.21
Investment Acc Nov 9		1786.86	1813.86	.....	0.00
Global Equity Inc Nov 9		130.46	131.90	.....	4.69
Global Equity Acc Nov 9		150.18	151.84	.....	0.00
UK Equity Inc Nov 9		118.08	119.26	.....	4.23
UK Equity Acc Nov 9		139.69	141.09	.....	0.00
Fixed Interest Inc Nov 9		159.86	160.50	.....	5.48
Fixed Interest Acc Nov 9		380.41	381.93	.....	0.00
Property Fund Inc Oct 31		119.84	123.86	.....	6.45
Property Fund Acc Oct 31		154.29	159.46	.....	0.00

Deposit Fund: See Money Market Trust & Bank Accounts

COIF Charity Funds‡ (UK)

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Investment Inc Nov 4		995.25	1006.25	.....	4.29
Investment Acc Nov 4		7712.05	7797.35	.....	0.00
Ethical Invest Inc Nov 4		155.99	157.71	.....	4.24
Ethical Invest Acc Nov 4		160.67	162.45	.....	0.00
Global Equity Inc Nov 4		123.38	124.74	.....	4.75
Global Equity Acc Nov 4		142.49	144.07	.....	0.00
Fixed Interest Inc Nov 4		130.65	131.17	.....	5.49
Fixed Interest Acc Nov 4		588.48	590.84	.....	0.00
Property Inc Oct 31		102.36	105.79	.....	7.11
Property Acc Oct 31		161.77	167.20	.....	0.00

Deposit Fund: See Money Market Trust & Bank Accounts

Local Authorities Property Fd (LAMIT) (UK)

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Property Oct 31		229.58	241.00	.....	5.53

CG Portfolio Fund Ltd (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
NAV		£22286.98		.....	–

CIS Unit Managers Ltd (1200)F (UK)
PO Box 105, Manchester M4 8BB 08457 464646
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Corporate Bd Inc Tst	5	85.54xd	90.04	–0.55	5.30
Sustainable Leaders ✠	5	293.2	308.7	–1.40	1.50
European Growth ✠	5	89.33xd	94.03	–0.87	1.20
UK Growth ✠	5	358.2	377.0	–3.20	1.20
UK Income With Growth ✠	5 C	195.9xd	206.2	–1.70	3.80
US Growth	5	85.38	89.88	.....	0.00
CIS Sustainable Diversified Trust	5	117.3xd	123.4	–0.50	2.10
CIS Sustainable World Trust	5	108.3xd	114.0	–0.30	1.40

*Additional funds are available
Please see www.cis.co.uk for details

CP Global Asset Mgmnt P/ Ltd. (CYM)
186A, Telok Ayer Street, Singapore 068632, Tel 65 6222 5366
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CP Multi–Strategy Currency Fund (USD)		$107.10		.....	7.1

CACEIS Fastnet (Suisse) SA
Tel: +41 22 360 94 00 www.caceis.ch
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Dynamic Ratchet Bond Fund–Japan		Y5269.0		+30.0	–

Capita Financial Managers (UK)
Ibex House, 42–47 Minories, London, EC3N 1DX
Order Desk 08459 220044 Switchboard 0870 607 2555
www.ft.com/funds/capitafinancial
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CF Acuity Real Active Management Fund A Acc ✠	5	87.56		+0.12	0.33
CF Acuity Real Active Management Fund B Acc ✠	5	90.86		+0.13	0.42
CF Adam Worldwide Fund Acc ♦	3	532.51	553.10	–3.68	1.61
CF Adam Worldwide Fund Inc ♦	3	367.58	381.79	–2.54	1.61
CF Eden Global Multi–Strategy Fund A Acc ✠	5	103.03xd		+0.05	1.21
CF Eden Global Multi–Strategy Fund A Inc ✠	5	98.88xd		+0.05	1.22
CF Heartwood Cautious B Acc ✠	5	106.29xd		–0.22	0.65
CF Heartwood Cautious Income B Inc ✠	5	104.02xd		–0.24	2.85
CF Heartwood Growth B Acc ✠	5	113.00		+0.07	0.00
CF Heartwood Balanced Income B Inc ✠	5	100.48		–0.18	3.46
CF Heartwood Balanced B Acc ✠	5	102.25		–0.10	0.55
CF JM Finn Gbl Opps R Net Acc ♦	5	239.93		–0.24	1.78
CF JM Finn Gbl Opps I Acc ♦	5	240.87		–0.24	3.30
CF JM Finn Gbl Opps I Inc ♦	5	239.70		–0.23	3.29
CF JM Finn UK Pfolio R Net Acc ♦	5	155.49		–0.91	3.22
CF JM Finn UK Pfolio R Net Inc ♦	5	126.40		–0.74	3.30
CF JM Finn UK Smaller Cos R Acc ♦	5	128.01		+0.69	0.00
CF JM Finn UK Smaller Cos R Inc ♦	5	127.99		+0.69	0.00

Capita Financial Managers - Contd.

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CF JM Finn UK Smaller Cos I Acc ♦	5	128.30		+0.70	0.00
CF JM Finn UK Smaller Cos I Inc ♦	5	128.29		+0.70	0.00
CF JOHIM Portfolio Fd A ✠	5	115.44xd		–0.05	1.78
CF JOHIM Portfolio Fd B ✠	5	115.02xd		–0.05	1.33
CF JOHIM Portfolio Fd C ✠	5	114.81xd		–0.05	0.73
CF JOHIM Alternatives Fund Income class A ♦	5	97.38		+0.18	0.00
CF JOHIM Alternatives Fund Income class B ♦	5	96.99		+0.19	0.00
Junior Oils Trust Acc ✠	5¼	270.06	285.78	+6.78	0.00
CF OLIM UK Equity Acc ✠	0	182.11	184.33	–0.65	6.40
CF OLIM UK Equity Inc ✠	0	131.54	133.14	–0.47	6.40
CF Richmond Core ✠	5	144.28		–0.42	0.00
CF SI Investment Mkts Inc ♦	5 C	414.22	438.95	–3.11	2.68
CF SI Investment Mkts Acc ♦	5 C	627.43	664.90	–4.70	2.68
CF UK Fund ✠	5	120.66		+0.05	1.51
Investment Adviser – Amati Global Investors Limited					
CF Amati Smaller Cos A Acc ♦	4	320.55		+1.54	0.00
CF Amati Smaller Cos B Acc ♦	4	353.21		+1.70	0.00
Investment Adviser – Cheviot Asset Management					
CF Cheviot Balanced A Acc ✠	5	103.35xd		+0.29	0.61
CF Cheviot Balanced A Inc ✠	5	101.92xd		+0.29	0.62
Investment Adviser – DSM Capital Partners					
The Greenwich Fd ✠	3½	$13.1868		.....	0.00
The Westchester ✠	3½	$14.7378		–0.03	0.00
Investment Adviser – FundQuest UK Limited					
CF FundQuest Global Select Fund Ord GBP Acc ✠	5¼	112.29		+0.32	0.00
CF FundQuest Global Select Fund Inst USD Acc ✠	2	$1.8577		–0.01	0.00
CF FundQuest Global Select Fund Inst GBP Acc ✠	2	116.31		+0.32	0.00
CF FundQuest Select Fund Ord Acc ✠	5¼	171.17		+0.38	0.00
CF FundQuest Select Fund Inst Acc ✠	2	177.54		+0.40	0.02
CF FundQuest Select Income Fund Ord Acc ✠	5¼ C	139.12xd		+0.19	1.95
CF FundQuest Select Income Fund Inst Acc ✠	2 C	143.03xd		+0.20	1.96
CF FundQuest Select Income Fund Inst Inc ✠	2 C	124.43xd		+0.17	2.01
CF FundQuest Select Income Fund Ord Inc ✠	5¼ C	120.99xd		+0.16	2.02
CF FundQuest Select Opportunities Fund Ord Acc ✠	5¼	110.21		+0.34	0.00
CF FundQuest Select Opportunities Fund Inst Acc ✠	2	112.07		+0.34	0.00
Investment Adviser – GHC Fund Management Ltd					
CF GHC High Income Fund A Inc ✠	5	119.49		–0.19	4.95
CF GHC High Income Fund B Inc ✠	1½ C	124.63		–0.20	4.92
CF GHC MM Fixed Interest A Acc ✠	5	139.88		–0.31	4.72
CF GHC MM Fixed Interest A Inc ✠	5	94.30		–0.21	4.72
CF GHC MM Fixed Interest B Acc ✠	1½	139.97		–0.31	3.77
CF GHC MM Fixed Interest B Inc ✠	1½	95.05		–0.20	4.12
CF GHC MM Global Equity A Acc ✠	5	200.29		–0.18	0.00
CF GHC MM Global Equity B Acc ✠	1½	202.35		–0.19	0.00
CF GHC MM Strategic Mngd A Acc ✠	5	108.94		+0.20	0.00
CF GHC MM Strategic Mngd B Acc ✠	1½	111.11		+0.21	0.00
CF GHC MM UK Equity A Acc ✠	5	247.24		+1.16	0.67
CF GHC MM UK Equity B Acc ✠	1½	252.16		+1.19	1.13
Investment Adviser Lacomp Plc					
CF Lacomp World* ✠	5	124.24xd	130.99	+0.91	0.00
MAM Funds					
CF Midas Balanced Income ♦	5	92.59xd		–0.03	5.10
CF Midas Balanced Gth ♦	5	168.22		–0.31	1.54
CF Miton Arcturus Rtl ♦	5	106.76xd		–0.15	0.00
CF Miton Cautious Inc Pfolio A Inc ♦	5	78.16xd		+0.10	4.13
CF Miton Global Growth Portfolio A Acc ♦	5	150.24		+0.58	0.00
CF Miton Global Income Portfolio A Inc ♦	5	98.50		+0.08	1.98
CF Miton Select Assets A Acc ♦	5	209.27		+0.92	0.00
CF Miton Special Sits Pfolio A Acc ♦	5	181.40		–0.06	0.00
CF Miton Strategic Pfolio A ♦	5	276.57		+0.70	0.00
Investment Adviser – Morant Wright Management Limited					
CF Morant Wright Japan A ✠	5	184.27xd		+0.61	0.00
CF Morant Wright Japan A Inc ✠	5	183.38xd		+0.61	0.00
CF Morant Wright Japan B ✠	5	191.20xd		+0.64	0.37
CF Morant Wright Japan B Inc ✠	5	186.60xd		+0.62	0.42
CF Morant Wright Nippon Yield ACC A ✠	5	156.41xd		–0.10	0.00
CF Morant Wright Nippon Yield ACC B ✠	5	158.16xd		–0.11	0.00
CF Morant Wright Nippon Yield Fund A Inc ✠	5	156.42xd		–0.10	2.37
CF Morant Wright Nippon Yield Fund B Inc ✠	5	158.14xd		–0.11	2.39

*Weekly Valuing Funds

Capita Financial Managers (Ireland) Limited (IRL)
1 Adelaide Court, Adelaide Road, Dublin 2, Ireland +353 1 400 5300
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CF Heartwood Multi Asset B Acc Nav		£1.02		.....	–

Capital International℠

Capital International funds services (LUX)
6, route de Trèves, L–2633 Senningerberg, Luxembourg
Capital International is part of
The Capital Group Companies
www.capitalinternationalfunds.com
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Growth Funds					
CIF All Cty Equity B		SFr16.63		.....	0.1427
CIF All Cty Equity B		€12.5		.....	0.1427
CIF All Cty Equity B		$17.13		.....	0.1427
CIF All Cty Equity BD		$10.67		.....	0.1378
CIF Global Equity B		$15.84		.....	0.2899
CIF Global Equity BD		$9.63		.....	0.3124
CIF Global Equity B		SFr15.38		.....	0.2899
CIF Global Equity B		€11.56		.....	0.2899
CIF European Equity BD		£8.16		.....	1.1973
CIF European Equity B		€10.14		.....	1.2021
CIF European Equity B		SFr13.48		.....	1.2021
CIF European Equity B		$13.89		.....	1.2021
CIF Japan Equity B		€6.46		.....	–
CIF Japan Equity B		$8.85		.....	–
CIF Japan Equity B		SFr8.6		.....	–
CIF Japan Equity BD		£5.5		.....	–
CIF AsPac (exJap) Eq B		SFr18.19		.....	0.7372
CIF AsPac (exJap) Eq B		€13.67		.....	0.7372
CIF AsPac (exJap) Eq B		$18.73		.....	0.7372
CIF AsPac (exJap) Eq BD		£11.27		.....	0.6483
CI Emerg.Mkts BD		£63.66		.....	0.0481
CI Emerg.Mkts B		SFr101.59		.....	0.0029
CI Emerg.Mkts B		€75.95		.....	0.0029
CI Emerg.Mkts B		$105.67		.....	0.0029
Growth and Income Funds					
CIF Global Gwth&Inc.Fd BD		£8.56		.....	0.866
CIF Global Gwth&Inc.Fd B		€10.34		.....	0.901
CIF Global Gwth&Inc.Fd B		SFr13.75		.....	0.901
CIF Global Gwth&Inc.Fd B		$14.16		.....	0.901
CIF Euro Gwth&Inc.Fd B		€15.45		.....	1.8115
CIF Euro Gwth&Inc.Fd B		SFr20.55		.....	1.8115
CIF Euro Gwth&Inc.Fd B		$21.16		.....	1.8115
CIF Euro Gwth&Inc.Fd BD		£12.59		.....	1.7423
CIF US Gwth&Inc.Fd B		€11.13		.....	0.0185
CIF US Gwth&Inc.Fd B		SFr14.8		.....	0.0185
CIF US Gwth&Inc.Fd B		$15.25		.....	0.0185
CIF US Gwth&Inc.Fd BD		£9.45		.....	0.0242
CIUKF UK Corp.Bond Bd		£10.07		.....	4.3508
Objective Based Funds					
CIP2 UK Absolute Inc Grower		£8.72		.....	2.8154
CI Emerg Mkts Total Opp. B		$11.94		.....	2.2788
Income Funds					
CIF Gbl High Inc op BD		£12.94		.....	5.4949
CIF Gbl High Inc op B		€21.52		.....	5.5121
CIF Gbl High Inc op B		SFr28.62		.....	5.5121
CIF Gbl High Inc op B		$29.48		.....	5.5121
CIF Global Bond BD		£10.23		.....	3.0151
CIF Global Bond B		€13.83		.....	3.0047
CIF Global Bond B		SFr18.39		.....	3.0047
CIF Global Bond B		$18.95		.....	3.0047
CIF Euro Bond B		$17.64		.....	3.1553
CIF Euro Bond B		€12.87		.....	3.1553
CIF Euro Bond BD		£9.33		.....	3.1455
CIF Euro Bond B		SFr17.12		.....	3.1553
CI Emerg Mkts Debt B		$13.15		.....	4.0006

Castlefield Investments (1200) (UK)
Admin:Eastgate Court, High Street, Guildford, Surrey GU1 3DE
Dealing: 0845 605 6363 Enquiries: 0161 233 4890
Authorised Inv Funds
Authorised Corporate Director – Premier Portfolio Mgrs Ltd
Premier Castlefield Funds www.castlefield.com

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Charity Shares					
Premier Castlefield Gbl Eqty Charity Inc # F	0	183.79		+0.12	0.19
Premier Castlefield Monthly Eqty Inc Charity Inc # F	0	74.32		–0.38	7.00
Premier Castlefield UK Eqty Charity Inc # F	0	205.76		–1.79	2.78
Premier Castlefield UK Eqty Charity Acc # F	0	205.76		–1.79	2.78
General Shares					
Premier Castlefield Gbl Eqty Inc # F	3½	178.57		+0.11	0.19
Premier Castlefield Monthly Eqty Inc # F	5¼	73.89		–0.38	13.41
Premier Castlefield UK Eqty Gen Inc # F	3½	242.82		–2.12	2.78
Premier Castlefield UK Eqty Gen Acc # F	3½	242.82		–2.12	2.78
Premier Castlefield UK Alpha General Inc Shares # F	3½	267.69		–2.39	0.54
Premier Castlefield UK Alpha General Acc Shares # F	3½	270.04		–2.42	0.54
Premier Castlefield UK Smaller Cos General Inc Shares # F	3½	231.02		+0.04	0.78
Premier Castlefield UK Smaller Cos General Acc Shares # F	3½	231.55		+0.04	0.78
Institutional Shares					
Premier Castlefield Gbl Eqty Instl Inc # F	0	183.50		+0.12	0.19
Premier Castlefield Monthly Eqty Instl Inc # F	0	73.82		–0.37	7.48
Premier Castlefield UK Eqty Instl Inc # F	0	211.21		–1.83	2.60
Premier Castlefield UK Eqty Instl Acc # F	0	249.04		–2.17	2.57
Premier Castlefield UK Alpha Instl Inc Shares # F	0	270.66		–2.42	0.32
Premier Castlefield UK Alpha Instl Acc Shares # F	0	276.64		–2.48	0.32
Premier Castlefield UK Smaller Cos Instl Inc Shares # F	0	231.44		+0.04	0.46
Premier Castlefield UK Smaller Cos Instl Acc Shares # F	0	236.12		+0.05	0.46

Cavendish Asset Management Limited (1200)F (UK)
Chelsea House, Westgate, London W5 1DR
IFA Enquiries 020 8810 8041 Admin/Dealing 0870 870 7502
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Opportunities Instl Income	5	606.2000		–1.9	1.50
Opportunities Retail Income	5	602.6000		–2.0	0.90
Worldwide Instl Income	5	252.5000		–0.8	2.10
Worldwide Retail Income	5	250.7000		–0.8	1.60
AIM Instl Income	5	107.2000		–0.6	0.60
AIM Retail Income	5	104.7000		–0.6	0.50
Asia Pacific Instl Inc	5	161.4000		.....	0.50
Asia Pacific Retail Inc	5	160.1000		.....	0.20
European Instl Income	5 E	131.8000		–0.6	0.50
European Retail Income	5 E	129.7000		–0.6	0.10
Japan Instl Income	5 E	115.3000		–0.3	0.10
Japan Retail Income	5 E	114.3000		–0.2	0
North American Instl Income	5 E	132.1000		–0.6	0
North American Retail Income	5 E	130.1000		–0.6	0
Technology Instl Income	5 E	164.7000		.....	0
Technology Retail Income	5 E	162.1000		–0.1	0
UK Balanced Income Instl Inc	5 E	108.0000		–0.4	–
UK Balanced Income Retail Inc	5 E	107.2000		–0.3	–
UK Select Instl Inc	5 E	111.5000		–0.6	–
UK Select Retail Inc	5 E	111.1000		–0.6	–

Cazenove Inv Fd Mgmt Ltd (CIFM) (UK)
12 Moorgate, London, EC2R 6DA 020 3479 0000
Property & Other UK Unit Trusts

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Absolute Return Tst for Charities Inc		£127.11		.....	–
Absolute Return Tst for Charities Acc		£153.17		.....	–
Equity Inc Tst For Charities		70.44	70.73xd	–0.24	4.3
Growth Tst For Charities		126.14	126.62xd	–0.83	3.5
Income Tst For Charities		59.61	59.79xd	–0.33	5.3
Multi–Strategy Tst for Charities		£70.29		.....	5.0

Cedar Rock Capital Limited (IRL)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Cedar Rock Capital Fd Plc		$216.07		.....	–
Cedar Rock Capital Fd Plc		£212.16		.....	–
Cedar Rock Capital Fd Plc		€161.82		.....	–

CGP Capital Partners LLP (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Europe Fund Class 1 (Est) Nov 5		€108.84		.....	–
Europe Fund Class 2 (Est) Nov 5		€101.48		.....	–
Europe Fund Class 3 (Est) Nov 5		$96.17		.....	–

Charities Property Fund (UK)
020 3107 5439
Property & Other UK Unit Trusts

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Property		93.37	96.21	.....	7

Charitrak Common Investment Fund (UK)
Murray Hse, 1 Royal Mint Ct, London, EC3N 4HH 020 7668 8662
Property & Other UK Unit Trusts

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Charitrak Common Investment Inc		934.60	941.10	.....	–
Charitrak Common Investment Acc		1287	1296	.....	–

The Charlemagne Fund (CYM)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
NAV EUR (Final) Oct 31		€253.40		.....	–
NAV USD (Final) Oct 31		$263.37		.....	–

Charlemagne Capital

Charlemagne Capital (IOM) Ltd
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
OCCO Eastern European Nov 5		$308.51		.....	0.54
Charlemagne Euro.New Frontiers Oct 28		$15.31		.....	–
Magna Umbrella Fund PLC					
Magna Africa A		€10.189		.....	–
Magna Africa B		£10.746		.....	–
Magna Africa C		€11.656		.....	–
Magna Eastern European A		€30.411		.....	–
Magna Eastern European C		€44.374		.....	–
Magna Emerging Mkts Div Fd N Acc		€10.779		.....	–
Magna Emerging Mkts Div Fd R Acc		€10.598		.....	–
Magna Emerging Mkts Div Fd N Dist		€10.778		.....	–
Magna Emerging Mkts Div Fd R Dist		€10.755		.....	–
Magna Global Emerging Markets A		€22.716		.....	–
Magna Global Emerging Markets B		£14.03		.....	–
Magna Global Emerging Markets C		€23.611		.....	–
Magna Latin American A		€34.922		.....	–
Magna Latin American C		€35.748		.....	–
Magna Russia A		€33.276		.....	–
Magna Russia C		€33.604		.....	–
Magna Turkey A		€26.803		.....	–
Magna Turkey B		£18.829		.....	–
Magna Turkey C		€27.064		.....	–
Magna Undervalued Ass Fd N		€10.851		.....	–
Magna Undervalued Ass Fd R		€10.881		.....	–

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Schwab USD Liquid Assets Fd		$1.00		.....	0.01

Chartered Asset Management PTE Ltd
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CAM–GTF Limited Oct 22		$384531.51	384531.51	.....	–
CAM GTi Limited Aug 31		$1108.26		.....	–
Raffles–Asia Investment Company Sep 30		$2.74		.....	–

Cheyne Capital

Cheyne Capital Management (UK) LLP (IRL)
Cheyneinvestor.Relations@cheynecapital.com
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Cheyne Convertibles Absolute Return Fund		€1101.4006		.....	–
Cheyne Convertibles Absolute Return Fund		$1104.0651		.....	–
Cheyne Convertibles Absolute Return Fund		£1077.0580		.....	–

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Altedge Diversified Fund – Balanced USD		$126.42		.....	–
Cheyne European Event Driven Fund (Final)		€121.6716		.....	–
Cheyne Real Estate Debt Fund Class B		£127.073		.....	–
Cheyne Long/Short Credit Fund		$148.2993		.....	–
Total Return Credit Fund Class N (Final)		$119.5755		.....	–

Church House Inv (Bahamas) Ltd
SG Hambros Bank & Trust (Bahamas) Ltd – Administrator
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CH Deep Value		£267.946	270.630	.....	–

Citadel Guernsey Ltd (GSY)
Regulated
CAM Global Selection Ltd

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Long Term Growth Cls		$121.268		+3.979	–

CityFinancial Agility + Acumen

City Financial Investment Company Limited (UK)
2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT
Enquires: 0845 300 2107
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Strategic Gilt A Acc ✠	5	146.81xd		–0.05	1.85
Strategic Gilt A Inc ✠	5	136.26xd		–0.04	1.80
Strategic Gilt B Acc ✠	5	149.54xd		–0.04	2.38
Strategic Gilt B Inc ✠	5	136.34xd		–0.04	2.42
Strategic Gilt Foresters ✠	5	148.96xd		–0.04	1.76
Strategic Global Bond A Acc ✠	5	157.73xd		–0.44	1.26
Strategic Global Bond A Inc ✠	5	77.98xd		–0.22	1.27
Strategic Global Bond B Acc ✠	5	159.35xd		–0.43	1.55
Strategic Global Bond B Inc ✠	5	78.06xd		–0.22	1.64
MultiManager Income A Inc ♦	5	158.00	167.20	+0.33	1.57
MultiManager Income A Acc ♦	5	252.87	267.59	+0.52	1.57
MultiManager Growth A Inc ♦	5	346.78	367.33	+0.66	1.64
MultiManager Growth A Acc ♦	5	371.02	393.01	+0.70	1.64

City of London Inv Mgmt Co Ltd (IRL)
2nd Floor, Guild House, Guild Street, Dublin 1 00 353 1 448 5033
www.ft.com/funds/cityoflondon
FSA Recognised

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
The Em.Mkt Value & Growth GBP–Inst		£14.52		.....	–
The Em.Mkt Value & Growth GBP–Ret.		£14.42		.....	–
The Emerging World USD – Retail A		$71.21		.....	–
The Emerging World USD – Instl	0	$74.71		.....	–
The Natural Resources USD Retail A F	0	$10.65		–0.15	–
The Natural Resources USD – Instl	0	$10.81		–0.15	–

Clariden Leu

Clariden Leu (LUX)
funds.ft.com/funds/clariden/bank
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Theme & Sector Equities					
CL (Lux) Asia ex Japan Equity Fund		$149.02		+86015060.88	–
CL (Lux) Biotechnology Equity Fund B		$133		+114486571.2	–
CL (Lux) Climate Leaders Fund B		$95.31		+11966152.52	–
CL (Lux) Emerging Financials Equity Fund B		€126.26		+36508621.89	–
CL (Lux) Energy Equity Fund B		$110.17		+655404000.7	–
CL (Lux) European Equity Fund B		€123.57		+64825863.46	–
CL (Lux) Generics Equity Fund		$126.75		+33408339.39	–
CL (Lux) European Small Cap Equity Fund EUR B		€174.4		+22192023.41	–
CL (Lux) Infrastructure Fund B		$103.52		+381877507.4	–
CL (Lux) Japan Equity Fund B		Y9190		+1226636424	–
CL (Lux) Luxury Goods Equity Fund B		€166.77		+143666716.1	–
CL (Lux) North America Equity Fund B		$127.32		+74478237.49	–
CL (Lux) Russia Equity Fund B		$160.64		+287110976.7	–
CL (Lux) Technology Equity Fund B		$115.02		+99862029.15	–
CL (Lux) Commodity Instruments Fund		$87.57		+92203414.26	–
Regional Equities					
CL (Lux) Eastern Europe Equity Fund B		€126.95		+24548603.42	–
CL (Lux) Emerging Markets Equity Fund B		$144.83		+238160760	–
CL (Lux) Latin America Equity Fund B		$155.07		+52307730.99	–
CL (Lux) Silk Road Equity Fund B		$226.61		+65136969.39	–
Fixed Income					
CL (Lux) SICAV II–Government Bond Fund EUR B		€101.61		+18566791.58	–
CL (Lux) I – Optima Medium Bond		€113.59		+31473830.04	–
CL (Lux) I – Sovereign BF B EUR				.....	–
CL (Lux) I – Corporate Bond Fund B EUR				.....	–
Alternative Investments					
CL (Lux) Liquid Alternatives Fund B USD		$101.84		.....	–

Clariden Leu (CH)
funds.ft.com/funds/clariden/bankch
Other International Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Alternative Investments					
SAAF I (CH) Diversified Alpha Fund (USD) A–Class		$125.82		.....	–
SAAF I (CH) Latin America Fund (USD) A–Class		$116.17		.....	–
SAAF II (CH) Global Fund USD–Class		$150.36		.....	–
SAAF II (CH) Long Short Equity Fund USD		$106.88		.....	–
Fixed Income					
CL (CH) Bond Fund CHF		SFr112.36		.....	–
Regional Equities					
CL (CH) European Quant Equity Fund A–Class		€109.77		.....	–
CL (CH) US Quant Equity Fund A–Class		$106.1		.....	–
CL (CH) Swiss Equity Fund		SFr234.66		.....	–
CL (CH) Swiss Small Cap Equity Fund		SFr170		.....	–
Multi Asset Class					
CL (CH) Total Return Fund (CHF) A–Class		SFr921.18		.....	–
CL (CH) Total Return Fund (EUR) A–Class		€951.69		.....	–
CL (CH) Total Return Fund (USD) A–Class		$1039.99		.....	–
CL (CH) World Balanced Fund (CHF)		SFr156.97		.....	–
CL (CH) World Balanced Fund (EUR)		€101.51		.....	–
CL (CH) World Conservative Fund (CHF)		SFr100.44		.....	–
Insurance Linked Investments					
CL (CH) Cat Bond Fund USD–Class		$152.4		.....	–

Clariden Leu Finl Products (Guernsey) Ltd (GSY)
funds.ft.com/funds/clariden/financialproductsguernsey
Regulated

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Regional Equities					
CL (Gue) Asia Equity Multi Manager Fund		$251.01		.....	–
CL (Gue) Global Selection Fund		€1082.85		.....	–
Fixed Income					
CL (Gue) Bond Fund CHF B		SFr1165.95		–0.03	–
CL (Gue) Bond Fund EUR B		€3042.16		–2.95	–
CL (Gue) Bond Fund USD B		$3492.44		–14.15	–
CL (Gue) Core Plus Fixed Income Fund (CHF)		SFr941.92		(z)	–
CL (Gue) Core Plus Fixed Income Fund EUR		€1091.47		+4.21	–
CL (Gue) Core Plus Fixed Income Fund USD		$1142.9		–0.64	–
CL (Gue) Emerging Markets Bond Fund B		$1497.83		–0.95	–
CL (Gue) European High Yield Bond Fund B		€1223.65		–1.55	–
CL (Gue) Inflation Linked Bond Fund EUR		€1283.07		–1.45	–
CL (Gue) Inflation Linked Bond Fund USD		$1454.17		–12.14	–
CL (Gue) Local Currencies EMMA Fund (EUR)		€115.01		+0.22	–
CL (Gue) Local Currencies EMMA Fund (USD)		$123.35		+0.34	–
CL (Gue) Short Term Bond Fund EUR		€1308.14		–0.2	–
CL (Gue) Short Term Bond Fund USD		$1318.52		–1.63	–
CL (Gue) US High Yield Bond Fund B		$1556.22		+1.31	–

Clariden Leu (Lie)
http://funds.ft.com/funds/claridenleu/lie
Other International Funds
Money Market

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
CL (Lie) Money Market Fund CHF B		SFr1018.3		.....	–
CL (Lie) Money Market Fund EUR B		€1041.31		.....	–
CL (Lie) Money Market Fund GBP B		£1038.48		.....	–
CL (Lie) Money Market Fund USD B		$1020.87		.....	–

Clerical Medical Inv Fd Mgrs Ltd (1200)F (UK)
Trinity Road,Halifax HX1 2RG
Authorised Inv Funds

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Balanced Managed	4	115.90		–0.9	3.60
Secure Investment No2	7¼	1176.09		+1.31	–
Secure Investment No1	7¼	1184.41		(z)	–
FTSE 100 Tracker	4	124.50		–1.1	5.00
Income Inc	4	77.52		–0.5	6.80
Income Acc	4	105.50		–0.7	6.70
International Managed	4	130.90		–0.6	2.30

CMI Asset Mgmt (Luxembourg) SA (LUX)
23 route d'Arlon, L–8010 Strassen Lux 00 352 3178311
FSA Recognised
CMI Global Network Fund (u)

Fund	Init Chrge	Selling Price	Buying Price	+ or -	Yield
Regional Equity Sub Funds					
CMI Continental Euro Equity		€21.5210		.....	2.26
CMI Pacific Basin Enhanced Equity		$45.9520		.....	2.29
Single Country Equity Sub Funds					
CMI German Equity F	2	€45.3580		.....	1.87
CMI Japan Enhanced Equity F	2	Y2478.7970		.....	1.21
CMI UK Equity		£10.8940		.....	2.85
CMI US Enhanced Equity F	2	$45.43		.....	0.95

Managed funds service

Fund	Selling Price	Buying Price	+ or -	Yield
CMI Asset Mgmt - Contd.				
Index Tracking Sub Funds				
Euro Equity Index Tracking	€16.406		.....	2.21
Japan Index Tracking	¥467.7110		.....	1.36
UK Eqty Index Tracking	£13.18		.....	4.09
US Eqty Index Tracking 2	$33.9630		.....	7.42
Managed Sub Funds				
Global Bond	£1.5320		.....	2.05
Global Network Mgd Global Mnd	£1.7960		.....	1.25
Global Equity	£1.8090		.....	0.86
Bond Sub Funds				
CMI Euro Bond F	€41.6120		.....	4.16
CMI Japanese Bond	¥1679.4580		.....	0.25
CMI UK Bond	£7.2310		.....	3.80
CMI US Bond	$12.9390		.....	4.31
Currency Reserve Sub Funds				
CMI Euro Currency Reserve	€25.4640		.....	4.35
CMI Stlg Currency Reserve	£4.9680		.....	5.70
CMI US Dllr Currency Reserve	$9.9420		.....	5.66
CMI Access 80% Gu F	€6.0280		.....	0.00
CMI Fund Managers (IoM) (IOM)				
Clerical Medical Hse, Victoria Road, Douglas, IoM IM99 1LT 01624 625599				
FSA Recognised				
High Income	£0.4848	0.5151	+0.0005	4.79
Sterling Roll Up	£2.7031	2.8704	+0.0321	0
Maximum Permitted Charge 8.5%				
Close International Asset Mgt Ltd (JER)				
Regulated				
International Equity Growth	£13.1700		+0.021	
Close Global Funds Limited				
Sterling Currency	£54.0400		.....	0.00
Euro Currency	€33.5900		.....	–
US Dollar Currency	$59.5300		.....	–
Managed Currency	£51.3000		.....	–
High Income GBP	£76.8200		+0.002	–
Sterling Income Bond	£4.2900		+0.002	
Euro Income Bond	€11.2400		+0.004	
International Bond	£66.7700		–0.006	
Bond & Equity	£4.3700		+0.016	
International Equity	£55.4300		+0.027	–
International Sterling Growth	£57.9100		+0.022	–
International Euro Growth	€15.7200		+0.025	–
International US Dollar Growth	$47.1500		+0.027	–
All Weather Sterling	£1.2422		+0.022	–
All Weather Euro	€1.1407		+0.008	–
All Weather US Dollar	$1.0941		+0.031	–
Sterling Conservative Strategy	£10.2400		+0.002	–
Euro Conservative Strategy	€10.1200		+0.002	–
US Dollar Conservative Strategy	$10.0700		+0.003	–
Sterling Dynamic Strategy	£11.4000		+0.026	–
Euro Dynamic Strategy	€9.5500		+0.004	–
US Dollar Dynamic Strategy	$10.3300		+0.040	–
Sterling Progressive Strategy	£11.5700		+0.023	–
Euro Progressive Strategy	€9.7900		+0.004	–
US Dollar Progressive Strategy	$10.0300		+0.030	–
Trojan	£11.0700		+0.003	–
Close Investments Ltd (IRL)				
10 Exchange Square, Primrose Street, London, EC2A 2BY 020 7426 4000				
FSA Recognised				
Close Investments Portfolios Plc				
Long Dated Sterling Credit A	£14.12		–0.06	0.00
Long Dated Sterling Credit I	£14.79		–0.07	0.00
Cohen & Steers SICAV (LUX)				
Regulated				
Asia Pacific Real Estate Securities	$7.8557		.....	–
AsiaPac RealEst Sec IX	$8.3432		.....	–
European Real Estate Securities	€13.8926		.....	–
Europ RealEstate Sec IX	€16.3829		.....	–
Gbl RealEstate Sec I	$8.9094		.....	–
Gbl RealEstate Sec IX	$9.6448		.....	–
Collins Stewart Investment Funds plc (IRL)				
www.ft.com/funds/collinsstewartgroup				
FSA Recognised				
CS Alternative Strategies A	£1.0078		.....	–
CS Continental Europe Focus A	£276.9339		+1.0084	–
CS Total Return Bond	£90.7508		–0.0166	–
CS US Equity Focus A	$138.2878		–0.8343	–
CS UK Focus A	£100.9636		+0.1134	–
CS Select Opportunity	£1.3672		+0.0030	–
CS Select Growth	£1.3566		–0.0008	–
CS Select Affinity B	£1.2041		+0.0002	–
CS Select Global Affinity B	£1.1096		–0.0011	–
CS Select Diversity B	£1.1884		.....	–
CS Select Global Diversity B	£1.1182		–0.0015	–
CS Select Income B	£1.0768		–0.0001	–
Comgest SA (LUX)				
17 square Edouard VII – 75009 Paris www.comgest.com				
funds.ft.com/funds/Comgest/ComgestSALux				
FSA Recognised				
Comgest Asia F	$3498.58		.....	–
Comgest Europe F	SFr3833.28		.....	–
Comgest Far East Limited (LUX)				
FSA Recognised				
Comgest Panda	$2732.44		.....	–
Comgest SA (FRA)				
17 square Edouard VII – 75009 Paris				
funds.ft.com/funds/Comgest/ComgestSAFrance				
FSA Recognised				
Comgest Magellan	€1704.09		.....	–
Comgest AM International Ltd (IRL)				
Fitzwilliam Hall, Fitzwilliam Place, Dublin 2, Ireland				
funds.ft.com/funds/Comgest/ComgestAMInternationalLtd				
FSA Recognised				
Comgest Gth Asia ex Jap DIS F	$14.64		.....	–
Comgest Gth Emerg Mkt DIS F	$32.99		.....	–
Comgest Gth Europe DIS F	€10.62		.....	–
Comgest Gth GEM PC DIS F	$11.32		.....	–
Concord Misr Inv (Guernsey) Ltd (GSY)				
Regulated				
Egyptian Growth Nov 9	$12.45	12.63	.....	–
Consistent Unit Tst Mgt Co Ltd (1200)F (UK)				
PO BOX 10117, Chelmsford, Essex, CM1 9JB				
Dealing & Client Services 0845 0264281				
Authorised Inv Funds				
Consistent UT Inc 5	48.38xd	51.52	.....	4.37
Consistent UT Acc 5	93.61xd	96.77	.....	4.37
Practical Investment Inc 5	152.71xd	164.37	.....	4.50
Practical Investment Acc 5	614.66xd	661.61	.....	4.50
Coupland Cardiff Funds Plc (IRL)				
31/32 St James's Street, London, SW1A 1HD				
FSA Recognised				
CC Asia Alpha Fd – Cls A Euro 5 E	€10.39		.....	–
CC Asia Alpha Fd – Cls A GBP 5 E	£10		.....	–
CC Asia Alpha Fd – Cls A USD 5 E	$9.858		.....	–
CC Japan Alpha Fd – Cls A Euro 5 E	€4.490		.....	–
CC Japan Alpha Fd – Cls A GBP 5 E	£4.886		.....	–
CC Japan Alpha Fd – Cls C JPY 5	¥452.105		.....	–
Coutts (UK)				
PO Box 23873, Edinburgh EH7 5WJ 0800 085 0808				
Authorised Inv Funds				
Series 3 (Investment Management clients only)				
United Kingdom Equity Index Fund Acc 5 F	£10.940		+0.05	2.27
Series 4 (Investment Management clients only)				
UK Specialist Equity Fund Acc	£1.0140		+0.06	0.89
United Kingdom Equity Index Fund Acc	£10.920		+0.05	2.48
Cont European Specialist Eq F	£12.270		+0.08	0.67
US Specialist Fund F	£7.990		–0.05	0.38
Japan Specialist Fund F	£7.338		+0.03	0.20
Pacific Basin Equity Fund F	£22.040		+0.08	0.95
UK Sov Bond Index Fund F	£9.722		–0.02	4.18
UK Specialist Equity Income Series 4	£8.417		+0.01	2.11
Global Investment Grade Bond Fund GBP	£10.880		(z)	4.00
Global Emerging Markets Fund F	£12.740		+0.08	0.63
Inflation Linked UK Sovereign Bond Series 4	£10.620		(z)	1.58
Coutts (IRL)				
RBS Asset Management (Dublin) Limited				
Guild Hse, P.O. Box 4935 Guild St IFSC Dublin 1 00 353 1 642 8400				
FSA Recognised				
Coutts Investment Programmes				
Cont EUR Spec Equity Ser 1 F	€83.06		+0.38	0.25
Cont EUR Spec Equity Ser 2 F	€84.99		+0.39	1.12
Cont EUR Spec Equity Ser 3 F	€85.16		+0.39	1.30
US Specialist Equity Ser 1 F	$18.02		–0.13	0.00
US Specialist Equity Ser 2 F	$18.76		–0.14	0.20
US Specialist Equity Ser 3 F	$18.84		–0.14	0.32
UK Equity Index Programme Ser 1 F	£23.05		+0.10	2.22
UK Equity Index Programme Ser 2 F	£23.37		+0.10	2.52
UK Equity Index Programme Ser 3 F	£23.59		+0.10	2.70
UK Specialist Eqty Ser 1 F	£15.87		+0.07	0.91
UK Specialist Eqty Pro Ser 2 F	£16.11		+0.07	1.83
UK Specialist Eqty Pro Ser 3 F	£16.15		+0.07	2.03
UK Equity Income Programme Ser 1 F	£41.45		–0.32	0.67
UK Equity Income Programme Ser 2 F	£42.26		–0.34	0.97
UK Equity Income Programme Ser 3 F	£42.41		–0.34	1.15
Cont Europ Eqty Index Prog Ser 1 F	€283.18		+2.13	1.71
Cont Europ Eqty Index Prog Ser 2 F	€289.20		+2.18	1.96
Cont Europ Eqty Index Prog Ser 3 F	€290.07		+2.19	2.15
US Sovereign Bond Index Prog Ser 1 F	$23.48		–0.12	2.15
US Sovereign Bond Index Prog Ser 2 F	$23.57		–0.12	2.52
US Sovereign Bond Index Prog Ser 3 F	$23.88		–0.13	2.60
Continental Europ Sovereign Bond Index Prog Ser 1	€120.53		–0.26	2.05
Continental Europ Sovereign Bond Index Prog Ser 2	€121.03		–0.26	3.44
Japan Specialist Equity Programme Ser 1 F	¥3297.00		+25.00	0.00
Japan Specialist Equity Programme Ser 2 F	¥3528.00		+27.00	0.52
Japan Specialist Equity Programme Ser 3 F	¥3539.00		+26.00	0.76
Swiss Equity Pro Ser 1 F	SFr228.67		–0.03	0.17
Swiss Equity Pro Ser 2 F	SFr233.83		–0.03	0.41
Swiss Equity Pro Ser 5 F	SFr234.36		–0.03	0.59
Pac Basin Eqty Pro Ser 1 F	$53.48		–0.27	0.80
Pac Basin Eqty Pro Ser 2 F	$54.78		–0.28	0.95
Pac Basin Eqty Pro Ser 5 F	$55.14		–0.27	1.10
UK Sovereign Bond Index Prog Ser 1 F	£13.25		–0.03	3.59
UK Sovereign Bond Index Prog Ser 2 F	£13.30		–0.03	3.94
UK Sovereign Bond Index Prog Ser 3 F	£13.41		–0.03	4.05
Swiss Franc Pro Ser 1 F	SFr105.43		+0.11	1.98
Swiss Franc Pro Ser 2 F	SFr105.92		+0.11	
Coutts Equator Emerging Markets 1 F	$37.85		–0.11	0.66
Coutts Equator Emerging Markets 2 F	$37.98		–0.11	0.87
Coutts Equator Emerging Markets 3 F	$38.03		–0.11	0.97
Global Investment Grade Programme GBP F	£109.28		–0.20	2.84
Global Investment Grade Programme GBP 2 F	£107.27		–0.20	2.84
Global Investment Grade Programme GBP 3 F	£112.72		–0.20	2.84
Global Investment Grade Programme CHF 1 F	SFr101.64		–0.21	2.84

Fund	Selling Price	Buying Price	+ or -	Yield
Coutts - Contd.				
Global Investment Grade Programme USD S2 F	$110.37		–0.20	3.02
Global Investment Grade Programme EUR S1 F	€108.39		–0.20	3.02
Global Investment Grade Programme GBP S2 F	£111.85		–0.20	3.02
Global Investment Grade Programme CHF S2 F	SFr102.38		–0.21	3.02
Global Investment Grade Programme USD S3 F	$110.56		–0.20	3.27
Global Investment Grade Programme EUR S3 F	€112.41		–0.19	3.27
UK Specialist Equity Income Ser 1 F	£8.44		+0.01	3.14
UK Specialist Equity Income Ser 2 F	£8.50		+0.01	4.18
UK Specialist Equity Income Ser 3 F	£8.51		+0.01	–
Absolute Rtn Multi Asset Prog Ser 1 GBP F	£10.04		.....	0.00
Absolute Rtn Multi Asset Prog SER 2 GBP F	£10.02		.....	0.00
Absolute Rtn Multi Asset Prog Ser 1 USD F	$10.36		.....	0.00
Absolute Rtn Multi Asset Prog SER 2 USD F	$10.04		.....	0.00
Absolute Rtn Multi Asset Prog SER 3 EUR F	€10.01		.....	0.00
Absolute Rtn Multi Asset Prog SER 1 EUR F	€10.03		.....	0.00
Absolute Rtn Multi Asset Prog SER 2 EUR F	€10.09		.....	0.00
Absolute Rtn Multi Asset Prog SER 3 GBP F	£10.09		.....	0.00
Absolute Rtn Multi Asset Prog SER 3 USD F	$10.23		.....	0.00
* 30 day average yield				
Coutts (IRL)				
Regulated				
Coutts Liquidity Fund Plc				
Dollar Ser 1	$1.00		.....	0.00
Dollar Ser 3	$68.93		.....	0.00
Dollar Ser 4	$67.37		.....	0.00
Dollar Ser 5	$1.00		.....	0.08
Sterling Ser 1	£1.00		.....	0.22
Sterling Ser 3	£59.90		.....	0.22
Sterling Ser 4	£58.50		.....	0.22
Sterling Ser 5	£1.00		.....	0.37
Euro Ser 1	€1.00		.....	0.32
Euro Ser 3	€73.18		.....	0.32
Euro Ser 4	€71.48		.....	0.32
Euro Ser 5	€1.00		.....	0.47
CQS Cayman LP (CYM)				
Regulated				
Conv & Quantitative (Final)	$2629.04		.....	–
Directional Opportunities	$3056.91		.....	–
ABS	$3743.94		.....	–
Diversified (Final)	$1445.80		.....	–
Asia	$1178.23		.....	–
Credit Suisse Asset Mgmt Funds (LUX)				
Regulated				
CS Bond Fund (Lux) Brazil B	$132.64		.....	–
CSF (Lux) Bond Short Maturity EUR B	€99.96		.....	–
CSF (Lux) Bond Short Maturity USD B	$101.45		.....	–
CS BF (L) IL (Euro) B	€119.56		.....	–
CS BF (L) IL (Sfr) B	SFr110.27		.....	–
CS BF (L) IL (US$) B	$128.65		.....	–
CS BF (L) Sfr B	SFr505.55		.....	–
CS BF (L) Sfr A	SFr287.63		.....	–
CS BF (L) TOPS (Sfr) B	SFr109.78		.....	–
CS Fund (L) Relative Return (Euro) B	€121.72		.....	–
CS Fund (Lux) Relative Return (Sfr) B	SFr114.11		.....	–
CS Fund (L) Total Return Engagement (Euro) B	€99.94		.....	–
CS Equity Fund (Lux) Brazil B	$10.68		.....	–
CS Equity (Lux) Global Security B USD	$11.41		.....	–
CS EF (Lux) Global Value B	€7		.....	–
CS Equity Fund (Lux) Global Value A CHF	SFr9.76		.....	–
CS Equity Fund (Lux) Global Value B	£10.23		.....	–
CS EF (Lux) Small and Mid Cap Germany B	€1049.42		.....	–
CS EF (Lux) Small and Mid Cap Europe B	€1400.58		.....	–
CS EF (L) Sm C USA B	$3150.2		.....	–
CS EF (L) USA B	$643.5		.....	–
CS Fund (Lux) Global Responsible Equities B	€139.6		.....	–
CS SICAV One (Lux) Eq Asian Dragon B	$12.2		.....	–
CS SICAV One (Lux) Eq Gl Emerging Markets B	$11.75		.....	–
CS SICAV One (Lux) Eq GM Property B	$8.93		.....	–
CS SICAV One (Lux) Eq Gl Eq Plus B	€11.45		.....	–
CS SICAV One (Lux) Eq Eq Plus B	$10.49		.....	–
CS Systematic Alpha (Lux) Equity Japan B	¥5719		.....	–
CS MMF (L) Sfr	SFr713.27		(z)	–
CS PF (L) Bal (Sfr) B	SFr168.36		.....	–
CS PF (L) Bal (Euro) B	€133.56		.....	–
CS PF (L) Growth (Euro)	€121.83		.....	–
CS PF (L) Growth (Sfr)	SFr157.81		.....	–
CS PF (L) Income (Sfr) B	SFr161.05		.....	–
CS PF (L) Income (Euro) B	€142.6		.....	–
CS SICAV One (Lux) Challenger (US$) B	$89.05		.....	–
CS SICAV One (Lux) Challenger (Euro) B	€91.88		.....	–
CS SICAV One (Lux) Challenger (Sfr) B	SFr95.11		.....	–
CS SICAV One (Lux) Defender (Euro) B	€100.59		.....	–
responsAbility Global Microfinance Fund B-Inf	$113.93		.....	–
Crèdit Andorrà Asset Management (LUX)				
www.creditandorra.com				
Regulated				
Creditinvest SICAV Money Market Eur I	€11.1771		.....	–
Creditinvest SICAV Money Market USD I	$10.0133		.....	–
Creditinvest SICAV Euro Bond I	€10.2895		.....	–
Creditinvest SICAV Fixed Income Usd	$10.4129		.....	–
Creditinvest SICAV Spanish Value	€236.1185		.....	–
Creditinvest SICAV Global Value	€166.7056		.....	–
Creditinvest SICAV Big Cap Value	€14.3662		.....	–
Creditinvest SICAV US Multistrategy	$11.6503		.....	–
Creditinvest SICAV Sustainability	€12.7217		.....	–
Daiwa Europe Fund Mgrs Ireland Ltd (IRL)				
Regulated				
Monthly Dividend High Yield	$7.06		.....	–
Daiwa Gaika MMF				
AUS Portfolio	A$0.01		.....	–
USS Portfolio	$0.01		.....	–
Euro Portfolio	€0.01		.....	–
Canadian Dlr Pfolio	C$0.01		.....	–
New Zealand Dlr Pfolio	NZ$0.01		.....	–
Daiwa Bond Series				
Monthly Dividend AUD Bd	A$9.64		.....	–
Monthly Dividend EUR Bd	€10.05		.....	–
Monthly Dividend CAD Bd	C$10.2		.....	–
Mthly Div US Preferred Secs	$7.28		.....	–
Daiwa Equity Fund Series				
New Major Economies	$18.14		.....	–
Global CB	$10.52		.....	–
Danske Capital (LUX)				
Ibex House, 42–47 Minories, London, EC3N 1DX				
Order Desk 0845 300 2104 Enquiries 0870 607 2555				
Authorised Corporate Director Capita Financial Managers				
Authorised Inv Funds				
CF Danske Active Growth Acc ✦ 3¼	100.95		–0.02	0.00
CF Danske Active Growth Inc ✦ 3¼	99.69		–0.01	0.00
CF Danske Balanced Acc ✦ 3¼	108.39		–0.17	0.00
CF Danske Balanced Inc ✦ 3¼	106.95		–0.16	0.00
CF Danske Cautious Acc ✦ 3¼	116.19		–0.29	0.23
CF Danske Cautious Inc ✦ 3¼	113.30		–0.29	0.22
CF Danske Income Acc ✦ 3¼	111.32		–0.46	3.61
CF Danske Income Inc ✦ 3¼	107.25		–0.40	3.68
Dantrust Management (Guernsey) Ltd (GSY)				
Regulated				
Dantrust II Limited	DKr293	294.70	.....	–
DAVIS Funds SICAV (LUX)				
Regulated				
Davis Value A	$26.60		–0.23	–
Davis Value B	$23.87		–0.20	–
Davis Opportunities A	$22.15		–0.19	–
Davis Opportunities B	$19.97		–0.17	–
Deutsche Global Liquidity Series Plc (IRL)				
Guild House, Guild St, IFSC, Dublin 1 00 353 1 607 6300				
FSA Recognised				
Managed Dollar Advisory	$1.00		.....	0.17
Mngd Dollar Institutional	$1.00		.....	0.10
Managed Dollar Premium	$1.00		.....	0.25
Mngd Dollar Platinum Class	$1.00		.....	0.01
Mngd Sterling Advisory	£1.00		.....	0.64
Mngd Sterling Institutional	£1.00		+0.01	0.57
Mngd Sterling Investor	£1.00		.....	0.01
Mngd Euro Advisory	€1.00		+0.01	0.66
Mngd Euro Institutional	€1.00		+0.01	0.59
Mngd Euro Investor	€1.00		+0.01	0.09
Mngd Euro Platinum Class	€1.00		+0.01	0.74
Deutsche Investment Funds Ltd (IRL)				
Regulated				
DWS Deutsche Americas Bond	$61.02		.....	14.01
DWS GKB Central American	$1837.82		.....	11.52
Discretionary Unit Fund Mngrs (1000)F (UK)				
1 Poultry, London EC2R 8JR 020 7 415 4130				
Authorised Inv Funds				
Disc Inc Nov 5 3	754.80xd	778.10	.....	1.45
Do Accum Nov 5 3	2621.90xd	2703.00	.....	1.45
Dolmen Securities Ltd (IRL)				
Regulated				
Dolmen Active	€78.647742		.....	–
Green Effects NAI–Werte	€108.504452		.....	–
Dolphin Fund Ltd (BMU)				
Regulated				
Dolphin NAV (Est) Oct 25	$11.69		.....	–
Dominion Fund Management Limited				
PO Box 660 Ground Floor, Tudor House Le Bordage St Peter Port Guernsey – Channel Islands United Kingdom GY1 3PU				
+44(0)1481 734343 info@dominion-funds.com www.dominion-funds.com				
Dominion CHC Fd I DC Class	€11.0600		.....	–
Dominion CHC Fd E DC Class	€11.4024		.....	–
Dominion CHC Fd € DC Class	€8.9373		.....	–
Dominion CHC Fd € IC Class	€8.9373		.....	–
Dominion CHC Fd US$ DC Class	$9.2219		.....	–
Dominion CHC Fd US$ IC Class	$9.2155		.....	–

Fund	Selling Price	Buying Price	+ or -	Yield
Dominion Fund Management Limited - Contd.				
Dominion Global Finance Fd	€11.42		.....	–
Dominion PX0 USD	$102.89		.....	0.00
Dominion PX1 USD	$100.33		.....	0.00
Dominion PX2 USD	$52.5		.....	0.00
Dominion PX0 EUR	€129.66		.....	0.00
Dominion PX1 EUR	€100.96		.....	0.00
Dominion PX2 EUR	€71.93		.....	0.00
Dominion NX0 USD	$118		.....	0.00
Dominion NX1 USD	$100.3		.....	0.00
Dominion NX2 USD	$140.44		.....	0.00
Dominion NX0 EUR	€138.96		.....	0.00
Dominion NX1 EUR	€125.3		.....	0.00
Dominion NX2 EUR	€118.83		.....	0.00
Dragon Capital Management				
1901 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam				
Fund information, dealing and administration: funds@dragoncapital.com				
www.ft.com/funds/Dragon/DragonCapitalManagement				
Other International Funds				
Vietnam Enterprise Investments (VEIL)	$1.98	2.06	.....	–
Vietnam Growth Fund (VGF)	$12.85	13.25	.....	–
Vietnam Dragon Fund (VDF)	$7.25	8.00	.....	–
Ecclesiastical Inv Mgt Ltd (1200)F (UK)				
Beaufort Hse, Brunswick Rd, Gloucester GL1 1JZ 0800 107 0190				
www.ft.com/funds/ecclesiastical				
Authorised Inv Funds				
Amity UK Cls A Inc 5	140.4000		–0.6	1.51
Amity UK Cls B Inc 2	140.2000		–0.6	2.02
Amity UK Cls C Acc 5	233.7000		–0.9	1.66
Higher Income Cls A Inc 5 C	116.5000		–0.2	3.35
Higher Income Cls B Inc 2 C	117.4000		–0.2	3.34
Higher Income Cls C Acc 5	222.5000		–0.4	3.26
UK Equity Growth Cls A Inc 5	127.9000		–0.7	1.14
UK Equity Growth Cls B Inc 2	130.7000		–0.6	1.86
UK Equity Growth Cls C Acc 5	163.6000		–0.8	1.47
Amity European Fund Cls A Inc 5	164.2000		–1.8	1.45
Amity European Fund Cls B Inc 2	166.1000		–1.8	1.77
Amity European Fund Cls C Acc 5	171.8000		–1.9	1.20
Amity International Cls A Inc 5	191.3000		–0.5	1.29
Amity International Cls B Inc 2	193.1000		–0.5	1.72
Amity International Cls C Acc 5	189.7000		–0.5	1.40
Amity Sterling Bond Fund A Inc 3¾	103.4000xd		–0.4	5.77
Amity Sterling Bond Fund B Inc 2	108.4000xd		–0.4	5.77
Amity Sterling Bond Fund C Acc 3¾	108.4000xd		–0.4	5.77
Eclectica Asset Management (UK)				
Ibex House, 42–47 Minories, London, EC3N 1DX				
Order desk: 0845 6080941 Switchboard 0870 6072555				
Authorised Corporate Director – Capita Financial Managers				
Authorised Inv Funds				
CF Eclectica Agriculture A EUR Acc ✦ 5	€1.2501		+0.01	0.00
CF Eclectica Agriculture A GBP Acc ✦ 5	106.93		–0.04	0.00
CF Eclectica Agriculture A USD Acc ✦ 5	$1.7151		–0.01	0.00
CF Eclectica Agriculture C EUR Acc ✦ 1	€1.2634		+0.01	0.00
CF Eclectica Agriculture C GBP Acc ✦ 1	108.20		–0.04	0.00
CF Eclectica Agriculture C USD Acc ✦ 1	$1.7236		–0.01	0.00
Edinburgh Partners Limited (IRL)				
12 Charlotte Square, Edinburgh, EH2 4DJ +353 1 673 7627				
Dealing – Fax only – +353 1 607 1978				
FSA Recognised				
Edinburgh Partners Opportunities Fund PLC				
European Opportunities I EUR F 1½ E	€1.84		.....	–
European Opportunities I GBP F 1½ E	£1.59		.....	–
European Opportunities I USD F 1½ E	$2.56		.....	–
European Opportunities A EUR F 5 E	€1.81		.....	–
Global Opportunities I USD F 1½ E	$1.41		.....	–
Global Opportunities I GBP F 1½ E	£0.88		.....	–
Global Opportunities I EUR F 1½ E	€1.01		.....	–
Global Opportunities A GBP F 5 E	£0.83		.....	–
EEA Fund Management (Guernsey) Limited (GSY)				
Regulated				
EEA Life Settlements Fund – USD A	$152.38		.....	–
EEA Life Settlements Fund – USD Acc	$110.35		.....	–
EEA Life Settlements Fund USD Dist.	$102.23		.....	–
EEA Life Settlements Fund – EUR A	€142.45		.....	–
EEA Life Settlements Fund – EUR Dist	€102.11		.....	–
EEA Life Settlements Fund – GBP A	£129.25		.....	–
EEA Life Settlements Fund GBP Dist.	£102.12		.....	–
EEA Life Settlements Fund GBP Acc	£141.15		.....	–
Meteor Senior Life Settlements Sterling Fund	£128.99		.....	–
EEA Meteor Senior Life Settlements Sterling Fund II	£120.05		.....	–
EEA Fund Management Limited				
Other International Funds				
EEA Europe Long Short EUR	€102.8		.....	–
EEA Europe Long Short USD	$104.1		.....	–
EEA Futures Fund A USD	$1188.82		.....	–
EEA Futures Fund B GBP	£920.57		.....	–
EEA Select Opportunities	£212.34		.....	–
EFG Hermes Financial Management (Egypt) Limited (BMU)				
DIFC, The Gate Building, West Wing Level 6, PO BOX 30727, Dubai UAE				
Contact: Telephone + 971 4 363 4029 Email AMsales@EFG–HERMES.com				
Regulated				
The EFG–Hermes Egypt Fund (Est)	$39.95		.....	–
Middle East & Developing Africa Fund	$25.38		.....	–
Saudi Arabia Equity Fund	SR6.5001		.....	–
Telecom Fund (Est)	$30.59		.....	–
Egerton Capital European Fund Plc (IRL)				
Regulated				
Egerton Capital European NAV (Final) Nov 5	£155.59		.....	–
Egerton European Dollar Fund Ltd (Est) (LUX)				
Other International Funds				
European Dollar USD NAV A (Est) Nov 5	$104.72		.....	–
Egerton European Dollar USD NAV B1 (Est) Nov 5	$106.20		.....	–
European Dollar USD NAV C1 (Est) Nov 5	$110.10		.....	–
Egerton European Equity Fund Ltd				
Other International Funds				
NAV A (Est) Nov 5	€51.97		.....	–
NAV B1 (Est) Nov 5	€52.59		.....	–
NAV C1 (Est) Nov 5	€54.44		.....	–
Egerton Dollar Investment Fund Ltd				
Other International Funds				
NAV B (Est) Nov 5	$8.99		.....	–
NAV B12M (Est) Nov 5	$8.99		.....	–
NAV C (Est) Nov 5	$9.20		.....	–
Egerton Euro Investment Fund Ltd				
Other International Funds				
NAV B (Est) Nov 5	€8.96		.....	–
NAV B12M (Final) Oct 29	€8.81		.....	–
NAV C (Est) Nov 5	€9.24		.....	–
Egypt Trust (LUX)				
Regulated				
Shares NAV Nov 5	$32.67		.....	–
Emerging Markets Management				
Other International Funds				
Emer Mkts Strat Cap Nov 5	$1381.73		.....	–
EMM Emerging Mkts Quantitative Fd Class A	$11.10481		+0.41	–
EMM Global Fd Class A	$11.54894		+0.36	3.85
EMM Global Fd Class B	$11.68789		+0.37	3.86
EMM Global Small Capitalization Fd Class A	$17.82131		+0.18	3.80
EMM Global Small Capitalization Fd Class B	$17.84168		+0.18	–
EMM Latin American Small Capitalization Fd Class A	$27.56114		+0.63	–
EMM Latin American Small Capitalization Fd Class B	$26.97051		+0.62	3.82
EMM Middle East Fd Class A Oct 29	$11.90943		+0.07	3.83
EMM Middle East Fd Class B Oct 29	$12.39321		+0.07	3.84
EMM South Asian Stars Fd Class A	$18.54842		–0.44	3.78
EMM South Asian Stars Fd Class B	$19.05652		–0.44	3.79
EMM South Asian Stars Fd Class C	$18.54129		.....	–
Ennismore Smaller Cos Plc (IRL)				
5 Kensington Church St, London W8 4LD 020 7368 4220				
FSA Recognised				
Ennismore European Smlr Cos NAV.	£55.09		+0.02	–
Ennismore European Smlr Cos NAV.	€63.81		–0.14	–
Ennismore European Smlr Cos Hedge Fd				
Other International Funds				
NAV (Final) Nov 4	€238.59		.....	–
For Epta Gbl Inv Fds please refer to European & Global Inv Ltd				
Equinox Fund Mgmt (Guernsey) Limited (GSY)				
Regulated				
Russian Opportunities	$164.32	177.29	.....	–
Ermitage Group Funds				
Other International Funds				
Money Funds				
Ermitage Money Market Fund Sterling	£18.520304		(z)	0.0111
Ermitage Money Market Fund US $	$15.81665		(z)	0.0087
Ermitage Money Market Fund Euro	€13.491381		(z)	0.2582
Hedge Funds				
Asset Selection A USD	$17.85		.....	–
Asset Selection H USD	$12.94		.....	–
Global Multi Strategy Fund B USD	$106.431241		.....	–
European Absolute Fd EUR	€29.97		+0.3	–
European Absolute B EUR	€99.83		+1	–
Distressed and Event Alpha Class	$199.834017		.....	–
Global Long/Short Fund Class B USD Series 2	$97.52		.....	–
Global Dynamic Trading Fund Class A USD (Final)	$94.3117		.....	–
Resources Fd A USD	$17.725		.....	–
Resources Fd D USD	$100.87		.....	–
Ermitage Selz Fund US$	$309.22		.....	–
Managed Funds				
Gbl Wealth Mgt Strategies Ltd A GBP	£12.14		.....	–
Gbl Wealth Mgt Strategies Ltd C GBP	£12.83		.....	–
Gbl Wealth Mgt Strategies Ltd E GBP	£11.92		.....	–
Euronova Asset Management UK LLP (CYM)				
Regulated				
Smaller Cos Cls One Shares (Est) Nov 5	€23.78xd		.....	–
Smaller Cos Cls Two Shares (Est) Nov 5	€17.19xd		.....	–
Smaller Cos Cls Three Shares (Est) Nov 5	€8.51xd		.....	–
Smaller Cos Cls Four Shares (Est) Nov 5	€11.62xd		.....	–
Eurobank EFG Fund Management Company (Lux) S.A. (LUX)				
Regulated				
(LF) Absolute Return €	€1.1177		–0.0004	0.01
(LF) Absolute Return II €	€10.5177		+0.0016	–
(LF) Balanced – Active Fund (RON)	RON13.7905		+0.0348	–
(LF) Balanced – Polish Fund (PLN)	Zty7.1781		+0.0524	8.80
(LF) Eq Dynamic Polish (PLN)	Zty6.2016		+0.0675	13.00
(LF) Eq Emerging Europe €	€0.9899		+0.0136	22.53
(LF) Global Equities €	€0.7209		–0.0015	7.53
(LF) Greek Equities €	€0.3696		+0.0020	–
(LF) Turkish Equities €	€16.6280		+0.1380	54.47
(LF) Eq Flexi Style Greece €	€1.2446		+0.0084	–
(LF) FOF Balanced Blend €	€1.0646		–0.0007	7.71
(LF) FOF BRIC €	€0.9580		–0.0007	21.10
(LF) FOF Equity Blend €	€0.8524		–0.0003	14.20
(LF) FOF Real Estate €	€0.9378		–0.0907	2.77
(LF) Greek Government Bond €	€9.2605		–0.0180	–
(LF) MM Cash Fund (PLN)	Zty10.3680		+0.0002	3.33
(LF) MM Cash Fund (RON)	RON12.3705		–0.0034	7.34
(LF) MM Cash Fund €	€1.0764		–0.0003	2.36
(LF) MM Income Plus $	$1.1135		.....	1.37
(LF) SP 9% Equity Formula (PLN)	Zty10.7126		+0.0264	5.52
(LF) SP Commodity Max30 €	€9.9558		+0.0232	1.82

Fund	Selling Price	Buying Price	+ or -	Yield
European Investments Management Ltd				
Lenox Paton, Fort Nassau Centre Marlborough Street, P.O. Box N–4875, Nassau				
The Bahamas Tel: 001 242 393 8200				
Other International Funds				
European Investments Management Ltd Class A	€125.44		.....	–
European Investments Management Ltd Class B	€121.61		.....	–
F&C Fund Mgmt Ltd (OEICS) (1200)F (UK)				
Admin: PO Box 9040, Chelmsford, CM99 2XH				
Enquiries and Dealing 08706016183				
Authorised Inv Funds				
F&C Asset Management Ltd(OEICS)				
Share Class 1 – Retail				
European Growth & Income 5	490.4xd		–3.60	0.70
Extra Income Bond 5	43.69xd		–0.09	6.00
FTSE All Share Tkr Acc* 0	391.2xd		–3.30	2.60
FTSE All–Share Tkr Inc* 0	310.4xd		–2.60	2.60
Corporate Bond 5	50.49		–0.23	4.80
Global Growth 5	105.8		–0.80	0.00
Managed Growth Acc 5	226.9		–1.00	0.40
Maximum Income Bond 5	45.76xd		–0.01	6.60
Multi–Manager Bal Acc 5 C	196.6		+0.50	1.80
Multi Mgr Dist Acc Cls 1 5 C	61.29xd		+0.12	3.60
Multi Mgr Dist Inc Cls 1 5 C	46.01xd		+0.09	3.60
Multi–Manager Gwth 5	256.7		+0.40	1.00
North American 5	193.5		.....	0.10
Pacific Growth Acc 5	296.2		+0.10	0.30
Stewardship Gwth Acc 5	729.0		–3.20	1.30
Stewardship Gwth Inc 5	647.3		–2.80	1.40
Stewardship Income Acc 5 C	143.6		–0.30	3.50
Stewardship Income Inc 5 C	105.2		–0.30	3.70
Stewardship Intl Acc 5	238.4		–1.50	0.40
Strategic Bond Acc 5	161.1xd		–0.30	5.70
Strategic Bond Inc 5	106.1xd		–0.20	5.80
UK Equity 5	2429.0		–24.00	0.60
UK Equity Income Acc 5 C	100.8xd		–0.60	4.10
UK Equity Income Inc 5 C	72.53xd		–0.43	4.30
UK Growth & Income Acc 5 C	628.1		–2.90	3.20
UK Smaller Cos 5	354.3		–1.50	0.30
US Smaller Cos Inc 5	1020.0		–7.00	0.00
*The standard initial charge is reduced to nil under a long term special deal.				

Fund	Selling Price	Buying Price	+ or -	Yield
FF&P Asset Management Limited (1700)F (UK)				
15 Suffolk Street London SW1Y 4HG 0870 870 7504				
Authorised Inv Funds				
Global Equities 0 C	211.7xd	213.0	+0.7000	2.00
Global Equities Fd II 0	151.7xd	152.6	+0.5000	1.96
Core UK Equity Fd 0	119.5xd	120.3	+0.4000	3.41
UK Equity Income Fund 0	140.0	141.0	+0.2000	4.86
Concentrated UK Equity Fd 0	184.5xd	187.1	+2.4000	2.20
Small Cap UK Equity Fd 0	167.9xd	173.6	–0.6000	1.84
US Large Cap Equity Fd 0	114.6	114.8	+0.3000	1.51
US All Cap Value Equity Fund 0 C	141.5	141.8	–0.8000	1.03
US Small Cap Equity 0 C	156.8xd	157.5	.....	0.01
FF &P European All Cap Equity Fund 0	231.9xd	233.0	+0.1000	1.36
European Equity Fd 0	137.8xd	138.2	+1.3000	1.57
European Mid Cap Fund 0 C	91.37xd	91.68	+1.0100	1.86
Japan Equity Fd 0	102.3xd	102.6	+0.1000	1.05
Asia ex Japan Fund 0	219.4xd	221.4	+0.5000	1.48
FF & P Asset Mgmt (Guernsey) Ltd (GSY)				
Regulated				
Enhanced Euro Commodities Cell	€10.11		.....	–
Enhanced GBP Commodities Cell	£10.31		.....	–
Alternative Strat PCC Ltd Diversified EUR Cell	€10.10		.....	–
Alternative Strat PCC Ltd Diversified GBP Cell	£11.85		.....	–
Alternative Strat PCC Ltd Diversified USD Cell	$11.54		.....	–
Alternative Srat Inc PCC Ltd Conct EUR Cell	€7.92		.....	–
Alternative Srat Inc PCC Ltd Conct GBP Cell	£8.02		.....	–
World Equities Ltd USD	$1.0472	1.05068xd	.....	–
Family Investments (UK)				
16/17 West Street , Brighton, East Sussex, BN1 2RL 01273 724570				
Insurances				
Balanced Global Managed				
Sovereign 3 Series 4	198.60	198.60	–0.22	0.00
Family Investment Mngmt Ltd (1000)F (UK)				
16 West Street, Brighton BN1 2RL 01273 724570				
Authorised Inv Funds				
Family Child Tst 0	249.7	249.7	–0.50	2.45
Federated International Funds Plc (u) (IRL)				
Federated Investors (UK) Ltd, 4 Broadgate, London EC2M 2DA				
FSA Recognised				
Federated High Income Advantage				
USD Institutional Service Series	$29.34		.....	0.00
EUR Institutional Series H	€181.592696		.....	–
Federated US Bond Fund				
Euro Shares– Instl Series F	€129.43		.....	0.00
Federated Short–Term US Treasury Securities				
Institutional Serv Series*	$1		.....	0.00
Institutional Series H	$1		.....	0.00
Federated Short–Term US Govt Securities Fund				
Institutional Serv Series *	$1		.....	0.00
Investment Series *	$1		.....	0.00
Investment Gth Series	$168.91		.....	0.00
Institutional Series H H	$1		.....	0.03
Federated Short–Term US Prime Fund				
Institutional Service Series*	$1		.....	0.00
Institutional Series	$1		.....	0.14
Investment – Dividend Ser H	$1		.....	0.00
Institutional Services – Dividend Ser H.	$1		.....	0.00
Institutional Shares Accumulating F	$107.43		.....	0.14
Federated Short–Term Euro Fund				
Institutional Series H	€1		.....	0.30
Institutional Service Series H C	€1		.....	0.06
Institutional Series Accumulating H	€118.99		.....	0.30
Institutional Service Series Accumulating H	€114.42		.....	0.00
Federated Kaufmann Growth Fund				
Federated Strategic Value Equity Fund				
Class A Shares F 5½ E	$6.96		.....	3.79
Class C Shares F E	$6.96		.....	3.79
* Annualised 7–Day Yield				
FIL Investment Services (UK) Limited (1200)F (UK)				
130, Tonbridge Rd, Tonbridge TN11 9DZ				
Callfree: Private Clients 0800 414161				
Broker Dealings: 0800 414 181				
Authorised Inv Funds				
Unit Trust				
Flexible Managed 3½	101.1	104.6	–0.40	–
Cash Accum Units 0	184.93	184.93	.....	0.25
Cash Fund 0	100.00xd	100.00	.....	0.25
Gross Accum Cash 0	126.72	126.72	.....	0.26
MoneyBuilder Cash ISA 0	100.00	100.00	.....	0.26
MoneyBuilder Global 0	190.0xd	190.0	–0.60	0.65
Portfolio 3½	236.0	244.2	–1.10	1.50
Wealthbuilder 3½	72.36	74.89	–0.25	0.39
OEIC Funds				
American Special Sits 3½	559.2		–2.0	0.00
American 3½	1699		–1	0.32
Emerg Eur, Mid East & Africa H 3½	137.8		–0.4	0.01
Enhanced Income – Acc 3½	129.1xd		–0.4	6.58
Enhanced Income – Inc 3½	115.3xd		–0.3	6.83
Equity Growth Defender	103.2		–1.0	–
European – Inc 3½	112.5		–1.3	–
European 3½	1196		–14	0.44
European Opportunities 3½	300.7		–3.8	0.05
Extra Income 3½	23.98xd		–0.09	4.45
Extra Income – Gross 3½	23.99xd		–0.08	4.46
Global Focus 3½	889.6		–6.0	0.16
Global Property – Acc 3½ C	101.2xd		–2.2	0.94
Global Special Sits 3½	1706		–14	0.88
Growth & Income 3½ C	322.1xd		–3.2	1.19
Income Plus 3½ C	196.5xd		–0.5	4.29
International 3½	107.6		–0.8	0.56
Japan 3½	232.7		+1.3	0.36
Japan Smaller Companies 3½	125.2		–0.3	0.72
MoneyBuilder Balanced 0	41.34xd		–0.16	2.72
MoneyBuilder Growth 0 C	55.50xd		–0.56	1.94
MoneyBuilder Growth ISA 0 C	55.86xd		–0.56	2.12
MoneyBuilder Income 0	31.69xd		–0.19	4.15
MoneyBuilder Income –Gross 0	31.69xd		–0.19	4.16
MoneyBuilder UK Index 0	63.11		–0.52	2.41
Multi Asset Defensive 3½	105.2		–0.7	–
Multi Asset Growth 3½	111.7		–0.6	–
Multi–Asset Strategic Fund	124.9		–0.7	0.74
MultiManager Balanced 3½	102.4		+0.3	0.32
MultiManager Income 3½	26.90xd		+0.01	2.08
MutliManager Growth 3½	39.13		+0.06	0.31
Retirement Income Acc 3½	114.0xd		–0.7	2.26
Retirement Income Dis 3½	102.0xd		–0.7	3.90
Retirement Income Gross Acc 3½	116.6xd		–0.8	2.83
Retirement Income Gross Dis 3½	101.5xd		–0.7	4.84
South East Asia 3½	740.6		+2.6	0.15

Fund	Selling Price	Buying Price	+ or -	Yield
FIL Investment Services - Contd.				
Special Situations* 3½	1925		–12	0.61
Strategic Bond 3½	27.64xd		–0.15	3.67
Strategic Bond Gross 3½	27.65xd		–0.15	3.67
Target 2010 3½	35.06xd		–0.03	1.46
Target 2010 – Gross 3½	36.32xd		–0.03	1.81
Target 2015 3½	44.12		–0.16	1.42
Target 2020 3½	46.63xd		–0.19	0.74
Target 2025 3½	103.4		–0.5	0.51
Target 2030 3½	104.7		–0.5	0.47
UK Aggressive 3½	161.0		–1.5	1.03
UK Growth 3½	265.8xd		–2.2	0.67
Institutional OEIC Funds				
America 0	205.8		–0.6	0.45
Emerging Markets 0	286.1		–0.7	0.62
Europe 0	276.7		–3.1	1.80
Global Focus 0	182.9		–1.3	0.19
Index Linked Bond 0	175.4xd		–1.2	1.24
Index Linked Bond Gross 0	203.1xd		–1.5	1.24
International Bond 0	33.19xd		–0.24	3.04
International Bond – Gross 0	42.50xd		–0.30	3.04
Japan 0	139.9		+0.3	0.84
Long Bond 0	37.15xd		–0.41	4.40
Long Bond Gross 0	51.52xd		–0.56	4.40
Pacific (Ex Japan) 0	300.3		–4.8	1.43
Pan European 0	186.7		–2.0	1.51
Select Emerging Markets Equities 0	137.5		.....	0.43
Select European Eqts 0	195.7		–2.3	1.37
Select Global Equities 0	188.8		–1.1	0.96
South East Asia 0	310.7		–0.7	0.92
Sterling Core Plus Bond Gr Accum 0	130.0xd		–1.3	5.44
Sterling Core Plus Bond Inc 0	105.7xd		–1.1	5.44
UK 0	231.5		–1.7	1.66
UK Aggreg Bond Gr Accum 0	130.0xd		–0.8	4.19
UK Aggregate Bond Inc 0	104.8xd		–0.7	4.19
UK Corporate Bond 0	107.9xd		–0.6	4.70
UK Corporate Bond – Gross 0	159.9xd		–0.9	4.69
UK Gilt Bond	107.9xd		–0.8	3.06
UK Gilt Gross 0	152.0xd		–1.0	3.06
UK Long Corp Bond 0	113.5xd		–1.1	5.43
UK Long Corp Bond – Gross 0	160.5xd		–1.5	5.42
UK Smaller Companies 0	161.8		–0.5	0.83
UK Specialist 0	122.8		–1.3	1.22
Retail Share Classes				
Emerging Markets – retail 3½	£117.5		–0.3	–
Europe Long Term Growth 3½	118.3		–1.3	1.02
*CAR – Net income reinvested				
Property & Other UK Unit Trusts				
Mngd Pens P'folio	598.3	599.9xd	–3.50	1.15
Findlay Park Funds Plc (IRL)				
Styne House, Upper Hatch Street, Dublin 2 Tel: 00 353 1603 6460				
FSA Recognised				
American Small Co USD Class	$45.72		–0.33	–
American Small Co GBP Hedged	£24.86		–0.24	–
Latin American Fund USD Class	$19.93		–0.20	–
Fitzwilliam Asset Mgmt (Guernsey) Ltd (GSY)				
Regulated				
Total Return Fund PCC Ltd				
Fitzwilliam Opprtunity Dollar Sep 30	$117.71		.....	–
Fitzwilliam Opprtunity Sterling Sep 30	£130.81		.....	–
The TRF Commodity Plus Dollar Fund	$129.15		.....	–
The TRF Commodity Plus Sterling Fund	£126.42		.....	–
Foord Asset Mgt (Guernsey) Ltd (GSY)				
Regulated				
Foord International Trust	$27.76		.....	–
Franklin Templeton Inv Mgt (1400)F (UK)				
PO Box 23676, Edinburgh EH7 5WS 0207 073 8690				
Freefone 0800 305 306 enquiries@franklintempleton.co.uk				
funds.ft.com/funds/franklintempleton/investmentmanagement				
Authorised Inv Funds				
Franklin Templeton Funds (OEIC)				
Class A				
Frk Biotechnology A Acc 5	£0.7314		–0.0019	0.00
Frk Global REIT A Acc H 5	£0.658		–0.0162	3.74
Frk Global REIT A Inc H 5	£0.5591		–0.0137	3.93
Frk Mutual Shares A Acc ✠ 5	£1.1001		–0.0027	0.12
Frk Mutual Shares A Inc ✠ 5	£1.0696		–0.0027	0.12
Frk US Equity Cls A Acc ✠ 5	£1.1889		–0.0035	0.00
Tem Europe A Acc ✠ 5	£1.633		–0.0202	1.57
Tem Europe A Inc ✠ 5	£1.4756		–0.0184	1.59
Tem Gbl Emg Mkts A Acc 5	£2.8573		–0.0041	0.44
Tem Glb TotRet Bond A Acc 3	£1.4802		+0.0099	4.75
Tem Glb TotRet Bond A H3 Acc 3	£1.0638		+0.0016	–
Tem Glb TotRet Bond A Inc 3	£1.3255		+0.0088	4.75
Tem Growth A Acc # 5	£5.8329		–0.0322	0.78
Tem Growth A Inc # 5	£4.1088		–0.0227	0.78
Tem Strat Bond A Acc 3	£1.1688		–0.0042	4.91
Tem Strat Bond A Inc 3	£1.037		–0.0037	4.91
Tem UK Equity A Acc 5	£1.2542		–0.012	0.98
Tem UK Equity A Inc 5	£1.1387		–0.0108	0.99
Tem US Opport. Fund 5	£1.4748		–0.002	0.45
Fiduciary International Ireland Limited (IRL)				
JPMorgan House – International Financial Services Centre				
Dublin 1, Ireland				
FSA Recognised				
Franklin Templeton Emerging Market Debt Opportunities Fund Plc				
Frk Templeton Emg Mkts Debt Opp USD 0	$18.67		.....	–
Frk Templeton Emg Mkts Debt Opp CHF	SFr19.76		.....	–
Frk Templeton Emg Mkts Debt Opp GBP 0	£10.63		–0.01	–
Frk Templeton Emg Mkts Debt Opp EUR	€13.06		.....	–
Franklin Templeton Investment Funds (LUX)				
26 Bld Royal L–2449 Luxembourg 00 352 466667 212				
www.franklintempleton.co.uk UK freephone 0 800 305 306				
funds.ft.com/funds/franklintempleton/investment				
FSA Recognised				
Class A Dis				
Frk Gbl R.Estate (USD) A Dis	$7.61		(z)	–
Frk High Yield	$6.93		.....	–
Frk High Yield (Euro)	€6.16		.....	–
Frk Income	$11.36		–0.02	–
Frk India	$32.59		+0.5	–
Frk Mutual Beacon	$44.52		–0.25	–
Frk Mutual European	$13.56		+0.06	–
Frk Mutual European	€15.68		+0.09	–
Frk Mutual Gbl Disc	$14.55		+0.05	–
Frk US Government	$9.64		–0.02	–
Frk US Liquid Reserve Inc	$9.75		.....	–
Frk US Opportunities	$4.41		+0.02	–
Frk US Total Return	$10.67		–0.03	–
Frk US Ultra Short Bond Fund	$9.59		.....	–
Tem Asian Bond	$14		–0.01	–
Tem Asian Growth	$34.19		–0.07	–
Tem Asian Growth	€21.4		+0.15	–
Tem Asian Growth	£24.87		+0.21	–
Tem BRIC	$22.29		+0.08	–
Tem China	$16.66		+0.03	–
Tem Eastern Europe	€31.08		+0.4	–
Tem Eastern Europe	€26.71		+0.3	–
Tem Emerging Markets	$38.38		–0.09	–
Tem Emg Mkts Bd	$20.28		–0.01	–
Tem Emg Mkts Bd EUR	€14.81		+0.14	–
Tem Euro Gov. Bond	€9.74		–0.02	–
Tem Euro Liquid Reserve	€4.42		.....	–
Tem Euroland	€11.92		+0.07	–
Tem Europ Total Return	€12.17		–0.12	–
Tem European	€12.53		+0.07	–
Tem European	$17.32		–0.08	–
Tem European Total Return	€8.81		.....	–
Tem Global	$25.32		–0.15	–
Tem Global (Euro)	€11.16		+0.06	–
Tem Global Balanced	$18.88		–0.06	–
Tem Global Bond	$19.98		+0.01	–
Tem Global Bond	£12.53		+0.12	–
Tem Global Bond (Euro)	€10.12		.....	–
Tem Global Bond EUR	€14.52		+0.16	–
Tem Global Equity Income	$9.44		–0.02	–
Tem Global Income	$12.17		–0.02	–
Tem Global Smaller Cos	$32.98		–0.13	–
Tem Global Total Return	$16.96		+0.01	–
Tem Global Total Return F 6½	£10.66		+0.1	–
Tem Growth (Euro)	€9.82		+0.06	–
Tem Latin America	$89.6		–1.19	–
Tem Latin America	€56.36		–0.23	–
Tem US Value F 6½	£6.97		.....	–
Class A Acc				
Frk Biotech Discovery	$9.51		–0.08	–
Frk European Growth	€9.55		+0.07	–
Frk European Sml Mid Cap Gth	€20.22		+0.2	–
Frk Gbl R.Estate A Acc	$8.42		–0.22	–
Frk Global Growth	$10.88		–0.09	–
Frk Global Sml Mid Cap Gth	$21.34		–0.08	–
Frk High Yield	$13.27		+0.01	–
Frk India	$29.21		+0.19	–
Frk India	€25.64		+0.42	–
Frk Mutual Beacon	$45.6		–0.25	–
Frk Mutual Beacon EUR	€33.13		+0.16	–
Frk Mutual European	$23.01		–0.1	–
Frk Mutual European EUR	€16.7		+0.1	–
Frk Mutual Gbl Disc	$13.4		–0.07	–
Frk Mutual Gbl Disc	€11.76		+0.06	–
Frk Technology	$6.91		–0.05	–
Frk Tem Global Gth & Val	$18.5		–0.11	–

Fund	Selling Price	Buying Price	+ or -	Yield
Franklin Templeton Investment Funds - Contd.				
Frk Tem Japan	€4.09		+0.01	–
Frk Tem Japan	¥461.35		–0.23	–
Frk Tem Japan	$5.64		–0.05	–
Frk US Equity	$15.47		–0.13	–
Frk US Equity EUR	€11.21		+0.02	–
Frk US Equity Euro Hedge	€10.98		–0.09	–
Frk US Liquid Reserve Acc	$11.65		.....	–
Frk US Opportunities	$7.05		–0.04	–
Frk US Sml Mid Cap Gth F	$11.82		–0.09	–
Frk US Total Return	$13.93		–0.04	–
Tem Asian Bond	$16.91		.....	–
Tem Asian Bond	€14.84		+0.15	–
Tem Asian Growth	$36.77		–0.07	–
Tem Asian Growth	€26.64		+0.23	–
Tem BRIC	€17.78		+0.09	–
Tem BRIC	$20.24		–0.11	–
Tem China	$27.39		–0.2	–
Tem Eastern Europe	€31.42		+0.4	–
Tem Eastern Europe	$43.27		+0.1	–
Tem Emerging Markets	$39.8		–0.1	–
Tem Euro High Yield	€12.94		+0.01	–
Tem Euro Liquid Reserve	€5.57		.....	–
Tem Euroland	€12.73		+0.08	–
Tem European	$19.37		–0.09	–
Tem European EUR	€14.08		+0.08	–
Tem European Total Return	€11.35		.....	–
Tem Global	$27.39		–0.16	–
Tem Global (Euro)	€11.96		+0.07	–
Tem Global Balanced	$21.83		–0.06	–
Tem Global Balanced EUR E	€15.85		+0.12	–
Tem Global Bond (Euro)	€13.41		–0.01	–
Tem Global Bond EUR	€18.19		+0.2	–
Tem Global Equity Income	€9.91		+0.08	–
Tem Global Equity Income	$10.85		–0.02	–
Tem Global Income	$14.85		–0.03	–
Tem Global Income	€13.56		+0.11	–
Tem Global Smaller Cos	$34.61		–0.14	–
Tem Global Total Return	$23.89		+0.02	–
Tem Growth (Euro)	€9.31		+0.05	–
Tem Korea	$5.99		+0.01	–
Tem Latin America	$96.4		–1.28	–
Tem Thailand	$16.48		–0.07	–
Tem US Value	$11.26		–0.1	–
Frontier Capital Management LLP (0700) (UK)				
Authorised Corporate Director: IFDS Managers Ltd, IFDS Hse, Basildon, SS15 5FS				
Authorised Inv Funds				
IFDS Frontier MAP Balanced (C) Fund F 5	129.697164		–0.248138	0
Frontier Capital (Bermuda) Limited				
Other International				
Commercial Property–GBP Class (Susp)	£98.43		.....	–
Global Real Estate–GBP C Class (Susp)	£96.28		.....	–
Fundinvest (Guernsey) Limited (GSY)				
Level 4, Town Mills, Trinity Square, St. Peter Port, Guernsey GY1 3YN				
Regulated				
The European Stafford Fund	€90.0200		.....	0.00
The Stafford Global Equity Fund	€117.6695		.....	0.00
Fundsmith LLP (1200)F (UK)				
PO Box 10846, Chelmsford, Essex, CM99 2BW 0330 123 1815				
www.fundsmith.co.uk enquiries@fundsmith.co.uk				
Authorised Inv Funds				
Fundsmith Equity I Acc 0	100.54		–0.53	0.00
Fundsmith Equity T Acc 0	100.53		–0.54	0.00
FundTap Luxembourg Funds (LUX)				
Dealing +352 402 5051 Manager +352 263 02693				
Regulated				
FundTap Lux.Optimum Trend	$1142.81		.....	–
GAM Limited (2300)F (UK)				
12 St James's Place London SW1A 1NX 0800 919 927				
Internet: gam.com				
Authorised Inv Funds				
GAM Sterling Management Ltd				
GAM Funds OEIC				
GAM Composite Abs Rtn EUR OEIC	€90.12		+0.07	0.00
GAM Composite Abs Rtn OEIC Acc 5	£99.91		+0.08	0.00
GAM Global Diversified Acc 5	2596.82		+4.59	0.80
GAM Global Diversified Inc 5	2015.58		+3.56	0.80
GAM North American Gwth Acc 5	1830.08		+13.78	0.00
GAM North American Gwth Inc 5	1467.58		+11.05	0.00
GAM UK Diversified Acc 5	1184.77		–1.21	1.26
GAM UK Diversified Inc 5	831.44		–0.85	1.26
Unit Trust				
GAM Portfolio Unit Trust Acc 5	352.97		+1.51	0.00
GAM Portfolio Unit Trust Inc 5	333.88		+1.43	0.00
GAM MP UK Equity Unit Trust Acc 5	155.23		+0.69	0.00
GAM MP UK Equity Unit Trust Inc 5	151.38		+0.67	0.00
GAM Limited (UK)				
Property & Other UK Unit Trusts				
GAM Exempt Trust				
GAM Exempt – UK Opp Nov 8	£3.9523		+0.04	0.00
GAM Limited (IRL)				
FSA Recognised				
GAM Fund Management Ltd				
Georges Court, 54–62 Townsend Street, Dublin 2 + 353 1 6093927				
Internet: gam.com				
GAM Star Fund Plc				
GAM Star Abs Gbl Em Mkts EUR Inc F	€10.7596		–0.03	0.00
GAM Star Abs Gbl Em Mkts USD Inc F	$10.7818		–0.03	0.00
GAM Star Absolute Euro EUR Inc F	€10.1563		.....	0.00
GAM Star Absolute Euro USD Inc F	$10.1383		.....	0.00
GAM Star Asia–Pacific Eqty CHF Acc F 5	SFr8.6186		–0.06	0.49
GAM Star Asia–Pacific Eqty EUR Acc F 5	€109.8916		–0.14	0.73
GAM Star Asia–Pacific Eqty EUR Inc F 5	€105.5733xd		–0.14	0.73
GAM Star Asia–Pacific Eqty GBP Acc F 5	£2.6274		–0.01	0.57
GAM Star Asia–Pacific Eqty GBP Inc F 5	£2.5263xd		–0.01	0.57
GAM Star Asia–Pacific Eqty USD Acc F 5	$11.1175		–0.1	0.46
GAM Star Asian Eqty CHF Ord Acc F 5	SFr11.657		+0.04	0.00
GAM Star Asian Eqty EUR Ord Acc F 5	€14.0223		+0.18	0.13
GAM Star Asian Eqty GBP Ord Acc F 5	£1.7938		+0.02	0.03
GAM Star Asian Eqty GBP Ord Inc F 5	£1.7725xd		+0.02	0.03
GAM Star Asian Eqty USD Ord Acc F 5	$15.1703		+0.01	0.00
GAM Star China Equity GBP Acc F	£1.1453		.....	0.00
GAM Star China Equity USD Acc F 5	$21.8512		–0.19	0.00
GAM Star China Equity USD Inc F	$21.8509		–0.19	0.00
GAM Star Composite Abs Rtn CHF Acc F	SFr10.4176		–0.02	0.00
GAM Star Composite Abs Rtn EUR Ac F 5	€10.4983		–0.02	0.00
GAM Star Composite Abs Rtn USD Acc F 5	$10.5166		–0.02	–
GAM Star Cont European Eqty EUR Acc F 5	€12.2292		+0.1	0.50
GAM Star Cont European Eqty GBP Acc F 5	£2.3084		+0.02	0.35
GAM Star Discretionary FX CHF Cl Acc F 5	SFr9.9179		+0.07	–
GAM Star Discretionary FX EUR Acc F	€10.1832		+0.06	0.00
GAM Star Discretionary FX GBP Acc F	£1.0078		+0.01	0.00
GAM Star Discretionary FX USD Acc Nov 2 F 5	$10.3216		+0.06	0.00
GAM Star Divers. Market Ntrl Cr USD Acc F	$10.1033		.....	0.00
GAM Star Divers. Market Ntrl Cr EUR Acc F	€10.0045		.....	0.00
GAM Star Emerg. Market Rates CHF Acc F	SFr11.0618		–0.03	0.00
GAM Star Emerg. Market Rates EUR Acc F	€11.0227		–0.03	0.00
GAM Star Emerg. Market Rates GBP Acc F	£1.0844		.....	0.00
GAM Star Emerg. Market Rates USD Acc F	$10.8771		–0.04	0.00
GAM Star European Eqty CHF Acc F 5	SFr7.9671		–0.02	0.42
GAM Star European Eqty EUR Acc F 5	€194.0171		+1.41	0.67
GAM Star European Eqty EUR Inc F 5	€176.107xd		+1.28	0.67
GAM Star European Eqty GBP Acc F 5	£1.8035		+0.01	0.55
GAM Star European Eqty GBP Inc F 5	£1.6227xd		+0.01	0.55
GAM Star European Eqty USD Acc F 5	$16.2875		–0.08	0.43
GAM Star European Eqty USD Inc F 5	$14.7065xd		–0.07	0.43
GAM Star Frontier Opps USD Acc F 5	$6.2273		+0.03	2.53
GAM Star Global Equity USD Acc F 5	$10.9901		–0.06	0.00
GAM Star Global Rates CHF Acc F 5	SFr10.1286		+0.07	–
GAM Star Global Rates EUR Acc F 5	€10.7107		+0.07	0.00
GAM Star Global Rates EUR Inc F	€10.7107		+0.07	0.00
GAM Star Global Rates GBP Acc F 5	£1.0759		+0.01	0.00
GAM Star Global Rates GBP Inc F 3	£1.0759		+0.01	0.00
GAM Star Global Rates USD Acc Nov 2 F 5	$10.7986		+0.07	0.00
GAM Star Global Rates I Inc F	$10.7986		+0.07	0.00
GAM Star Global Selector CHF Acc F 5	SFr11.3965		–0.05	0.00
GAM Star Global Selector EUR Acc F	€11.4096		–0.05	0.00
GAM Star Global Selector GBP Acc F 5	£1.1891		.....	0.00
GAM Star Global Selector USD Acc F 5	$10.8662		–0.04	0.00
GAM Star Japan Eqty EUR Acc F 5	€88.7948		–0.12	0.21
GAM Star Japan Eqty EUR A Acc F 5	€85.58		–0.12	0.00
GAM Star Japan Eqty EUR B F 5	€76.78		–0.1	0.00
GAM Star Japan Eqty EUR Inc F 5	€88.609xd		–0.12	0.21
GAM Star Japan Eqty GBP Acc F 5	£82.5107		–0.15	0.09
GAM Star Japan Eqty GBP Inc F 5	£82.3791xd		–0.15	0.09
GAM Star Japan Eqty USD Acc A F 5	$11.23		–0.06	0.00
GAM Star Japan Eqty USD Acc B F 1	$10.52		–0.06	0.00
GAM Star Japan Eqty USD Acc F 5	$10.8572		–0.06	0.00
GAM Star Japan Eqty USD Inc F 5	$10.8475		–0.06	0.00
GAM Star Japan Eqty JPY Acc F 5	¥863.54		–2.72	0.00
GAM Star Japan Eqty JPY Acc A F 5	¥537.08		–1.7	0.00
GAM Star Keynes Quant Strat EUR Acc F	€10.7669		–0.01	–
GAM Star Keynes Quant Strat GBP Acc F	£10.8804		–0.01	–
GAM Star Keynes Quant Strat GBP Inc F	£10.8803		–0.01	–
GAM Star Keynes Quant Strat USD Acc F	$10.9052		–0.01	–
GAM Star Keynes Quant Strat USD Inc F	$10.9052		–0.01	–
GAM Star Pharo Emg Mkt Debt & FX Inc F 5	SFr10.6643		+0.04	3.86
GAM Star Pharo Emg Mkt Debt & FX EUR Acc F 5	€11.623		+0.04	0.00
GAM Star Pharo Emg Mkt Debt & FX EUR I Inc F	€11.2551xd		+0.04	0.00
GAM Star Pharo Emg Mkt Debt & FX GBP Acc F	£1.1079		.....	0.00
GAM Star Pharo Emg Mkt Debt & FX USD Acc F 5	$11.6092		+0.04	0.00
GAM Star US All Cap Eqty EUR Acc F 5	€16.446		+0.09	0.00
GAM Star US All Cap Eqty GBP Acc F	£10.4722		+0.04	0.00
GAM Star US All Cap Eqty USD Acc F 5	$8.9445		–0.06	0.00
GAM Star US All Cap Eqty USD Inc F	$8.9444		–0.06	0.00
GAM Star Worldwide Eqty EUR Acc F 5	€11.1606		+0.1	1.02
GAM Star Worldwide Eqty GBP Acc F 5	£1.2182		+0.01	0.94
GAM Star Worldwide Eqty GBP Inc F 5	£1.1782xd		+0.01	0.94
GAM Star Worldwide Eqty USD Inc F 5	$2340.36xd		–6.78	0.82
GAM Star Worldwide Eqty USD Acc F 5	$2632.67		–7.63	0.82
GAM Limited				
Other International Funds				
Offshore Funds				
GAM Absolute Return Bond USD	$102.0785		+0.24	–
GAM Asia Equity Inc	$741.19		+0.65	0.05
GAM Asia Eqty Hdg Inc JPY Open	¥14773.69		+773.34	–
GAM Asia Eqty Hdg Inc USD Open	$279.1		+14.87	–
GAM CGFF	$585.83		–1.31	–
GAM Capital Appreciation Eqty GBP	£107.15		+3.25	0.00
GAM Capital Appreciation Eqty USD	$280.95		+10.87	0.00
GAM Cautious Plus Eur Open	€104.51		+0.05	–
GAM Composite Abs Rtn Access Acc	$99.76		+0.08	0.00
GAM Composite Abs Rtn CHF Open	SFr195.47		–0.07	–
GAM Composite Abs Rtn EUR Access	€89.34		+0.06	0.00
GAM Composite Abs Rtn EUR Open	€146.55		+0.16	–
GAM Composite Abs Rtn GBP Index	£105.25		+1.41	–
GAM Composite Abs Rtn GBP Listed	£145.71		+0.11	–
GAM Composite Abs Rtn GBP Open	£216.63		+0.17	–
GAM Composite Abs Rtn USD Open	$878.97		+0.71	–
GAM Composite Abs Rtn SGD Open	S$105.94		+0.07	–
GAM Composite Gbl Bal EUR Open	€101.67		+0.02	–
GAM Composite Gbl Bal GBP Open	£131.62		–1.36	–
GAM Composite Gbl Bal USD Open	$136.31		–0.07	–
GAM Composite Gbl Equity CHF Open	SFr91.04		+0.74	–
GAM Composite Gbl Equity EUR Open	€105.5		–0.07	–
GAM Composite Gbl Equity GBP Open	£144.14		–2.57	–
GAM Composite Gbl Equity USD Open	$136.33		–0.22	–
GAM Composite Gbl Gwth EUR Open	€92.61		–0.02	–
GAM Composite Gbl Gwth GBP Open	£124.97		–1.9	–
GAM Composite Gbl Gwth USD Open	$134.94		–0.17	–
GAM Constellation Hedge USD Open	$90.16		+0.27	–
GAM Constellation Hedge USD 2XL	$74.77		+0.44	–
GAM Cross Trading Inc USD Open	$489.9		+1.46	–
GAM Delphic EUR A	€90.16		+0.97	0.00
GAM Delphic GBP A	£96.46		+1.11	0.00
GAM Delphic USD A	$101.37		+1.2	0.00
GAM Diversity Inc CHF Open	SFr90.8		+0.05	–

Fund	Selling Price	Buying Price	+ or -	Yield
GAM Limited - Contd.				
GAM Diversity Inc CHF 2.5XL	SFr57.86		+0.06	0.00
GAM Diversity Inc EUR Open	€624.38		+0.42	–
GAM Diversity Inc EUR 2.5XL	€61.32		+0.08	0.00
GAM Diversity Inc GBP Open	£699.88		+0.48	–
GAM Diversity Inc GBP 2.5XL	£60.4		+0.08	0.00
GAM Diversity Inc NOK Open	NKr989.49		+0.95	–
GAM Diversity Inc SGD Open	S$87.19		+0.06	–
GAM Diversity Inc USD Open	$659.8		+0.39	–
GAM Diversity Inc USD 2.5XL	$70.18		+0.08	0.00
GAM Diversity II Inc CHF Open	SFr95.26		+0.13	–
GAM Diversity II Inc EUR Open	€132.64		+0.19	–
GAM Diversity II Inc GBP Open	£145.09		+0.2	–
GAM Diversity II Inc USD Open	$201.99		+0.27	–
GAM Diversity III EUR Open	€110.4		+0.16	–
GAM Diversity III GBP Open	£123.62		+0.18	–
GAM Diversity III USD Open	$117.18		+0.15	–
GAM Euro Special Bd EUR Open	€125.98		+0.1	–
GAM Euro Special Bond CHF Open	SFr312.11		+0.57	–
GAM Eurp Eqty Hedge EUR Open	€224.15		+0.11	0.00
GAM Eurp Eqty Hedge USD Open	$208.34		+0.09	0.00
GAM Frontier Opps Eq Hg EUR	€85.5		+0.6	–
GAM Frontier Opps Eq Hg USD	$92.44		+0.85	–
GAM GAMCO Equity	$968.42		+9.8	–
GAM Global Diversified USD Inc	$267.69		+4.58	0.00
GAM Gbl Emg Mkts Hedge EUR Open	€103.61		–0.34	–
GAM Gbl Emg Mkts Hedge USD Open	$110.67		–0.4	–
GAM Global Macro Hedge USD	$102.66		–2.95	0.00
GAM Greater China Eq Hdg USD	$264.04		+15.57	–
GAM Interest Trend Inc	$327.21		+0.33	–
GAM Japan Equity Inc	$1085.92		–5.92	–
GAM Japan Equity Inc. – YEN	¥8309.85		–28.15	–
GAM Japan Eqty Hedge EUR Open	€119.07		+2.44	–
GAM Japan Eqty Hedge JPY Open	¥8327.64		+212.92	–
GAM Japan Eqty Hedge USD Open	$120.79		+3.12	–
GAM Money Mkts EUR	€51.14		+0.01	0.36
GAM Money Mkts GBP	£100.33		+0.01	0.35
GAM Money Markets Inc	$100.19		–0.01	0.21
GAM Multi–China EUR Open	€166.8		+1.27	–
GAM Multi–China USD Open	$177.4		+1.32	–
GAM Multi–Commodities CHF Open	SFr117.8		+1.59	–
GAM Multi–Commodities EUR Open	€125.54		+1.67	–
GAM Multi–Commodities GBP Open	£127.13		+1.64	–
GAM Multi–Commodities USD Open	$130.44		+1.71	–
GAM Multi–Diversified EUR	€101.32		+0.02	–
GAM Multi–Emg Mkts Inc EUR Open	€117.93		+0.12	–
GAM Multi–Emg Mkts Inc GBP Open	£134.19		+0.16	–
GAM Multi–Emg Mkts USD Open	$665.95		+0.6	–
GAM Multi–Europe EUR Open	€266.44		–0.32	–
GAM Multi–Europe II EUR Open	€137.1		–0.17	–
GAM Multi–Europe II USD Open	$112.39		–0.14	–
GAM Multi–Europe USD Open	$465.54		–0.6	–
GAM Multi–North America EUR Special	€132.8		+0.61	–
GAM Multi–North America USD Special	$216.78		+0.97	–
GAM Multi–North America USD Open	$216.78		+0.97	–
GAM Multi–Systematic Trading CHF	SFr97.51		–0.05	–
GAM Multi–Systematic Trading EUR	€101.76		–0.04	–
GAM Multi–Systematic Trading USD	$100.04		–0.03	–
GAM Multi–Star Diversity EUR	€87.27		+0.02	–
GAM Multi–Star Diversity USD	$85.67		+0.01	–
GAM Asia–Pacific Equity Inc	$1341.73		+44.29	0.81
GAM Selection Hedge Inc	$3086.57		+3.34	–
GAM Singapore/Malaysia Equity	$3011.28		+1.29	0.60
GAM Sterling Special Bond Inc	£267.76		+0.27	6.63
GAM Trading Inc EUR Op	€340.86		+1.05	–
GAM Trading Inc USD Op	$1024.68		+3.06	–
GAM Trading II GBP 1.25 XL	£109.59		+0.41	0.00
GAM Trading II Inc CHF Op	SFr109.83		+0.33	–
GAM Trading II Inc EUR Op	€146.03		+0.45	–
GAM Trading II Inc GBP Op	£390.56		+1.21	–
GAM Trading II Inc USD Op	$332.82		+1	–
GAM Trading III Inc CHF Op	SFr142.48		+0.43	–
GAM Trading III Inc EUR Op	€164.23		+0.51	–
GAM Trading III Inc GBP Op	£187.88		+0.58	–
GAM Trading III Inc USD Op	$171.07		+0.51	–
GAM Trading IV Inc CHF Op	SFr134.51		+0.41	–
GAM Trading IV Inc EUR Op	€153.78		+0.47	–
GAM Trading IV Inc GBP Op	£176.82		+0.54	–
GAM Trading IV Inc USD Op	$162.63		+0.49	–
GAM Trading V Inc CHF Op	SFr114.25		+0.35	–
GAM Trading V Inc EUR Op	€130.01		+0.4	–
GAM Trading V Inc GBP Op	£144.61		+0.44	–
GAM Trading V Inc USD Op	$136.11		+0.41	–
GAM US Dollar Special Bond Inc	$643.58		+0.52	–
GAM Worldwide	$2339.35		–6.79	1.28
GAMut Investments Inc	$8045.46		+26.15	–
GAMut Investments Inc. T Class	$123.22		+0.43	–
Tristar Global Hedge USD	$183.65		–1.32	–
GLC Ltd				
Other International Funds				
GLC Diversified USD	$68.9280		.....	–
GYS Investment Management Ltd (GSY)				
Regulated				
Taurus Emerging Fund Ltd	$179.2		.....	0.00
Gartmore Fund Managers (1200)F (UK)				
Gartmore House, 8 Fenchurch Place, London EC3M 4PB				
funds.ft.com/funds/gartmore/fundmanagers				
Dealings :0870 6016103 Inv Serv: Freephone 0800289336				
Authorised Inv Funds				
Retail Class				
Cash Fund 0	232.25		.....	0.1
Cautious Managed Acc 5 C	178.86		–0.67	3.95
Cautious Managed Inc 5 C	132.13		–0.5	4.03
China Opps 5	771.15xd		–4.52	0.33
Corporate Bond Acc 3½	122.51xd		–0.47	5.3
Corporate Bond Inc 3½	114.25		–0.45	5.3
Emerging Mkts Opps 5	163.97xd		–0.28	0.11
European Abs Ret Fund 5	110.02xd		–0.2	0.00
European Focus 5	126.14		–1.49	0.20
Euro Sel Opps 5	839.53xd		–10.25	1.22
Fixed Int. Fund Acc 3½ C	82.39		–0.26	5.1
Fixed Int. Fund Inc 3½ C	39.38		–0.13	5.1
UK Abs Ret Fund 5	111.37		–0.06	0.00
Global Focus 5	136.73		–1.10	0.34
High Yield Corporate Bd Acc 3½ C	121.37xd		+0.01	7.8
High Yld Corporate Bd Inc 3½ C	57.56xd		+0.01	7.8
Japan Abs Ret Fd Acc 5	102.65xd		+0.24	0.00
Japan Opps 5	110.31		+0.12	0.18
Pacific Opps 5	457.94xd		+1.59	0.85
UK & Irish Smlr Cos 5	337.59xd		+1.4	0.1
UK Alpha 5	123.80		–0.63	1.32
UK Long Dated Gilt 3½	344.97xd		–2.71	2.2
UK Equity Income Acc 5 C	327.4xd		–1.37	3.89
UK Equity Income Inc 5 C	206.45xd		–0.86	4.02
UK Growth 5	115.35		–0.83	1.33
UK Index Inc 0	307.68		–2.53	2.14
UK Index Fd Acc 0	373.52		–3.07	2.11
UK Tracker 0	180.18		–1.66	1.71
US Growth 5	449.51xd		–1.9	0.00
US Opportunities 5	206.87xd		–1.69	0.00
MultiManager Range				
Gartmore Active Acc 5	165.84		+0.17	0.00
Absolute Return Fund 5	124.27		–0.03	0.34
Balanced Inc 5	114.39xd		+0.15	0.09
Balanced Acc 5	138.35		+0.19	0.05
Cautious Inc 5 C	114.95xd		+0.09	1.77
Cautious Acc 5 C	135.51xd		+0.11	1.75
Gartmore SICAV (LUX)				
http://funds.ft.com/funds/gartmore/Sicav				
Regulated				
Asia Pacific A	€9.9130		+0.0647	–
Continental Eurp A	€5.4248		+0.0345	–
Emerging Markets A	€11.0939		+0.0687	–
Eu.Best Ideas Abs.Ret. A1	€5.0963		+0.0251	–
Eu.Best Ideas Abs.Ret. I	€5.1125		+0.0222	–
Euro Money A2	€5.0185		.....	–
European Corporate Bond S2 Hedged	£1.5674		–0.0018	2.93
Global Bond D2	$6.5791		–0.0059	–
Global Focus A	€6.4193		–0.0293	–
Japan Abs Return Fd I Hdg	€5.0718		+0.0067	–
Japanese Abs.Ret.A	€2.5212		+0.0354	–
Latin American A	€19.416		–0.2661	–
Pan European A	€3.3654		+0.0161	–
Pan Eurp Smaller Cos A	€6.0683		+0.0472	–
United Kingdom A1 Hdg	€5.1454		+0.0026	–
United Kingdom I Hdg	€5.0964		+0.0026	–
United Kingdom Abs.Ret.S1	£2.1558		+0.0011	–
US Opportunities A	€4.9067		–0.0771	–
Generali International Limited				
PO Box 613, Generali House, Hirzel Street, St Peter Port, Guernsey, GY1 4PA 01481 714108				
International Insurances				
US Dollar Global Managed	$3.87	4.17	.....	–
Stg Global Managed	£3.75	4.04	.....	–
Euro Global Managed	€2.15	2.32	.....	–
Global Bond USD	$3.46	3.73	.....	–
Genesis Asset Managers LLP				
Other International Funds				
Emerging Mkts NAV Oct 29	£5.50		.....	–
Global Strategic Advisers Limited (CYM)				
Regulated				
AG Capital Management				
AG Capital Fund Spc	€97.48		.....	–
Griffin Umbrella Fund (IRL)				
Regulated				
Eastern European Fund Class A	€581.23		.....	–
Eastern European Fund Class B	€125.27		.....	–
Eastern European Value Fund	€430.11		.....	–
European Opportunities Fund A	€128.25		.....	–
European Opportunities Fund B	€97.21		.....	–
Ottoman	€132.14		.....	–
Guardian (UK)				
Ballam Road, Lytham St Annes, Lancashire FY8 4JZ 01253 733 151				
Insurances				
Guardian Assurance				
Property Bond	1958.37	2039.96	.....	–
Choices Wth–Pfts Lg–tm	285.10	300.10	.....	–
Choices Wth–Pfts St–tm	246.20	259.10	.....	–
Choices Managed	491.23	517.09	+1.5576	–
Choices Equity	536.29	564.52	+4.9435	–
Freedom With Pfts Long–Tm	199.40	209.80	.....	–
Freedom With Pfts Short–Tm	182.70	192.40	.....	–
Freedom Managed	286.83	301.93	+0.6853	–
Freedom Equity	309.59	325.89	+2.0134	–
Corp Pens Mananged	173.42	173.42	+0.5499	–
Corp Pens Equity	175.07	175.07	+1.6138	–
Corp Pens Fixed Interest	231.77	231.77	–0.5946	–
Corp Pens Index Linked	248.86	248.86	+0.3821	–
Corp Pens Deposit	183.5	183.5	+0.0063	–
Corp Pens Protector	240.36	240.36	–0.7898	–
Corp Pens UK Index Tracker	149.4	149.4	+0.9364	–
Guardian Linked Life Assurance Ltd				
Managed Acc	1427.6	1502.73	+9.6258	–
Equity Acc	2526.4	2659.37	+41.2393	–
Fixed Interest Acc	1385.35	1458.26	–2.882	–
International Acc	970.36	1021.43	+2.4068	–
Nth American Acc	405.06	426.37	–2.1387	–
Pacific Acc	253.42	266.76	–0.5429	–
European Acc	262.2	276	+1.7324	–
Property Acc	558.74	588.14	+0.0812	–
Index–Linked Acc	488.72	514.45	+0.6173	–
Deposit Accum	452.16	475.96	–0.0043	–
Guardian Pensions Management Ltd				
Pens. Managed Acc	1855.45	1953.1	+5.8834	–
Pens. Equity Acc.	2701.07	2843.24	+24.8982	–
HPB Assurance Ltd				
PO Box 179, IOMA House, Hope Street, Douglas, Isle of Man, IM99 1PU 01624 681343				
International Insurances				
Holiday Property Bond Ser 1 Aug 31	£0.630		.....	–
Holiday Property Bond Ser 2 Aug 31	£0.670		.....	–
HSBC Fd Administration (Jersey) Ltd (JER)				
HSBC House, St. Helier, Jersey JE1 1HS 01534 606520				
FSA Recognised				
Intl Sterling Income 3	£0.9489xd	0.9778	–0.0057	3.07

Fund	Selling Price	Buying Price	+ or -	Yield
Halifax Life Ltd (UK)				
PO Box 285, York YO1 1YB 01904 611110				
Insurances				
Life Funds				
Foundation	57.33	60.34	–0.41	–
Balanced	52.85	55.63	–0.32	–
Opportunity	56.97	59.96	–0.5	–
Deposit	36.84	38.77	.....	–
Ethical	223.1	234.8	–0.8	–
European	464.8	489.2	–5.4	–
Far Eastern	1321.2	1390.7	–0.9	–
Fd of Inv Trusts	1141.3	1201.3	–0.9	–
Gilt & Fixed Int	498.3	524.5	–2.7	–
High Income	1114.5	1173.1	–7.6	–
Index–Linked Gilt	217.8	229.2	–1.1	–
Intl Growth	478.3	503.4	–2.0	–
Japanese	73.7	77.5	+0.3	–
Managed	601.4	633.0	–2.8	–
Money	306.2	322.3	.....	–
North American	514.3	541.3	–1.0	–
Pelican	766.7	807.0	–4.5	–
Property	359.6	378.5	+0.1	–
Smaller Cos	325.7	342.8	–0.9	–
Special Sits	463.4	487.7	–2.0	–
UK FTSE All Share	135.0	142.1	–1.1	–
UK FTSE 100	218.8	230.3	–2.1	–
Ethical		127.3	–0.4	–
European		140.7	–2.0	–
Far Eastern		227.1	–0.1	–
Fd of Inv Trusts		183.6	–0.1	–
Gilt & Fixed Int		128.6	–0.3	–
High Income		154.9	–1.0	–
Index–Linked Gilt		147.7	–0.7	–
Intl Growth		124.2	–0.5	–
Japanese		98.1	+0.3	–
Managed		136.0	–0.8	–
Money		115.6	.....	–
North American		93.8	–0.1	–
Pelican		138.8	–1.3	–
Property		115.8	.....	–
Smaller Cos		171.6	–0.8	–
Special Sits		133.5	–0.6	–
UK FTSE All Share		139.3	–0.8	–
UK FTSE 100		130.1	–1.4	–
Independently Mgd European		171.2	–1.7	–
Independently Mgd Far Eastern		278.5	–0.7	–
Independently Mgd Gilt & Fxd Int		118.9	–0.6	–
Independently Mgd Intl Gwth		161.1	–0.5	–
Independently Mgd North Amer		123.6	.....	–
Independently Mgd Opps		193.6	–1.0	–
Independently Mgd Smllr Cos		140.0	+0.2	–
Independently Mgd UK Eqty Income		155.5	–0.6	–
Independently Mgd UK Gwth		129.4	–1.1	–
Independently Mgd UK Idx		165.4	–1.2	–
Mananged Income		473.8	–2.0	–
Cautious Managed Life		124.9	–0.8	–
Pension Funds				
Foundation Ser 2	51.9	54.63	–0.28	–
Balanced Ser 2	48.99	51.56	–0.28	–
Opportunity Ser 2	51.74	54.46	–0.29	–
Deposit Ser 2	41.11	43.27	.....	–
Ethical	233.9	244.9	–0.7	–
European	522.9	547.5	–6.1	–
Far Eastern	1780.9	1864.8	–2.9	–
Fd of Inv Trusts	1533.9	1606.1	+0.1	–
Gilt & Fxd Int	655.0	685.8	–2.0	–
High Income	1479.2	1548.9	–8.9	–
Idx–Linked Gilt	264.7	277.1	–1.6	–
Intl Growth	568.4	595.1	–2.3	–
Japanese	62.0	64.9	+0.2	–
Managed	826.7	865.6	–5.3	–
Money	484.1	506.9	.....	–
North American	611.2	640.0	–1.3	–
Pelican	943.9	988.3	–8.8	–
Property	521.3	545.8	.....	–
Smaller Cos	345.9	362.1	–1.3	–
Special Sits	547.6	573.4	–2.3	–
UK FTSE All Share	127.6	133.6	–1.1	–
UK FTSE 100 Pens	222.1	232.5	–2.2	–
Independently Mgd European	185.9	194.6	–1.9	–
Independently Mgd Far Eastern	338.9	354.8	–1.0	–
Independently Mgd Gilt & Fxd Int	129.4	135.4	–1.0	–
Independently Mgd Intl Gwth	174.8	183.0	–0.4	–
Independently Mgd Nth American	131.5	137.6	.....	–
Independently Mgd Opps	211.0	220.9	–0.9	–
Independently Mgd Smllr Cos	162.7	170.3	+0.2	–
Independently Mgd UK Eqty Income	168.0	175.9	–0.7	–
Independently Mgd UK Gwth	139.0	145.5	–1.3	–
Independently Mgd UK Index	175.1	183.3	–1.3	–
Ethical		90.3	–0.3	–
European		115.1	–1.3	–
Far Eastern		198.0	–0.3	–
Fund of Inv Trusts		158.0	.....	–
Gilt & Fixed Int		166.8	–0.5	–
High Inc		187.1	–1.0	–
Index–Linked Gilt		178.6	–1.0	–
Intl Growth		110.6	–0.4	–
Japanese		64.2	+0.2	–
Managed		131.8	–0.8	–
Money		138.2	.....	–
North American		106.1	–0.3	–
Pelican		126.4	–1.2	–
Property		141.6	.....	–
Smaller Cos		93.1	–0.3	–
Special Sits		126.7	–0.5	–
UK FTSE All Share		124.5	–1.0	–
UK FTSE 100		118.5	–1.1	–
Independently Mgd European		185.0	–1.8	–
Independently Mgd Far Eastern		327.4	–0.9	–
Independently Mgd Gilt & Fxd Int		131.1	–0.8	–
Independently Mgd Intl Growth		171.3	–0.4	–
Independently Mgd North Amer		130.9	.....	–
Independently Managed Opps		205.5	–0.9	–
Independently Mgd Smlr Cos		159.0	+0.1	–
Independently Mgd UK Equity Inc		164.1	–0.6	–
Independently Mgd UK Growth		137.7	–1.1	–
Independently Mgd UK Index		177.4	–1.2	–
Money Stakeholder		111.1	.....	–
Property Stakeholder		82.9	.....	–
Ethical Stakeholder		126.9	–0.4	–
European Stakeholder		128.7	–1.5	–
Far Eastern Stakeholder		174.0	–0.3	–
Gilt & Fixed Int Sholder		129.0	–0.4	–
Sholder Fund of Inv Trusts		139.2	.....	–
High Income Sholder		133.2	–0.7	–
Index–Linked Gilt Sholder		138.9	–0.8	–
International Growth Sholder Pens		122.6	–0.5	–
Japanese Stakeholder		112.1	+0.4	–
Managed Stakeholder		122.7	–0.7	–
North American Sholder		108.3	–0.2	–
Pelican Sholder		124.0	–1.1	–
Smaller Cos Stakeholder		123.4	–0.4	–
Special Situations Sholder		117.3	–0.5	–
UK FTSE 100 Sholder		123.7	–1.1	–
UK FTSE All–Share Sholder		126.3	–1.0	–
Ind Mgd European Sholder		136.8	–1.3	–
Ind Mgd Far Eastern Sholder		242.7	–0.6	–
Ind Mgd Gilt & Fixed Sholder		120.6	–0.8	–
Ind Mgd Intl Growth Sholder		131.3	–0.3	–
Ind Mgd North American Sholder		111.0	.....	–
Ind Mgd Opportunities Sholder		157.3	–0.7	–
Ind Mgd Smaller Cos Sholder		98.7	+0.1	–
Ind Mgd UK Equity Inc Sholder		124.9	–0.5	–
Ind Mgd UK Growth Sholder		103.9	–0.9	–
Ind Mgd UK Index Sholder		139.8	–0.9	–
Hamilton Lane Private Equity Fund PLC (IRL)				
Regulated				
NAV	$159.4		.....	–
Hamon Investment Group				
Other International Funds				
Asian iTech	$5.69		.....	–
Asian Market Leaders – USD	$35.05		.....	–
Asian Market Leaders – GBP	£17.16		.....	–
Greater China – USD	$13.69		.....	–
Greater China – GBP	£5.42		.....	–
Oriental Long Short	$174.8985		.....	–
Selected Asian P'folio	$58.47	58.48	.....	–
Hamton Investment Funds				
Other International Funds				
Bond 004 NAV Nov 5	€484.83		.....	–
European Equities Oct 29	€78.71		.....	–
Special Situations NAV Nov 5	€141.29		.....	–
Fund of Funds NAV Nov 2	$126.59		.....	–
HANDELSBANKEN FUNDS SICAV (LUX)				
15 rue Bender, L–1229, Luxembourg +352 27 486 1				
FSA Recognised				
America Shares	$38.31		.....	–
Commodity A SEK F	SKr107.44		.....	–
Commodity AI SEK F	SKr107.42		.....	–
Commodity BI SEK F	SKr107.47		.....	–
Euro Liquidity A F 5	€102.18		.....	–
Euro Liquidity AI F 5	€102.52		.....	–
Europe Selective	€71.15		.....	–
Far East Shares	$11.20		.....	–
Global Ethical A F	SKr106.13		.....	–
Global Ethical AI F	SKr107.03		.....	–
Global Ethical BI F	SKr103.82		.....	–
International Shares	$100.06		.....	–
Nordic Shares	€59.41		.....	–
Russia Shares F 5 E	SKr73.20		.....	–
Swedish Bonds Shares	SKr3225.17		.....	–
Swedish Short Term Assets Shares F 0	SKr134.34		.....	–
Hargreaves Lansdown Fd Mgrs (1100)F (UK)				
PO Box 55736, 50 Bank Street, Canary Wharf London E14 1BT				
Enquiries 0117 9009000				
Authorised Inv Funds				
Hargreaves Lansdown Funds				
Unit Trust				
Multi–Manager Spec Sits Tst ✦ 5	181.31xd	190.85	+0.4500	0.33
Multi–Manager Inc & Gwth Pfolio Acc ✦ 5	101.04xd	106.35	+0.0700	4.51
Multi–Manager Inc & Gwth Pfolio Inc ✦ 5	75.09xd	79.04	+0.0500	4.51
Multi–Manager Bal Mgd Tst ✦ 5	134.12xd	141.17	+0.1900	1.33
Multi–Manager Cautious Mgd Tst Inc ✦ 5	88.78xd	93.45	–0.0100	3.49
Multi–Manager Cautious Mgd Tst Acc ✦ 5	103.93xd	109.39	–0.0100	3.49
Multi–Manager Strategic Bond Trust A Acc ✦ 3	135.08xd	139.25	–0.2200	3.43
Multi–Manager Strategic Bond Trust A Inc ✦ 3	127.41xd	131.34	–0.2100	3.43
Haussmann Hldgs NV Curacao				
Other International Funds				
Haussman Oct 31	$2131.36xd		.....	6.0851
Haussmann Holdings NV Cls C	€1875.31xd		.....	6.6628
Henderson Global Investors (UK)				
PO Box 9023, Chelmsford, CM99 2WB Enquiries: 0800 832 832				
www.henderson.com				
Authorised Inv Funds				
Glob Tech A Acc ✦ 5	570.4xd		+1.40	0.00
Glob Tech I Acc ✦ 5	601.2xd		+1.60	0.00
All Stocks Credit A Inc ✦ 4	114.5xd		–0.40	3.80
All Stocks Credit I Inc ✦ 0	115.7xd		–0.40	4.37
Pref & Bond A Inc ✦ 4	53.69xd		–0.05	6.74
Pref & Bond I Inc ✦ 0	55.40xd		–0.06	6.80
Strat Bond A Inc ✦ 4	127.0xd		–0.20	7.17
Strategic Bond I Inc ✦ 0	131.5xd		–0.10	7.25
Mult–Manager Income & Growth Fund A Inc ✠ 5¼	127.10		.....	1.94
Euro Growth Class A Acc* ✦ 5¼	113		.....	0
Euro Growth Class I Acc ✦ 0	239.6		.....	0
Euro Spec Sits A Acc ✦ 0	60.19xd		.....	0
Euro Spec Sits A Inc ✦ 0	58.74xd		.....	0
Euro Spec Sits I Acc ✦ 0	121.2xd		.....	0
Euro Spec Sits I Inc ✦ 0	118.3xd		.....	0
Higher Inc A Acc* ✦ 0	170		.....	4.2
Higher Inc A Inc* ✦ 5¼ C	38.29		.....	4.2
Higher Inc I Inc ✦ 0 C	77.52		.....	4.3
Global Innovation Unit Trust A Acc ✦ 4¼	1195.48	1251.96	+1.16	0
UK Alpha A Acc* ✦ 5¼	98.55		.....	0
UK Alpha I Acc ✦ 0	209.9		.....	0
Fixed Interest Monthly Income Fund Inc ✦ 4¼	21.66xd	22.72	–0.01	6.9
High Yield Monthly Income Fund A Inc ✦ 4¼	51.01xd		.....	5.8
High Yield Monthly Income Fund I Inc ✦ 0	102.6xd		.....	6.2
Sterling Bond Unit Trust ✦ 4¼	152.14xd	158.97	–0.39	4.4

Managed funds service

Fund	Init Chrge / Notes	Selling Price	Buying Price	+ or -	Yield
Henderson Global Investors - Contd.					
Sterling Bd Unit Tst A Inc* ◆	4¼	54.04xd	56.46	–0.14	4.4
UK Prop Unit Tst A Acc* ◆	5	152.31	160.31	–0.06	4.58
UK Prop Unit Tst A Inc* ◆	5	91.52	96.33	–0.04	4.58
Managed Dist A Acc* ◆	5 C	75.18		.....	5.3
Managed Dist A Inc* ◆	5 C	52.19		.....	5.3
Managed Dist I Acc ◆	0 C	154.8		.....	5.7
Managed Dist I Inc ◆	0 C	106.2		.....	5.3
Multi-Manager Active A Acc ▲	5	145.7		.....	0.00
Asian Div Inc Unit Tst A Acc* ◆	5	103.25xd	108.96	–0.25	5.3
Asian Div Inc Unit Tst A Inc* ◆	5	97.69xd	103.09	–0.23	5.3
Henderson Fund SICAV (LUX)					
16, Boulevard d'Avranches, L–1160 Luxembourg, Grand Duchy of Luxembourg					
FSA Recognised					
Indian Equity GBP Inc		£9.22		.....	–
Henderson Global Investors (Ire) Ltd (IRL)					
Regulated					
Liquid Assets Sterling Inst		£1.00		.....	0.58
Institutional Z Class		£1.00		.....	0.73
Heritage Wealth SIF					
Other International Funds					
Heritage Wealth SIF – Bal. EUR		€103.91		.....	–
Heritage Wealth SIF – Bal. USD		$103.37		.....	–
Heritam Sicav					
Other International Funds					
Eastern European Heritage EUR		€236.95		.....	–
Energy Fund		$95.00		.....	–
European Opportunities Fd EUR		€132.3		.....	–
USA Growth		$120.47		.....	–
USA Value		$95.65		.....	–
Hermes Investment Funds Plc (IRL)					
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ 020 7680 3720					
FSA Recognised					
Global Emerging Markets Fund		£2.0329		.....	–
Global Equites Selection Fund F		£1.1964		.....	–
Japan Equity Fund F		£1.0601		.....	–
Pan European Small Cap Companies Fund		£1.8400		.....	–
Quant Global Equity Fund		£1.5047		.....	–
Sourcecap European Alpha Fund F		£1.1236		.....	–
UK Smaller Companies Fund		£1.7910		.....	–
UK Small and Mid Cap Companies Fund		£2.1141		.....	–
Global Investment Grade Z GBP Acc	5	£1.0796		.....	–
Global High Yield Bond Fund Cls Z GBP Acc	5	£1.1094		.....	–
Hermes Property Unit Trust (UK)					
Property & Other UK Unit Trusts					
Property Oct 25		£4.254	4.552	.....	4.607
Hermitage Capital Management Ltd					
Other International Funds					
The Hermitage Fund Oct 29		$942.89	949.49	.....	–
IKANO Funds (LUX)					
Regulated					
All seasons Fd		€11.5574		.....	–
European Equity		€9.8617		.....	–
Global Equity		€7.5031		.....	–
ING Real Estate Inv Mgmt (UK Fds) Ltd (UK)					
Property & Other UK Unit Trusts					
ING Lionbrook A Sep 30		£1096	1189	.....	5.9
ING Lionbrook B Sep 30		£1096	1189	.....	5.9
ING Lionbrook C Sep 30		£1096	1189	.....	5.9
Osiris Prop Fund Aug 31		£1003.36		.....	–
ING Real Estate Investment Mgmt (Guernsey) Ltd (GSY)					
Property & Other UK Unit Trusts					
ING Central London Sep 30		£261.54		.....	–
ING Lionbrook (Gue) Sep 30		£1124		.....	–
ING UK Prop Income Sep 30		£0.5319		.....	–
IT Asset Management					
Other International Funds					
IT Funds Info Tech UK Dist		£541.33		–1.92	0.12
Impax Asset Management (IRL)					
37–43 Sackville Street, London W1S 3EH 020 7434 1122					
FSA Recognised					
Env Mkts (Ire) Stl A		£1.797		.....	–
Env Mkts (Ire) Stl B		£1.746		.....	–
Env Mkts (Ire) Euro A		€1.427		.....	–
Env Mkts (Ire) Euro B		€1.127		.....	–
Env Mkts (Ire) USD A		$1.516		.....	–
Env Mkts (Ire) USD B		$1.354		.....	–
Asian Env Mkts (Ire) Stl A	1	£1.059		.....	–
Asian Env Mkts (Ire) Stl B	5	£1.057		.....	–
Asian Env Mkts (Ire) USD A	1	$1.249		.....	–
INDIA VALUE INVESTMENTS LIMITED (INVIL)					
www.invil.mu					
Other International Funds					
NAV Nov 9		£4.58		.....	–
Ingenious Asset Management Ltd (IRL)					
15 Golden Square, London, EIF 9JG +44 20 7319 4000					
FSA Recognised					
UK Equity Retail Acc		£183.09		–1.18	–
UK Equity Instl Acc	5	£100.50		–0.65	–
Intrinsic Value Investors (IVI) LLP (IRL)					
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210					
FSA Recognised					
IVI European Fund EUR	0 E	€11.18		+0.05	–
IVI European Fund GBP	0 E	€13.56		+0.12	–

Invesco Perpetual

Fund	Init Chrge / Notes	Selling Price	Buying Price	+ or -	Yield
Invesco Fund Managers Ltd (UK)					
30 Finsbury Square, London,EC2A 1AG					
Dealing : 0800 085 8571					
Investor Services: 0800 085 8677					
Broker Services: 0800 028 2121					
Administration Enquiries : 0800 085 8677					
www.invescoperpetual.co.uk					
Authorised Inv Funds					
Invesco Perpetual Funds					
Asian Acc ◆F	5	387.99		+2.72	0.51
Asian Inc ◆F	5	361.73		+2.54	0.51
Childrens Acc ◆F	5	227.2		–0.54	1.85
Corporate Bd Acc (Gross) ◆F	5	156.6		–0.53	5.07
Corporate Bd Inc (Gross) ◆F	5	82.82		–0.28	5.2
Corporate Bond Acc ◆F	5	145.7		–0.5	5.07
Corporate Bond Inc ◆F	5	82.8		–0.28	5.18
Distribution Acc ◆F	5 C	79.21		–0.07	6.11
Distribution Acc (Gross) ◆F	5 C	85.93		–0.07	6.11
Distribution Inc ◆F	5 C	57.19		–0.05	6.13
Distribution Inc (Gross) ◆F	5 C	57.19		–0.04	6.13
Emerging Countries Acc ◆F	5	247.07		–0.1	0.36
Emerging Countries Inc ◆F	5	230.85		–0.1	0.36
Emerging European Acc ◆F	5	46.34		+0.02	0
Emerging European Inc ◆F	5	45.74		+0.03	0
European Equity Acc ◆F	5	577.17		–4.73	1.37
European Equity Inc ◆F	5	527.72		–4.33	1.39
European Equity Income Acc F	5	47.8		(z)	–
European Equity Income Inc F	5	43.23		(z)	–
European High Income Acc ◆F	5	59.6		–0.41	4.34
European High Income Inc ◆F	5	52.29		–0.35	4.45
European High Yield Acc ◆F	5	74.21		–0.01	5.28
European High Yield Inc ◆F	5	36.53		–0.01	5.34
European High Yld Acc(Gross) ◆F	5	81.95		–0.02	5.28
European High Yld Inc(Gross) ◆F	5	36.54		.....	5.36
European Opportunities Inc ◆F	5	51.76		–0.57	0.81
European Opportunities Acc ◆F	5	52.47		–0.58	0.8
European Smlr Cos Acc ◆F	5	116.52		–1.05	0.5
Global Bd Acc (Gross) ◆F	5	111.25		–0.78	2.57
Global Bd Inc (Gross) ◆F	5	74.22		–0.52	2.6
Global Bond Acc ◆F	5	106.24		–0.73	2.57
Global Bond Inc ◆F	5	74.2		–0.51	2.59
Global Equity (acc) ◆F	5	315.52		–0.75	0.55
Global Equity (inc) ◆F	5	297.42		–0.71	0.55
Global Equity Income Acc ◆F	5	71.29		+0.2	2.73
Global Equity Income Inc ◆F	5	68.01		+0.2	2.8
Global Opportunities Acc ◆F		57.3		–0.12	1.18
Global Smaller Cos Acc ◆F	5	1118.84		–4.08	0.29
Global Smaller Cos Inc ◆F	5	1081.68		–3.95	0.29
High Income Acc ◆F	5 C	471.24		–0.86	3.65
High Income Inc ◆F	5 C	310.83		–0.57	3.77
Hong Kong & China Acc ◆F	5	381.84		–1.24	0.62
Income & Growth Acc ◆F	5 C	581.75		–2.38	3.54
Income & Growth Inc ◆F	5 C	305.81		–1.25	3.65
Income Acc ◆F	5 C	1828.72		–3.43	3.85
Income Inc ◆F	5 C	1211.08		–2.27	3.97
Japan Acc ◆F	5	234.95		+1.72	0
Japanese Smlr Cos Acc ◆F	5	45.3		–0.39	0
Latin America Acc ◆F	5	188.38		–2.18	0.65
Latin America Inc ◆F	5	167.06		–1.94	0.65
Managed Growth Acc ◆F	5	112.4		–0.12	1.15
Managed Growth Inc ◆F	5	98.06		–0.1	1.17
Managed Income Acc ◆F	5 C	111.22		–0.19	2.99
Managed Income Inc ◆F	5 C	79.74		–0.13	3.06
Money Acc ◆F	0	88.59		–0.01	0.71
Money Acc (Gross) ◆F	0	93.2		.....	0.71
Monthly Income Plus Acc ◆F	5 C	224.48		–0.16	6.61
Monthly Income Plus Acc (Gross) ◆F	5	248.76		–0.17	6.61
Monthly Income Plus Inc ◆F	5 C	104.84		–0.07	6.64
Monthly Income Plus Inc (Gross) ◆F	5	104.97		–0.07	6.64
Pacific Acc ◆F	5	760.56		+5.69	0.34
Pacific Inc ◆F	5	715.19		+5.34	0.34
Tactical Bond Acc ◆F	5	55.06		–0.05	3.22
Tactical Bond Inc ◆F	5	53.8		–0.04	3.28
Tactical Bond Acc (Gross) ◆F	5	55.41		–0.05	3.22
Tactical Bond Inc (Gross) ◆F	5	53.81		–0.05	3.29
UK Aggressive Acc ◆F	5	110.73		+0.88	1.77
UK Aggressive Inc ◆F	5	100.28		+0.79	1.8
UK Growth Acc ◆F	5	308.26		–0.62	1.88
UK Growth Inc ◆F	5	215.81		–0.43	1.92
UK Smaller Cos Equity Acc ◆F	5	447.47		–1.8	0.86
UK Smaller Cos Equity Inc ◆F	5	356.68		–1.43	0.87
UK Smaller Cos Gwth Inc ◆F	5	81.97		+0.15	0.05
UK Smllr Cos Gwth Acc ◆F	5	82.47		+0.15	0.05
UK Strategic Income Acc ◆F	5	98.9		–1.14	3.42
UK Strategic Income Inc ◆F	5	87.11		–1	3.51
US Equity Acc ◆F	5	319.8		–0.61	0
US Equity Benchmark Plus Acc ◆F	5	49.1		(z)	0
US Equity Benchmark Plus Inc ◆F	5	48.43		(z)	0
Invesco Perpetual Funds (No Trail)					
Asian (No Trail) Acc ◆F	5	158.58		+1.12	0.82
Asian (No Trail) Inc ◆F	5	153.37		+1.08	0.83
Corporate Bond (No Trail) Acc ◆F	5	128.36		–0.44	5.32
Corporate Bond (No Trail) Inc ◆F	5	109.41		–0.37	5.44
Distribution (No Trail) Acc ◆F	5	118.52		–0.1	6.11
Distribution (No Trail) Inc ◆F	5	97.4		–0.09	6.13
Emerging Countries (No Trail) Acc ◆F	5	157.89		–0.07	0.8
Emerging Countries (No Trail) Inc ◆F	5	155.77		–0.07	0.81
Emerging European (No Trail) Acc ◆F	5	94.02		+0.05	0
Emerging European (No Trail) Inc ◆F	5	92.33		+0.05	0
European Equity (No Trail) Acc ◆F	5	99.35		–0.81	1.83
European Equity (No Trail) Inc ◆F	5	92.55		–0.76	1.87
European Equity Income (No Trail) Acc F	5	96.07		(z)	–
European Equity Income (No Trail) Inc F	5	86.88		(z)	–
European High Income (No Trail) Acc ◆F	5	120.36		–0.81	4.33
European High Income (No Trail) Inc ◆F	5	105.57		–0.71	4.44
European High Yield (No Trail) Acc ◆F	5	150.42		–0.02	5.78
European High Yield (No Trail) Inc ◆F	5	139.68		–0.02	5.85
European Opportunities (No Trail) Acc ◆F	5	107.15		–1.19	1.3
European Opportunities (No Trail) Inc ◆F	5	104.68		–1.16	1.32
European Smaller Companies (No Trail) Acc ◆F	5	139.53		–1.26	0.81
Global Balanced Index (No Trail) Acc ◆F	5	104.97		–0.81	2.03
Global Bond (No Trail) Acc ◆F	5	118.18		–0.82	2.82
Global Bond (No Trail) Inc ◆F	5	115.07		–0.8	2.85
Global Equity (No Trail) acc ◆F	5	135.83		–0.32	1.01
Global Equity (No Trail) inc ◆F	5	133.97		–0.31	1
Global Equity Income (No Trail) Acc ◆F	5	143.83		+0.43	2.75
Global Equity Income (No Trail) Inc ◆F	5	137.19		+0.4	2.81
Global ex UK Core Equity Index (No Trail) Acc ◆F	5	104.9		–0.41	1.38
Global ex UK Enhanced Index (No Trail) Acc ◆F	5	120.45		–0.44	1.73
Global Opportunities (No Trail) Acc ◆F	5	143.8		–0.29	1.65
Global Smaller Companies (No Trail) Acc ◆F	5	159.43		–0.58	0.71
Global Smaller Companies (No Trail) Inc ◆F	5	157.85		–0.57	0.72
High Income (No Trail) Acc ◆F	5	98.27		–0.18	3.64
High Income (No Trail) Inc ◆F	5	86.37		–0.16	3.76
Hong Kong & China (No Trail) Acc ◆F	5	147.67		–0.48	1.11
Income & Growth (No Trail) Acc ◆F	5	133.53		–0.55	3.52
Income & Growth (No Trail) Inc ◆F	5	128.04		–0.52	3.62
Income (No Trail) Acc ◆F	5	98.02		–0.18	3.85
Income (No Trail) Inc ◆F	5	85.44		–0.16	3.97
Invesco Fund Managers Ltd - Contd.					
Japan (No Trail) Acc ◆F	5	108.88		+0.81	0
Japanese Smaller Companies (No Trail) Acc ◆F	5	112.59		–0.95	0
Latin American (No Trail) Acc ◆F	5	177.64		–2.06	1.06
Latin American (No Trail) Inc ◆F	5	174.69		–2.02	1.07
Managed Growth (No Trail) Acc ◆F	5	132.66		–0.14	1.18
Managed Growth (No Trail) Inc ◆F	5	130.98		–0.14	1.2
Managed Income (No Trail) Acc ◆F	5	130.67		–0.23	3.04
Managed Income (No Trail) Inc ◆F	5	125.67		–0.22	3.12
Monthly Income Plus (No Trail) Acc ◆F	5	126.25		–0.09	6.61
Monthly Income Plus (No Trail) Inc ◆F	5	100.75		–0.07	6.64
Pacific (No Trail) Acc ◆F	5	137.61		+1.04	0.83
Pacific (No Trail) Inc ◆F	5	137.02		+1.03	0.83
Tactical Bond (No Trail) Acc ◆F	5	110.46		–0.1	3.72
Tactical Bond (No Trail) Inc ◆F	5	107.62		–0.1	3.8
UK Aggressive (No Trail) Acc ◆F	5	88.83		+0.7	2.15
UK Aggressive (No Trail) Inc ◆F	5	83.24		+0.66	2.2
UK Enhanced Index (No Trail) Acc ◆F	5	268.26		–2.46	2.7
UK Enhanced Index (No Trail) Inc ◆F	5	197.04		–1.8	2.75
UK Growth (No Trail) Acc ◆F	5	79.53		–0.15	2.26
UK Growth (No Trail) Inc ◆F	5	73.53		–0.15	2.32
UK Smaller Companies Equity (No Trail) Acc ◆F	5	142.08		–0.57	1.28
UK Smaller Companies Equity (No Trail) Inc ◆F	5	139.66		–0.56	1.26
UK Smaller Companies Growth (No Trail) Acc ◆F	5	144.46		+0.27	0.47
UK Smaller Companies Growth (No Trail) Inc ◆F	5	143.52		+0.27	0.48
UK Strategic Income (No Trail) Acc ◆F	5	383.17		–4.4	3.41
UK Strategic Income (No Trail) Inc ◆F	5	337.52		–3.88	3.5
US Equity (No Trail) Acc ◆F	5	129.92		–0.24	0
US Equity Benchmark Plus (No Trail) Acc ◆F	5	99.83		(z)	0
US Equity Benchmark Plus (No Trail) Inc ◆F	5	97.54		(z)	0

Invesco

Fund	Init Chrge / Notes	Selling Price	Buying Price	+ or -	Yield
Invesco (LUX)					
Dublin 00 353 1 439 8100 Hong Kong 00852 3191 8282					
FSA Recognised					
Invesco Management SA					
Invesco Asia Balanced A dist		$16.2xd		–0.07	–
Invesco Asia Opportunities Equity A		$100.03		–0.26	0.00
Invesco Asia Pacific Real Est Sec Fd A Dist.	5¼	$9.93xd		–0.15	–
Invesco Asia Consumer Demand Fund A income	5¼	$13.33xd		–0.05	–
Invesco Asia Infrastructure (A)		$15.42xd		–0.08	0.04
Invesco Absolute Return Bond Fund A		€2.7652		–0.0034	1.74
Invesco Balanced Risk Allocation Fund A		€12.06xd		–0.07	–
Invesco Capital Shield 90 (EUR) A		€11.2		–0.02	–
Invesco Emerging Europe Equity Fund A		$11.95		+0.07	–
Invesco Emerging Local Currencies Debt A Inc.		$11.4178		–0.0146	–
Invesco Emerging Mkt Quant.Eq. A		$11.96		–0.04	–
Invesco Energy A		$25.31		–0.13	–
Invesco Euro Corporate Bond Fund (A)		€13.2807		–0.0076	3.97
Invesco Euro Inflation Linked Bond A		€14.9137		–0.077	0.76
Invesco Euro Reserve A		€320.28		.....	0.03
Invesco European Bond A		€5.0586		–0.0199	2.99
Invesco European Growth Equity A		€14.57		–0.01	–
Invesco Global Absolute Return Fund A Class	5¼	€10.03		.....	–
Invesco Global Bond A Inc		$5.3xd		–0.0342	2.38
Invesco Global Inc Real Estate Sec A dist		$8.62xd		–0.16	–
Invesco Global Invr Grd Corp Bond A Dist		$10.912		–0.0436	–
Invesco Global Leisure A		$18.15		–0.19	–
Invesco Global Small Cap Value A		$35.6		–0.61	1.16
Invesco Global Structured Equity A		$28.25xd		–0.01	–
Invesco Global Total Ret.(EUR) Bond Fund A		€10.10		.....	–
Invesco Global Value Equity A		$37.61		–0.34	–
Invesco Gold & Precious Metals A		$11.77		–0.38	–
Invesco Greater China Equity A		$39.17		–0.24	–
Invesco India Equity A		$49.5xd		+0.08	–
Invesco Japanese Equity Adv. A		Y1681		+24.51	–
Invesco Japanese Value Equity A		Y753		+9.99	–
Invesco Latin American Equity A	5¼	$11.59		–0.17	–
Invesco Nippon Select Equity A		Y188		+3	–
Invesco Nippon Small/Mid Cap Equity A		Y527		+2	–
Invesco Pan European 130/30 Equity Fund A EUR	5¼	€5.53		–0.02	–
Invesco Pan European Equity A EUR Cap NAV		€11.38		+0.01	–
Invesco Pan European High Income Fd A		€10.68xd		–0.1	7.88
Invesco Pan European Small Cap Equity A		€11.67		.....	–
Invesco Pan European Structured Equity A		€9.04		.....	–
Invesco UK Investment Grade Bond A		£0.8694xd		–0.0022	–
Invesco US 130/30 Equity Fund A dist	5¼	$8.23xd		–0.08	–
Invesco US Small Cap Growth A		$39.27		–0.57	–
Invesco US Structured Equity A		$13.3		–0.11	–
Invesco US Value Equity A		$19.81		–0.3	4.57
Invesco USD Reserve A		$87		.....	2.69
Invesco Global Asset Management Ltd (IRL)					
Dublin 00 353 1 439 8100 Hong Kong 00 852 2842 7200					
FSA Recognised					
Invesco Stlg Bd A QD F		£2.4322		–0.0036	6.48
Invesco Sterling Rerserve F		£1.7175		–0.0002	2.78
Invesco US Equity A		$12.76		–0.07	–
Invesco Asian Equity A		$5.99		+0.01	–
Invesco ASEAN Equity A		$105.63		–1.08	0.00
Invesco Bond A		$28.75		–0.28	2.24
Invesco Continental Eurp Small Cap Eqty A		$129.09		–1.01	0.00
Invesco Emerging Markets Equity A		$41.44		–0.12	0.00
Invesco Emerging Markets Bond A		$21.81		–0.06	5.83
Invesco Continental European Equity A		€5.42		+0.01	–
Invesco Gilt A		£13.06		–0.03	2.67
Invesco Global Small Cap Equity A NAV		$87.52		–0.55	0.00
Invesco Global High Income A NAV		$13.25		–0.02	7.04
Invesco Gbl R/Est Secs A GBP F	5¼	£5.85xd		–0.1	–
Invesco Global Health Care A		$65.8		–0.28	0.00
Invesco Global Select Equity A		$9.65xd		–0.05	–
Invesco Japanese Small/Mid Cap Equity A		$18.97		–0.15	0.00
Invesco Jap Eqty Core A		$1.51		+0.01	–
Invesco Japanese Equity A		$17.5		+0.04	0.00
Invesco Korean Equity A		$23.92		+0.24	0.00
Invesco PRC Equity A		$56.57		–0.63	0.00
Invesco Pacific Equity A		$41.09		+0.2	0.00
Invesco Global Technology A		$10.68		–0.05	0.00
Invesco Global Telecom A		$16.83		–0.18	0.00
Invesco UK Eqty A		£5.03		.....	–

Out of the Ordinary™

Investec Asset Management

Fund	Init Chrge / Notes	Selling Price	Buying Price	+ or -	Yield
Investec Fd Mgrs (1200)F (UK)					
2 Gresham Street, London, EC2V 7QP					
Broker Support 020 7597 1900 Dealing 020 7597 2300					
www.investecassetmanagement.com					
funds.ft.com/investec					
Authorised Inv Funds					
OEIC Series i,ii,iii, & iv					
Africa & Middle East P Acc *	6	120.84xd		+1.78	0.0
American A Acc	4½	160.78		+0.36	0.46
Asia ex Japan A Acc	4½	345.69		+1.41	0.61
Balanced Managed A Inc	4½	110.06		+0.22	1.08
Capital Accumulator A Acc	4½	167.51		+0.37	0.0
Cautious Managed A Inc	4½	208.92		–0.94	1.89
Cautious Managed A Acc	4½	303.82		–1.35	1.89
Emerging Markets Debt A Inc	4½ C	144.14		+0.25	6.59
Emerging Markets Debt A Acc	4½ C	181.04		+0.3	6.59
Emerging Markets Debt Gross I Acc	0 C	190.94		+0.33	6.57
Enhanced Nat Resrcs P Acc	4½	125.29		–1.14	0.0
European A Acc	4½	307.55		–3.51	1.47
Global Bond A Inc	4½	96.33		–0.4	3.21
Global Bond A Acc	4½	113.58		–0.48	3.21
Global Bond I Gross Inc	1	1029.96		–4.3	3.46
Global Equity A Acc	4½	76.4		–0.38	0.51
Global Energy A Acc	4½	242.98		+1.49	1.05
Global Free Enterprise A Acc	4½	388.14		–1.85	0.76
Global Gold A Acc	4½	225.34		–6.59	0.0
Global Dynamic A Acc	4½	71.36		–0.21	0.7
Glob Spec Situat IV A Acc GBP	4½	124.62		–0.39	0.95
Managed Distribution A Inc	4½ C	78.34		–0.33	2.8
Managed Distribution A Acc	4½ C	228.39		–0.97	2.8
Managed Growth A Acc	4½	127.84		+0.13	0.0
Monthly High Income A Inc	4½ C	77.01		.....	7.9
Monthly High Income A Acc	4½ C	166.05		+0.01	7.87
Multi Asset Profit Protector A Acc	4½	131.96		–0.13	0.74
Strategic Bond Fund A Inc	3½	126.74		–0.51	4.75
Strategic Bond Fund A Acc	3½	219.29		–0.88	4.75
Target Return A Acc	4½	113.81		+0.23	2.22
UK Alpha A Acc	4½	1195.54		–9.57	0.96
UK Blue Chip A Acc	4½	554.02		–4.57	1.55
UK Smaller Companies A Acc	4½	1838.93		–0.21	0.31
UK Smaller Companies A Inc	4½	1708.78		–0.19	0.31
UK Special Situations A Inc	4½ C	313.17		–1.42	2.36
UK Special Situations A Acc	4½ C	699.63		–3.17	2.3

* Daily except Fridays and Post Ramadan & Hajj Pilgrimage holidays

Fund	Init Chrge / Notes	Selling Price	Buying Price	+ or -	Yield
Investec Asset Management Ireland Ltd (IRL)					
JP Morgan Admin Svs Ire Ltd, JP Morgan Hse, IFSC Dub 1 00 353 1 612 3363					
FSA Recognised					
Investec Liquidity Funds Plc					
Short Dated Bd A Acc GBP		£12.7069		.....	–
Short Dated Bd I Acc GBP	0	£13.5507		.....	–
Euro Liquidity A Acc EUR		€11.8037		.....	–
Sterling Liquidity A Acc GBP		£13.0475		.....	–
US$ Liquidity A Acc USD		$11.9239		.....	–
Euro Liquidity I Inc EUR	0	€1.0000		.....	0.4663
Sterling Liquidity I Inc GBP	0	£1.0000		.....	0.5022
US$ Liquidity I Inc USD	0	$1.0000		.....	0.2969
Investec Global Strategy Fund (LUX)					
49 Avenue JF Kennedy					
L–1855 Luxembourg Enquiries 020 7597 1800					
FSA Recognised					
Investec Global Strategy Fund					
Africa & Middle East A Acc USD *	5	$21.03		.....	0.01
Africa Opps A Acc USD	5¼	$21.32		.....	–
American Equity A Acc USD	5	$16.52		.....	–
American Equity A Inc USD	5	$77.19		.....	–
Asia Pacific Eq. Acc USD	5¼	$25.95		.....	–
Asia Pacific Eq. Inc USD	5¼	$25.94		.....	–
Asian Equity A Acc USD	5	$20.05		.....	–
Asian Equity A Inc USD	5	$29.62		.....	–
Cont Euro Equity A Inc USD	5	$352.47		.....	0.01
Continental European Equity A Acc USD	5	$14.57		.....	0.01
Currency Alpha A Inc GBP	5	£6.271		.....	–
EAFE A Inc USD	5	$15.79		.....	0.01
Emerging Mrkts Curr Alpha A Acc USD	5 C	$21.28		.....	–
Emerging Mrkts Debt A Acc USD	5	$21.79		.....	0.07
Emerging Mrkts Debt A Inc USD	5 C	$21.97		.....	0.07
Enhanced Gbl Energy A Acc USD	5	$20.85		.....	–
Enhanced Nat Resources A Acc USD	5	$22.1		.....	–
European Money A Acc EUR	0	€68.6763		.....	–
European Money A Inc EUR	0	€26.103		.....	–
Global Bond A Acc USD	5	$98.65		.....	0.03
Global Bond A Inc USD	5	$46.7		.....	0.03
Global Dynamic A Acc USD	5	$91.88		.....	–
Global Dynamic A Inc USD	5	$91.19		.....	–
Global Dynamic Rsrcs A Acc USD	5	$12.28		.....	–
Global Dynamic Rsrcs A Inc USD	5	$12.27		.....	–
Global Energy A Acc USD	5	$18.79		.....	0.01
Global Energy A Inc USD	5	$330.71		.....	0.01
Global Equity A Acc USD	5	$216.39		.....	–
Global Equity A Inc USD	5	$214.57		.....	–
Global Franchise A Acc USD	5	$26.04		.....	0.01
Global Franchise A Inc USD	5	$26.05		.....	0.01
Global Gold A Acc USD	5	$28.29		.....	–
Global Gold A Inc USD	5	$101.9		.....	–
Global Growth A Inc USD	5	$30.02		.....	–
Global Strat Equity A Acc USD	5	$15.01		.....	–
Global Strat Equity A Inc USD	5	$81.59		.....	–
Global Strategic Inc A Acc USD	5	$25.51		.....	0.06
Global Strategic Inc A Inc USD	5 C	$22.33		.....	0.06
Global Strat Managed A Acc USD	5	$95.69		.....	–
Global Strat Managed A Inc USD	5	$41.96		.....	–
Inv Grade Corp Bond A Acc USD	5	$19.66		.....	0.05
Inv Grade Corp Bond A Inc USD	5 C	$30.76		.....	0.06
Japan Equity A Acc USD	5	$12.14		.....	–

Managed funds service

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Nemesis Global Value USD Advisor Acc.			$112.5645		.....	–
Nemesis Inflation Advisor EUR Acc.			€100.1409		.....	–
Nemesis USA Value USD Advisor Acc			$101.9233		.....	–

Neptune Investment Mgmt (1200)F (UK)
Dealing: 0800 587 5051 PO Box 9004, Chelmsford, Essex, CM99 2WR
funds.ft.com/neptune
Authorised Inv Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Africa Fund A Acc	5		114.1		+0.1	–
Africa Fund B Acc	0		113.8		.....	–
Asia Pacific Opps A Acc	5		103.5		–0.4	–
Asia Pacific Opps B Acc	0		103.9		–0.4	1.07
Balanced Acc			458.5	484.3	–2.1	0.68
Balanced Inc			419.7	443.3	–1.9	0.68
Cautious Managed A Acc	0		106		–0.7	0.07
Cautious Managed A Inc	0		102.1		–0.7	–
Cautious Managed B Acc	0		106.1		–0.7	0.06
Cautious Managed B Inc	0		102.4		–0.7	–
China A Acc	5		324.6		–1.4	0.27
China B Acc	0		331.1		–1.5	0.59
Emerging Markets A Acc	0		198.2		–0.8	–
Emerging Markets A Inc	0		194.9		–0.8	–
Emerging Markets B Acc	0		197.6		–0.8	–
Emerging Markets B Inc	0		191.8		–0.7	0.44
European Income A Acc	5	C	97.81		–0.53	3.09
European Income A Inc	5		94.52		–0.51	3.19
European Income B Acc	0	C	97.82		–0.52	3.05
European Income B Inc	0	C	94.48		–0.51	3.2
European Max Alpha A Acc	0		108.7		–0.7	1.01
European Max Alpha B Acc	0		108.9		–0.7	1.15
European Opps A Acc	5		347.2		–3.3	1.22
European Opps A Inc	5		323.3		–3	1.23
European Opps B Acc	0		358.4		–3.4	1.42
European Opps B Inc	0		330.1		–3.1	1.45
Global Alpha A Acc	5		273.6		+0.4	–
Global Alpha B Acc	0		285.6		+0.4	0.19
Global Equity A Acc	5		297.5		–0.9	0.32
Global Equity A Inc	0		97.02		–0.3	0.33
Global Equity B Acc	0		311		–1	0.64
Global Equity B Inc	0		96.72		–0.3	0.45
Global Max Alpha A Acc	0		104.9		–0.7	–
Global Max Alpha B Acc	0		102.9		–0.6	–
Greater China Income A Acc	5	C	115.7		+0.1	2.28
Greater China Income A Inc	5	C	112.9		.....	2.32
Greater China Income B Acc	0		115.4		+0.1	2.27
Greater China Income B Inc	0	C	112.6		.....	2.33
Green Planet A Acc	5		80.51		–0.7	–
Green Planet B Acc	0		79.78		–0.7	–
Income A Acc	5		226.7		–1.3	4.38
Income A Inc	5		152.7		–0.9	4.56
Income B Acc	0		234.9		–1.3	4.36
Income B Inc	0		156.2		–0.9	4.54
India A Acc	5		160.9		+0.3	–
India B Acc	0		163.6		+0.3	–
International Bond A Acc	0		118.4		+11.8	1.1
International Bond A Inc	0		117.4		+11.8	3.24
International Bond B Acc	0		118.3		+11.8	1.18
International Bond B Inc	0		115.7		+11.6	1.12
Japan Max Alpha A Acc	0	C	101.6		–0.7	–
Japan Max Alpha B Acc	0	C	101.6		–0.7	–
Japan Opps A Acc	5	C	259.9		+2.4	–
Japan Opps B Acc	0		266.1		+2.5	0.2
Latin America A Acc	5		127		–0.8	0.46
Latin America B Acc	0		128.3		–0.9	0.84
Mature Markets Fund A Acc	5		111.7		+2.1	1.4
Mature Markets Fund B Acc	0		111.7		+2.1	1.05
Quarterly Income A Acc		C	136.3	144.4	–0.7	5.34
Quarterly Income A Inc		C	108	114.4	–0.6	5.34
Russia & Greater Russia A Acc	5		355.7		+1.2	–
Russia & Greater Russia B Acc	0		365.6		+1.2	–
UK Alpha A Acc	5		115.6		–0.6	–
UK Alpha B Acc	0		115.6		–0.6	–
UK Equity A Acc	5		167.6		–1.2	1.34
UK Equity B	0		174.6		–1.3	1.74
UK Higher Inc.Fd A Acc	5		103.8		–0.6	–
UK Higher Inc.Fd A Inc	5		103.8		–0.6	–
UK Higher Inc.Fd B Acc			103.1		–0.6	–
UK Higher Inc.Fd B Inc			103.8		–0.6	–
UK Mid Cap A Acc	0		171.4		–0.3	1.17
UK Mid Cap B Acc	0		172.4		–0.3	1.21
UK Special Situations A Acc	5		115.6		–0.8	0.91
UK Special Situations B Acc	0		115.6		–0.8	1.12
US Inc.Fd A Acc	5		104.1		–0.4	–
US Inc.Fd A Inc	5		104.1		–0.4	–
US Inc.Fd B Acc			103.4		–0.4	–
US Inc.Fd B Inc			104.1		–0.4	–
US Max Alpha A Acc	0		160.9		–1	–
US Max Alpha B Acc	0		161.4		–1	–
US Opportunities A Acc	5		208		–0.3	–
US Opportunities B Acc	0		215.1		–0.3	0.15

Nevsky Capital LLP (IRL)
51 Berkeley Square, London W1J 5BB +44 (0)20 7360 8888
FSA Recognised
Traditional Funds Plc

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Eastern European F	5		$89.54		.....	–
Emerging Asia Class B USD Acc H	5		$9.47		.....	–
Emerging Asia Class B USD Dbn H	5		$9.45		.....	–
Emerging Asia Class B EUR Acc H	5		€9.86		.....	–
Emerging Asia Class B EUR Dbn H	5		€9.80		.....	–
Emerging Asia Class B GBP Dbn H	5		£12.11		.....	–
Emerging Asia A USD Acc H	5		$11.19		.....	–
Emerging Asia A EUR Acc H	5		€11.74		.....	–
Emerging Asia A GBP Dbn H	5		£13.31		.....	–
Global Emerging Markets USD			$16.33		.....	–
Global Emerging Markets USD Dist F	5		$52.18		.....	–
Global Emerging Mkts Euro Acc F	5		€23.87		.....	–
Global Emerging Markets Euro Dist F	5		€40.12		.....	–
Global Emerging Markets Stlg Dist F	5		£50.42		.....	–

Nevsky Capital LLP
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Nevsky Cls A Oct 29			$9130.42		.....	–
Nevsky Cls B Oct 29			€3131.21		.....	–
Nevsky Cls C Oct 29			£1068.72		.....	–
Nevsky Cls D Oct 29			NKr13144.04		.....	–

New Capital Fund Management Ltd (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
Regulated
New Capital UCITS Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Wealthy Nations Bond USD Cls A			$107.79		–0.10	0.00
Wealthy Nations Bond EUR Cls B			€105.40		–0.07	0.00
Wealthy Nations Bond GBP Cls C			£107.05		–0.08	0.00
Wealthy Nations Bond GBP Cls D			£107.76		–0.08	0.00
Wealthy Nations Bond CHF Class E			SFr104.98		–0.09	0.00
Wealthy Nations Bond USD CNY Hedged Class F			$101.82		+0.33	0.00
Total Return Bond USD Cls			$139.65		–0.19	0.00
Total Return Bond EUR Cls			€132.90		–0.14	0.00
Total Return Bond GBP Cls			£147.60		–0.18	0.00
Total Return Bond GBP Distributor Class			£112.10		–0.14	0.00
Global Fixed Income USD			$117.36		–0.05	–
Global Fixed Income USD CNY Hedged			$100.92		+0.45	–
US Growth Class A USD			$112.62		–0.78	0.00
US Growth Class B EUR			€111.28		–0.71	0.00
US Growth Class C GBP			£111.84		–0.67	0.00
US Growth Class D CHF			SFr112.23		–0.76	0.00

New Capital Alternative Strategies

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
All Weather Fd USD Cls			$112.71		+2.38	–
All Weather Fd EUR Cls			€103.11		+1.66	–
All Weather Fd GBP Cls			£109.75		+2.15	–
Equity Hedge Fd USD Cls			$106.95		+3.32	–
Equity Hedge Fd EUR Cls			€98.01		+2.43	–
Equity Hedge Fd GBP Cls			£106.98		+3.04	–
Tactical Opps USD Cls			$135.52		+7.84	–
Tactical Opps EUR Cls			€113.87		+6.09	–
Tactical Opps GBP Cls			£125.12		+6.90	–

NewSmith Investment Funds Plc (IRL)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
NewSmith UK Equity (Est)			£1.79085		.....	–

NEWTON The Power of Ideas

Newton Investment Management Ltd (UK)
160 Queen Victoria Street London EC4V 4LA 0800 917 6594
Authorised Inv Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Newton Oak (OEIC) ♦	6		1011.84		.....	1.39
Acer (OEIC) ♦	6		785.44xd		.....	1.59

Unit Trusts

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Newton Balanced Bridge ♦	6	C	131.27xd		–0.51	3.55
Newton Falcon Inc ♦	6		204.97		+0.72	1.18
Newton Falcon Acc ♦	6		226.62		+0.77	1.17
Newton Bridge ♦	6		195.81		–0.65	1.97
Newton Ilex ♦	6		709.24xd		.....	1.46
Newton Maiden ♦	7		135.66xd		–0.69	2.79
Newton Merlin ♦	6		687.18		.....	1.75
Newton Osprey ♦	6		173.97xd		.....	3.04
Newton Phoenix B Inc ♦	3		123.88		–0.26	2.04
Newton Phoenix B Acc ♦	3		144.5		–0.29	2.0
Newton Phoenix Inc A ♦	6		104.62xd		–0.11	3.6
Newton Phoenix Inc B ♦	6		107.44xd		–0.11	3.56
Newton Securities ♦	7		148.55		.....	1.58

For more information on Newton Managed Funds, please see BNY Mellon Fund Managers

Newton Investment Management Ltd (UK)
160 Queen Victoria Street EC4V 4LA
Charity Enquiries: 0800 917 6594
Property & Other UK Unit Trusts

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Global Gth & Inc Fd For Charities			125.22	126.99xd	–0.7	4.28
The SRI Fund for Charities			105.42xd		–0.53	3.72

Newton Fund Mgrs (CI) Ltd (1200)F (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130
FSA Recognised
Newton Offshore Strategy Fund Ltd

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
UK Equity	5		£1.6288		–0.0135	2.82
Global Equity	5		£1.4215		–0.0006	1.93
Global Balanced	5		£1.1742		–0.0059	2.24
Global Balanced (Accumulation)	5		£1.2343		–0.0062	2.2
Bridge	5		£1.3406		–0.0036	2.18
Sterling Fixed Interest Class	3½	C	£0.8034xd		–0.0045	3.59
Global Fixed Interest Class	3½	C	£1.0515xd		–0.0023	5.13
Diversified Assets	5	C	£1.1095xd		–0.0026	2.87
Special Situations	5	C	£1.0805xd		–0.0043	3.35
Alternative Assets	5		£1.0015		–0.0005	0.66

Nikko AM Global Umbrella Fund (LUX)
9A, rue Robert Stumper, L–2557 Luxembourg 02073971036
FSA Recognised

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Nikko AM Japan Value B JPY			Y528.0154		.....	–
Nikko AM Japan Value A JPY H			Y532.7815		.....	–
Nikko AM Japan Growth B USD F	5		$5.5804		.....	–
Nikko AM Japan Growth B JPY F	5		Y432.4253		.....	–
Nikko AM Japan Growth A JPY H			Y463.5960		.....	–
Nikko AM Asia–Pac ex Japan B USD			$39.8820		.....	–
Nikko AM Asia–Pac ex Japan A USD H			$40.1745		.....	–
Nikko AM World Bank Green Fund class A USD F			$11.4589		.....	–
Nikko AM World Bank Green Fund A GBP F			£10.5420		.....	–

Nordea 1, SICAV (LUX)
E–Mail: nordeafunds@nordea.lu Phone: +352 43 39 50 0
www.nordea.lu
www.ft.com/funds/nordea
FSA Recognised

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Emerging Consumer Fund F			€15.93		.....	–
European Alpha Fund F	5		€7.86		(z)	–
European Value Fund			€34.91		.....	–
Far Eastern Equity Fund			$20.54		(z)	–
Latin American Equity Fund	5		€12.28		.....	–
Nordic Equity Fund			€53.33		(z)	–
North American Growth Fund H	5		$10.1		(z)	–
North American Value Fund			$30.16		(z)	–
European High Yield Bond Fund F	3	E	€21.52		(z)	–
Global Stable Equity Fund F	5		€8.82		.....	–
Heracles Long/Short MI Fund – AP – EUR F		C	€54.21		.....	–

Northwest Investment Management Ltd
7th Floor, 1 Adam Street, London WC2N 6LE. 0207 747 9909
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Northwest $ class Sep 30			$2021.76		.....	–
Northwest China Opps $ class Sep 30			$2716.36		.....	–
Northwest China Opps € class Sep 30			€2676.16		.....	–
Northwest Warrant $ class Sep 30			$867.31		.....	–

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Oasis Crescent Equity Fund			R6.38		.....	–

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Global Investment (Ireland) Plc

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Oasis Global Equity			$20.1320		(z)	–

Oasis Crescent Global Investment Fund (Ireland) plc

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Oasis Crescent Global Equity Fund			$20.2870		(z)	–
Oasis Crescent Gbl Property Eqty			$7.5050		(z)	–

Occam Asset Management LLP (IRL)
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Occam Asia Focus Class A Euro			€14.00		.....	–
Occam Asia Focus Class B USD			$13.81		.....	–
Occam Asia Focus Class C GBP			£15.11		.....	–
Occam Diversity Fund Class A Euro			€861.4274		.....	–
Occam Diversity Fund Class B USD			$860.5624		.....	–
Occam Diversity Fund Class C GBP			£859.8382		.....	–
Occam Europe Focus Class A Euro			€11.84		.....	–
Occam Europe Focus Class B USD			$11.54		.....	–
Occam Europe Focus Class C GBP			£12.98		.....	–
Occam Global Emerging Mkts Cl A Euro			€12.09		.....	–
Occam Global Emerging Mkts Cl B USD			$12.29		.....	–
Occam Global Emerging Mkts Cl C GBP			£11.99		.....	–
Occam Global Emerging Mkts Cl D NOK			NKr70.10		.....	–
Occam Sorbus Fund Class A Euro			€1043.4505		.....	–
Occam Sorbus Fund Class B USD			$1046.6379		.....	–
Occam Sorbus Fund Class C GBP			£1062.8172		.....	–
Occam Asia Absolute Rtn Cls A Euro			€9.72		.....	–
Occam Asia Absolute Rtn Cls B USD			$9.76		.....	–
Occam Asia Absolute Rtn Cls C GBP			£9.71		.....	–

Odey Asset Management LLP (UK)
Ibex House, 42–47 Minories, London, EC3N 1DX
Order Desk: 0845 300 2106 Enquiries: 0870 607 2555
Authorised Corporate Director – Capita Financial Managers
Authorised Inv Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
CF Odey Continental European Fund ♦	4		563.84		–8.36	0.00
CF Odey Opus Fund ♦	7½		2611.73		–25.97	0.88
CF Odey UK Absolute Return Fund Sterling R ⁂	4		130.30		+0.37	0.58
CF Odey UK Absolute Return Fund Sterling I ⁂	4		131.42		+0.40	1.08

Odey Wealth Management (UK) Limited

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
CF Odey Portfolio Fund A Acc ♦	4		102.67		–0.71	0.00
CF Odey Portfolio Fund A Inc ♦	4		102.66		–0.70	0.00
CF Odey Portfolio Fund B Acc ♦	4		102.41		–0.70	0.00
CF Odey Portfolio Fund B Inc ♦	4		102.47		–0.71	0.00

Odey Asset Management LLP (CYM)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
OEI MAC Inc A Oct 29			£301.55		.....	–
OEI Mac Inc B Oct 29			£172.28		.....	–
OEI MAC Inc USD Oct 29			$1645.56		.....	–
Odey European Inc EUR Oct 29			€643.93		.....	–
Odey European Inc A GBP Oct 29			£244.14		.....	–
Odey European Inc B GBP Oct 29			£139.75		.....	–
Odey European Inc USD Oct 29			$298.03		.....	–
Giano Capital EUR Inc (Final) Oct 29			€3161.65		.....	–

Odey Asset Management LLP (IRL)
FSA Recognised

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Odey Pan European Nov 9			€211.09		.....	–
Odey Pan European GBP D Nov 9			£146.31		.....	–
Odey Allegra European EUR Nov 9			€154.63		.....	–
Odey Allegra European EUR I Nov 9			€152.24		.....	–
Odey Allegra European USD Nov 9			$165.45		.....	–
Odey Allegra European USD I Nov 9			$162.69		.....	–
Odey Allegra European GBP Nov 9			£191.44		.....	–
Odey Allegra European GBP I Nov 9			£184.87		.....	–
Odey Allegra International GBP Class Nov 9			£135.80		.....	–
Odey Allegra International GBP D Inc Nov 9			£124.08		.....	–
Odey Allegra International Euro Class Nov 9			€100.68		.....	–
Odey Allegra International Euro I Class Nov 9			€93.30		.....	–

Odey Wealth Management (CI) Ltd (IRL)
FSA Recognised

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
ODEY OPPORTUNITY CHF			SFr102.84		.....	–
ODEY OPPORTUNITY CHF I			SFr102.11		.....	–
ODEY OPPORTUNITY EUR			€118.11		.....	–
ODEY OPPORTUNITY EUR I			€175.00		.....	–
ODEY OPPORTUNITY GBP I R			£193.88		.....	–
ODEY OPPORTUNITY GBP R			£125.84		.....	–
ODEY OPPORTUNITY NOK			NKr104.45		.....	–
ODEY OPPORTUNITY NOK I			NKr105.50		.....	–
ODEY OPPORTUNITY USD			$125.88		.....	–
ODEY OPPORTUNITY USD I			$185.18		.....	–

Olympus Capital LLP (CYM)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
The Candela Fund Ltd EUR (Est) Nov 5			€191.99		.....	–

Omnia Fund Ltd
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Estimated NAV (Est) Oct 29			$551.28		.....	–

Optima Fund Management
http://funds.ft.com/funds/optima
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Optima Fd NAV Oct 22			$73.47		.....	–
Optima Futs Fd NAV Oct 22			$82		.....	–
Optima Opportunity Fd Ltd Sep 30			$24.292		.....	–
The Dorset Energy Fd Ltd NAV			$40.159		.....	–
Platinum Fd Ltd Oct 22			$71.848		.....	–
Platinum Fd Ltd EUR Oct 22			€14.755		.....	–
Platinum Japan Fd Ltd			$32.429		.....	–
Optima Emerging Markets Fd Ltd			$14.9506		.....	–
Optima Partners Global Fd			$11.7874		.....	–
Optima Partners Focus Fund A			$10.695		.....	–
Optima Partners Focus Fund T			$9.6238		.....	–
Optima New World Focus Fd A			$10.7835		.....	–

Orbis Investment Management Ltd (BMU)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Orbis Global Equity			$116.44		.....	–
Orbis Optimal (US$)			$70.50		.....	–
Orbis Optimal (Euro)			€23.36		.....	–
Orbis Optimal (Yen)			Y952.00		.....	–
Orbis Leveraged (US$)			$110.05		.....	–
Orbis Leveraged (Euro)			€36.17		.....	–
Orbis Leveraged (Yen)			Y872.00		.....	–
Orbis Japan Equity (US$)			$19.81		.....	–

*Orbis Prices as of November 4th

Orbis Sicav (LUX)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Orbis Japan Equity (Yen)			Y1896.00		.....	–
Orbis Japan Equity (Euro)			€12.87		.....	–
Orbis Asia ex–Japan – Investor Shares			$17.69		.....	–
Orbis Global Equity – Investor Shares			€80.83		.....	–

Orbit Asset Management
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Orbit Global Strategy Oct 20			$97.95		.....	–
Orbit Euro Strategies Oct 20			€100.54		.....	–

Oryx International Growth Fund Ltd
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
NAV (Fully Diluted) Sep 30			£2.52		.....	–

PFPC International Ltd
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Intl Dollar Reserve A			$1.00		.....	0.1851
Intl Dollar Reserve B			$1.00		.....	0.0000
Intl Dollar Reserve Bear			$1.00		.....	0.0000

Permal Investment Mgmt Svcs Ltd
Other International Funds
www.permal.com
Offshore Fund Class A US $ Shares

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Investment Holdings N.V. (Final) Oct 31			$4571.49		.....	–
Macro Holdings Ltd (Final) Oct 31			$4172.40		.....	–
Fixed Income Holdings N.V. (Final) Oct 31			$528.66xd		.....	–
LUX Advantage Multi–Strategy Fund (Final) Oct 31			$1407.52		.....	–
LUX Natural Resources (Final) Oct 31			$1421.53		.....	–
Strategic Allocation A (Final)			$1277.14		.....	2.7

Pictet Funds (LUX)
3 BLD ROYAL L–2016 Luxembourg
Tel: 0041 58 323 3000
FSA Recognised

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Pictet–Absl Rtn Glo Cons–I EUR F			€102.02		.....	–
Pictet–Absl Rtn Glo Cons–P EUR F			€100.66		.....	–
Pictet–Absl Rtn Glo Cons–Pdy EUR F			€99.10		.....	–
Pictet–Absl Rtn Glo Div–I EUR F			€116.62		.....	–
Pictet–Absl Rtn Glo Div–P EUR F	5		€113.39		.....	–
Pictet–Absl Rtn Glo Div–Pdy EUR F			€110.84		.....	–
Pictet–Absl Rtn Glo Div–R EUR F			€110.80		.....	–
Pictet–AbsRetGloDiv–HI CHF F	5	E	SFr171.27		.....	–
Pictet–AbsRetGloDiv–HI GBP F			£98.36		.....	–
Pictet–AbsRetGloDiv–HI JPY F	5	E	Y13071.00		.....	–
Pictet–AbsRetGloDiv–HI USD F	5	E	$148.23		.....	–
Pictet–AbsRetGloDiv–HP CHF F	5	E	SFr166.51		.....	–
Pictet–AbsRetGloDiv–HPdy GBP F	5	E	£93.49		.....	–
Pictet–AbsRetGloDiv–HP USD F	5	E	$144.11		.....	–
Pictet–Agriculture–I EUR F	5	E	€146.64		.....	–
Pictet–Agriculture–I USD F	5	E	$204.21		.....	–
Pictet–Agriculture–P EUR F	5	E	€144.85		.....	–
Pictet–Agriculture–P dy EUR F	5	E	€144.85		.....	–
Pictet–Agriculture–P dy GBP F	5	E	£124.88		.....	–
Pictet–Agriculture–P dy USD F	5	E	$201.72		.....	–
Pictet–Agriculture–R EUR F	5	E	€143.39		.....	–
Pictet–Agriculture–R USD F	5	E	$199.68		.....	–
Pictet–Agriculture–P USD F	5	E	$201.72		.....	–
Pictet–Asian Equities Ex Japan–I USD F	0		$203.27		.....	–
Pictet–Asian Equities Ex Japan–P USD F	5	E	$192.06		.....	–

Polar Capital Funds Plc (IRL)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Japan USD			$17.11		–0.10	–
Japan Class R JPY			Y1068.81		+14.38	–
Global Technology USD			$16.91		.....	–
Global Technology Cls R USD			$14.84		.....	–
Healthcare Opps USD			$9.15		.....	–
Healthcare Opps Cls R USD			$13.05		.....	–
UK ARF – Class 1 GBP			£11.13		(z)	–
UK ARF – Class R GBP			£11.03		(z)	–

Polar Capital LLP (CYM)
Regulated

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
UK B Participating			£197.18		.....	–
European Conviction			€136.31		.....	–
Discovery			$101.46		.....	–
European Forager			€230.66		.....	–

Policy Selection Limited
Other International Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Assured USD A			$179.84		.....	–
Assured USD B			$161.86		.....	–
Assured USD C			$172.74		.....	–
Assured USD D			$163.58		.....	–
Assured GBP B			£149.04		.....	–
Assured GBP C			£139.95		.....	–
Assured EUR D			€118.44		.....	–
Assured EUR B			€109.26		.....	–
Assured CHF E			SFr89.08		.....	–

Polunin Capital Partners Ltd
Other International funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Developing Countries 'A'			$39.68		.....	–
Emerging Markets Active			$31.16		.....	–
Luxcellence Em Mkts Tech			$1118.99		.....	–
Em Mkts Strategy Developing			$901.21		.....	–
Em Mkts Strategy Small Cap			$1105.60		.....	–

Premier Portfolio Managers Ltd (1200)F (UK)
Eastgate Court High Street Guildford Surrey GU1 3DE 0845 605 6363
Authorised Inv Funds

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Premier China Enterprise Acc #	5¼		204.91		–0.42	0.21
Premier China Enterprise Inc #	5¼		194.32		–0.39	0.21
Premier Conservative Growth A Acc #	5¼		53.94		–0.02	0.00
Premier Conservative Growth B Acc #	5¼		53.58		–0.02	0.00
Premier Conservative Growth I Acc #	5¼		55.01		–0.02	0.00
Premier Corporate Bond Monthly Income	4¼	C	78.99xd		–0.04	5.45
Premier Enterprise #	5¼		278.34		–0.58	0.15
Premier Enterprise I Acc #	0		287.22		–0.59	0.63
Premier Enterprise I Inc #	0		280.87		–0.57	1.05
Premier Enterprise R Acc #	5¼		280.77		–0.59	0.47
Premier Environmental Power and Water Class R Inc	4¼		116.81		–1.14	0.40
Premier Ethical Fund	4¼		150.88		–1.01	1.33
Premier European Optimum Income Fund – Inst Stg Net Acc Shs #	0		142.29		–0.60	7.94
Premier European Optimum Income Fund – Inst Stg Net Inc Shs #	0		112.31		–0.48	2.61
Premier European Optimum Income Fund – Stg Net Acc Shs #	5¼		140.87		–0.60	8.35
Premier European Optimum Income Fund – Stg Net Inc Shs #	5¼		108.74		–0.46	8.66
Premier Global Alpha Growth Fund Acc #	5¼		98.35		–0.90	0.50
Premier Global Alpha Growth Fund Inc #	5¼		97.52		–0.90	0.48
Premier Global Strategic Assets Class R Inc	4¼		233.23		–1.47	0.92
Premier Income	4¼	C	539.01xd		–1.73	5.01
Premier Monthly Income	4¼	C	153.27xd		–0.41	5.30
Premier Pan European Property Share #	5¼		42.93		–0.28	3.33
Premier Pan European Property Share – Inst Acc #	0	C	46.39		–0.31	3.23
Premier Pan European Property Share – Inst Inc #	0	C	44.38		–0.30	3.33
Premier Pan European Property Share – Ret Acc #	5¼	C	44.62		–0.30	2.60
Premier Strategic High Income Bond Acc #	5¼	C	120.76		+0.16	4.76
Premier Strategic High Income Bond Inc #	5¼		96.21		+0.12	5.17
Premier UK Alpha Growth Class R Inc	4¼		182.53		–1.29	1.89
Premier UK Alpha Income Class R Inc	4¼	C	67.51xd		–0.19	5.32
Premier UK Mid 250	4¼		440.17		–3.72	0.61
Premier UK Strategic Growth Class R Inc	4¼		133.99		–1.10	1.05
Premier Multi–Asset Distribution Fund – Acc #	5¼		204.04		+0.34	4.76
Premier Multi–Asset Distribution Fund – Inc #	5¼		112.16		+0.19	4.96
Premier Multi–Asset Growth Fund – Acc #	5¼		233.33		+0.25	0.20
Premier Multi–Asset Growth Fund – Inc #	5¼		226.05		+0.23	0.20
Premier UK Money Market Inc	0		50.22xd	50.24	.....	0.40
Premier UK Money Market Acc	0		126.04xd	126.08	–0.0100	0.40

Premier Portfolio Managers Ltd (1200)F (UK)

Fund	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield
Compass Balanced Portfolio – Acc	5⅝		123.23xd		+0.35	0.00
Elan Diversified Income Inc #	5½	E	100.13xd		+0.24	1.30
Elan Diversified Income Acc #	5½	E	107.95xd		+0.26	1.93
Elan High Income Net Retail Inc #	5½		125.11xd		+0.17	3.81
Elan High Income Net Retail Acc #	5½		132.37xd		+0.18	3.71
Hurlingham Managed Growth Inc #	5½		110.68xd		–0.04	0.29
Hurlingham Managed Growth Acc #	5½		111.53xd		–0.03	0.29
Hurlingham Balanced Portfolio Net Inc #	5½		78.70xd		+0.05	1.79
Hurlingham Balanced Portfolio Net Acc #	5½		89.55xd		+0.05	2.12
Liberation Absolute Growth Acc #	5¼		93.16xd		+0.05	0.00
Liberation Absolute Growth Inc #	5¼		92.04xd		+0.04	0.00
Liberation No IV Net Acc #	5¼		95.52xd		–0.12	2.80
Liberation No IV Net Inc #	5¼		85.78xd		–0.11	2.70
Liberation No V Net Acc #	5¼		105.35xd		+0.05	1.24
Liberation No V Net Inc #	5¼		99.69xd		+0.05	1.26
Liberation No VI Net Acc #	5¼		112.27xd		+0.44	0.57
Liberation No VI Net Inc #	5¼		107.97xd		+0.43	0.57
Liberation No VII Net Acc	5¼		94.42xd		+0.14	2.39
Liberation No VII Net Inc	5¼		93.88xd		+0.15	2.44
Liberation No VIII Net Acc #	5¼		110.54xd		+0.14	0.10
Liberation No VIII Net Inc #	5¼		110.11xd		+0.14	0.10
Navigatio Euro Balanced Acc #	5½		€0.8593xd		+0.0042	0.34
Navigatio Euro Conservative Acc #	5½		€0.9350xd		+0.0025	0.38
Nevis Conservative Portfolio – Inc #	3⅛	C	101.81xd		+0.18	2.70
Nevis Conservative Portfolio – Acc #	3⅛	C	109.63		+0.19	2.68
Nevis Growth Portfolio – Acc #	3⅛	C	108.35		+0.15	0.39
Pennine Dynamic Acc #	5½	C	99.37		+0.11	0.00
Pennine Pathfinder Acc #	5½	C	108.45		+0.11	0.10
Pennine Pathfinder Inc #	5½	C	107.72		+0.10	0.10
Sentinel Universal Fund – Retail Inc #	5¼		116.46xd		+0.10	0.10
Sentinel Universal Fund – Retail Acc #	5¼		117.29xd		+0.11	0.10
Sentinel Defensive Fund – Retail Inc #	5¼		105.23xd		+0.06	0.00
Sentinel Defensive Fund – Retail Acc #	5¼		105.24xd		+0.06	0.00
Sentinel Enterprise Fund – Retail Inc #	5¼		108.66xd		+0.61	0.00
Sentinel Enterprise Fund – Retail Acc #	5¼		108.70xd		+0.62	0.00

Managed funds service

Zebedee Focus Fund Limited Class B USD Shares Oct 31	$168.35	.....	–
Zebedee Focus Fund Limited Class A USD Oct 31	$149.91	.....	–

Money Market Trusts and Bank Accounts

	Gross	Net	Gross AER	Int Cr
CAF Bank Ltd				
PO Box 289 Kings Hill, West Malling, Kent ME19 4JQ 03000 123456				
CAF Gold £1 – £249,999	0.20		0.20	Qtr
CAF Gold £250,000 – £499,999	0.40		0.40	Qtr
CAF Gold £500,000 – £1,999,999	0.60		0.60	Qtr
CAF Gold £2Million and above	1.00		1.00	Qtr
CAF Cash Cheque Acc				
CAF Cash £1 – £249,999	0.10		0.10	Qtr
CAF Cash £250,000 – £999,999	0.10		0.10	Qtr
CAF Cash £1Million and above	0.10		0.10	Qtr
CCLA Investment Management Ltd				
80 Cheapside, London EC2V 6DZ 0800 022 3505				
CBF Church of England Deposit Fund	0.50		0.50	3Mths
COIF Charities Deposit Fund	0.50		0.50	3Mths

Exchange Traded Funds

	Notes	Price	Chng	52 week High	52 week Low	Yld	Nav	Vol '000s
UBS								
DJEurSTX50A€		£24.38	-0.67	£27.64	£20.68	3.4	-	21
DJEurSTX50I€	‡	£24703.48	-415.23	£27,625.71	£21,058.44	3.4	-	0
FTSE 100SFr		£56.20	-1.18	£57.46	£46.85	2.6	-	6
MSCI Can AC$		£20.39	-0.48	£20.99	£16.89	0.9	-	0
MSCI Can IC$		£20215.47	-15.07	£21,047.87	£17,007.98	0.7	-	-
MSCI EMU€	†	£76.39	-1.73	£83.24	£65.18	2.8	-	37
MSCI EMU I€		£77096.33	-1,212.40	£82,122.02	£66,525.32	2.3	-	0
MSCI EMU VA€		£30.94	-0.74	£34.87	£26.53	2.7	-	5
MSCI Eurp A€		£40.67	-0.25	£41.60	£31.14	2.1	-	1
MSCI Eurp I€		£39682.90	-397.41	£41,879.75	£35,336.46	2.2	-	-
MSCI JapanSFr		£20.11	-0.16	£21.95	£17.33	1.5	-	28
MSCI Japan I¥		£20107.53	+704.17	£21,764.55	£17,726.80	1.9	-	0
MSCI PexJp$		£27.72	-0.37	£28.44	£22.10	1.8	-	3
MSCI USASFr		£72.18	-0.69	£75.42	£61.53	1.0	-	1
MSCI USA I$		£70735.06	+390.66	£75,868.37	£62,243.11	0.8	-	-
MCSI WorldSFr	†	£78.07	-1.04	£81.30	£68.84	1.3	-	0
MSCI World I$		£78622.24	+166.27	£80,877.58	£68,997.68	1.2	-	0

Net asset values and splits analytics supplied by Morningstar as a guide only (www.morningstar.com). See guide to Financial Times Share Service.

Guide to Data

The fund prices quoted on these pages are supplied by the operator of the relevant fund. Details of funds published on these pages, including prices, are for the purpose of information only and should only be used as a guide. The Financial Times Limited makes no representation as to their accuracy or completeness and they should not be relied upon when making an investment decision.

The sale of interests in the funds listed on these pages may, in certain jurisdictions, be restricted by law and the funds will not necessarily be available to persons in all jurisdictions in which the publication circulates. Persons in any doubt should take appropriate professional advice. Data collated by **Interactive Data (Europe) Limited**. Telephone **+ 44 (0)207 417 1200**. For other queries contact **reader.enquiries@ft.com +44 (0)207 873 4211**.

The fund prices published in this edition along with additional information are also available on the Financial Times website, **www.ft.com/funds**. The funds published on these pages are grouped together by fund management company and shown in alphabetical sequence. Within each group funds are displayed in the following order: **Authorised Investment Funds & OEICs (authorised in the UK by the Financial Services Authority), Property & Other UK Unit Trusts, FSA Recognised funds, Regulated funds, International Insurance Funds, Other International Funds**.

Prices are in pence unless otherwise indicated. The change, if shown, is the change on the previously quoted figure (not all funds update prices daily). Those designated $ with no prefix refer to US dollars. Yield percentage figures (in Tuesday to Saturday papers) allow for buying expenses. For FT fund ratings see Monday's FTfm, where available, or **www.ft.com**. Prices of certain older insurance linked plans might be subject to capital gains tax on sales.

Guide to pricing of Authorised Investment Funds (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD. Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Share Classes: Separate classes of share are denoted by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, charging structure or type of holder.

Initial Charge: Charges made by manager/operator to the buyer. Used to defray marketing and administrative costs, including commission paid to intermediaries. For dual priced unit trusts this charge is included in the buying price of units. See also "Single Price".

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same. Manager's/operator's initial charges are shown separately.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: ✠ 0001 to 1100 hours; ♦ 1101 to 1400 hours; ▲ 1401 to 1700 hours; **#** 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that that managers/operators deal at the price to be set at the next valuation.

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. Scheme particulars, prospectus, key features and reports: The most recent particulars and documents may be obtained free of charge from fund managers/operators. (Z) Previous day's prices shown. Susp = Suspended. Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact **data@ft.com or call +44 (0)20 7873 3132** for further information.

Market data

FT500 - World's Largest Companies

Stock	Price	Day Chng	52 Week High	52 Week Low	Yld	P/e	MCap m$
3M	86.25	1.0	91.49	71.46	2.43	15.25	61,657
[illegible]							

STOCK MARKET - WORLD MARKETS AT A GLANCE

Country	Index	Nov 10	Nov 9
Argentina	Merval	3310.97	3305.76
Australia	ALL ORDINARIES	4779.49	4820.84
	S&P/ASX 200 Res	5751.80	5825.41
	S&P/ASX 200	4699.81	4740.72
Austria	ATX	2716.15	2733.65
Belgium	BEL 20	2672.25	2702.84
	BEL Mid	3789.51	3809.92
Brazil	Bovespa	71638.38	71679.47
Canada	S&P/TSX Met & Min	1290.28	1301.32
	S&P/TSX 60	742.06	740.32
	S&P/TSX Comp	12942.64	12916.63
Chile	IGPA Gen	23226.22	23255.98
China	Shanghai A	3263.06	3283.81
	Shanghai B	318.11	316.95
	Shanghai Comp	3115.36	3135.00
	Shenzhen A	1454.53	1445.17
	Shenzhen B	883.33	877.11
	FTSE/Xinhua A200	9337.69	9407.27
	FTSE/Xinhua B35	11556.90	11535.54
Colombia	CSE Index	15830.63	16254.40
Croatia	CROBEX	1843.95	1864.16
Cyprus	CSE M&P Gen	1200.33	1231.05
Czech Republic	PX	1157.40	1172.00
Denmark	OMXC Copenhagen 20	432.89	433.38
Egypt	EGX 30	6837.19	6829.34
Estonia	OMX Tallinn	685.89	682.63
Finland	OMX Helsinki General	7371.57	7404.20
France	CAC 40	3888.45	3945.71
	SBF 120	2901.83	2943.70
Germany	M-DAX	9429.41	9507.22
	XETRA Dax	6719.84	6787.81
	TecDAX	814.54	825.21
Greece	Athens Gen	1510.16	1541.02
	FTSE/ASE 20	717.31	737.85
Hong Kong	Hang Seng	24500.61	24710.60
	HS China Enterprise	13889.32	14022.95
	HSCC Red Chip	4377.92	4436.84
Hungary	Bux	22225.42	23323.52
India	BSE Sens	20875.71	20932.48
	S&P CNX 500	5186.15	5198.30
Indonesia	Jakarta Comp	3756.97	3737.48
Ireland	ISEQ Overall	2715.62	2775.74
Israel	Tel Aviv 100	1165.75	1169.52
Italy	FTSE MIB	21058.01	21578.48
	FTSE Italia Mid Cap	23821.43	24064.97
	FTSE Italia All-Sh	21671.63	22148.43
Japan	Nikkei 225	9830.52	9694.49
	Topix	852.98	839.95
	S&P Topix 150	739.56	726.58
	2nd Section	2018.83	1999.04
Jordan	Amman SE	5138.53	(u)
Kenya	NSE 20	4622.46	4626.47
Latvia	OMX Riga	398.85	392.82
Lithuania	OMX Vilnius	397.38	399.81
Luxembourg	Luxembourg General	1135.53	1152.06
Malaysia	FTSE Bursa KLCI	1528.01	1526.53
Mexico	IPC	36417.47	36198.03
Morocco	MASI	12261.64	12248.93
Netherlands	AEX	346.09	347.74
	AEX All Share	541.01	543.95
New Zealand	NZX 50	3333.49	3321.77
Nigeria	SE All Share	25416.21	25383.37
Norway	Oslo All Share	453.85	455.08
Pakistan	KSE 100	10941.94	(u)
Peru	Lima Gen	20588.95	20606.72
Philippines	Manila Comp	4197.57	4266.45
Poland	Wig	47287.61	47738.65
Portugal	PSI General	2776.23	2785.98
	PSI 20	7834.14	7856.76
Romania	BET Index	5157.90	5221.82
Russia	RTS	1637.02	1659.45
	Micex Index	1574.63	1594.72
Singapore	FTSE Straits Times	3289.24	3313.61
Slovakia	SAX	223.72	223.66
Slovenia	SBI TOP	851.96	854.88
South Africa	FTSE/JSE All Share	31517.83	31662.14
	FTSE/JSE Top 40	28050.65	28227.93
	FTSE/JSE Res 20	55388.06	56150.96
South Korea	Kospi	1967.85	1947.46
	Kospi 200	255.13	252.07
Spain	Madrid SE	1047.39	1065.62
	IBEX 35	10235.40	10409.80
Sri Lanka	CSE All Share	6535.09	6592.38
Sweden	OMX Stockholm 30	1106.34	1113.42
	OMX Stockholm AS	349.00	351.08
Switzerland	SMI Index	6539.82	6581.88
Taiwan	Weighted Pr	8450.63	8445.63
Thailand	Bangkok SET	1042.28	1047.55
Turkey	ISE 100	70561.03	71543.26
UK	FTSE 100	5816.94	5875.19
	FT30	2132.50	2152.60
	FTSE All Share	3003.45	3033.48
	FTSE techMARK 100	1937.88	1942.27
	FTSE4Good UK	(u)	4873.04
USA	S&P 500	1218.71	1213.40
	FTSE Nasdaq 5000	6698.85	6663.79
	Nasdaq Cmp	2578.78	2562.98
	Nasdaq 100	2187.74	2176.88
	Russell 2000	734.87	726.03
	NYSE Comp.	7747.46	7702.31
	Wilshire 5000	12808.58	12738.90
	DJ Industrial	11357.04	11346.75
	DJ composite	3928.18	3927.85
	DJ Transport	4851.25	4836.78
	DJ Utilities	403.48	406.47
Venezuela	IBC	67626.23	67626.23
Vietnam	VNI	451.26	449.40
Cross-Border	DJ Stoxx 50 €	2593.85	2615.79
	DJ Euro Stx 50 €	2845.93	2890.64
	DJ Global Titans $	175.09	174.87
	Euronext 100 ID	700.50	708.14
	FTSE Multinatls $	(u)	1131.96
	FTSE Global 100 $	973.62	980.65
	FTSE4Good Glob $	(u)	4321.27
	FTSE E300	1109.61	1117.24
	FTSE eXT All Share €	165.60	166.80
	FTSEurofirst 80 €	3695.94	3747.46
	FTSEurofirst 100 €	3433.97	3459.41
	FTSE Latibex Top €	5442.60	5442.60
	FTSE Eurotop 100	2321.80	2338.58
	FTSE Gold Min $	3955.71	3968.36
	FTSE All World	213.60	215.08
	FTSE World $	369.52	372.01
	MSCI All World $	(u)	1258.77
	MSCI ACWI Fr$	(u)	326.01
	MSCI Europe €	1163.73	1176.10
	MSCI Pacific $	2168.84	2195.03
	S&P Global 1200 $	1408.18	1406.74
	S&P Europe 350 €	1111.86	1119.38
	S&P Euro €	1165.93	1181.23

(c) Closed. (u) Unavailable. † Correction. Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET - MOVERS and SHAKERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Cisco Systems	80.3	24.49	+0.14
Citigroup	79.8	4.42	+0.12
Microsoft	52.0	26.94	-0.01
Intel	47.7	21.04	-0.12
Micron Tech	40.6	7.87	-0.03
Rsch In Motion	31.1	58.44	+3.44
Oracle Corp	27.8	28.69	-0.05
Bank of Am	24.3	12.57	+0.30
Ford Motor	19.4	16.63	+0.56
News Corp	17.3	14.45	+0.17

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Polo Ralph Laur	108.28	+7.36	+7.29
Rsch In Motion	58.44	+3.44	+6.25
Harman Int	41.26	+1.94	+4.93
Halliburton	34.85	+1.63	+4.91
Downs			
Assurant	35.66	-4.48	-11.16
Dean Foods	7.67	-0.83	-9.76
Logitech	20.86	-1.03	-4.71
Invesco	22.29	-0.91	-3.92

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
RBS	154.2	42.16	-1.59
LlydsBkg	116.1	67.59	-0.89
Vodafone	100.9	173.40	-0.60
Barclays	74.2	289.60	-7.40
BP	42.9	445.45	-9.00
ITV	34.4	69.70	-1.75
HSBC	24.9	689.60	-4.80
Xstrata	23.7	12.16	-0.21
BT	21.2	159.40	+0.20
Tesco	19.5	413.15	-0.15

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Computcnt	394.20	29.20	+8.00
Findel	22.75	1.50	+7.06
UK Coal	38.25	2.50	+6.99
Barratt	24.85	1.35	+5.74
Downs			
Wilmngtn	156.00	-20	-11.36
Findel	9.85	-0.90	-8.37
ClintonC	29.25	-2.50	-7.87
Holidybk	276.00	-23.25	-7.77

Based on the constituents of the FTSE All-Share index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Unicredito Spa	393.7	1.74	+0.01
IntSanPaolo	179.4	2.36	+0.01
ENEL	127.5	4.07	+0.01
BBVA	68.2	8.15	-0.23
Telecomltal	68.1	1.02	+0.00
BcoSantdr	67.4	8.40	-0.25
ING Group CVA	51.3	8.16	+0.19
Alcatel-Lucent	38.1	2.27	-0.01
TelcmItalR	30.6	0.84	-0.01
Natixis	29.3	3.93	-0.55

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Henkel KG Pref	46.17	4.11	+9.76
HenkelKgaA	38.65	3.25	+9.18
Delhaize Group	54.62	3.73	+7.33
VeoliaEnv	21.63	0.76	+3.62
Downs			
Natixis	3.93	-0.55	-12.23
CRH	13.66	-0.81	-5.57
KBC Group	29.39	-1.73	-5.54
CreditAgric	11.66	-0.57	-4.62

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Mizuho Fin	317.5	127	+9
Mitsub UFJ FG	123.9	393	+16
NomuraHld	50.0	447	+19
Shinsei Bank	49.0	70	+2
Toshiba	43.4	422	-6
Hitachi	39.7	394	+6
SMFG	29.8	2512	+139
MitsubHeavy	29.0	292	+3
Resona	28.4	469	-16
Nippon Steel	26.3	276	+7

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Mizuho Fin	127	9	+7.63
Mitsui Tst	307	21	+7.34
SumitomTrB	462	29	+6.70
HOKUETSU PAPER	415	26	+6.68
Downs			
TAIHEIYO CEMENT	91	-5	-5.21
YOKOGAWA ELECTRC	548	-24	-4.20
Renown	469	-16	-3.30
Nippon Lt Metal	149	-4	-2.61

Based on the constituents of the Nikkei 225 index

MARKET VOLUME

MAJOR MARKET VOLUMES

	Nov 10	Nov 9	5 day average
NYSE	1121	1110	1151
NASDAQ	2023	2182	2127
UK	3672	3769	3833
France	267	225	232
Germany	244	210	207
Japan	1736	1372	1493

Volumes are rounded to nearest million.

NYSE RISES AND FALLS

	Nov 10	Nov 9	Nov 8
Issues Traded	3079	3098	3084
Rises	1855	809	1354
Falls	1138	2194	1609
Unchanged	86	95	121
New Highs	122	302	282
New Lows	17	15	14

STOCK MARKET - RATIOS

	Nov 9 Yield	Nov 9 P/E	Nov 8 Yield	Nov 8 P/E	Week ago Yield	Week ago P/E
Argentina	5.5	12.9	5.6	12.7	6.0	12.1
Australia	3.9	14.7	3.9	14.9	3.9	14.5
Austria	2.3	17.7	2.3	17.6	2.3	17.2
Belgium	3.4	12.5	3.4	12.4	3.4	12.6
Brazil	2.6	12.2	2.6	12.3	2.6	12.0
Bulgaria	0.1	6.0	0.1	6.0	0.1	6.0
Canada	2.5	18.7	2.5	18.8	2.5	18.4
S&P/TSX	2.8	17.6	2.8	17.6	2.9	17.4
Chile	2.5	23.1	2.6	23.0	2.5	23.1
China	2.2	15.0	2.2	15.2	2.2	14.6
Colombia	2.1	23.1	2.1	23.1	2.1	23.1
Cyprus	4.2	7.7	4.1	7.9	4.1	7.8
Czech Rep.	5.9	10.2	5.9	10.0	5.9	10.1
Denmark	0.9	28.3	1.0	27.7	1.0	27.5
Finland	3.4	20.5	3.5	20.1	3.5	20.0
France	3.3	16.1	3.3	16.0	3.3	15.9
Germany	2.5	15.1	2.5	15.1	2.5	15.1
DAX 30	2.3	13.8	2.8	13.8	2.9	13.7
Greece	3.2	15.4	3.2	15.2	3.3	15.2
Hong Kong	2.3	15.3	2.3	15.4	2.4	14.8
Hang Seng	2.5	15.4	2.5	15.4	2.7	14.4
Hungary	1.7	14.2	1.7	14.0	1.7	14.2
India	0.8	24.9	0.8	24.8	0.9	24.1
Indonesia	1.9	21.3	1.9	21.0	1.9	20.5
Ireland	1.6	21.2	1.7	20.8	1.7	20.7
Israel	3.8	12.7	3.8	12.6	3.8	12.6
Italy	3.7	15.3	3.8	15.1	3.7	14.8
Japan	2.0	15.2	2.0	15.3	2.1	15.1
Topix	2.1	13.0	2.1	13.0	2.1	14.0
Luxembourg	3.0	17.4	3.0	16.9	3.0	16.9
Malaysia	2.7	15.5	2.8	15.4	2.5	15.3
Malta	5.0	4.7	5.1	4.6	4.9	4.8
Mexico	1.5	15.5	1.5	15.6	1.9	15.3
Netherland	2.5	14.4	2.5	14.3	2.5	13.9
AEX	3.1	10.3	3.1	10.3	3.2	13.7
New Zealand	3.6	25.0	3.6	25.0	3.6	25.2
Norway	2.8	12.9	2.9	13.7	2.7	13.5
Pakistan	5.2	10.5	5.2	10.5	5.3	10.2
Peru	2.7	44.6	2.9	44.0	3.1	40.4
Philippines	2.0	21.1	2.0	21.2	2.0	21.2
Poland	1.5	20.2	1.6	20.1	1.6	19.7
Portugal	3.6	12.2	3.6	12.3	3.5	13.5
Romania	1.4	13.3	1.4	13.2	1.4	13.3
Russia	2.0	9.6	2.0	9.5	2.0	9.3
Singapore	2.5	17.0	2.5	17.0	2.6	16.5
Slovenia	1.9	15.5	1.9	15.6	1.9	15.8
South Africa	2.5	18.5	2.5	18.4	2.5	18.0
South Korea	1.3	15.3	1.3	15.3	1.3	15.0
Spain	5.1	11.3	5.1	11.1	4.9	11.4
Sri Lanka	1.1	25.4	1.1	25.6	1.1	25.7
Sweden	2.5	14.6	2.6	14.5	2.5	14.3
Switzerland	2.7	14.0	2.7	14.1	2.7	13.9
Taiwan	3.4	14.9	3.4	14.9	3.5	14.9
Thailand	2.7	16.0	2.6	16.1	2.6	17.2
Turkey	1.9	13.7	1.9	13.6	2.0	13.2
UK	2.9	15.4	2.9	15.3	2.9	15.0
USA	1.9	16.7	1.8	16.9	1.9	16.4
Dow Jones	2.6	14.5	2.6	14.5	2.7	14.0
S&P 500	2.5	15.7	2.3	15.7	2.5	16.0
Venezuela	12.3	3.1	12.3	3.1	12.3	3.1

Country yields and P/E's relate to a sample of stocks that cover at least 75% of each markets capitalisation. † Losses are excluded from the P/E calculation on country indices. Source: ThomsonReuters

NOTES

Closing mid-prices/last trades and highs and lows are shown in local currencies, except Russian companies which are quoted in US Dollars. Highs and lows are based on intra-day mid prices/last trades over a rolling **52 week** period. ‡ Market Capitalisations are shown in millions of US Dollars. # Price at time of suspension. **Abbt:** **xd** ex dividend; **xc** ex scrip issue; **xr** ex rights; **xa** ex all; **xR** ex capital redistribution.

THOMSON REUTERS

FTSE GLOBAL EQUITY INDEX SERIES

Nov 10

Countries & regions	No of stocks	US $ index	Day %	Mth %	YTD %	Total retn	YTD %	Gross Div Yield
FTSE Global All-Cap	7292	362.91	-0.6	3.6	9.4	436.06	11.8	2.3
FTSE Global Large Cap	1187	327.06	-0.7	3.4	7.0	398.08	9.5	2.4
FTSE Global Mid Cap	1588	460.46	-0.6	3.3	14.0	539.28	16.1	2.0
FTSE Global Small Cap	4517	482.59	-0.2	4.6	18.2	555.14	20.0	1.6
FTSE All-World (Large/Mid Cap)	2775	213.60	-0.7	3.4	8.2	269.61	10.7	2.4
FTSE World (Large/Mid Cap)	2299	369.52	-0.7	3.3	7.4	626.37	9.8	2.4
FTSE Global All Cap ex UK	6948	367.88	-0.5	3.6	9.6	437.73	11.9	2.2
FTSE Global All Cap ex USA	5215	437.61	-1.4	2.6	8.4	544.31	11.2	2.9
FTSE Global All Cap ex Eurobloc	7292	362.91	-0.6	3.6	9.4	436.06	11.8	2.3
FTSE Global All Cap ex Eurobloc	6547	363.47	-0.3	3.9	11.5	431.85	13.8	2.2
FTSE All-World Developed	1997	323.30	-0.7	3.3	7.1	390.51	9.5	2.4
FTSE Developed All-Cap	5774	337.18	-0.6	3.5	8.4	404.72	10.8	2.4
FTSE Developed Large Cap	799	302.42	-0.7	3.3	5.9	366.71	8.3	2.5
FTSE Developed Europe Large Cap	190	327.53	-2.2	1.9	0.8	429.20	4.1	3.3
FTSE Developed Europe Mid Cap	300	427.67	-2.3	1.5	5.9	532.23	8.3	2.8
FTSE Developed Europe Small Cap	874	538.97	-2.2	2.5	14.2	659.25	16.7	2.1
FTSE North America Large Cap	263	275.03	0.3	4.5	7.9	322.49	9.9	1.9
FTSE North America Mid Cap	381	413.67	0.5	5.0	16.9	462.09	18.4	1.4
FTSE North America Small Cap	1661	438.28	0.8	6.0	20.7	486.99	21.9	1.2
FTSE North America	644	184.16	0.4	4.6	9.5	226.52	11.4	1.8
FTSE All-World Dev ex North Am	1353	216.15	-1.7	2.0	4.6	286.92	7.6	2.9
FTSE Japan Large Cap	167	275.83	-0.7	1.2	7.5	302.01	9.3	1.9
FTSE Japan Mid Cap	286	341.79	-1.2	-0.8	7.0	378.13	8.7	1.7
FTSE Japan Small Cap	780	360.33	-1.4	-2.0	5.6	406.81	7.5	1.8
FTSE Japan (Large/Mid Cap)	453	110.41	-0.8	0.8	7.5	136.59	9.2	1.8
FTSE Asia Pacific Large Cap ex Japan	401	626.44	-0.8	4.5	15.8	806.81	18.5	2.8
FTSE Asia Pacific Mid Cap ex Japan	440	822.92	-0.9	4.6	20.3	1028.27	22.5	2.2
FTSE Asia Pacific Small Cap ex Japan	1025	649.13	-0.4	5.0	16.2	802.53	18.5	2.2
FTSE All-World Asia Pacific ex Japan	841	494.10	-0.7	4.5	16.6	712.55	19.3	2.7
FTSE All Emerging All-Cap	1518	825.00	-0.8	4.2	16.9	1011.35	19.5	2.2
FTSE Emerging Large-Cap	388	793.73	-0.8	4.3	14.8	974.16	17.5	2.2
FTSE Emerging Mid-Cap	390	979.23	-0.9	3.5	24.6	1190.91	27.3	2.0
FTSE Emerging Small-Cap	740	826.08	-0.4	4.3	22.6	994.54	25.3	2.0
FTSE All-World All Emerging Europe	76	325.30	-1.2	3.1	11.7	430.04	13.9	2.1
FTSE Latin Americas All-Cap	182	1512.83	-0.9	2.2	10.3	1830.62	13.6	2.5
FTSE Middle East Africa All-Cap	162	584.29	-1.2	1.9	15.7	804.85	19.3	3.2
FTSE UK All Cap	344	319.49	-1.0	3.3	6.5	1007.50	19.5	2.8
FTSE USA All Cap	2077	301.20	0.5	4.9	10.8	348.02	12.7	1.7
FTSE Europe All Cap	1507	367.18	-2.2	1.9	3.2	473.38	5.9	3.1
FTSE Eurobloc All Cap	745	358.24	-2.8	0.9	-3.6	464.40	-0.4	3.4
FTSE RAFI All-World 3000 Index	3008	4737.96	-0.8	3.1	8.5	5164.08	11.1	2.6
FTSE RAFI US 1000 Index	994	5444.38	0.5	4.2	12.6	6108.34	14.6	2.0

Countries & regions	No of stocks	US $ index	Day %	Mth %	YTD %	Total retn	YTD %	Gross Div Yield
Oil & Gas	153	426.32	-0.3	5.5	2.8	557.29	5.3	2.5
Oil & Gas Producers	110	391.17	-0.4	4.8	1.4	516.51	4.0	2.6
Oil Equipment & Services	33	408.22	0.3	10.4	15.3	503.41	17.7	1.5
Basic Materials	271	599.69	-1.4	5.8	15.3	767.21	17.4	1.7
Chemicals	101	512.74	-1.5	5.3	18.7	663.64	21.4	2.1
Forestry & Paper	16	208.67	-1.4	2.6	15.6	285.63	17.8	1.9
Mining	64	1354.69	-1.8	7.6	19.7	1700.79	21.5	1.3
Industrials	493	235.89	-0.8	3.5	15.4	291.06	17.6	2.0
Construction & Materials	113	400.37	-1.1	4.5	3.3	514.78	5.7	2.4
Aerospace & Defense	25	282.17	-1.2	2.8	8.8	354.14	10.8	2.3
General Industrial	50	155.88	-0.8	2.4	17.2	202.40	19.7	2.2
Electronic & Electrical Equipment	70	252.98	-0.4	4.8	13.3	294.95	14.9	1.4
Industrial Engineering	90	553.42	-0.8	5.2	32.7	676.84	34.8	1.5
Industrial Transportation	88	401.55	-0.5	2.5	17.8	494.60	20.1	2.1
Support Services	57	193.02	-0.5	1.5	8.6	230.92	10.0	1.6
Consumer Goods	335	294.60	-0.9	2.5	14.0	368.24	16.5	2.3
Automobiles & Parts	72	296.89	-0.6	8.2	22.7	340.40	24.4	1.5
Beverages	38	316.68	-0.7	5.1	11.6	465.62	14.0	2.4
Food Producers	89	389.05	-1.5	1.7	7.0	501.25	9.8	2.7
Household Goods	31	304.19	-1.0	0.1	5.2	207.27	6.9	2.1
Leisure Goods	29	95.79	1.1	-1.4	0.9	107.95	2.2	1.6
Personal Goods	59	424.74	-1.4	1.9	24.2	500.64	26.2	1.6
Tobacco	13	708.99	-0.8	4.3	21.0	1112.75	25.8	4.3
Health Care	135	225.61	-0.6	0.3	0.0	278.62	2.4	2.7
Health Care Equipment & Services	58	305.81	0.3	4.1	4.1	321.37	5.1	1.2
Pharmaceuticals & Biotechnology	77	173.70	-0.9	-1.0	-1.2	218.67	2.6	3.3
Consumer Services	333	225.35	-0.6	3.6	16.1	264.70	18.2	1.9
Food & Drug Retailers	47	207.24	-0.6	5.7	13.5	250.84	15.8	2.4
General Retailers	92	336.02	-0.4	3.9	22.5	380.05	24.0	1.5
Media	80	150.90	-0.2	4.1	16.3	177.81	18.5	2.1
Travel & Leisure	104	250.58	-0.7	3.0	19.8	308.35	21.7	1.9
Telecommunication	108	152.28	-0.9	1.9	7.9	212.27	13.1	4.7
Fixed Line Telecommunications	53	124.30	-0.6	1.5	5.2	195.28	11.3	5.7
Mobile Telecommunications	55	151.34	-0.8	2.6	11.5	198.70	16.4	3.4
Utilities	158	258.91	-1.0	-0.7	-2.5	381.62	1.4	4.4
Electricity	106	276.27	-1.0	-0.7	-4.0	406.23	2.9	4.1
Gas Water & Multiutilities	52	285.36	-1.0	-0.6	0.3	446.76	4.6	4.8
Financials	613	177.93	-0.8	4.9	4.7	237.47	6.8	2.5
Banks	250	189.85	-1.2	5.1	2.3	259.20	4.4	2.7
Nonlife Insurance	66	153.42	-0.4	6.1	6.2	191.67	8.2	2.2
Life Insurance	48	158.27	-0.4	4.2	4.0	209.12	6.2	2.3
Technology	176	108.31	0.1	6.4	7.4	118.75	8.7	1.2
Software & Computer Services	64	177.68	0.2	8.1	5.9	181.05	6.9	1.0
Technology Hardware & Equipment	112	88.74	0.2	6.8	8.4	98.14	9.8	1.4

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FTSE 100 SUMMARY

FTSE 100	Closing price	Day's change
3i	324.90	-1.10
Admiral Group	£16.33	-0.38
Aggreko	£15.82	-0.14
Alliance Trust P	355.80	-0.40
AMEC	£10.99	-0.15
Anglo American	£29.93	-0.54
Antofagasta	£14.05	-0.56
ARM Holdings	350.30	-5.70
ABF	£11	-0.07
AstraZeneca	£30.65	-0.29
Autonomy Corp	£14.26	-0.11
Aviva	401.50	-6.60
BAE Systems	359.40	+10.90
Barclays	289.60	-7.40
BG Group	£13.48	-0.35
BHP Billiton	£24.10	-0.59
BP	445.45	-9
British Airways	258.20	-5.50
Brit Am Tobacco	£24.16	-0.18
British Land	501	-10
B Sky B	727	+1
BT Group	159.40	+0.20
Bunzl	729.50	-4
Burberry Group	£10.40	-0.13
Cairn Energy	379.50	-6.80
Capita Group	730.50	-10
Capital Shop Cntrs.	385.60	-4.90
Carnival	£27.09	-0.41
Centrica	336.20	+1.90
Cobham	207.20	-1.20
Compass Group	548	-3
Diageo	£11.50	-0.05
Essar Energy	543	+1
ENRC	£9.72	-0.12
Experian	725	-10.50
Fresnillo	£13.45	-0.49
G4S	250.60	-4.50
GKN	176.20	-3.30
GlaxoSmithKline	£12.28	-0.03
Hammerson	421.20	-8.50
HSBC	689.60	-4.80
ICAP	496	-4
Imperial Tobacco	£20.07	-0.23
Inmarsat	705	+2
Intercont Hotels	£11	-0.40
Intl Power	427.90	-6.30
Intertek Group	£19.32	-0.13
Invensys	313.20	-9
Investec	516	-5
Johnson Matthey	£19.25	-0.45
Kazakhmys	£14.94	-0.59
Kingfisher	238.10	+0.70
Land Secs Group	695	-1.50
Legal & General	100.70	-1.80
Lloyds Banking G	67.59	-0.89
London Stock Ex	£18.06	-0.88
Lonmin	£17.75	-0.73
Man Group	291.50	-3.60
Marks & Spencer	395.60	-10.40
Morrison Supermk	273.60	+1.10
National Grid	583	+7.50
Next	£21.18	-0.22
Old Mutual	132.50	+0.10
Pearson	962.50	-10
Petrofac	£15.22	-0.18
Prudential	659	-26
Randgold Resourc	£61.60	-1.05
Reckitt Benckise	£35.75	+0.16
Reed Elsevier	529	-8
Resolution	246.50	-2.50
Rexam	315.60	-1.90
Rio Tinto	£43.33	-1.21
Rolls-Royce Gp	588	-18.50
Royal Bank Scot	42.16	-1.59
Royal Dutch Shel A	£20.36	-0.27
Royal Dutch Shel B	£20.02	-0.21
RSA Insurance	128.90	-1.30
SABMiller	£20.37	+0.14
Sage Group	273.30	+1.20
Sainsbury	373.60	-2.50
Schroders	£16.15	-0.17
Serco Group	562	-13
Severn Trent	£14.38	+0.09
Shire	£14.89	-0.05
Smith & Nephew	596.50	+2.50
Smiths Group	£12.85	+0.07
Standard Chartrd	£18.13	-0.23
Standard Life	229.40	-3.30
Tesco	413.15	-0.15
TUI Travel	205.70	-0.60
Tullow Oil	£12.48	+0.17
Unilever	£18.60	-0.37
United Utilities	622	+2
Vedanta Resource	£23.39	-0.72
Vodafone Group	173.40	-0.60
Weir Group	£16.65	-0.44
Whitbread	£17.69	-0.24
Wolseley	£17.75	-0.42
WPP	744	-5.50
Xstrata	£12.16	-0.21

Source: ThomsonReuters

INTEREST RATES - MARKET

Nov 10	Over night	Day change	Week	Month	Three month	Six month	One year
US$ Libor*	0.22563	-	-	0.001	0.25344	0.28563	0.44281	0.75906
Euro Libor*	0.74500	0.410	0.108	0.381	0.81000	0.99375	1.23125	1.51375
£ Libor*	0.55250	-	-0.001	0.003	0.56938	0.73850	1.02813	1.48038
Swiss Fr Libor*	0.08967	0.002	0.003	0.001	0.13000	0.16750	0.23833	0.51667
Yen Libor*	0.09563	-	0.001	-0.001	0.12250	0.19438	0.39625	0.63250
Canada Libor*	1.01167	-0.005	-0.015	-0.039	1.10000	1.20333	1.40167	1.85000
Euro Euribor					0.85	1.05	1.27	1.55
Sterling CDs					0.71	0.87	1.19	1.79
US$ CDs					0.21	0.28	0.41	0.81
Euro CDs					0.70	0.85	1.10	1.35
US o'night repo	0.25	-0.010	-0.080	-0.020				
Fed Funds eff	0.17	-0.010	-0.030	-0.010				
US 3m Bills	0.13	0.015	-0.005	0.010				
SDR int rate	0.40	-	-	0.010				
EONIA	0.81	0.434	0.141	0.409				
EURONIA	0.71	0.438	0.152	0.422				
SONIA	0.51	-0.004	-0.005	0.004				
LA 7 Day Notice	0.35-0.30							

	Over night	One Week	One month	Three month	One year
Interbank £	0.60-0.40	0.55-0.45	0.53-0.43	0.71-0.61	1.04-0.94	1.48-1.38

* Libor rates come from BBA (see www.bba.org.uk) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: dealers; SDR int rate: IMF; EONIA: ECB; EURONIA & SONIA: WMBA. LA 7 days notice: Tradition (UK).

Nov 10	Short term	7 days notice	One month	Three month	Six month	One year
Euro	0.84 - 0.71	0.83 - 0.58	0.90 - 0.75	1.16 - 0.96	1.53 - 1.18	1.79 - 1.45
Danish Krone	0.78 - 0.43	1.04 - 0.64	0.90 - 0.55	0.90 - 0.85	1.60 - 1.10	1.65 - 1.35
Sterling	0.60 - 0.45	0.63 - 0.38	0.77 - 0.65	0.97 - 0.77	1.34 - 1.04	2.29 - 1.29
Swiss Franc	0.16 - 0.01	0.13 - 0.03	0.28 - 0.13	0.30 - 0.08	0.54 - 0.34	0.64 - 0.49
Canadian Dollar	1.00 - 0.90	1.27 - 0.95	1.34 - 1.07	1.53 - 1.26	1.74 - 1.47	2.09 - 1.82
US Dollar	0.41 - 0.25	0.44 - 0.14	0.30 - 0.16	0.74 - 0.44	0.81 - 0.61	1.12 - 0.92
Japanese Yen	0.18 - 0.03	0.22 - 0.20	0.22 - 0.02	0.26 - 0.06	0.39 - 0.19	0.55 - 0.35
Singapore $	0.05 - 0.01	0.29 - 0.08	0.55 - 0.10	0.65 - 0.20	0.80 - 0.35	0.87 - 0.48

Source: Reuters. Short term rates are called for the US Dollar and Yen, others: two day's notice.

INTEREST RATES - OFFICIAL

Nov 10	Rate	Current	Since	Last	Mth ago	Year ago
US	Fed Funds	0.00-0.25	16-12-2008	1.00	0.00-0.25	0.00-0.25
US	Prime	3.25	16-12-2008	4.00	3.25	3.25
US	Discount	0.75	18-02-2010	1.25	0.75	0.50
Euro	Repo	1.00	07-05-2009	1.25	1.00	1.00
UK	Repo	0.50	05-03-2009	1.00	0.50	0.50
Japan	O'night Call	0.00-0.10	19-12-2008	0.10	0.10	0.10
Switzerland	Libor target	0.00-1.00	12-03-2009	0.00-1.00	0.00-0.75	0.00-0.75

Source: ThomsonReuters

INTEREST RATES - FUTURES

Nov 10	Open	Sett	Change	High	Low	Est. vol	Open int
Euribor 3m* Dec	98.88	98.88	-	98.90	98.87	136,673	582,862
Euribor 3m* MAR1	98.74	98.73	-0.02	98.75	98.71	164,373	618,121
Euribor 3m* JUN1	98.64	98.62	-0.03	98.66	98.60	164,907	524,437
Euribor 3m* SEP1	98.56	98.54	-0.03	98.58	98.51	154,650	394,178
Euroswiss 3m* Dec	99.83	99.84	-	99.84	99.82	6,856	94,403
Euroswiss 3m*MAR1	99.79	99.79	-0.01	99.80	99.78	4,950	92,000
Euroswiss 3m*JUN1	99.72	99.71	-0.02	99.73	99.71	4,994	97,540
Sterling 3m* Dec	99.24	99.22	-0.02	99.26	99.22	68,880	353,948
Sterling 3m* MAR1	99.16	99.13	-0.03	99.19	99.10	79,675	308,752
Sterling 3m* JUN1	99.07	99.01	-0.06	99.10	98.97	137,303	285,313
Sterling 3m* SEP1	98.93	98.86	-0.09	98.97	98.83	119,982	289,803
Eurodollar 3m‡Dec	99.665	99.66	-	99.680	99.640	302,044	1,004,436
Eurodollar 3m‡MAR1	99.575	99.56	-0.010	99.600	99.530	429,205	1,271,553
Eurodollar 3m‡JUN1	99.480	99.46	-0.010	99.515	99.415	440,453	1,076,699
Eurodollar 3m‡SEP1	99.380	99.37	-0.010	99.435	99.310	409,369	925,147
Fed Fnds 30d‡ Nov	99.820	99.81	-	99.820	99.815	1,959	120,088
Fed Fnds 30d‡ Dec	99.815	99.81	-	99.815	99.805	8,591	86,556
Fed Fnds 30d‡JAN1	99.805	99.80	-	99.805	99.795	0,000	63,735
Euroyen 3m‡‡Dec	99.665	99.665	0.005	99.670	99.665	1,294	2195.03
Euroyen 3m‡‡MAR1	99.675	99.670	-0.005	99.680	99.665	17,869	293,348
Euroyen 3m‡‡JUN1	99.680	99.675	-0.005	99.680	99.670	6,280	169,208
Euroyen 3m‡‡SEP1	99.680	99.670	-0.010	99.680	99.665	10,214	158,504

Contracts are based on volumes traded in 2004. Sources: * NYSE LIFFE. ‡ CME. ‡‡ TIFFE

INTEREST RATES - SWAPS

Nov 10	Euro-€ Bid	Euro-€ Ask	£ Stlg. Bid	£ Stlg. Ask	SwFr Bid	SwFr Ask	US $ Bid	US $ Ask	Yen Bid	Yen Ask
1 year	1.41	1.46	0.88	0.91	0.29	0.35	0.45	0.48	0.37	0.43
2 year	1.60	1.65	1.39	1.43	0.46	0.54	0.66	0.69	0.38	0.44
3 year	1.77	1.82	1.69	1.73	0.69	0.77	0.92	0.95	0.39	0.45
4 year	1.94	1.99	1.96	2.01	0.92	1.00	1.23	1.26	0.45	0.51
5 year	2.10	2.15	2.23	2.28	1.13	1.21	1.57	1.60	0.52	0.58
6 year	2.27	2.32	2.49	2.54	1.33	1.41	1.90	1.93	0.59	0.65
7 year	2.42	2.47	2.72	2.77	1.49	1.57	2.20	2.23	0.69	0.75
8 year	2.55	2.60	2.93	2.98	1.61	1.69	2.44	2.47	0.80	0.86
9 year	2.66	2.71	3.10	3.15	1.72	1.80	2.65	2.68	0.93	0.99
10 year	2.75	2.80	3.25	3.30	1.81	1.89	2.83	2.86	1.05	1.11
12 year	2.91	2.96	3.47	3.54	1.97	2.05	3.10	3.13	1.26	1.32
15 year	3.05	3.10	3.68	3.77	2.04	2.14	3.40	3.43	1.51	1.59
20 year	3.10	3.15	3.81	3.94	2.04	2.14	3.66	3.69	1.78	1.86
25 year	3.00	3.05	3.86	3.99	1.97	2.07	3.76	3.79	1.85	1.93
30 year	2.93	2.98	3.87	4.00	1.91	2.01	3.87	3.90	1.90	1.98

Bid and ask rates are as of close of London business. US $ is quoted annual money actual/360 basis against 3 month Libor. £ and Yen quoted on a semi-annual actual/365 basis against 6 month Libor. Euro/Swiss Franc quoted on annual bond 30/360 basis against 6 month Euribor/Libor with exception of the 1 year rate which is quoted against 3 month Euribor/Libor. Source: ICAP plc.

NEW UK 52 WEEK HIGHS AND LOWS

Data based on intra-day share trading in those companies listed on the London Share Service.

NEW HIGHS (84).

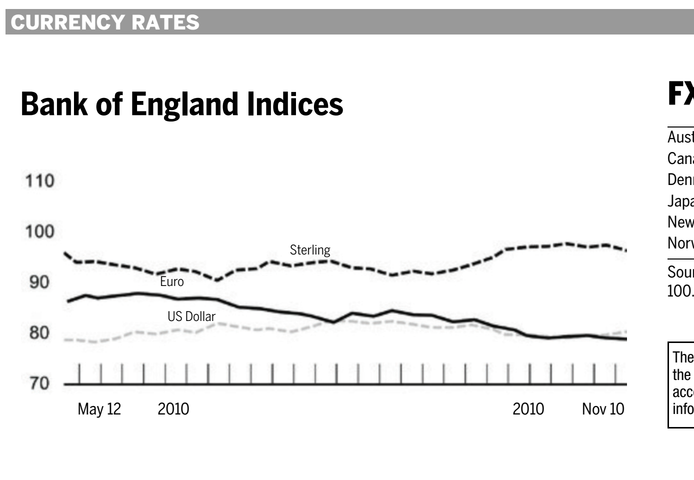
Automobiles & Parts (1) Banks (1) Construction & Materials (1) Financial General (4) Food & Beverages (2) Industrial Engineering (1) Industrial General (1) Industrial Transportation (1) Insurance (1) Media (1) Mining (3) Oil & Gas (4) Pharmaceuticals & Biotech (1) Real Estate (1) Retailers (1) Support Services (3) Tech - Software & Services (1) Travel & Leisure (1) Utilities (1) Conventional - Private Equity (1) Conventional (Ex Private Equity) (29) Zero Dividend Preference Shares (7) AIM (16) Financial General (1) Health Care Equip & Services (1) Industrial Engineering (2) Industrial Transportation (1) Mining (5) Oil & Gas (2) Support Services (1) Tech - Hardware (1) Tech - Software & Services (1) Exchange Traded Funds (1)

NEW LOWS (23).

GILTS (8) Financial General (1) Industrial Transportation (1) Media (1) Retailers (1) Support Services (3) Tech - Hardware (1) Conventional (Ex Private Equity) (2) AIM (5) Financial General (1) Tech - Software & Services (2) Investment Companies (2)

CURRENCY RATES www.ft.com/currencydata

Bank of England Indices



FX - EFFECTIVE INDICES

	Nov 10	Nov 9	Mth ago		Nov 10	Nov 9	Mth ago
Australia	104.5	104.8	102.5	Sweden	81.9	82.1	82.2
Canada	112.0	112.3	110.4	Switzerland	132.4	132.4	132.5
Denmark	108.5	108.7	109.0	UK	81	80.5	79.7
Japan	169.2	172.2	170.4	USA	80.5	80.5	79.7
New Zealand	105.9	106.0	101.9	Euro	95.86	96.46	97.20
Norway	102.5	103.1	102.2				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

VOLATILITY INDICES

	Nov 10	Day Chng	Prev.	52 wk high	52 wk low
VIX †	18.47	-0.61	19.08	48.20	15.23
VXD †	16.35	-0.46	16.81	42.17	13.64
VXN †	19.46	-0.47	18.99	48.89	15.53
VDAX ‡	17.19	0.64	16.55	33.50	16.23

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility. ‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

ADVERTISED BASE LENDING RATES

	%
• B.B.V.A	0.50
Marfin Popular Bank	3.00
Habib Bank AG Zurich	0.50
Investec Bank (UK)	0.50
• Members of London Investment Banking Association	

For further information on any of these rates please contact each bank directly.

Financial Times Share Service

Electronic & Electrical Equip

Stock	Price	Chng	High	Low	Yld	P/E	Vol '000s
Dialight ....†	422.50	+6.50	470	190	1.7	20.7	13
DominPt...†	538	+6	555	277.50	2.6	20.3	72
e2v Tech....	93.75	+0.50	102	36.25	-	-	99
Halma .....q	334.70	-	345.50	221.80	2.5	21.2	526
Jhnsn HK$ ..	38.67	-0.58	46.76	22.38	1	30.2	8,651
Laird ......‡	142.70xd	+5.50	157.90	98.10	3.2	36.2	455
MorganCr .†	229.10	-6.90	254.90	142.90	3.1	22.5	1,602
OxfordIn....	519.50	-1	560	200	1.6	19.1	17
Renishw	£11.93	-0.01	£12.50	479	1.5	37.8	128
Spectris ...†	£11.32xd	-0.04	£11.46	653	2.2	19.6	271
TT Elect ...†	162.75	+2.75	181	70	0.5	30	1,969
XP Power ..‡	992	-8	£10.30	296.50	2.7	25.1	16

Financial General

Stock	Price	Chng	High	Low	Yld	P/E	Vol '000s
3i	324.90	-1.10	**328.30**	246.90	0.9	18.9	7,609
AberAsM ..†	185.10	-3.40	191.60	111	3.5	47.5	1,258
Ashmore ...	377xd	-4.50	400.50	215	3.4	15.8	697
BlueBay ...	481.50xd	+0.10	495	251	3.1	20.6	1,464
BrewDlph...	145	-2	171.60	113	4.9	17.1	46
Camellia...†	£95	-0.75	£98	£69	1.1	10.7	0
Cattles	6.88#	-	6.88	6.88	-	-	-
CharlsSt....	249	+7.50	280	186	3.8	13.6	71
CharlsTy....	184.50xd	-2.50	240	156	7.9	11	9
CityLonGp..	397.50xd	-5	417.50	266.50	5.5	13.9	30
CloseBrs ...	818xd	-3.50	834	657	4.8	16.2	341
CollStew....	83xd	+1.50	96	65.25	3.1	15.1	90

Industrial Engineering

Stock	Price	Chng	High	Low	Yld	P/E	Vol '000s
600 Group .	16.50	-	23.50	15	-	-	4
Bodycote...	275.50	-3.90	311.40	153	3	33.1	728
Castings....	260.50	-	260.50	162	3.8	14.6	224
CharterInt .†	722	-5	855.50	563.50	3	8.3	1,154
Fenner.....q	281.60	+12.50	**283.60**	160.50	2.4	19.3	4,199
Goodwin....	£12.10	-0.05	£13	975	2.3	10.1	4
Hill&Sm ...†	287.25	-4.75	379.75	263	4.2	7.6	139
IMI ....†	827.50	-21	855.50	483.10	2.7	15.8	2,038
Melrose ...†	295.60	-7.80	304.90	160	3	20.8	940
Molins......	59.50	-	78.50	43	8.4	5.4	13
MS Intl ....q	127	-	145	105	3.5	9.5	-
OMZ $	140.40	+0.78	199.42	112.19	-	-	-
Renold	35	-	37.25	19.50	-	-	60
Rotork......	£17.46	-0.22	£19.06	£10.92	1.7	22.7	341
SeverfdR ..‡	241.50	+0.50	250	160	4.1	10.2	136
SKF SKr	£16.52	-0.23	£17.10	941.31	1.9	19	1,974
Spirax-S ...†	£17.95xd	-0.14	£18.88	£10.60	2.2	19.9	285
Tex	46.50	-	68.50	43.50	4.3	15.8	-

Mining

Stock	Price	Chng	High	Low	Yld	P/E	Vol '000s
ABG........	549	-6	685	520.50	0.2	-	574
Anglesey ...	33.75	-0.75	44.75	13.50	-	-	756
AngloAmer†	£29.55	-0.04	£30.39	£22.10	0.6	17	8,971
AngloPac ..†	344xd	+6	**347**	203	2.5	24.2	437
AnGoldA R†	£31.46	-0.41	**£32.17**	£22.25	0.4	-	2,533
Antofgst .	£14.05	-0.56	£14.70	755.50	1.1	24.9	7,375
5%Pf......	75	-	-	-	6.7	-	-
AquarsPl ...	380.70	-16.30	490	211.50	1.1	9.7	4,161
ArcExplor A$.	2.08	-0.05	3.93	0.85	-	0.4	8,838
Barrick C$	£31.99	-0.76	£33.16	£21.45	0.9	20.6	2,725
BHP Bltn...	£24.10	-0.59	£24.89	£16.78	2.5	16	18,646
BisichMg ...	205	-	242.50	170	2	-	3
CntmnEgyt .	192.20	-4.90	202.80	103.50	-	-	9,611
ENRC ... †	972	-37	£12.76	801	1.3	14.3	5,183
FstQuant ...	£56.80	-4.70	**£62**	£31.59	0.8	-	4
Fresnillo ..†	£13.96	-0.52	£14.55	647	1.3	37.9	1,701
GemDmnd..	219	+1.25	300	180.20	-	15.3	116
GoldField R .	£10.90	-0.06	£11.10	688.67	1	25.5	4,548

Retailers

Stock	Price	Chng	High	Low	Yld	P/E	Vol '000s
Alexon......	16.75	+0.25	43	14.50	-	-	65
AshleyL ...†	17	-	19	11.50	7.4	12.9	45
Assura	41.25	-1	51.50	27	-	9.1	33

FTSE ACTUARIES SHARE INDICES

UK SERIES

Produced in conjunction with the Faculty and Institute of Actuaries

www.ft.com/equities

	£ Stlg Nov 10	Day's chge%	Euro Index	£ Stlg Nov 9	£ Stlg Nov 8	Year ago	Div. yield%	Cover	P/E ratio	Xd adj	Total Return
FTSE 100 (100)	5816.9	-1.0	5312.8	5875.2	5850.0	5266.7	3.03	2.75	11.99	161.74	3789.71
FTSE 250 (250)	10994.5	-1.0	10041.7	11106.9	11047.6	9226.6	2.30	2.46	17.72	229.68	6657.57
FTSE 250 ex Inv Co (204)	11524.9	-1.0	10526.1	11642.9	11582.9	9665.8	2.43	2.46	16.73	250.32	7091.96
FTSE 350 (350)	3070.6	-1.0	2804.5	3101.5	3087.7	2753.7	2.94	2.72	12.51	82.60	4059.05
FTSE 350 ex Inv Co (303)	3056.8	-1.0	2791.9	3087.5	3074.0	2744.5	2.96	2.73	12.37	82.91	2078.03
FTSE 350 Higher Yield (109)	3053.3	-0.7	2788.7	3075.0	3069.4	2946.3	4.25	2.31	10.17	114.78	3892.61
FTSE 350 Lower Yield (241)	2795.6	-1.3	2553.3	2831.5	2811.9	2366.9	1.68	3.71	16.05	51.06	2648.59
FTSE SmallCap (269)	3070.1	-0.8	2804.03	3095.31	3093.96	2809.35	2.77	1.47	24.47	70.89	3684.81
FTSE SmallCap ex Inv Co (163)	2486.1	-0.8	2270.67	2504.94	2511.26	2415.80	3.35	1.52	19.67	72.13	3112.79
FTSE All-Share (619)	3003.5	-1.0	2743.15	3033.48	3020.33	2694.47	2.93	2.69	12.66	80.54	4021.10
FTSE All-Share ex Inv Co (466)	2982.3	-1.0	2723.85	3012.18	2999.24	2680.33	2.97	2.71	12.44	80.97	2062.21
FTSE All-Share ex Multinationals (553)	868.4	-0.8	657.35	875.32	872.42	761.21	2.90	2.39	14.42	21.56	1256.16
FTSE Fledgling (160)	4429.1	-0.2	4045.23	4438.22	4424.60	3993.50	3.22	‡	‡	95.58	7015.34
FTSE Fledgling ex Inv Co (101)	5142.7	-0.3	4697.01	5155.72	5136.88	4746.83	4.10	‡	‡	121.48	7948.17
FTSE All-Small (429)	2109.8	-0.8	1926.91	2125.86	2124.42	1926.36	2.81	1.05	33.71	48.38	3252.05
FTSE All-Small ex Inv Co (264)	1833.1	-0.7	1674.22	1846.14	1849.77	1770.25	3.42	0.95	30.83	52.17	2910.29
FTSE AIM All-Share (836)	847.1	-1.0	773.6	855.5	842.6	659.3	0.60	‡	‡	5.85	867.21
FTSE Sector Indices											
Oil & Gas (25)	**8417.8**	**-1.2**	**7688.28**	**8516.63**	**8447.74**	**8508.74**	**2.87**	**4.13**	**8.45**	**244.03**	**5768.13**
Oil & Gas Producers (17)	7942.7	-1.2	7254.31	8035.76	7969.02	8125.20	2.94	4.14	8.21	235.28	5615.48
Oil Equipment Services (6)	23465.3	-1.2	21431.61	23748.84	23685.73	16422.81	1.07	3.75	24.87	328.19	14935.77
Basic Materials (31)	**7954.8**	**-2.2**	**7265.41**	**8135.68**	**7969.85**	**6088.67**	**1.23**	**7.11**	**11.45**	**97.69**	**6667.31**
Chemicals (6)	6986.3	-1.8	6380.77	7116.63	7103.27	4724.61	1.86	2.40	22.37	110.25	5351.40
Forestry & Paper (1)	5988.4	-3.0	5469.42	6176.48	5994.30	4043.21	1.71	4.83	12.09	105.90	5301.55
Industrial Metals & Mining (3)	8646.5	+0.1	7897.13	8638.57	8621.64	5532.14	0.40	8.56	28.84	35.66	6985.45
Mining (21)	25091.4	-2.2	22916.82	25668.52	25126.47	19332.23	1.21	7.39	11.20	305.50	10936.40
Industrials (115)	**2911.5**	**-1.0**	**2659.18**	**2940.39**	**2928.61**	**2378.20**	**2.55**	**2.11**	**18.54**	**64.77**	**2537.24**
Construction & Materials (12)	3668.4	-1.2	3350.50	3711.72	3686.91	3500.11	4.30	2.15	10.81	144.06	3107.80
Aerospace & Defense (10)	3414.4	-0.3	3118.50	3426.37	3402.74	2959.76	3.34	1.57	19.04	83.16	3138.41
General Industrials (6)	2301.5	-1.1	2102.01	2325.91	2334.70	1728.94	2.68	2.37	15.69	58.73	2119.15
Electronic & Electrical Equipment (12)	3051.6	+0.1	2787.12	3049.15	3034.82	1788.12	2.18	1.90	24.17	58.36	2405.33
Industrial Engineering (12)	6540.7	-1.6	5973.87	6647.26	6587.57	4165.45	2.26	2.31	19.10	149.26	6770.94
Industrial Transportation (9)	3284.9	-1.3	3000.20	3329.49	3337.12	2700.48	3.75	1.67	15.99	112.07	2280.42
Support Services (54)	4074.4	-1.2	3721.26	4125.51	4114.72	3518.95	1.98	2.56	19.75	76.82	3609.76
Consumer Goods (35)	**10203.3**	**-0.6**	**9319.05**	**10265.05**	**10295.32**	**8828.94**	**3.37**	**2.01**	**14.78**	**325.63**	**6107.56**
Automobiles & Parts (1)	4223.5	-1.8	3857.47	4302.61	4209.13	2720.59	0.85	5.55	21.17	35.95	3400.50
Beverages (4)	8960.2	-	8183.61	8957.71	8969.60	7661.38	2.87	1.71	20.38	225.73	5355.40
Food Producers (12)	4998.4	-1.6	4565.22	5077.34	5066.79	4643.91	3.61	3.27	8.46	177.76	3586.71
Household Goods & Home Constructi (11)	5479.3	+0.2	5004.38	5466.83	5475.04	5084.85	2.57	2.35	16.57	138.47	3260.46
Leisure Goods (2)	2779.7	-0.3	2538.79	2788.87	2872.64	2000.12	2.58	1.71	22.68	71.75	1927.90
Personal Goods (3)	14814.2	-2.1	13530.30	15130.19	15275.38	8632.49	1.32	1.72	43.92	181.61	8564.47
Tobacco (2)	28252.6	-0.8	25804.02	28492.65	28712.24	24149.94	4.30	1.53	15.18	1180.51	13818.90
Health Care (17)	**6361.4**	**-0.2**	**5810.11**	**6372.09**	**6409.04**	**6014.35**	**4.48**	**1.68**	**13.24**	**285.10**	**3746.00**
Health Care Equipment & Services (5)	3371.3	+0.2	3079.10	3365.04	3334.07	3220.32	1.55	4.13	15.63	55.08	2609.89
Pharmaceuticals & Biotechnology (12)	8843.9	-0.2	8077.44	8860.27	8918.18	8359.98	4.63	1.64	13.14	409.16	4589.34
Consumer Service (93)	**3330.4**	**-0.8**	**3041.72**	**3357.04**	**3369.89**	**3005.50**	**2.79**	**2.68**	**13.36**	**87.95**	**2580.42**
Food & Drug Retailers (8)	4888.7	-0.2	4465.00	4897.95	4937.13	4899.99	3.28	2.13	14.35	153.92	4657.28
General Retailers (27)	1678.7	-1.2	1533.21	1698.92	1706.81	1739.88	3.14	2.75	11.58	41.62	1579.34
Media (25)	4108.8	-0.7	3752.73	4138.19	4133.22	3351.90	2.60	2.30	16.70	108.80	2081.59
Travel & Leisure (33)	4596.6	-1.3	4198.21	4656.28	4675.08	3707.57	2.26	3.93	11.27	100.79	3678.66
Telecommunications (9)	**2632.6**	**-0.3**	**2404.48**	**2641.62**	**2650.06**	**2107.96**	**4.73**	**2.52**	**8.39**	**86.70**	**2139.08**
Fixed Line Telecommunications (7)	2114.9	-0.4	1931.57	2122.88	2107.39	1977.08	4.13	1.78	13.57	73.86	1508.88
Mobile Telecommunications (2)	3971.9	-0.3	3627.68	3985.18	4005.39	3084.14	4.84	2.63	7.85	129.32	2811.45
Utilities (9)	**6641.4**	**+1.0**	**6065.80**	**6578.03**	**6595.36**	**5416.76**	**4.94**	**1.94**	**10.44**	**260.20**	**5447.65**
Electricity (3)	7254.8	+1.5	6626.09	7144.61	7125.36	6076.33	5.05	2.46	8.06	361.16	7345.83
Gas Water & Multiutilities (6)	6138.2	+0.7	5606.18	6092.81	6121.14	4947.24	4.90	1.74	11.77	215.31	5076.70
Financials (254)	**4069.0**	**-1.2**	**3716.34**	**4116.78**	**4094.27**	**3930.98**	**2.75**	**1.87**	**19.45**	**99.27**	**2980.72**
Banks (5)	5003.2	-1.2	4569.61	5066.15	5028.21	5017.58	2.25	1.77	25.16	94.67	2883.62
Nonlife Insurance (12)	1735.6	-0.9	1585.13	1751.53	1757.67	1457.53	4.65	2.08	10.35	76.58	2371.90
Life Insurance/Assurance (10)	4151.1	-1.1	3791.34	4198.39	4215.84	4017.98	4.26	2.85	8.22	173.66	3095.22
Real Estate Investment & Services (27)	1638.6	-0.1	1496.62	1639.98	1661.53	-	3.43	0.12	80.00†	41.21	3727.68
Real Estate Investment Trusts (16)	1787.8	-1.1	1632.85	1808.49	1808.47	-	3.97	0.90	27.91	63.92	1759.06
Financial Services (31)	5018.4	-1.3	4583.45	5084.63	5002.18	4622.05	3.66	1.39	19.59	160.82	4496.89
Equity Investment Instruments (153)	5979.4	-0.9	5461.22	6035.58	6002.46	5040.12	1.71	1.93	30.22	93.01	2783.26
Non Financials (365)	**3458.1**	**-0.9**	**3158.37**	**3490.77**	**3476.87**	**3032.76**	**2.99**	**2.93**	**11.42**	**95.21**	**4056.30**
Technology (31)	**634.3**	**-0.9**	**579.31**	**639.90**	**637.28**	**503.97**	**1.25**	**3.54**	**22.57**	**7.83**	**738.14**
Software & Computer Services (21)	740.8	-0.7	676.57	745.91	745.69	634.27	1.50	3.35	19.90	10.64	876.97
Technology Hardware & Equipment (10)	712.1	-1.3	650.42	721.52	712.46	453.76	0.69	4.48	32.21	5.14	781.92

Hourly movements	8.03	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	5851.50	5855.70	5859.81	5847.04	5846.32	5836.80	5850.74	5811.82	5813.52	5866.93	5796.36
FTSE 250	11099.68	11095.57	11103.69	11077.25	11081.18	11068.57	11069.12	10997.57	10990.03	11105.28	10977.53
FTSE SmallCap	3092.68	3091.17	3089.57	3089.80	3089.36	3089.13	3088.26	3084.95	3077.57	3092.99	3070.11
FTSE All-Share	3022.76	3024.43	3026.48	3019.93	3019.77	3015.15	3021.28	3001.64	3001.96	3029.51	2994.70

Time of FTSE 100 Day's high: 08:32:00 Day's low: 15:06:15 FTSE 100 2010 High:5875.35 (05/11/2010) Low:4805.75 (01/07/2010)
Time of FTSE All-ShareDay's high: 08:32:00 Day's low: 15:07:00 FTSE 100 2010 High:3033.48 (09/11/2010) Low:2485.69 (01/07/2010)

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INVESTMENT COMPANIES:

MORNINGSTAR/AIC INDICES

Sector	Total/Capital Return	Nov 10	1 day % chg	1 mth % chg	1 yr % chg	3 yrs % chg	5 yrs % chg	No of stks
Equity Inv Cos (Ex Alt)	TR	289.81	0.57	4.54	24.46	12.57	47.14	229
Equity Inv Cos (Ex Alt)	TR(NAV)	291.42	0.41	3.69	22.23	10.59	49.16	229
Private Equity (ex 3i)	TR	313.27	0.73	10.73	28.34	-34.40	-17.64	23
Direct Property	TR	224.57	-1.46	0.43	8.97	-35.43	-42.15	18
Hedge Funds	TR	174.95	0.24	1.03	8.93	3.35	20.11	51
VCTs	TR	57.40	0.15	1.43	4.54	-28.72	-25.04	144
Zero Dividend	CR	223.19	0.53	3.21	12.90	28.69	44.37	23

Sources: **www.morningstar.co.uk, www.theaic.co.uk.** All figures are in GBP. Indices are calculated daily by Morningstar. Total return indices assume income is reinvested on the ex-dividend date. Equity Investment Companies (Ex Alternatives) Index includes all conventional investment companies, excluding Private Equity, Direct Property, Hedge Funds and VCTs. © Morningstar. 2010.

UK STOCK MARKET TRADING DATA

	Nov 10	Nov 09	Nov 08	Nov 05	Nov 04	Yr ago
SEAQ Bargains	956.531	964.500	729.218	1.104.377	1.069.539	655.615
Order Book Turnover		(u)	3845,1	5654,4	6160,5	5488,2
Order Book Bargains		(u)	500.482	638.830	694.649	700.237
OB Shares Traded		(u)	1116,0	1395,0	1379,0	1523,0
Total Mkt Bargains		(u)	552.968	692.050	743.009	744.212
Total Turnover		(u)	7141,0	10700,5	11931,2	7728,1
Total Shares Traded	2555,0	2525,0	2543,0	3137,0	2885,0	2847,0

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover

TRADED VOLUMES IN THE FT SHARE SERVICE

The volume figures shown on the Financial Times Share Service pages are aggregated totals from the following exchanges and trading platforms: The London Stock Exchange, PLUS Markets, Markit BOAT, BATS, Nasdaq OMX Europe, Instinet Chi-X and Turquoise.

RISES AND FALLS

	Rises	Falls	Same
Gilts	0	64	0
Basic Materials	7	43	2
Consumer Goods	16	28	8
Consumer Services	23	78	8
Financials	36	86	21
Health Care	11	11	7
Industrials	39	102	14
Oil & Gas	13	25	0
Technology	10	19	3
Telecommunications	2	5	3
Utilities	4	5	0
Others	176	384	319
Totals	337	850	385

Financial Times Share Service

FTSS continued - AIM

Aerospace & Defence

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Cohort	84.50	-	162.50	57.50	2.4	15.9	15

Banks

	Price	Chng	High	Low	Yld	P/E	Vol '000s
BCB Hldgs.	72.50	-	117.50	70	-	5.4	3
IslamicBB	3.25	-0.25	8	2.75	-	-	-

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Basic Resource (Ex Mining)

	Price	Chng	High	Low	Yld	P/E	Vol '000s
CropperJ.	174	-	178.50	123	4.3	8	-

Chemicals

	Price	Chng	High	Low	Yld	P/E	Vol '000s
PHC	71.50	+0.50	245	69	-	-	53
Plantic	7.63	-	16.25	4.88	-	-	17
Scapa	25	-0.25	27	11.50	-	-	136
TyraTech	27.50	-	27.50	8.50	-	-	-

Construction & Materials

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Abbey	390	-	445	325	1.1	9	-
AccsysTch€	38.04	+1.78	58.76	17.46	-	-	155
AshleyHse.	30	-	83	29	13.3	9.8	16
Aukett	3.25	-0.13	5.38	2.50	-	-	-
Billington ‡	88.50	-	185	85	10.7	3.8	-
Eleco	18.50	-	43	14.50	-	-	-
Energetix	45.50	-	54	20	-	-	-
JamesHal.	725xd	-15	760	487.32	3.7	14.6	4
LupusCap	104.25	+4.25	115.75	31	-	26.9	5
Prosperity.	118	-2	183.50	62	4.8	-	35
Renew	33.50	+2.50	40.50	30	9.0	-	161
Romag	50.50	-	71.50	26	-	-	4
SWP q	12.75	-	12.75	8.18	1.6	14.8	62

Electronic & Electrical Equip

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AdvnPowr	13	+0.25	28.25	6	-	-	10
CeresPow	74	-9	198	54	-	-	27
Datong	52.50	+1.50	53.50	32	-	-	5
Densitrn ‡	8.38	-1.13	9.75	3.88	1.2	17	869
Elektron ‡	38xd	+0.25	38.75	7.38	2.0	12.2	57
LPA ‡	31.50	-	39	25	1.3	-	-
RCG Hld	31	-0.50	100	28.50	-	1.5	215
ThorpeFW	685xd	-	690	575	2.4	9.8	-
Vphase	3.13	-	3.25	3	-	-	30
Zytronic ‡	165.50	-1.50	241	153	3.5	14.1	19

Financial General

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Alb&Bond	295.25	-4.75	308	216	4.0	11.2	31
AmbriCap	23	-0.25	32.25	19.25	6.5	22.2	5
Amphion	8.75	-0.25	18.50	7	-	-	76
Arbuthnot †	387.50	-	445	375	5.8	12.6	-
ArdenPtrs	53.50	-	108.50	37.50	-	14.5	-
AstaireGrp	0.54	-	4.38	0.30	-	-	-
Aurora	35.50	+0.75	38.75	25.25	-	40.7	276
BP Marsh	102.50	-	116	76.50	1.0	12	-
Bravehrt	23.50	-	29	21.50	-	-	-
Brightsid	28.50	-	31.50	24	-	22.7	-
BrooksMc	966.50	-	970	497.50	0.9	25.4	2
Canaccord	627.50	-	712.50	550	2.0	18.2	-
CapitMgt	57.50	-	425	57.50	-	-	-
Capcon	3.75	-	6.50	3	-	-	1
Charlemgn	19.25	-0.25	22	12.51	3.2	8.6	-
CharlesSC	0.33	-	1.38	0.17	-	5.1	8,251

For CityLonGp see under Financial General

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Davenham	1.75	-	11	0.28	-	-	20
Eurovestc q	12.50	-	16.25	11.69	-	-	9
Evolve	1	-	4	0.63	-	0.8	6
Fairpoint ‡	73	-	86.50	54	2.1	7.5	19
Fiske	65	-1.50	76	64	6.2	17.4	1
H&T Gp	335	-	360	224.23	2.4	6.6	22
ImpaxGp	60	-	64.50	35.50	0.7	28.4	5
IMAC	12.75	-	17.50	10.34	-	-	10
Imp.Innov	475	-	526.50	285	-	50.4	-
Invista Re	39.25	-	79.50	34.50	5.9	11.8	8
Leeds	17.25	-	17.75	10.50	-	26.5	-
Lonrho	17.75	-0.75	19	6.50	-	-	1,524
MAM Funds	26	-	27	15	-	-	24
MattioliWds	286	-2.50	288.50	205.50	1.5	16.4	1
NeoviaFin	59.25	-0.75	67	44	-	-	9
Numis ‡	109	-5.25	180	108	8.7	39.5	247
Park Grp	28.75	-0.25	33.75	18.25	4.6	13.2	110
PlusMkts	1.63	+0.08	6.88	1.45	-	-	2,638
PolarCap	137.50	-	139	83.50	3.3	44.9	26
QResrces	22.50	-0.25	25.50	7	-	-	145
QuayleMn q	812.50xd	-	950	675	3.7	15.8	-
RAB Cap. ‡	13.50	-	21	11.50	4.4	-	91
Rapid Real	39xc	+4.50	**43**	26.92	-	-	24
Share	28	-	29.50	26	0.9	24.1	1
ShoreCap	28.50	-	37.50	26	3.1	11.1	2
STM Group	22xd	-	28.50	21.50	2.7	14	-
Syndicate	1.58	-	2.53	1.23	-	-	186
TradEmiss	85.50	-0.50	110	75	5.4	-	421
TrnsBalkan	40#	-	269	25	-	-	-
Westhouse	49	-	66	46.50	-	-	1
WH Ireland	42	-	59.50	36.25	-	-	0

Food & Beverages

	Price	Chng	High	Low	Yld	P/E	Vol '000s
FinsbryFd	23.50	-	26.25	14.25	-	4.1	84
MPEvans	437	+7	450	280	1.6	19.8	11
Nichols ‡	452.50	+4	474	272	2.8	17.4	13
PureCircle	137	+5	305	127.50	-	-	207
RealGdFd	25.75	+1	35.25	4.25	-	21.4	285
Ukproduct †	28.75	+1	41	21.50	0.7	11.6	106
Wynnstay †	300	-	301	220	2.2	10.5	426
Zetar	204	-	235	177.50	-	6.5	8

Health Care Equip & Services

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Advnc Med	74.75	+3.50	**76**	27	-	26.1	653
CareTech †	357	-14.25	457.50	295	1.4	18.7	7
CVS Grp q	98.50	-0.50	227	71	-	14.6	180
DeltexMed	18.25	+0.75	18.50	9.50	-	-	723
ImmunDiag	895	+45	970	505	0.2	29.5	26
LiDCO	20.25	-	25.50	15.50	-	-	-
LombrdMT	0.88	-	1.33	0.83	-	-	327
SurgcllNo	4.38	-	4.88	1.50	-	16.2	288
Tristel q	63.50	-0.25	70	46.50	2.9	16.9	102
WrenExtra	1.75#	-	9.75	1.15	-	-	-

House, Leisure & Pers Goods

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Airea	10.50	-	16.50	10.50	-	32.9	-
Armour	10.25	+1.50	17.25	8.25	2.9	6.1	27
Artisan	29	-	37.50	24.50	-	-	-
CassidyBr	45.50	-	77	40	8.8	11.6	-
CEPS	24.50	-	35.50	22.50	-	4.7	-
Chapelthp	23.50	-	26	11.50	-	4.5	-
Churchill	300	-	303.50	262.50	4.7	19.1	-
DawsnInt	1.88	-	3	1	-	4.3	100
HavelckE ‡	9.75	-	38	6.50	-	-	223
Portmern †	388	-	442.50	280	4.2	13.1	-
SinclairW †	108.50	-	118.50	79.50	3.7	12.6	-
Swallfld	140xd	-2	152.50	109.50	4.5	16.9	4
TelfordHms	69.50	-	116	68.50	2.9	5.1	18
TheoFenl	42	+1.50	51	32.50	-	-	2
WalkerGb †	42.50xd	-	44.75	17.75	1.5	10.5	35

Industrial Engineering

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Avingtrans	41.50	-	46	30	-	18.9	-
ClydeProc	75	+0.50	**75**	37	1.1	9.7	287
Hamworthy	389	-6	396.50	248.50	2.4	11.4	62
Hydro Intl	111.50	-	114	80	2.7	16	7
Lincat †	637.50	-	647.50	415	4.8	9.1	-
Mangans	60.50	-2.25	140	30	-	-	8
Metalrax	10.50	-0.75	11	3.80	-	-	974
Pres Tech †	202	-	248.50	130	3.4	7.9	4
PursuitD	548	-7.50	565	120	-	-	204
Tanfield	17.25	-0.50	45	10.50	-	-	260
TEG Gp	33	-0.50	46.50	29.50	-	-	63
Titan Eur	67	-2	84.50	17.50	-	-	229

Industrial General

	Price	Chng	High	Low	Yld	P/E	Vol '000s
API Group	15.50	-	18.50	6	-	2.1	-
Powerflte	12.75	-	29.81	12	-	1.7	461
Symphony	13.75	-	15.75	8.50	-	16.6	378

Industrial Transportation

	Price	Chng	High	Low	Yld	P/E	Vol '000s
ACM Gp	226.50	+6.50	**227.50**	180	4.2	9.2	10
Autologic	24.50	-	37	22	-	12.7	-
BalticOilT	23.50	-1	31	11.50	-	2.4	271
SuttonHrb	40.50	-	61	38.50	4.7	10.7	2

Insurance

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Al ClmsSlt	23.25	-0.25	23.50	14.25	2.8	74	-
CBG Gp	23.50	-	65	22	3.0	7.9	-
Gable	15.50	-	20.25	11.25	-	9.3	125
Hampden	70	-	107.50	70	-	14.3	-
THB †	60	+2.50	64	49	4.3	40	120

Media

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Adventis ‡	12	-	21	10	4.0	14.1	-
Altitude	17.75	-	19	5.75	-	-	-
AsiaDigtl	0.24	-	0.69	0.24	-	-	937
Avesco	81	-	95	18.50	-	-	6
BrainJuice	194	-2.50	216.50	124	1.0	18.4	7
Cello Gp ‡	47.75	+0.75	49.75	27.50	2.8	9.9	2
Coolabi	7.13	-	10	5	-	-	-
Dods ‡	6.88	-	13	6.13	3.6	-	56
ElecWord	4.38	-0.13	4.88	3.25	-	12.2	24
FirstArt	7.75	-	23	7.25	-	-	3
Infoscreen	2.63	-	2.88	2.63	-	-	-
Intl Grt	73.50	-0.50	80.50	49	-	-	43
M&Csaatc	119.50xd	-	120	73.50	3.0	14	30
MBL	113.50	-	190	87.50	6.6	2.8	0
Metrodom	1.88	-	2.50	1.38	-	4.9	-
MissionMk	9.25	-	40.50	8.50	-	2	10
MoodMedia	119	-	121	101.50	-	-	-
Motivcom †	109	+1	110	70	2.5	11	3
Next15Cm q	72.50	+0.50	77	58.50	2.6	10.4	-
Phorm	58.50	-	400	46.50	-	-	-
SportMed	1.38	-	7.25	1	-	-	-
Toluna †	252.50	-	268	226.50	1.1	33.8	5
YouGov q	45.50	+0.25	52.50	34	-	73.6	89

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Mining

	Price	Chng	High	Low	Yld	P/E	Vol '000s
ACR	9.13	+0.25	15.75	8.13	-	-	113
AfrcnAura	166	-4.75	172	48.75	-	-	173
AfricanDs	39.75	-	56	26.25	-	-	72
AfricanEagl	6.38	-0.13	6.63	3.38	-	-	1,727
AfricanMin	425	-15	477	303.50	-	-	1,003
AlliedGold	34.50	-0.25	34.75	15.50	-	20.5	501
AMC	5.13	-	8.75	3.63	-	-	1,260
ArchipelR	40.50	-0.75	49.75	23.75	-	-	4,940
ATH Res ‡	63	-1	95.50	53	11.3	14.2	39
AvocetMng	214	-17	231	80	-	34.3	2,464
BeowMin	27.75	-5.50	36	2.63	-	-	9,713
Bellzone	68.25	-0.50	76	26.25	-	-	2,049
CaledonR	99.75	-0.50	104.50	22.75	-	-	3,672
Caledonia	7.25	+0.75	**7.25**	4	-	-	-
ChurchillMg	122.50	+9	148	80.50	-	-	239
Connema	19.75	-	38	14	-	-	-
Cluff Gold	115.50	-0.50	125.25	57.50	-	-	249
CoAL	68	-2.50	156.25	65	-	-	1,128
C'reyDiam	6.38	-	12.75	3.88	-	49	1,044
EastPlats€	114.88	-4.44	119.31	44.58	-	-	5,604
EuroGoldfld	940	-26.50	975.50	306	-	-	344
EuroNickel	37.75	-	49	15.50	-	-	1,217
FstneDiam	25.25	-0.75	49.50	23.25	-	-	748
GCMRes	252	-2	310	65	-	-	113
Goldstone	4.70	-0.20	6.60	1.15	-	14.3	901
GriffinMng	35.50	-	51.50	34.50	-	13.8	221
Herencia	1.63	+0.10	1.98	0.48	-	-	40,830
HighldGld	168.50	-9.50	182	78	-	24.4	184
Horizonte	14.75	-	14.75	7	-	-	659
JubileeP	30.75	-	44	26	-	-	2,299
KarelianDd	4	+0.63	4.25	0.88	-	-	175
KirklandLk	752.50	-45	810	392.50	-	-	3
LandoreRes	14.25	-	18	7.63	-	-	587
LondMining	293	-	342	193	-	-	442
MetalsExp	13.25#	-	23	10.25	-	-	-
MineralRL	91	-	91	56.50	-	28.2	90
Mwana	9.90	-0.35	17.75	7	-	-	464
Nyota Min	19.50	+0.25	20.25	6.13	-	-	2,804
OrosurMin	79	-4.25	84.50	20.50	4.3	11.2	31
Oxus	5.19	-0.11	11.25	5.01	-	-	1,397
Palmaris	8.25	-	16	5.25	-	-	-
PatagonG	31	+1	**32.50**	12	-	-	3,268
PersianGd	6.75#	-	10.25	4.63	-	-	-
Petra q	98	+1.25	103	50.50	-	-	80
RamblMtls	28.75	+0.75	38	24.50	-	-	869
ShantaGold	28.25	-	33.75	6.63	-	-	403
Sirius Min	8.13	-0.38	9.63	1.88	-	-	5,571
SNR	15.25	-1	21.50	8.50	-	-	211
Solgold	31.25	-0.50	81	4.88	-	-	2,972
Stratex	5.08	-	5.43	3	-	-	1,068
TanzanOne	12.75	-	16.50	6.38	-	-	205
TitaniRes	11.50	+0.25	15.25	5.63	-	-	1,778
TroyResAu	2.75	+0.13	6.63	2.13	-	-	3,106
VeteMnCoal	472.25	-27.25	500	120.50	-	33.5	88
ZincOx	43	-1.75	58.50	31	-	-	449

Oil & Gas

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AlkneEng	18.75	-0.25	20	14.75	-	7.5	46
Alt Energy ‡	3.28	+0.02	14.69	2.46	-	-	2
AmeriRes	14.75	+1.25	20.25	8.38	-	-	4,725
AscentRes	5	+0.13	9.50	3.13	-	-	5,088
Aurelian	61	+0.50	63	16.25	-	-	480
BahamasPt	8.13	-0.57	**8.85**	2.05	-	-	16,020
BorSthnPet	67.50	-2	92.25	43	-	-	510
Bowleven q	260.50	-8.25	284	79.50	-	41.7	7,873
ChrioilO&G	187.25	+3	220.50	21.25	-	-	1,267
Circle Oil	34.50	-0.25	40.25	28.75	-	46	231
Coastal	290	-2.50	389.50	202.50	-	23.5	2
CoveEnergy	83.25	-1.25	87	17	-	-	1,758
DesirePtl	119	-4	180	35.75	-	-	2,572
Dominion	3.90	+0.42	9.13	2.85	-	-	39,843
Egdon Res q	16.75	-	19	11.25	-	-	97
Enegi Oil	17	-0.75	34.25	8.75	-	-	930
EncoreOil	117.50	+0.50	143.75	13	-	-	1,696
EuropaOil	15.75	+1.25	19	11.25	-	-	832
FalkldO&G	115	-1	267	70.25	-	-	533
FaroePet	180	-4	216.50	93.89	-	-	222
FrontierR	7.25	+1.50	18.75	3.25	-	-	1,776
GeoPark	747.50	-	747.50	307.50	-	74.5	18
GETECH q	14.50	-	19	10	-	-	-
GlobalPet	9.75	+0.38	12.25	6.13	-	27.1	102
GrnDnGas$	731.94	+25.76	**744.42**	385	-	-	47
GTL Res	81	-	91	37	-	3.1	153
GulfKeyst	187.25	-2	202.75	64	-	-	3,313
Gulfsands	343	-	346.50	220	-	13.4	39
Indus Gas	445	-	520	350	-	-	-
Infrastrata	21	-1.25	114	20	-	-	144
Ithaca Engy	138	-6.75	196.50	47	-	-	177
KBC Adv. †	57	-	61	36	2.9	10.1	122
KeaPetro	10.75	-	30.75	8.50	-	-	747
Kentz †	289.25	+1.25	295.50	194	1.5	17.3	154
Leed Petro.	2.78	+0.08	8.95	1.90	-	-	1,958
Ienigasoil	3.18	+0.18	5.93	1.73	-	-	11,190
Max	22	-0.50	29.50	9.01	-	-	3,961
NauticalPt.	365	+4.50	400	45	-	-	662
Nighthawk.	14	-	42.75	11.50	-	-	11,424
Nthn Ptlm	113	-1	159	81.75	-	-	620
PetrelRes	20	-1	40.50	16	-	-	106
Petroceltic	13.25	+0.25	17.50	7.92	-	-	8,919
PetroNeft	60	+0.50	60	17.75	-	-	3,351
Plexus	56.50xd	+0.50	74	31.50	1.3	62.5	19
Providence	261.50	-23.50	510	78.25	-	0.1	23
RegalPtlm	14.75	+0.50	114	11.50	-	47.3	4,710
Resaca$	109.20	+0.60	233.86	107.48	-	-	-
Rockhop	327.25	-1.50	549	31	-	-	1,344
Roxi Pet	4.63	-0.13	12.25	4.38	-	-	699
Serica	43.50	-0.25	97.75	36	-	-	2,796
Sound Oil	1.35	-0.08	3.18	1.08	-	-	991
TowerRes	4.33	-0.18	5.08	1.03	-	-	10,899
UralsEngy	15	+2.25	22	4.63	-	0.3	3,830
Velosi	105	-0.50	123	76	0.9	7.4	5
VictorOil q	4.96	+0.38	6.15	2.52	-	-	75,943
VolgaGas	89	-1	309	80	-	-	15
Westmount	88	-	118.50	74.50	-	1.4	2
XtractEngy	1.70	-	3.75	0.95	-	14.9	867

Pharmaceuticals & Biotech

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Abcam	£16.75xd	+0.17	£17.88	900	1.2	30.8	47
AllcePharm ‡	37.75	-0.25	39.25	20.50	1.1	9.8	576
Chi-Med	552.50	-15	567.50	184	-	-	25
e-Thera	27	-	43	27	-	-	10
Epistem	390	-	455	337.50	-	-	2
GW Phrms	98	-1	156	82	-	-	2
ImmuPhar	86	-	144	64.50	-	-	13
IS Pharma	82.50	-1	94	56.50	-	8.3	86
Lipoxen	8	-	13.75	5.50	-	-	300
ReNeuron	4.83	-0.04	8.50	3.85	-	-	672
Sareum q	0.24	-	0.65	0.21	-	-	8,625
VeronaPhm	9.13	-0.25	17.25	6.13	-	-	161

Real Estate

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AguaTerra€	123.94	-1.24	187.54	117.28	-	-	-
AISIRealty	1.63	-	4.25	1.50	-	-	25
AlphaTiger	64.50	-	76.25	63	-	-	-
Carpathn€ ‡	21.58	-0.43	23.53	12.57	-	-	295
Conygar	104	-1.50	127.75	98	-	60	-
DDeutsch€	2.52	-0.40	5.30	2.03	-	-	110
Dolphin Cl	47.75	+0.25	58.75	31.75	-	-	2,333
Engel EE	0.88#	-	4.63	0.88	-	-	-
Eredene	18.25	-	20.75	15.25	-	17.9	72
FirstPrp	17.50	+0.50	18.50	14.50	5.9	8.4	751
FltchKng	29.50	-	35.04	21.50	-	11.2	-
HML Holds	14	-0.50	15.25	11	-	35	12
Inland	18.75	-0.25	23.50	15.50	-	27.6	40
Ishaan	67.25	+1.75	71	42	-	-	3
Lok'nStor q	129.50	+1	134	63.50	0.8	-	11
LXB Retail	101.25	+0.50	103	82	-	-	222
Max Prop	114.50	+0.50	123	98.50	-	5	6
MirLand	236.50	-1	251	145	-	-	64
NewRiver	249	-	295	248	-	-	-
NordicLnd	20.75	-	32.50	13.50	-	-	-
Northacre	130.50	-4	149.50	16	-	-	34
O12Estat	8.88	-	14	6.13	-	0.5	-
PSPI †	74.25	-	78	65.50	8.5	-	7
RavenR Prf	124.25	+0.25	126	91	9.7	-	23
Redefine	55	-0.50	56.50	48	5.3	-	3
RugbyEst	344	-	344	253.89	50.9	14.8	-
Safeland	12.50	-	21.50	11.25	-	-	-
SiriusRE€	27.78	-0.49	31.92	13.18	-	-	17
SofiaProp	3.25	-	7.75	3.25	-	-	75
Songbird	140	-	186.50	132	-	4.5	66
SpeyMac$	57.56	+0.32	£21.65	35.25	-	7	25
TaliesinPr€	641.08	-6.42	703.98	606.60	-	-	-
TerraceH	17.25	-	25.50	15.50	-	12.7	-
Treveria€	11.54	+0.32	13.12	4.65	-	-	31
TrinityCap	66.25	-	67.75	45.25	-	5.9	-
UnitchCP	35.75	+0.25	36	19.75	-	-	28
VPF$	42.59	+0.24	46.77	40.17	-	-	-
Winkworth	79	-	84.50	77.50	4.4	11.1	-
XXI CentInv	27#	-	43	7.50	-	-	-

Retailers

	Price	Chng	High	Low	Yld	P/E	Vol '000s
ASOS	£13.20	+0.26	£14.89	387.75	-	59	312
Ideal Shp †	192.50	+0.50	201	101.50	0.8	11.7	2
Just Car †	51	-	56	41	3.5	8.9	-
Majestic	352	-8.25	372	200	2.9	19	47
Mulberry	530	-2.50	570	93	0.4	75.2	7
StanlGib †	148.50	-	159.50	110.50	3.5	10.1	9

Support Services

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AndSyks	127.50	+12.50	135	55	-	4.9	1
Augean	26.50	+0.50	43	22	-	-	57
Begbies	64.75	+1.25	109	53.50	4.8	9.8	98
BrulinGp	111	-	149.50	104.50	5.0	10.3	-
Cape †	396.50	-0.75	**400**	189.75	1.0	-	246
Cashbox	0.81#	-	3.25	0.80	-	-	-
Christie	62.50	-	62.50	37.50	-	-	-
Eckoh	6.63	-0.38	7.75	4.25	-	-	185
EducatDv †	107	-	164.50	92.50	1.9	9.2	2
Empres	58	+0.50	60.50	33.50	0.6	12.3	23
FalkIndl	362.50	-	587.50	322.50	2.5	15.3	14
Goindustry	85	-	222.50	55	-	-	0
GreenCmp	1.75	-	2.43	1.63	-	-	15,646
Hargreaves	715xd	-5	751	550	1.9	10	17
HcLocums †	114.50xd	+0.50	287	110	4.5	10.4	2,371
Hydrogen †	134	-	147.50	77.50	3.7	20.8	5
ILX	26	-0.50	35	18.50	-	8.6	10
Impellam	202.50	-	207.50	61.50	-	4.5	4
InterServs q	193.50xd	+1	201.50	140	7.4	9.1	42
JhnsnSrv †	24.25xd	-	25.75	15.50	3.2	5.1	179
JourneyGp	2.63	-	4	2	-	-	13
Kellan	2.38	+0.50	6.38	1.63	-	-	141
LegionGrp	0.78#	-	2.83	0.55	-	-	-
LonSec	900	-	900	762.50	-	6.9	-
Maintel	187.50	+5	187.50	126.59	4.3	10.2	-
Matchtech q	209xd	+1.50	261	187.50	7.5	7.9	13
MayGurny	232	-2	277	177	2.4	12	20
MgdSupSv	6.88	-	12.25	5	-	-	44
Morson	102.50	-	126	72	5.9	6.3	5
MWBBsEx ‡	41	+2.50	81.50	38.50	-	-	20
NwideAcc †	101	-0.50	108.50	78	5.0	11.2	97
NewmkSec	1.68	-0.03	2.30	1.43	1.6	5	-
NormanBr	71	-	108.75	37.50	-	-	152
NWF	102.50	-	112.50	73.50	4.2	9.7	9
PennaCns	126	-	295	105	5.6	35.2	14
Petards	0.50	-	0.73	0.43	-	3.3	0
Print.com	36.50	-	40	28.50	8.6	13.7	66
PSG Sols	23.50	-	24.50	20	-	6.3	-
Quadnetcs	178.50	-	179.50	143.50	5.3	31.8	-
RedhallGp †	131.50	+3.50	172.50	121	3.5	10.1	90
Regenersis	46	+0.50	56.50	33	-	6	1
ResinInsn	0.35	-	0.58	0.33	-	-	28
Restore	28.50	-	40	14	-	0.1	2
Sagentia	57.50	-0.50	71	15.50	-	-	20
SavileGrp	30.50xd	-	71	27	3.3	13.6	-
Servoca	9.50	-	20	9	-	6	252
Silverdell	8	-	11.75	7.50	-	31.4	10
WaterHall	3.25	-	4	2	-	-	-
WldCrsNtw q	88.50xd	-1.50	100	82	4.0	15.1	-
WYG q	22.75	-	107.50	22	-	-	101

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Tech - Hardware

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AminoTech	46.75	+0.25	**48.50**	24.50	-	-	13
IQE	40.25	-2.25	44.50	15.75	-	34.6	2,086
Scotty	11.50	-1	42.25	11	-	-	29
Xg Tech $	9.36	+0.05	25.19	7.26	-	-	-

Tech - Software & Services

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AllocateSw	74	-0.50	77.50	55.50	-	30.7	-
ANT	28	+2.50	36	21.50	-	-	82
Blinkx	80.75	-5.75	100	11.75	-	-	6,521
BondInt	60	-	83.50	44.50	1.3	-	1
Brady	62.50	-	72	55	2.1	13.4	5
Datatec	315	-	338.83	203.30	2.6	-	-
DDD	21.50	-	34.75	10.75	-	-	21
Dealogic ‡	220	-	222.50	155	4.3	10.3	-
EgSoltns	97.50	-	98.50	24.50	-	74.8	-
Endace	330	-	394	156.50	-	20.1	9
FFastFill	7.88	-	10.25	6.88	-	28	212
FocusSltn	132.50	-	142.50	31.50	-	25	38
Imaginat	2.13	-	9	1.38	-	-	-
Iomart	90.50	-1	101	44	0.4	73.3	93
K3BusTc	149	+0.50	**149**	81.50	0.3	14.7	10
Lagan Cap	10.50	-	23.50	7.50	-	-	-
Maxima	82	-	104.50	67	3.7	-	6
Monitise	21.25	-	25.50	11.25	-	-	562
OMG	36.25	-1.25	38	17.75	0.4	34.2	64
Parseq	6.38	-0.13	12.50	5.38	-	36.4	70
Patsyst †	29.25	-	30.50	21.50	1.6	22.6	260
Pilat Globl	48.50	-2	52.50	26	-	14.6	80
Playtech †	396	-2	552	365	4.1	41.6	3,159
Prologic	45	-	45	30	-	31	-
Pub Tech	66.50	-	97.50	65	-	7.3	8
Redstone	0.87	-0.01	3.63	0.63	-	-	291
Sciscys †	40xd	-0.50	53	**39.50**	2.6	15.5	16
Sopheon	8	-	9	7.25	-	-	20
Statpro †	121.50	-	128.50	98	1.8	15.3	-
StratThght	38.50	-	47.50	28.50	-	-	-
SYNC	16	-0.75	58.13	**15.25**	-	-	324
Tikit †	198.50	-	198.50	117	3.1	13	3
ViaLogy	3.75	-0.13	8.38	3.13	-	-	6,215

Telecommunications

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AltNetwks	181	-1.50	194.75	111.75	4.7	12.4	22
AvantiCom	659	+4	705	370	-	-	622
Daisy Grp	97.25	+2.50	106	83	-	-	83

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Travel & Leisure

	Price	Chng	High	Low	Yld	P/E	Vol '000s
AllLeisure †	51.50xd	-	79	42.50	3.6	-	100
Celtic	43.50	-	47	42.50	-	-	1
6%CvPf	55	-	65.50	55	5.9	-	-
Cv Pf	66	-	75	65	7.6	-	-
Dart	83.75	+1.75	89	39	1.3	7.7	57
Easydate	110.50	-	130.25	63.50	-	-	2
Fitbug	1.88	-	13.75	1.88	-	-	-
GoalsSocc.	125.75	+2.25	220	113	1.5	11.6	11
Hotel Cpn †	84	-	107.50	80	5.2	-	-
IRC	11.25	-	16	10.25	-	-	5
Millwall	865	-	£45.50	840	-	-	0
MinoanGp	10.50	-	21.50	8.13	-	-	151
ParkPlaza	149	-	149	117.50	-	-	-
PeelHtls	78	-	112.50	60	-	-	-
Prezzo	59	-0.75	62	26.50	0.3	12.6	164
Tottenhm	69.50	+0.50	77.50	63.50	-	-	3
W & O	1.80	-	3.50	0.83	-	-	25
WebisHldgs	2	-	2.63	0.88	-	-	-
Young A	552.50	-7.50	570	480	2.4	22.1	6

Utilities

	Price	Chng	High	Low	Yld	P/E	Vol '000s
Clipper Wp	64.25	-	176.50	27.50	-	-	43
Helius	25.25	-	35	22.50	-	-	-
IndianEngy	28.50	-	83	28.50	-	-	-
IPSA	12.25	-	18	8.63	-	-	-
ModernWtr	64.50	-1	89	62.50	-	-	195
RenEnGen	47	-0.50	69.50	41.50	3.2	-	951
RenewabEn	15	-	29	7.63	-	-	8,047
Rurelec	15.25	+0.75	21.50	7.68	-	-	739
SeaEnergy	19	-0.25	86.50	16.25	-	-	343

Investment Companies

	Price	Chng	52 week High	52 week Low	Yld	NAV	Dis or Pm(-)
AdFrntMkt $	47.42	+0.26	47.71	37.93	-	51.8	8.5
Cambium	74	-0.50	80	66.75	4.1	83.1	10.9
CrysAmber	101	-	114	100.75	-	111.3	9.2
Eclectic	85	-1	95	75	0.9	112.1	24.2
IndiaCap	65.75	-	72	39.75	-	80.9	18.7
Wts	1.13	-0.25	3	**1.13**	-	-	-
LonZim	25.50	-	41	17.50	-	90.2	71.7
Marwyn Val	94.50	-	95	57.50	-	-	-
Marwyn B	92	-0.50	100	91.50	-	119.2	22.8
Oakley Cap	130.50	-	130.50	95	-	152.1	14.2
PMEAfrica $	32.45	+0.18	48.74	28.73	19.2	44.8	27.6
RABSpSt	29.50	-	39.50	27.75	-	38.8	24
SparkVent	6.88	-0.13	8.13	5.14	-	11.6	40.9
Tau Cap $	23.09	+0.13	26.38	22.12	-	44.2	47.7
TerraCat	65	-	65.50	53.25	-	81.8	20.6
Tiger Res	2.40	-	2.58	1.88	-	4.3	43.7
UtilicoEmg	164.50	-0.50	165	121.75	2.9	181.1	9.2
ValCatsF	24.50	-0.50	45.50	**24.50**	-	36.8	33.4
VinacapV $	115.13	-1.23	121.43	85.10	-	151	23.7
VinaLand $	58.65	+0.63	63.63	47.74	-	87.7	33.1
VNI $	25.58	+0.22	27.92	19.90	-	36.5	29.9

PLUS

	Price	Chng	52 Week High	52 Week Low	Yld	P/E	Vol '000s
AH Medcl	34	-	36.50	23	4.4	-	-
ArsenalFC	£10,950	-	£11,150	£8,750	-	11.2	0
GtWstnMng	12	-	17	12	-	-	-
NewburyR	565	-	621.43	565	-	-	-
RangersFC	29.50	-	52.50	29.50	-	7.6	-
ShephdNm	855	-	990	725	2.7	17.2	1
Sprue Aegis	37	-	39.50	22.50	1.4	7	-
Thwaites	170	-	185	135	2.6	-	-
Webb Cap	22	-	24.50	19.50	-	-	-
WessexExp	3.50	+0.25	4	1.50	-	-	300

Market data provided by THOMSON REUTERS

Guide to FT Share Service

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Closing mid-prices are shown in pence unless otherwise indicated.

Highs and lows are based on intra-day trading over a rolling 52 week period. A new 52 week high or low attained in the latest day's trading is marked in bold type. Saturday's edition shows current year highs and lows.

Yields are based on mid-prices and allow for the value of declared distribution and rights. Yields are only quoted when a full years figures are available and are shown in net terms. Dividends on UK companies are net of 10 per cent tax, overseas companies are shown gross.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. Earnings used in calculations are based on the CFA 'Headline Earnings' formula (formerly UKSIP), details of which can be found on the publications section of www.cfauk.org.

Trading volumes are end of day aggregated totals, rounded to the nearest 1,000 shares. Dashes indicate that either no trade has taken place during the day or the data is not available. Zeros indicate that less than 500 shares were traded. AIM volume figures include aggregate risk trades. Volume figures reflect trades on the LSE. PLUS Markets, Markit BOAT, BATS, NASDAQ OMX Europe, Instinet Chi-X and Turquoise. Volumes shown for foreign securities are based on trading on the principle market.

A currency symbol after the stock name shows those priced in currencies other than sterling. Prices shown for those foreign securities are converted into sterling from latest available local stock exchange prices.

The data shown in the Monday version of these pages is different, including the week's change in price, dividend, dividend cover, market capitalisation and last xd date. Investment Companies have different column headers from other securities shown.

* Highs and lows marked thus have been adjusted to allow for capital changes.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
\# Price at time of suspension.
Merger, bid or reorganisation in progress.
FT Global 500 company
c Cents
d Fair value NAV is more than 3% different to par value NAV.
q Earnings based on preliminary figures.
u Undated
P Dividend adjusted for consolidation or share split.

Abbreviations: xd ex dividend; xc ex scrip dividend; xr ex rights; xa ex all; xR ex capital distribution.

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Issue price p	Amount paid up	Latest renun. date	High	Low	Stock	closing price p	+or-
12	Nil	22/11	0.50 pm	0.01 pm	Powerflute Oyj	0.26	-

pm premium

UK RECENT EQUITY ISSUES

issue date	issue price p	Sector	Stock code	Stock	Close price p	+/-	High	Low	Volume 000's	Mkt cap (£m)
10/11	§150	AIM	HGR8	Hangar 8	157.50	1.50	161	157.50	106	10.0
9/11	§$8		TRCN	OJSC Trans GDR ‡	467.37	-16.20	496.43	452.99	5,824	-
5/11	§$27.7	TecS	MAIL	Mail.ru Group	£22.43	-45.55	£24.06	£20.88	14,181	4,624.1
4/11	§$0.49	AIM	PKP	Photon Kathaas Prd	35.88	-	37.17	30.71	-	7.6
2/11	§100	IvCo	FTSV	Foresight Solar VCT	100	-	100	100	-	8.1
2/11	§$11		OKEY	O'Key	673.90	-6.26	693.32	632.60	837257.0	
1/11	§10	AIM	AME	African Min&Expln	11	0.25	12.50	11	3,162	7.8
1/11	§-	IvCo	JDTZ	Jupiter Div&Grwth ZDP	84.50	-	88.50	84.50	-	-
1/11	§-	IvCo	JDTC	Do D&G Com	92.50	-	92.50	92.50	-	-
1/11	§-	IvCo	JDTX	Do D&G ZDP	90	-	90	90	-	-
1/11	§20	AIM	PRG	Paragon Diamonds	25	0.50	25.50	22	-	4.7
1/11	§-	AIM	CICR	CIC Mining	3.75	0.25	4	3.50	-	5.7
29/10	§240		AZEM	AZ Elect Mat	259	3	267.50	241.50	26,841	986.6
27/10	§100	IvCo	IAEC	Impax Asian Env C	102.25	-2	104.50	101	1,080	133.9
22/10	1300	T&L	BET	Betfair Grp	£14.26	11	£16.10	£13.40	3,644	259.5
21/10	§-	AIM	GLOK	Glbl Lock Sfty	20.75	-0.25	21.50	16.50	50	51.9
18/10	§135	AIM	HALO	HaloSource (DI)	153.50	2	165	147.50	2,130	36.0
18/10	§135	AIM	HAL	HaloSource Reg S	160	5	165	150	-	80.5
13/10	§175	AIM	INS	Instem Life	208.50	-2	209.50	185	94	24.4
12/10	§115	AIM	CEL	Caparo Energy	115	-	117.50	113	17	50.2
7/10	§250	AIM	SPL	SKIL Ports & Log	260	-	270	248	199	114.4

§Placing price. * Introduction. ‡ When issued. Annual report/prospectus available, see London Shares Page. For a full explanation of all other symbols please refer to London Share Service notes.

BONDS

GILTS - UK CASH MARKET

www.ft.com/gilts

Nov 10	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
Tr 5pc '12	105.58	0.75	+0.05	+0.11	+0.15	-0.83	108.25	**105.49**	26,867
Tr 8pc '13	119.56	1.07	+0.09	+0.15	+0.16	-1.26	121.81	119.17	8,377
Tr 5pc '14	112.81	1.53	+0.12	+0.18	+0.18	-1.28	114.35	108.96	36,579
Tr 4.75pc '15	113.08	1.90	+0.12	+0.18	+0.22	-1.12	115.02	107.86	33,650
Tr 4pc '16	109.79	2.20	+0.12	+0.18	+0.20	-1.06	111.51	102.63	29,577
Tr 4.5pc '19	111.35	2.95	+0.12	+0.18	+0.27	-0.83	114.14	102.23	26,303
Tr 4.75pc '20	112.80	3.15	+0.12	+0.18	+0.30	-0.74	116.31	103.57	31,393
Tr 8pc '21	142.61	3.21	+0.12	+0.18	+0.31	-0.70	147.53	132.27	22,686
Tr 5pc '25	113.83	3.74	+0.11	+0.17	+0.33	-0.47	118.90	103.18	22,099
Tr 6pc '28	126.43	3.94	+0.09	+0.15	+0.33	-0.26	133.11	116.44	17,932
Tr 4.75pc '30	108.87	4.10	+0.08	+0.14	+0.34	-0.19	115.53	99.71	23,265
Tr 4.25pc '32	101.64	4.13	+0.08	+0.13	+0.34	-0.12	108.42	93.22	25,618
Tr 4.25pc '36	100.81	4.20	+0.07	+0.12	+0.33	-0.11	108.22	92.54	20,227
Tr 4.75pc '38	108.88	4.21	+0.07	+0.12	+0.32	-0.06	117.38	100.63	23,759
Tr 4.25pc '49	100.42	4.23	+0.06	+0.11	+0.30	+0.03	110.05	93.11	16,436
Tr 4.25pc '55	100.79	4.21	+0.06	+0.11	+0.29	+0.03	111.07	93.20	20,147
War Ln 3.5pc	77.86	4.50‡	+0.07	+0.12	+0.31	-0.05	85.81	70.46	1,938

xd Ex dividend. Closing mid-prices are shown in pounds per £ 100 nominal of stock. Red yield: Gross redemption yield. This table shows the gilts benchmarks & the non-rump undated stocks. A longer list appears on Mondays & the full list on Saturdays, and can be found daily on ft.com/bond&rates.
Source: ThomsonReuters

BONDS

www.ft.com/bonds&rates

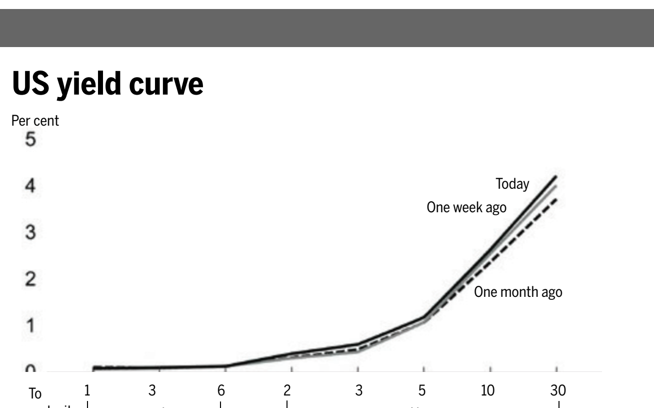
BONDS - BENCHMARK GOVERNMENT

Nov 10	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/12	4.75	99.33	5.11	0.01	0.10	0.23	0.41
	04/20	4.50	93.79	5.35	0.03	0.08	0.34	-0.39
Austria	07/12	5.00	106.19	1.22	0.03	-0.11	0.19	0.26
	07/20	3.90	108.23	2.91	0.02	0.00	0.18	-0.72
Belgium	03/12	2.00	100.80	1.40	0.15	0.17	0.37	0.35
	09/20	3.75	103.10	3.38	0.04	0.06	0.23	-0.32
Canada	12/12	1.50	99.85	1.58	0.04	0.15	0.23	0.17
	06/20	3.50	104.34	2.97	0.09	0.09	0.28	-0.53
Denmark	11/12	4.00	105.52	1.19	-0.03	-0.06	0.18	-1.12
	11/19	4.00	111.51	2.55	0.03	-0.04	0.18	-1.15
Finland	09/12	4.25	105.80	1.04	0.02	-0.05	0.17	0.09
	04/20	3.38	105.58	2.69	0.04	-0.01	0.21	-0.90
France	09/12	0.75	99.12	1.23	0.08	0.10	0.33	-0.07
	07/15	2.00	100.83	1.81	-0.01	-0.07	0.14	-0.73
	10/20	2.50	96.68	2.89	0.03	0.01	0.27	-0.71
	04/41	4.50	121.89	3.34	0.00	0.04	0.08	-0.94
Germany	09/12	0.75	99.66	0.94	-0.01	-0.05	0.14	-0.33
	10/15	1.75	100.56	1.63	0.08	-0.13	0.13	-0.84
	09/20	2.25	98.21	2.46	0.06	-0.02	0.20	-0.87
	07/40	4.75	134.26	2.99	0.04	0.05	0.09	-1.11
Greece	05/13	4.60	82.96	12.95	0.12	0.78	12.95	10.62
	06/20	6.25	69.77	11.60	0.12	0.69	1.66	6.91
Ireland	01/14	4.00	87.55	8.65	1.70	2.82	3.68	5.53
	10/20	5.00	74.81	8.93	0.93	1.53	2.40	4.16
Italy	07/12	2.50	100.45	2.23	0.09	0.24	0.49	0.75
	06/15	3.00	99.78	3.07	0.04	0.15	0.43	0.31
	09/20	4.00	99.67	4.08	0.08	0.15	0.36	0.12
	09/40	5.00	100.89	5.00	0.10	0.19	0.27	0.08
Japan	11/12	0.10	99.93	0.14	-0.01	-	0.02	-0.14
	09/15	0.30	99.77	0.35	0.02	0.05	0.13	-0.37
	09/20	0.80	98.22	1.00	0.04	0.05	0.14	-0.48
	09/30	1.80	99.17	1.86	0.01	0.07	0.14	-0.31
Netherlands	07/12	5.00	106.55	1.01	0.01	-0.06	0.20	0.12
	07/20	3.50	106.97	2.67	0.03	-0.02	0.18	-0.90
New Zealand	04/13	6.50	105.29	4.18	-0.04	0.01	0.23	-0.20
	05/21	6.00	104.52	5.43	0.07	0.07	0.29	-0.39
Norway	05/15	5.00	110.77	2.44	-0.03	0.15	-0.08	-0.91
	05/21	3.75	104.20	3.27	-0.02	0.05	0.01	-
Portugal	06/12	5.00	100.21	4.84	0.19	1.32	1.07	3.66
	06/20	4.80	83.54	7.24	0.35	0.94	0.89	3.41
Spain	04/12	2.75	100.46	2.42	0.09	0.34	0.43	1.04
	10/20	4.85	102.74	4.50	0.08	0.21	0.47	0.64
Sweden	10/12	5.50	107.63	1.39	0.01	0.00	0.00	0.76
	12/20	5.00	119.19	2.78	0.04	0.00	0.29	-0.50
Switzerland	02/13	4.00	107.90	0.46	0.00	-0.05	0.04	-0.06
	04/21	2.00	104.45	1.54	0.07	0.06	0.10	-0.46
UK	12/11	3.25	102.69	0.72	0.06	0.07	0.13	0.34
	01/15	2.75	104.08	1.74	0.16	0.13	0.19	-1.12
	03/20	4.75	112.77	3.16	0.16	0.13	0.30	-0.68
	09/39	4.25	100.40	4.23	0.09	0.10	0.31	-0.09
US	10/12	0.38	99.89	0.43	0.02	0.08	0.08	-0.43
	10/15	1.25	100.18	1.21	0.09	0.05	0.11	-1.09
	11/20	2.63	99.70	2.66	0.10	0.07	0.28	-0.83
	08/40	3.88	93.83	4.24	0.11	0.30	0.50	-0.17

London close. Source: ThomsonReuters
Yields: Local market standard Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by non residents.

The data and prices listed are indicative and, while believed to be accurate at the time of publication, the FT does not warrant or guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the information.

US yield curve



BONDS - GLOBAL INVESTMENT GRADE

Nov 10	Red date	Coupon	Ratings S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs Govts
US$										
Citigroup	01/11	6.50	A	A3	A+	100.91	1.16	-0.27	-0.72	1.04
Morgan Stanley	04/12	6.60	A	A2	A	107.23	1.32	0.11	-0.11	1.09
Household Fin	05/12	7.00	A	A3	AA-	106.97	2.27	0.06	0.02	1.83
HBOS Treas UK	06/12	5.50	A+	Aa3	AA-	104.25	2.72	0.28	-0.12	2.27
Verizon Global	09/12	7.38	A	A3	A	111.25	1.03	0.03	-0.01	0.59
Abu Dhabi Nt En	10/12	5.62	NR	A3	-	105.32	2.79	-0.03	-0.05	2.39
Bank of America	01/13	4.88	A	A2	A+	105.10	2.44	0.12	0.09	2.00
Goldman Sachs	07/13	4.75	A	A1	A+	106.60	2.19	0.18	-0.07	1.54
Hutchison 03/33	01/14	6.25	A-	A3	A-	111.76	2.40	0.12	-0.11	1.77
Misc Capital	07/14	6.13	A-	A3	-	107.58	4.09	-	-	2.06
BNP Paribas	06/15	4.80	AA-	Aa3	A+	109.29	2.65	0.10	-0.24	1.40
GE Capital	01/16	5.00	AA+	Aa2	-	109.87	2.92	0.19	0.08	1.63
Erste Euro Lux	02/16	5.00	AA+	-	-	104.35	4.06	4.06	0.10	2.77
Credit Suisse USA	03/16	5.38	A+	Aa1	AA-	112.49	2.82	0.19	0.19	1.27
SPI E&G Aust	09/16	5.75	A-	A1	A-	112.61	3.35	0.07	-0.06	2.11
Abu Dhabi Nt En	10/17	6.17	NR	A3	-	107.23	4.92	-0.01	-0.02	3.03
Swire Pacific	04/18	6.25	A-	A3	A	105.98	5.31	-	-	2.50
ASNA	11/18	6.95	A	A3	A+	103.91	6.33	-	-	4.05
Codelco	01/19	7.50	A	A1	A	119.91	4.65	-	-	1.43
Goldman Sachs	02/33	6.13	A	A1	A+	106.65	5.60	0.05	-0.15	1.36
Bell South	10/31	6.88	A	A2	A	112.51	5.83	0.09	0.27	1.59
GE Capital	01/39	6.88	AA+	Aa2	-	111.91	5.99	0.11	0.26	1.75
Euro										
GE Cap Euro Fdg	05/11	4.00	AA+	Aa2	-	101.11	1.68	-0.02	-0.17	0.91
HSBC Fin	06/12	3.38	A	A3	AA-	101.65	2.28	-0.01	0.17	1.51
Xstrata Fin CA	06/12	4.88	BBB	Baa2	-	104.15	2.18	-0.05	-0.11	1.20
CCCI	10/12	6.13	A	A1	A+	105.35	3.20	0.01	-0.37	2.39
Amer Honda Fin	07/13	6.25	A+	A1	-	110.57	2.14	0.01	0.04	1.03
SNS Bank	02/14	4.63	A-	A3	A-	103.49	3.47	0.01	0.13	2.37
JPMorgan Chase	01/15	5.25	A+	Aa3	AA-	109.57	2.78	0.05	0.03	1.39
Hutchison Fin 06	09/16	4.63	A-	A3	A-	105.05	3.65	0.01	-0.04	1.74
Hypo Alpe Bk	10/16	4.25	-	Aa3	-	100.18	4.22	0.02	0.31	2.44
GE Cap Euro Fdg	01/18	5.38	AA+	Aa2	-	110.57	3.67	0.04	0.16	1.59
Unicredit	01/20	4.38	A	Aa3	A	103.61	3.90	0.06	0.29	1.50
ENEL	05/24	5.25	A-	A2	A	108.74	4.38	0.01	0.08	1.66
Yen										
ORIX 106	03/11	1.46	A-	-	-	100.37	0.35	-0.02	-0.29	0.24
Amer Int	04/12	1.40	A-	A3	BBB	96.92	3.69	0.01	0.72	3.61
Citi Group 15	09/12	1.11	A	A3	A+	99.05	1.65	0.04	-0.06	1.51
ACOM 51	06/13	2.07	BBB	Baa3	A-	91.27	6.02	-0.07	0.79	5.86
Deutsche Bahn Fin	12/14	1.65	AA	Aa1	AA	103.35	0.81	0.81	-0.04	0.52
Nomura Sec S 3	03/18	2.28	-	-	-	102.91	1.83	0.04	0.06	1.24
£ Sterling										
Morgan Stanley	04/11	7.50	A	A2	A	102.27	1.85	-0.04	-0.29	1.18
HSBC Fin	03/12	7.00	A	A3	AA-	105.74	2.62	0.07	-0.20	1.85
Slough Estates	09/15	6.25	-	-	A-	109.61	4.00	0.02	0.08	2.39
ASIF III	12/18	5.00	A+	A1	A-	95.01	5.71	0.01	-0.24	2.88

US $ denominated bonds NY close; all other London close. S* - Standard & Poor's, M* - Moody's, F* - Fitch.
Source: ThomsonReuters

BONDS - HIGH YIELD & EMERGING MARKET

Nov 10	Red date	Coupon	Ratings S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HSBK Europe	05/13	7.75	B+	Ba2	B+	105.17	5.50	0.16	0.62	5.03
Kazkommerts Int	04/14	7.88	B	Ba3	B-	96.15	9.22	0.20	-0.44	8.19
Bertin	10/16	10.25	NR	B1	-	109.78	8.13	0.43	0.42	6.56
High Yield Euro										
Royal Carib Crs	01/14	5.63	BB-	Ba3	-	100.65	5.39	-0.02	-0.62	4.24
Kazkommerts Int	02/17	6.88	B	B2	B-	90.30	8.96	0.16	0.20	7.07
Emerging US$										
Bulgaria	01/15	8.25	BBB	Baa3	BBB-	119.50	3.21	0.05	-0.33	2.00
Peru	02/15	9.88	BBB-	Baa3	BBB-	130.25	2.31	0.04	-0.13	1.10
Brazil	03/15	7.88	BBB-	Baa3	BBB-	123.31	2.18	0.15	-0.18	0.97
Mexico	09/16	11.38	BBB	Baa1	BBB	145.75	2.81	0.21	0.02	1.59
Argentina	01/17	11.38	D	Ca	WD	32.50	43.42	0.03	0.18	41.58
Philippines	01/19	9.88	BB-	Ba3	BB	143.25	3.69	0.02	-0.02	1.85
Brazil	01/20	12.75	BBB-	Baa3	BBB-	169.81	3.70	0.19	0.25	1.04
Colombia	02/20	11.75	BBB-	Ba1	BB+	160.31	3.93	0.07	-0.21	1.27
Russia	03/30	7.50	BBB	Baa1	BBB	120.13	4.21	0.16	0.07	2.37
Mexico	08/31	8.30	BBB	Baa1	BBB	137.50	5.30	0.25	0.32	1.06
Indonesia	02/37	6.63	BB	Ba2	BB+	118.69	5.30	0.16	0.19	1.05
Emerging Euro										
Brazil	02/15	7.38	BBB-	Baa3	BBB-	117.50	2.90	0.05	0.06	1.53
Poland	02/16	3.63	A-	A2	A-	103.57	2.88	0.04	-0.03	1.32
Turkey	03/16	5.00	BB	Ba2	BB+	106.15	3.70	0.00	-0.05	2.14
Mexico	02/20	5.50	BBB	Baa1	BBB	109.35	4.25	0.01	-0.08	1.85

US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.
Source: ThomsonReuters

BOND INDICES

		Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit iBoxx Nov 9							
Overall (£)	1098	217.12	-0.26	0.11	9.43	-1.28	9.51
Overall ($) †	3204	196.04	-0.08	0.22	9.17	0.22	9.17
Overall (€)	2264	171.85	-0.05	-0.02	4.68	-0.85	4.84
Global Inflation-Lkd †	96	214.97	-0.43	0.28	6.61	-0.23	5.33
Gilts (£)	32	218.69	-0.26	0.15	8.65	-1.54	8.12
Corporates (£)	708	216.12	-0.31	0.02	11.56	-0.68	12.88
Corporates ($) †	2083	205.22	-0.11	0.52	11.70	0.52	11.70
Corporates (€)	1184	169.66	-0.08	0.31	6.80	-0.30	7.50
Treasuries ($) †	153	192.23	-0.07	0.10	8.77	0.10	8.77
Eurozone Sov (€)	260	172.07	-0.03	-0.20	4.10	-1.20	3.99
ABF Pan-Asia unhedged	538	156.41	-0.06	0.21	12.03	-0.13	12.40
FTSE Nov 10							
Sterling Corporate (£)	95	104.74	-0.33	-0.83	4.76	-0.35	10.51
Euro Corporate (€)	335	103.59	-0.10	-0.49	3.09	-0.11	7.65
Euro Emerging Mkts (€)	16	92.87	-0.13	-0.10	3.51	0.39	9.61
Eurozone Gov't Bond	244	103.22	-0.33	-1.93	0.14	-1.55	4.26

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx Nov 9						
Europe 5Y	100.05	-0.36	2.74	-1.75	116.68	95.56
Crossover 5Y	443.72	-0.78	-5.26	-25.26	521.22	431.21
HiVol 5Y	152.10	-0.44	3.10	-7.57	177.14	145.17
Japan 5Y	97.28	0.28	-6.14	-4.97	109.83	96.75
Markit CDX Nov 9						
Emerging Markets 5Y	200.10	5.49	-2.00	4.60	239.06	187.30
Nth Amer Inv Grade 5Y	90.36	2.59	-2.14	-6.64	114.19	85.61
Nth Amer High Yld 5Y	453.38	10.75	-30.25	-54.95	578.09	436.31
Nth Amer HiVol 5Y	140.26	1.00	-10.14	-15.79	175.38	137.38

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names. † Nov 9

GILTS - UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Nov 10	Day's chge %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 years (12)	107.78	-0.25	2171.52	-0.33	+4.19	1.44
2 5-10 years (9)	171.59	-0.79	2571.61	-1.36	+9.23	2.82
3 10-15 years (3)	182.86	-1.03	2766.00	-2.34	+9.99	3.48
4 5-15 years (12)	174.37	-0.86	2622.21	-1.66	+9.40	3.06
5 Over 15 years (14)	226.98	-1.08	2721.10	-3.90	+5.65	4.17
6 Irredeemables (1)	335.21	-1.53	3309.91	-5.66	+5.70	4.50
7 All stocks (39)	157.95	-0.73	2455.68	-1.95	+6.46	3.62

Index-Linked	Nov 10	Day's chge %	Month chge %	Year's chge %	Total Return	Return 1 month	Return 1 year
1 Up to 5 years (2)	317.99	-0.06	+0.35	+5.42	2208.74	+0.35	+7.84
2 Over 5 years (15)	380.93	-0.57	-2.27	+2.53	2662.80	-2.27	+4.12
3 5-15 years (5)	356.51	-0.64	-0.59	+7.80	2508.86	-0.59	+9.85
4 Over 15 years (10)	419.56	-0.51	-3.62	-1.98	2910.34	-3.62	-0.75
5 All stocks (17)	373.77	-0.50	-1.90	+3.05	2629.64	-1.90	+4.77

Yield indices	Nov 10	Nov 9	Yr ago		Nov 10	Nov 9	Yr ago
5 yrs	2.01	1.90	2.84	20 yrs	4.09	4.00	4.22
10 yrs	3.17	3.04	3.83	45 yrs	4.20	4.14	4.26
15 yrs	3.78	3.67	4.13	Irred	4.50	4.42	4.54

Real yield	Inflation 0 % Nov 10	Dur yrs	Nov 9	Yr ago	Inflation 5 % Nov 10	Dur yrs	Nov 9	Yr ago
Up to 5 yrs	-1.15	2.68	-1.18	0.37	-2.07	2.68	-2.11	0.00
Over 5 yrs	0.70	16.97	0.66	0.63	0.62	17.12	0.59	0.54
5-15 yrs	0.46	8.52	0.39	0.94	0.25	8.55	0.17	0.73
Over 15 yrs	0.76	23.49	0.74	0.51	0.73	23.56	0.71	0.47
All stocks	0.67	15.78	0.64	0.62	0.58	15.96	0.55	0.51

Stocks with 0 - 1 year to maturity are excluded from the yield indices. † Corrected values.
www.ft.com/ftsegiltindices. Copyright, FTSE International 2008.

BONDS - INDEX-LINKED

	Price Nov 9	Yield Nov 9	Yield Nov 8	Month return	Break even inflation*	Value Stock	Market	No of stks
Can 4.25% '21	134.91	0.92	0.84	-1.24	2.31	5.2	50.5	6
Fr 2.25% '20	112.17	0.93	0.92	0.55	1.77	20.0	161.5	11
Swe 4% '20	160.71	0.87	0.86	0.40	1.88	43.3	270.4	5
UK 2.5% '16	316.18	-0.34	-0.41	0.14	2.43	8.0	237.4	16
UK 2.5% '24	282.22	0.65	0.64	0.58	3.00	6.8	237.4	16
UK 2% '35	162.76	0.76	0.76	0.30	3.37	9.7	237.4	16
US 3% '12	106.22	-0.68	-0.73	-0.03	1.06	23.0	646.8	30
US 3.625% '28	136.19	1.30	1.21	-1.92	2.43	16.8	646.8	30

Representative stocks from each major marke Source: Merill Lynch Global Bond Indices
* Diff between conventional and IL bond. † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS - TEN YEAR GOV'T SPREADS

Nov 10	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	5.35	+2.89	+2.69	Netherlands	2.67	+0.21	+0.01
Austria	2.91	+0.45	+0.25	New Zealand	5.43	+2.97	+2.77
Belgium	3.38	+0.92	+0.72	Portugal	7.24	+4.78	+4.58
Canada	2.97	+0.52	+0.32	Spain	4.50	+2.04	+1.84
Denmark	2.55	+0.10	-0.11	Sweden	2.78	+0.33	+0.12
Finland	2.69	+0.24	+0.04	Switzerland	1.54	-0.92	-1.12
France	2.89	+0.43	+0.23	UK	3.16	+0.70	+0.50
Germany	2.46	-	-0.20	US	2.66	+0.20	-
Greece	11.60	+9.15	+8.95				
Ireland	8.93	+6.47	+6.27				
Italy	4.08	+1.62	+1.42				
Japan	1.00	-1.46	-1.66				

Yields: annualised basis. Source: ThomsonReuters Selection made by ThomsonReuters.

Tim Bond
INSIGHT

Equities have further to rally in the wake of Fed's QE2

The Federal Reserve's latest policy initiative has been greeted with a universal chorus of disapproval. Observers are concerned that quantitative easing will increase US inflation and devalue the dollar. Inasmuch as expectations affect outcomes, these criticisms suggest that the policy is already working.

Currency devaluation and faster nominal economic growth are the only plausible ways in which the US can address the twin problems of structurally high unemployment and excessive household and government debt.

Job creation remains the key to economic recovery. Over the first eight years of this decade, the US saw production employment decline by approximately 2.4m. Most of these workers appeared to be absorbed by the construction sector, where employment rose 2.6m over the same period. In simple terms, globalisation displaced a significant fraction of the workforce, as manual jobs relocated to lower-wage, foreign economies. This trend was temporarily masked by a construction boom, fuelled by the inflation of a credit bubble between 2004 and 2007. Once the bubble burst, all the construction jobs created during the boom vanished and the past increase in structural unemployment became visible. There are currently some 4m unemployed manual workers in the US and few potential sources of demand for their skills. The US is therefore afflicted by a structural increase in the long-term unemployed, a problem with which Europe has long been familiar. But the US is uniquely ill-equipped to deal with this phenomenon. In Europe, displaced workers are supported by a reliable long term social security system, providing space for workers with redundant skills to retrain and eventually rejoin the workforce. The success of this system is visible in the halving of the eurozone's ranks of long-term unemployed from 2.25m in 1998 to 1.2m in 2008.

> **Job creation remains the key to economic recovery . . . globalisation displaced a significant part of the workforce**

Unfortunately, the European solution is not available in the US, where unemployment benefits expire after just 26 weeks, although they have been temporarily rolled over for longer periods. All of which leaves the Federal Reserve in the position of a last resort social security system, a point that explains their traditional policy hyperactivity. At the current juncture, the Fed needs to generate a very large number of job openings for manual workers. Although some of these jobs are now being created as growth broadens, the bulk of potential positions has been lost to lower cost foreign economies. In the absence of long-term government social support and retraining, the only available strategy is therefore to try and bring some of these lost jobs back home. QE is an efficient tool to procure this outcome, albeit more of a bludgeon than a lancet. Those developing economies that chose to shadow the dollar find themselves importing a wildly inflationary monetary policy. Whether the net result is rapid wage inflation or currency revaluation among the developing economies, the eventual outcome is that the US gains competitiveness and those crucial lower-skilled jobs come back home. Of course, just as the US exports inflationary monetary policy, so the developing world will export inflation back to the US, as commodity prices rise and as the competitive restraints on developed economy wage rates weaken. But higher US inflation is not unwelcome. Any lingering deflationary risks are being vaporised by rapidly rising inflation expectations. Meanwhile, inflation, which we might more politely term faster nominal gross domestic product growth, will erode the real burden of excessive debt currently weighing down the household and government sectors.

> **The outlook also suggests staying very short the dollar . . . a further depreciation of 15-20 per cent is needed to bolster net trade**

Overall, the Fed's chosen strategy is logical and probably unavoidable. For investors, there are several implications. First, the world is likely to experience a period of accelerated nominal GDP growth, a development that has a material bearing on a host of economic fundamentals ranging from corporate profits to budget deficits. Second, currency trends are likely to prove considerably more extensive than envisaged. Third, higher inflation creates winners and losers among asset classes, sectors and companies.

In practical terms, this suggests staying very long equities, where consensus earnings forecasts underestimate nominal GDP growth in 2011 and 2012 and where valuations should be inflated by a prolonged period of zero or negative real interest rates. The outlook also suggests staying very short the dollar. To judge from the historic sensitivity of the US trade balance to the currency, a further depreciation of 15-20 per cent is needed to generate a movement in net trade that might be enough to lower long-term unemployment.

On individual companies, investors need to consider who has pricing power and who does not. Given medium-term prospects for inflation, it is hard to find anything positive to say about bonds. Carping at the Fed may be fun, but investors' attention might be more usefully focused on these points.

Tim Bond is investment strategist at Odey Asset Management

Ireland's woes worsen after sovereign bond sell-off

News analysis

Banks have rushed to raise cash after LCH.Clearnet raised its margin requirements, write **David Oakley** and **Sam Jones**

In the eyes of bond market investors, the prospect of an Irish bail-out, similar to that of Greece, is growing by the day. Yields on Ireland's 10-year sovereign debt saw their biggest one-day surge since the launch of the euro on Wednesday, jumping more than half a percentage point to 8.64 per cent.

The extra cost of borrowing over the "risk-free" rate of Germany spiked to 6.19 percentage points, also a record since January 1999.

At the heart of the volatility in the eurozone bond market, according to investors, was a decision by one of Europe's biggest clearing houses, LCH.Clearnet, to require banks or institutions wanting to use Irish bonds as collateral in the repurchase markets to raise cash to pay an extra margin of 15 per cent.

This, traders said, forced Irish banks to sell government bonds as they scrambled to raise the cash to meet the new margin requirements, sending a shudder through the market. The latest market moves comes at an awkward time for Dublin and the rest of the eurozone as financial markets move to price in renewed fears that one of the peripheral countries of Ireland, Portugal and Greece could default on their debt.

Don Smith, economist at Icap, said: "Irish bond yields keep on rising and today was yet more bad news. Investor confidence has been shaken in Ireland and the move by LCH.Clearnet is a very bad sign. It is potentially a tipping point that the Irish may find difficult to recover from."

The repurchase, or repo, markets allow banks to access cash quickly and is fundamental to the way the banking system operates. In this market, banks sell their holdings of bonds to other banks in exchange for cash and a commitment to buy the bonds back for a marginally higher price at a determined point in the future.

At times of stress, banks can find themselves shunned by their peers because of fears over their solvency or else fears over the riskiness of the bonds that are being sold and repurchased.

Ireland, after the collapse of its property market in 2008, was one of the first eurozone countries to address the hole created in its public finances. But while bond markets reacted favourably at first, sentiment has since turned negative as the scale of its banking sector problems has been exposed

The LCH.Clearnet move means market participants would have to deposit cash with the clearing house equivalent to 15 per cent of their transaction as an indemnity against the risk of default. Market participants estimate that Ireland's banks could have anywhere between €4bn and €8bn of bonds cleared through LCH.Clearnet.

One large hedge fund manager estimated that the banks would have to lodge between $1bn and $1.5bn in cash with LCH.Clearnet in order to avoid default and the forced unwinding of repo transactions. Some banks dumped bonds into the market in order to raise cash and buy other bonds that they could still repo.

The cost of insuring Irish government bonds against default, measured by credit default swaps, did not rise as sharply, however. Some participants, such as hedge funds, tried to exploit the arbitrage opportunity thrown up by this.

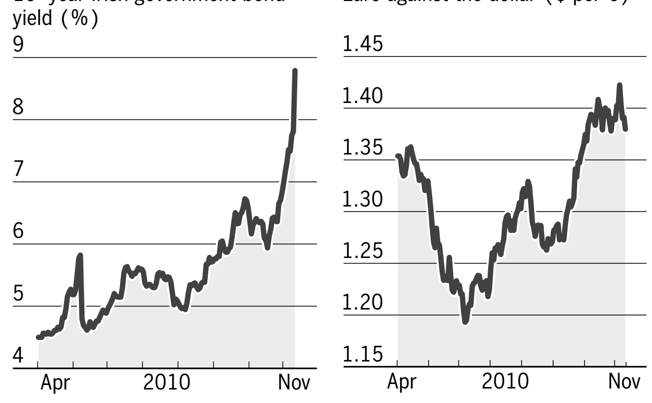
Any further impact may be limited. Some traders expect Irish bond yields will stabilise. If Ireland's banks have been able to close out enough of their LCH.Clearnet repo transactions, they can turn to the European Central Bank, which only has a 5 per cent haircut.

"This has been a technical rather than a fundamental move," said one macro hedge fund trader. But Ireland's fundamental problem of anaemic economic growth and a troubled banking system that may need an increasing amount of money – more than a projected €50bn – to save it from collapse remains.

Even, if Irish bond yields have overshot, traders were drawing comparisons with Greece in the run-up to its €110bn bail-out by the European Union and the International Monetary Fund.

As one fund manager said: "Economic reality will catch up with Ireland. Maybe in the new year. Then, it may well have to turn to the international community for help."

The European debt crisis takes a turn for the worse



Source: Thomson Reuters Datastream

The latest move comes at an awkward time for Dublin PA

Market reports

Weak earnings hurt French banks

EUROPE

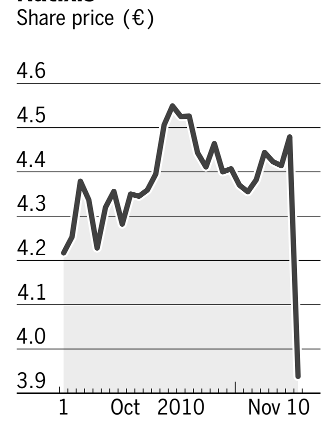
By Matthew Kennard

European stocks could not maintain momentum on Wednesday, falling from the two-year highs achieved in the previous session as banks and carmakers were hit by a stream of poor earnings.

The FTSE Eurofirst 300 sank 0.7 per cent to 1,109.54, as import data from China came in below-expectations and further damped sentiment.

Paris-listed **Natixis** plummeted 12.2 per cent to €3.93, its lowest close for nearly three months, after it failed to meet third-quarter profit forecasts, with the bank seeing a 16 per cent fall in net income year-on-year. French banks were hit as the earnings stoked fears about how equipped they were to meet the tougher capital requirements outlined in Basel III. **Crédit Agricole** lost 4.6 per cent to €11.66 while **Société Générale** fell 3.1 per cent to €42.83.

Natixis
Share price (€)



Source: Thomson Reuters Datastream

Belgian financial group **KBC** dropped 5.5 per cent to €29,38 after its third-quarter results came in significantly behind forecasts. Its underlying profit was down 29 per cent year-on-year to €445m, but KBC said it would have sufficient reserves to meet Basel III rules. Italian banks also suffered. **UniCredit** fell 4.6 per cent to €1.74 after its third-quarter profit came in lower than expected.

Germany's Xetra Dax was down 1 per cent to 6,719.84 while France's CAC 40 lost 1.5 per cent to 3,888.45.

In Milan, the media company controlled by the Prime Minister Silvio Berlusconi, **Mediaset**, declined 6.8 per cent to €5.04 after mixed nine-month results and concern over the health of the ruling government, headed by Mr Berlusconi. Nomura cut its price target on the stock and reiterated a "reduce" rating.

Tyremakers fell after BNP Paribas made a round of cuts in the sector. German carmaker **Continental** fell 3.1 per cent to €58.14 after it was cut by the bank from "outperform" to "neutral". In Paris, tyre manufacturer **Michelin** fell 3.4 per cent to €55.49 after its rating was lowered from "neutral to "underperform".

Bullish Bank helps sterling advance

CURRENCIES

By Peter Garnham

The pound rose to a six-week high against the euro after the Bank of England delivered a more bullish assessment of the UK economy in its quarterly inflation report.

The Bank, which in August said the risks to growth remained "weighted to the downside", suggested that growth was now judged to be "a little more likely to be above its historical average than below".

The Bank added that there was a risk of a bigger overshoot in inflation from higher commodity prices and that its near-term inflation forecast was higher in November than in August.

Analysts said the view implied that there was little chance of the Bank following the US Federal Reserve and engaging in further quantitative easing soon.

"The fact that restarting QE is not a foregone conclusion has been enough to give sterling a lift," said Divyang Shah, of IFR Markets.

The pound rose 0.8 per cent to £0.8545 against the euro, its strongest since late September.

The single currency suffered as worries over the fiscal health of countries on the periphery of the eurozone continued, with the yield on Irish government debt rising to record levels.

The pound also rose 0.9 per cent to $1.6129 against the dollar and climbed 1.6 per cent to Y132.64 against the yen.

Meanwhile, China's renminbi rose 0.1 per cent versus the dollar to Rmb6.6335, a fresh 17-year high record.

The move came just a day after Beijing forced banks to hold more foreign exchange to stem hot money flows into the country and amid talk that data on Thursday could show a leap in Chinese consumer price inflation.

Derek Halpenny, of Bank of Tokyo-Mitsubishi, said the timing of the moves might be an indication of plans for more substantial monetary tightening in China in an attempt to slow economic growth.

He said this, along with the evaporation of the excessive pessimism that built up towards the dollar ahead of last week's decision by the Fed to deliver further QE, was likely to support the US currency.

He said: "If the Chinese authorities are more successful in both deterring hot money inflows and in slowing the economy . . . the net result will be less intervention and then less recycling of dollars into other currencies like the euro."

The dollar weakened against the euro in late trade. A commission in the US said raising taxes would be critical to lowering the deficit, an unlikely move given the current political gridlock.

The dollar was down 0.1 per cent at $1.3783 against the euro, and down 0.2 per cent to $1.0056 against the Australian dollar.

The yen was still weaker, falling 0.7 per cent at Y82.25 versus the dollar.

CURRENCY RATES www.ft.com/currencydata

Nov 10	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	(Peso)	3.9613	-	5.4264	-0.0847	6.3483	-0.0352
Australia	(A$)	1.0007	0.0157	1.3707	0.0003	1.6036	0.0163
Bahrain	(Dinar)	0.3770	0.0000	0.5165	-0.0081	0.6042	-0.0035
Bolivia	(Boliviano)	7.0200	-	9.6164	-0.1503	11.2503	-0.0625
Brazil	(R$)	1.7143	0.0181	2.3484	-0.0114	2.7474	0.0140
Canada	(C$)	1.0049	0.0063	1.3765	-0.0127	1.6104	0.0012
Chile	(Peso)	480.850	3.8000	658.692	-5.0035	770.610	1.8442
China	(Yuan)	6.6337	-0.0103	9.0872	-0.1563	10.6312	-0.0757
Colombia	(Peso)	1861.05	27.3000	2549.36	-1.8453	2982.52	27.4307
Costa Rica	(Colon)	518.410	-0.8600	710.145	-12.2905	830.805	-5.9998
Czech Rep.	(Koruna)	17.9848	0.3319	24.6365	0.0770	28.8225	0.3749
Denmark	(DKr)	5.4412	0.0836	7.4537	-0.0001	8.7201	0.0863
Egypt	(Egypt £)	5.7535	0.0065	7.8814	-0.1142	9.2206	-0.0407
Estonia	(Kroon)	11.4222	0.1758	15.6466	0.0001	18.3051	0.1815
Hong Kong	(HK$)	7.7510	-	10.6176	-0.1659	12.4217	-0.0690
Hungary	(Forint)	200.204	3.7264	274.250	0.9000	320.848	4.2234
India	(Rs)	44.3050	-0.0100	60.6912	-0.9620	71.0032	-0.4104
Indonesia	(Rupiah)	8890.00	-13.5000	12178.0	-209.027	14247.1	-100.876
Iran	(Rial)	10405.0	-	14253.3	-222.667	16675.1	-92.6045
Israel	(Shk)	3.6463	0.0240	4.9949	-0.0446	5.8436	0.0062
Japan	(Y)	82.7700	1.9500	113.383	0.9416	132.647	2.4058
One Month		82.7534	0.0012	113.322	0.0011	132.590	0.0004
Three Month		82.7000	0.0022	113.155	0.0025	132.432	-
One Year		82.2880	-0.0250	112.117	-0.0124	131.356	-0.0562
Kenya	(Shilling)	80.5000	0.1250	110.273	-1.5488	129.009	-0.5151
Kuwait	(Dinar)	0.2791	-0.0010	0.3823	-0.0074	0.4473	-0.0041
Malaysia	(M$)	3.0895	-0.0080	4.2322	-0.0773	4.9513	-0.0404
Mexico	(New Peso)	12.2895	0.0739	16.8347	-0.1603	19.6951	0.0097
New Zealand	(NZ$)	1.2829	0.0179	1.7574	-0.0026	2.0559	0.0173
Nigeria	(Naira)	150.460	0.2600	206.108	-2.8582	241.127	-0.9201
Norway	(NKr)	5.9007	0.1077	8.0830	0.0234	9.4564	0.1209
Pakistan	(Rupee)	85.4350	0.0850	117.033	-1.7101	136.918	-0.6234
Peru	(New Sol)	2.7996	0.0036	3.8351	-0.0549	4.4867	-0.0191
Philippines	(Peso)	43.4050	0.0400	59.4584	-0.8732	69.5609	-0.3218

	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Poland	(Zloty)	2.8414	0.0454	3.8923	0.0024	4.5536	0.0480
Romania	(New Leu)	3.1246	0.0455	4.2802	-0.0036	5.0074	0.0455
Russia	(Rouble)	30.7389	0.0879	42.1077	-0.5355	49.2622	-0.1319
Saudi Arabia	(SR)	3.7502	0.0002	5.1372	-0.0801	6.0101	-0.0332
Singapore	(S$)	1.2910	0.0071	1.7685	-0.0178	2.0690	-0.0002
South Africa	(R)	6.8968	0.0807	9.4476	-0.0354	11.0528	0.0686
South Korea	(Won)	1110.25	-3.1000	1520.88	-28.0722	1779.29	-14.8769
Sweden	(SKr)	6.7787	0.1062	9.2858	0.0027	10.8635	0.1108
Switzerland	(SFr)	0.9745	0.0130	1.3349	-0.0027	1.5617	0.0123
Taiwan	(T$)	30.1785	0.0410	41.3400	-0.5888	48.3641	-0.2025
Thailand	(Bt)	29.5650	0.0400	40.4996	-0.5771	47.3809	-0.1987
Tunisia	(Dinar)	1.4122	0.0154	1.9345	-0.0088	2.2632	0.0123
Turkey	(Lira)	1.4222	0.0175	1.9481	-0.0062	2.2792	0.0155
U A E	(Dirham)	3.6728	-0.0001	5.0312	-0.0787	5.8860	-0.0329
UK (0.624)*	(£)	1.6026	-0.0089	0.8548	-0.0085	-	-
One Month		1.6022	0.0000	0.8547	-	-	-
Three Month		1.6014	0.0000	0.8545	-	-	-
One Year		1.5963	-0.0001	0.8536	0.0002	-	-
Ukraine	(Hrywnja)	7.9515	-0.0065	10.8924	-0.1792	12.7431	-0.0812
Uruguay	(Peso)	19.8500	-0.1000	27.1916	-0.5639	31.8117	-0.3378
USA	($)	-	-	1.3699	-0.0214	1.6026	-0.0089
One Month		-	-	1.3694	-	1.6022	0.0000
Three Month		-	-	1.3683	0.0000	1.6014	0.0000
One Year		-	-	1.3625	0.0003	1.5963	-0.0001
Venezuela †	(Bolivar Fuerte)	4.2947	-	5.8831	-0.0919	6.8826	-0.0382
Vietnam	(Dong)	19497.5	7.5000	26708.7	-406.813	31246.7	-161.443
Euro (0.73)*	(Euro)	1.3699	-0.0214	-	-	1.1699	0.0116
One Month		1.3694	-	-	-	1.1700	-
Three Month		1.3683	0.0000	-	-	1.1704	-
One Year		1.3625	0.0003	-	-	1.1716	-0.0003
SDR	-	0.6408	0.0061	0.8778	-0.0052	1.0269	0.0041

Rates are derived from WM/Reuters at 4pm (London time). * The closing mid-point rates for the Euro and £ against the $ are shown in brackets.The other figures in the dollar column of both the Euro and Sterling rows are in the reciprocal form in line with market convention. † New Venezuelan Bolivar Fuerte introduced on Jan 1st. 2008. Currency redenominated by 1000. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at **http://www.FT.com/marketsdata**
Euro Locking Rates: Austrian Schilling 13.7603, Belgium/Luxembourg Franc 40.3399, Cyprus 0.585274, Finnish Markka 5.94572, French Franc 6.55957, German Mark 1.95583, Greek Drachma 340.75, Irish Punt 0.787564, Italian Lira1936.27, Malta 0.4293, Netherlands Guilder 2.20371, Portuguese Escudo 200.482, Slovenia Tolar 239.64, Spanish Peseta 166.386

Price of crude oil closes in on $90 a barrel

COMMODITIES

By Gregory Meyer in New York and Leslie Hook in Hong Kong

Oil prices rose to a two-year high, within striking distance of $90 a barrel after the US government reported declines in petroleum stockpiles and rising demand in the world's largest oil consuming nation.

The US Department of Energy said that commercial crude stocks fell by 3.3m barrels last week, though they are still at the upper end of normal ranges for this time of year. Stocks of petrol declined by 1.9m barrels and stocks of distillate fell by 5m barrels.

Demand for distillate, mainly diesel in commercial transport, is now 16 per cent higher than a year ago and close to all-time peaks reached in 2007.

"The question is no longer whether this is strong demand, but more whether it is sustainable," Tim Evans, energy analyst at Citi Futures Perspective, said in a note to clients.

Nymex December West Texas Intermediate crude rose $1.09 to $87.81 a barrel, earlier topping $88 for the first time since October 2008. ICE December Brent rose 63 cents to $88.96 a barrel.

Prices closed in on the $90 level that Ali Naimi, Saudi Arabia's oil minister, last week identified as the top of a "comfortable zone" for producers and consumers.

Other commodity markets took a breather on Wednesday after a very sharp rally in recent days.

Industrial metals were softer on the back of the weaker dollar and Chinese trade data showing a drop in October imports by China, whose ravenous demand for raw materials has been the main price driver of most commodity markets in recent years.

Copper for delivery in three months was 0.8 per cent lower at $8,732 a tonne on the London Metal Exchange after preliminary Chinese customs data showed October imports of iron ore, copper and oil all sharply lower than in September.

But analysts cautioned against drawing firm conclusions from the data, pointing out that national holidays stretching for more than a week in early October could have been contributory factors.

Some also said the figures could be under-reported because of inaccuracies in the customs data.

Graeme Train, analyst at Macquarie, said the data did not make any sense: "customs just hasn't processed all the material that has arrived".

Mr Train estimated that China's actual iron ore imports in October were between 55m and 60m tonnes, compared with the 46m tonnes reported by customs – a 13 per cent fall from the previous month. China's monthly iron ore figures were "wildly erratic", he warned.

Iron ore prices have risen sharply in the past week, with traders reporting that Chinese steel mills are beginning to restock and Indian exports have been disrupted by a longer than usual monsoon season.

The benchmark **iron ore** price in the Chinese spot market – 62 per cent iron content – rose 1.2 per cent on Wednesday to its highest level since May at $160.30 a tonne.

Precious metals were wildly volatile, with **silver** trading at $26.91 an ounce, down 8.4 per cent from its peak on Tuesday. **Gold** was hovering just short of $1,400 an ounce by early afternoon in New York.

Additional reporting by Jack Farchy in London

COMMODITY PRICES

Energy		Price*	Change
WTI Crude Oil †	Dec	87.81	1.09
Brent Crude Oil ‡	Dec	88.96	0.63
RBOB Gasoline †	Dec	2.2362	+0.0512
Heating Oil †	Dec	2.4419	+0.0352
Natural Gas †	Dec	4.046	-0.164
Ethanol ◆	Dec	2.307	-0.036
Uranium		58.50	5.00
Carbon Emissions ‡	Dec	€14.49	+0.19
Diesel (French)		772.25	+12.75
Unleaded (95R)		797.00	+13.00
Base Metals (LME 3 Month)			
Aluminium		2457.50	+5.50
Aluminium Alloy		2205.00	-15.00
Copper		8719.00	-111.00
Lead		2597.00	+23.50
Nickel		24450.00	+100.00
Tin		26850.00	-450.00
Zinc		2537.50	+2.00
Precious Metals (PM London Fix)			
Gold		1390.50	-30.50
Silver		2753.00	-102.00
Platinum		1768.00	-18.00
Palladium		714.00	-16.00
Bulk Commodities			
Iron Ore (Platts) ±	Dec	159.00	+2.50
Iron Ore (TSI) ≠		160.30	+2.00
globalCOAL RB Index		100.32	-0.23
Baltic Dry Index		2454	-13
Agricultural & Cattle Futures			
Corn ◆	Dec	566.75	-9.50
Wheat ◆	Dec	710.00	-11.75
Soyabeans ◆	Nov	1309.50	-9.75
Soyabeans Meal ◆	Dec	355.40	-6.90
Cocoa ❖	Dec	£1847	-26
Cocoa	Dec	2.826	0
Coffee (Robusta) ❖	Nov	1970	-86
Coffee (Arabica)	Dec	212.25	-4.80
White Sugar ❖	Dec	789.80	-15.20
Sugar 11	Mar	32.81	-0.30
Cotton	Dec	145.65	-5.58
Orange Juice	Jan	158.00	-3.55
Palm Oil	Dec	1152.50	-5.00
Live Cattle	Dec	99.400	+1.200
Feeder Cattle	Nov	112.800	+0.900
Lean Hogs	Dec	68.250	+1.700
Frozen Pork Bellies	Feb	104.500	nc

Sources: † NYMEX, ‡ ECX/ICE, ◆ CBOT, ❖ NYSE Liffe, NYBOT, CME, LME/London Metal Exchange. * Latest prices, $ unless otherwise stated. ± Platts. ≠ The Steel Index.

INDICES

	Nov 9	% Chg Mnth	% Chg Year
S&P GSCI Spt	601.86	9.1	21.1
DJ UBS Spt	155.87	11.4	18.6
R/J CRB TR	319.06	11.1	18.6
Rogers RICIX TR	3739.60	10.7	19.8
M Lynch MLCX Spt	515.65	9.2	23.2
UBS B'berg CMCI TR	1315.37	10.2	22.1
LEBA EUA Carbon	14.32	-7.6	0.5

Fed plans big December debt purchase

Announcement stems bond sell-off

By Aline van Duyn and Telis Demos in New York

US Treasuries rallied on Wednesday after the Federal Reserve Bank of New York said it would purchase $105bn of bonds by December 9, reversing an earlier sell-off.

The purchase amount, the first of a massive monetary easing programme dubbed "QE2", was in line with many analysts' expectations but still provided a boost to US Treasuries.

The Fed said it would spread buying of Treasuries over eight maturities. But nearly half of the purchases will be concentrated in 5½ to seven-year and seven to 10-year maturities.

"The larger number has attracted further attention to the fact there are going to be heavy purchases in those sectors," said Keith Blackwell, interest rate strategist at RBC Capital Markets.

In addition to the $600bn of Treasuries slated for purchase under "QE2" until the end of next June, the Fed will also buy an estimated $300bn of additional Treasuries – from reinvesting the proceeds of expiring mortgages.

The $105bn includes both new purchases and reinvested cash.

Earlier, the US Treasury had sold $16bn of new 30-year bonds, paying more interest than anticipated amid jittery trading in government bond markets and rising yields.

The 30-year bonds – a maturity that the Federal Reserve is not targeting as part of its controversial monetary easing plans – were sold at a higher than expected yield of 4.32 per cent.

Yields on US Treasury debt were initially higher following the 30-year auction, but started to fall after the New York Fed's announcement prompted a rally in Treasury debt.

Yields on seven-year bonds fell five basis points to 1.84 per cent, and five-year bond yields fell three basis points to 1.22 per cent. Thirty-year Treasury yields were flat at 4.25 per cent.

Trading in the secondary market for government debt has been volatile this week, leading some dealers to wonder if such jitters would be more common now that the Fed was likely to be a regular participant in the markets.

In recent months, reduced appetite for risk has pushed down equities and commodities but increased US government bond prices, a pattern not repeated this week. Yields on 10-year bonds are up 9 basis points, and 30-year bonds are up 13bp.

George Goncalves, strategist at Nomura, said the volatile Treasuries reflected the untested nature of the Fed's plans to buy such large amounts of US Treasuries. "No one has a good handle on what's creating the volatility," Mr Goncalves said.

The 30-year bond auction completes $72bn of note and bond sales by the US Treasury this week.

Additional reporting by Michael Mackenzie in New York

View of the Day

Qu Hongbin
HSBC

If there is to be a rival to the dollar as the world's reserve currency in the 21st century, it must surely be the Chinese renminbi, says Qu Hongbin, chief China economist at HSBC.

"We could be on the verge of a financial revolution of truly epic proportions," he says.

"China's aim of internationalising the renminbi has no doubt been helped by America's pursuit of quantitative easing, a policy that many emerging nations have interpreted as an attempt to export US economic problems via a weaker dollar. Whether or not this is so, it will surely only encourage governments, reserve managers and companies to think about alternatives to the dollar."

The increasingly important role in the global economy played by emerging markets will be crucial, he says.

"Emerging markets now account for 55 per cent of China's total trade, and this is likely to rise rapidly.

"A switch from the dollar to the renminbi for trade settlement would be an appealing option for EM nations – and we expect at least half of China's trade flows with EM countries to be settled in renminbi within five years, making it one of the top three global trading currencies.

"Given China's economic and trade power, as it moves closer towards full currency convertibility, it will become increasingly natural for the renminbi to be seen as a reserve currency," he concludes.

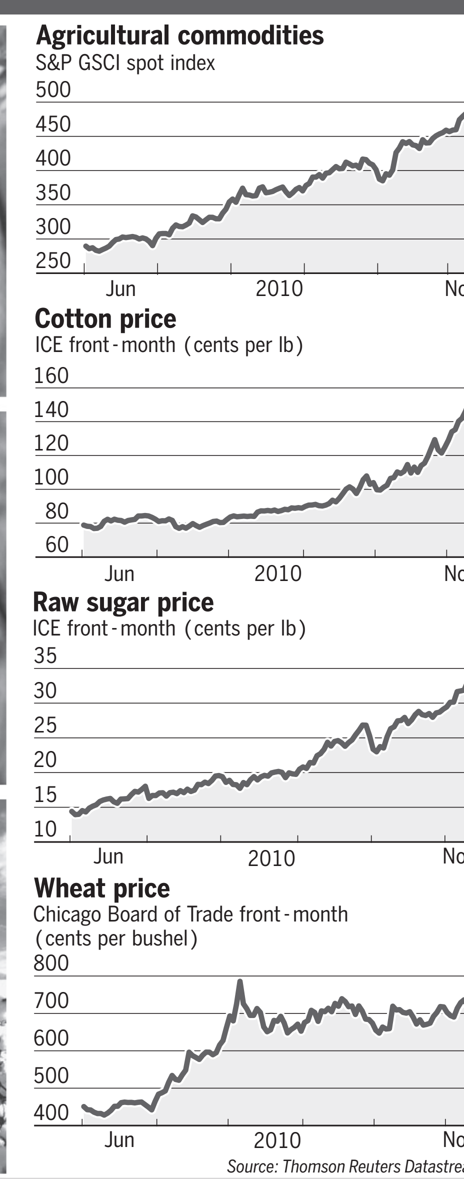
Grain export bans create a fresh crop of problems

News analysis

Government controls are adding to agricultural price volatility, writes **Javier Blas**

Could panic buying lead to 'agflation'?

FT montage Photos: Dreamstime; AFP; Bloomberg



Source: Thomson Reuters Datastream

As economists and central bankers fret about the risk of Japanese-style deflation in the west, commodity traders are warning of a very different phenomenon: "agflation".

Amid supply shortages and panic buying across the globe, prices for cotton, sugar and wheat have spiralled to multi-year highs this week, pushing up sharply the costs of materials for basic foodstuffs and clothes.

Speculators and the falling dollar have been blamed for driving agricultural commodities to these high levels, which some believe could lead to a repeat of the 2007-08 food crisis. But one of the biggest reasons for the gains has, in fact, been government action, in particular export restrictions imposed by big producers round the world. Those restrictions, which are spreading fast, have triggered a rush to snap up physical supplies of food and fibres that is exacerbating market volatility, say industry experts.

"Traders are alarmed," says Charlotte Hebebrand, chief executive of the International Food & Agricultural Trade Policy Council, a Washington-based group which advocates free trade of agricultural commodities.

The wave of export controls started in Russia in August, when Moscow banned sales of grains after a severe drought hit this year's crop.

Ukraine followed by restricting exports of wheat, barley and corn through the use of quotas. India has limited sales of cotton and sugar and kept in place a two-year old ban on non-basmati rice exports.

Pakistan has banned wheat exports, too, Egypt is restricting sales of rice and Kazakhstan is, in effect, limiting exports by only selling grains to Russia. Officials fear more countries will soon take similar action. By restricting their exports, producing nations aim to keep local markets well supplied and cap local prices. In that way, they keep a lid on social and political unrest. But the curbs have tightened international supplies, pushing up prices on global markets and distorting trade flows. Importing nations, fearful of being unable to secure what they need, could respond by hoarding supplies, further driving up prices.

The US Department of Agriculture said this week that controls on cotton exports by India, the world's second-largest exporter, had raised concerns about its reliability as supplier. The result was that "major importers are trying to lock in supplies, despite the unprecedented high prices."

The effect of that warning was electric. Cotton prices surged on Wednesday to $1.5723 a pound, the highest since futures started trading in New York 140 years ago and about 70 per cent more than eight weeks ago. In the rapidly tightening sugar market India, which may next year become the world's second largest exporter, is allowing only drip-by-drip sales of the sweetener and traders fear further restrictions. The battle to secure supplies elsewhere has helped push sugar prices to more than 33 cents a pound, a 30-year high.

For market veterans, there is a sense of déjà vu in the governments' action. Export controls were a large part of the 2007-08 food crisis, when the cost of agricultural commodities hit record highs and food riots shook some of the world's poorest countries including Haiti and Bangladesh.

Once the crisis had passed, experts and officials agreed that the restrictions, which at their the peak spread to more than 30 countries, compared with just a handful today, contributed to inflate prices. A political consensus emerged against their use.

But Hidenori Murakami, an adviser on international policy to Japan's Ministry of Agriculture, says there appears to be "political resistance" to sticking to that commitment not to resort to export bans. Trade and agricultural officials, moreover, believe the situation is not about to change.

In part, this is because the restrictions in agricultural commodities are legal under rules governing global commerce. Although the General Agreement on Tariffs and Trade, the core treaty of the World Trade

> Traders warn of extreme volatility if governments decide, suddenly, to lift restrictions

Organisation, has banned "prohibitions or restrictions" on commodities exports since 1947, it permits them when "temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential" to the exporting country.

With little prospect of a rapid resumption in exports, traders are braced for a sustained period of high prices. But they also warn of extreme volatility if governments decide, suddenly, to lift or ease the restrictions. In sugar, some traders fear a price collapse if India announces soon a larger-than-expected export quota.

The restrictions are starting to affect forward prices for commodities as well. Because the bans isolate local markets, farmers in countries from Russia to India have little incentive to expand their acreage for next season, limiting the potential supply response to soaring prices. For example, while spot – or physical – wheat traded on Wednesday at $7.15 a bushel in Chicago, the contract for delivery in September 2011, which represents the new crop, was at $8.12 a bushel.

Worse, some Russian farmers are switching their production from wheat to oilseeds, which are not covered by Moscow's restrictions, as they try to find ways to continue selling their crop overseas, officials and traders say.

That is likely to limit even more the potential supply-side response, further increasing long-term prices, traders warn, pointing to the events of 2007-08. After Argentina imposed a ban on wheat exports, local prices dropped and farmers stopped producing the cereal in favour of soya, which they could sell overseas. Wheat acreage in Argentina collapsed the next season to its lowest level in a century. Suddenly, agflation looks more than just a buzzword.

CFTC sets date for swaps proposals

By Aline van Duyn and Gregory Meyer in New York

US regulators, facing criticism that key rules for derivatives markets are taking too long to draft, said they plan to detail which institutions will be subject to tough new regulations on December 1.

The keenly awaited definitions will determine the amount of capital derivatives market participants from banks to energy companies have to put aside and will play a huge role in determining the costs of using these financial instruments.

Gary Gensler, chairman of the Commodity Futures Trading Commission (CFTC), said on Wednesday the definitions were taking longer than some other rules because they are being drafted together with the Securities and Exchange Commission. At a meeting in Washington where some new rules were put forward by CFTC staff, commissioners pressed for the key definitions to take priority.

"We must immediately produce the critical definitions that define swap market participants," said Scott O'Malia, one of five CFTC commissioners who will vote on new rules.

Gary Gensler: proposals will be unveiled on December 1

Mr Gensler said definitions of swap participants would be proposed at a December 1 meeting. Rules for categorisation of different classes of derivatives were likely later in December, he said.

Companies tagged as swap dealers would have to show threshold amounts of capital on their balance sheets and post collateral to cover against derivatives losses. The CFTC, along with the SEC, is charged with drafting rules for non-banks as part of a dramatic overhaul of the derivatives markets.

Mr Gensler has said more than 200 companies could qualify as dealers, including banks and industrial companies that sell energy and commodity swaps. Other big swap traders could face similar regulations as so-called "major swap participants".

Entities ranging from oil companies to hedge funds have argued that they fall outside both of these categories. Many cite the exemptions for companies that use derivatives to hedge the risks of commodity prices or foreign exchange and interest rates.

A letter from the National Association of Manufacturers said it is "crucial" that the new rules "include a strong and workable exemption for end-users, such as manufacturers."

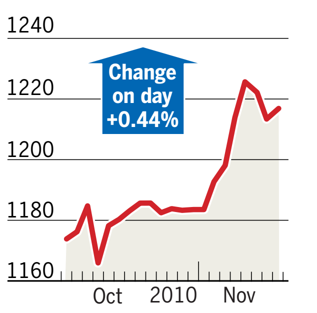
The Alternative Investment Management Association, a hedge fund group, is worried some members will be "incorrectly classified" and as a result "subject to burdensome and unworkable requirements".

★★

MARKETS

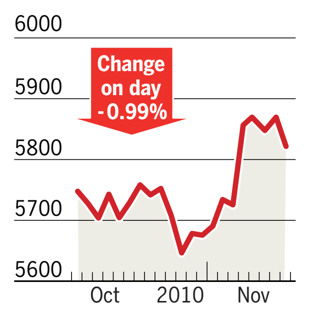
Thursday November 11 2010

S&P 500 index



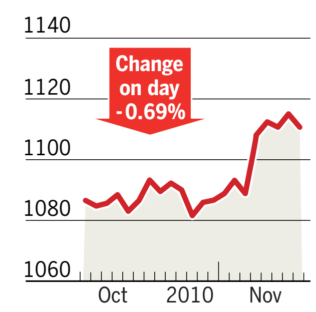
US equities
Gains for consumer discretionary stocks helped offset early losses in the healthcare sector, as trading remained cautious given fears over eurozone debt and uncertainty about Chinese monetary policy

FTSE 100 index



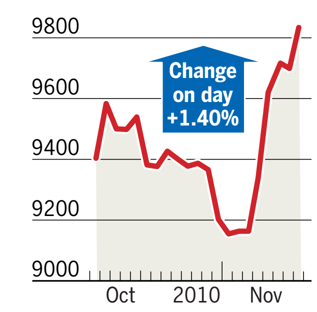
UK equities
The FTSE 100 was hit by losses for mining stocks as metals prices fell. Rolls-Royce dipped amid fresh concerns about its aero engines, while J Sainsbury gave back some of its recent gains after it met first-half profit forecasts

FTSE Eurofirst 300 index



European equities
Banks and carmakers were weaker after some disappointing earnings reports helped pull the Eurofirst 300 back from a two-year high. Henkel bucked the trend after impressing with its quarterly figures

Nikkei 225 Average



Asian equities
Tokyo's Nikkei closed at four-month high although most markets in the region were hit by worries over monetary tightening in China. Shanghai fell 0.6 per cent, Hong Kong 0.9 per cent and Mumbai 0.3 per cent

Source: Thomson Reuters Datastream

Markets updated at www.ft.com/markets

Beijing policy concerns prompt flight from risk

GLOBAL OVERVIEW

Irish government bonds in spotlight

Pound at six-week high against euro

By Dave Shellock

Global equity and commodity prices continued to fluctuate as investors weigh worries about tighter monetary policy in China and fears for the eurozone against the inflationary effects of the US Federal Reserve's $600bn "quantitative easing" programme.

Alarm bells sounded early on in the session as China moved to raise the reserve ratio requirement for commercial banks – heightening expectations for another interest rate rise before the end of the year.

"It's quite likely the decision to hike the RRR was in part driven by a desire to bolster efforts to stem the effect on the renminbi and domestic liquidity of rising 'hot money' inflows following the US Federal Reserve's launch of a second round of quantitative easing earlier this month," said Nick Chamie, global head of emerging markets research at RBC Capital Markets.

Divyang Shah, strategist at IFR Markets, highlighted the dollar's push above Y82 to a one-month high, the euro's break below its October low to trade beneath $1.37 and gold's slide under $1,400 an ounce as significant moves.

"All systems are flashing a warning sign of a large correction," he said. "The correction will provide an opportunity to gauge not only the extent of existing speculative positioning but also how much of an interest there is to buy risk on dips."

"This move further highlights that Beijing's policy focus has shifted decisively from concerns about domestic growth and external demand to concerns about inflation pressures and liquidity management."

There were widespread rumours in the markets that the Chinese inflation figure, due out on Thursday, could be much higher than previously thought.

Data on Wednesday showed that China's trade surplus had jumped to $27.1bn last month from $16.9bn in September – news that analysts said was likely to add to global pressure for China to allow further renminbi appreciation.

In Europe, Ireland was again in the spotlight as the premium demanded by investors to hold its **government bonds** rather than benchmark German Bunds soared to a record.

The Irish-German 10-year spread widened to more than 600 basis points as LCH.Clearnet, the clearing house, raised its margin requirement for trading Irish debt.

Peripheral eurozone bond yields have risen since the end of last month amid uncertainty about German proposals for new debt crisis management procedures. These would involve debt restructuring with losses for private holders of sovereign bonds.

The Portuguese-German spread widened 24bp to 460bp, a record. Lisbon managed to auction €1.24bn of six- and 10-year paper, at the upper end of the expected range, although yields were much higher than in previous auctions.

US Treasuries saw further selling ahead of a sale of $16bn of 30-year paper, but rebounded after the Fed announced it would concentrate its "QE2" purchasing in 5- to 10-year bonds.

In the UK, the 10-year gilt yield rose 15bp to 3.18 per cent after the Bank of England's quarterly inflation report was widely interpreted by the market as indicating less chance of further quantitative easing.

"In August, the possibility of further monetary easing seemed substantial. Now the chances of additional QE appear more remote," said Simon Hayes, UK economist at Barclays Capital.

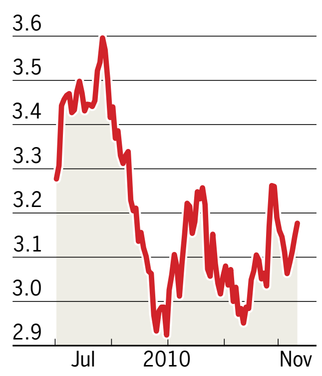
On the **currency markets**, the inflation report helped drive sterling to a six-week high against the euro, although the single currency ended the day slightly stronger against the dollar.

Equity markets were mostly lower, although Wall Street did show some signs of resilience as the S&P 500 clawed back an early 0.7 per cent fall to end 0.4 per cent higher.

The FTSE Eurofirst 300 shed 0.7 per cent. Chinese stocks were lower, with Shanghai down 0.6 per cent and Hong Kong off 0.9 per cent. However, the Nikkei 225 in Tokyo climbed 1.4 per cent to a four-month high.

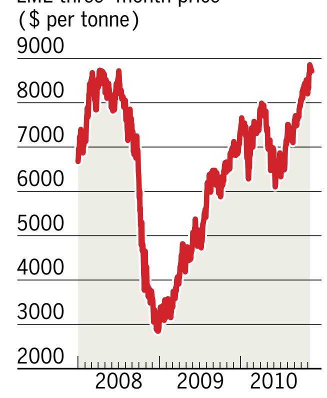
Commodities were generally lower, in line with the firmer dollar. Gold dropped as low as $1,384 before paring its decline and copper fell back from Tuesday's near-record high. But oil climbed back above $87 a barrel after a US inventories report showed declines.

UK government bonds
10-year gilt yield (%)



◀ Gilts retreated sharply, sending gilts yields higher, after the Bank of England's quarterly Inflation Report damped speculation that it would embark on a further programme of asset purchases

Copper
LME three-month price ($ per tonne)



▶ The price of copper retreated after moving to within striking distance of its record high on Tuesday, as Chinese import data raised concerns about demand for the metal

Source: Thomson Reuters Datastream

Anglo American holds firm on heavy demand for copper

LONDON

By Bryce Elder and Neil Hume

Mining stocks led the FTSE 100 sharply lower on Wednesday, but **Anglo American** stood firm against the trend.

Anglo was in focus after chief executive officer Cynthia Carroll said she expected copper demand to remain "very strong," and as Citigroup argued that the stock looked mispriced.

Anglo shares have lagged behind peers in 2010, partly in reaction to political risks in South Africa and the strength of the rand. But Anglo's South African subsidiaries have not shown the same degree of underperformance, Citigroup noted. It reckoned the listed subsidiaries — Anglo Platinum, Kumba Iron Ore and Exxaro Resources — have a combined value of $35bn, equivalent to 56 per cent of the group. That compared with a historic average of 47 per cent, it said.

The broker also noted that Anglo's rump was being valued at only 7.2 times earnings, compared with a sector average of 9.2 times. "We calculate Anglo's fair value per share at £39, which implies 32.5 per cent upside," it said.

Anglo closed at £29.55, down 0.1 per cent, even as the rest of the miners followed metals prices lower in response to China's efforts to stem inflation.

The FTSE 100 lost 58.25 points, or 1 per cent, to 5,816.94. **Lonmin** was the sharpest faller, down 4.7 per cent to £18.06, **Antofagasta** lost 3.8 per cent to £14.05 and Kazakhmys was 3.8 per cent weaker at £14.94.

Schroders, the previous session's biggest gainer, lost 2 per cent to £16.33 after Credit Suisse downgraded the fund manager to "underperform" on valuation grounds. Better than expected fund flows were driven by "lower-margin institutional or sub-advisory business," it argued.

Burberry, the recent subject of takeover speculation, slipped 2.7 per cent to 999p ahead of interim results on Tuesday. "We do not see much strategic or financial rationale for private equity money to enter so late in Burberry's transformation story," said Citigroup, which kept a "hold" rating.

Marks and Spencer faded 2.6 per cent to 395½p in the wake of Tuesday's strategic review, which led Goldman Sachs to cut the stock from its "conviction buy" list.

The investment programme to increase floor space, while sensible for the long-medium, will dilute short-term earnings, Goldman said. Dealers also noted that former chief executive Stuart Rose had sold 100,000 M&S shares on results day.

InterContinental Hotels was off 3.5 per cent to £11.00 following downgrades from Barclays Capital and Natixis in the wake of Tuesday's earnings from the hotelier, which missed forecasts because of management bonus pay-outs.

Defensive companies filled the leaderboard.

Scottish & Southern Energy rallied 3.8 per cent to £11.60 after the group said it was on track to match full-year expectations. SSE also guided for a dividend of at least 74.5p, which analysts said looked safe following the group's price hike last month for its retail gas customers.

BAE Systems climbed a further 3.1 per cent to 359½p following its investor day on Tuesday, where the defence group's management said it could keep growing organically in spite of budget cuts. BAE also said orders had been strong for its electronics division, in contrast to recent guidance from peer Cobham.

Among the mid-caps, **Heritage Oil** jumped 5.1 per cent to 370¼p amid vague speculation about a settlement in Iraq that would allow Kurdistan producers access to export markets.

Soco International took on 5.1 per cent to 340½p after JPMorgan Cazenove joined the many brokerages that consider the oil explorer a takeover candidate. "We believe the most likely buyer of Soco would be one of the resource hungry Asian national oil companies . . . with the Koreans and then the Chinese being the most likely in our view," it said. A price of between 400p and 500p would be "fair", it added.

Aveva, the maker of design software, fell 4.3 per cent to £14.54 as the departure of finance officer Paul Taylor overshadowed in-line interim earnings. A valuation of 26 times earnings left little room for disappointment, analysts said.

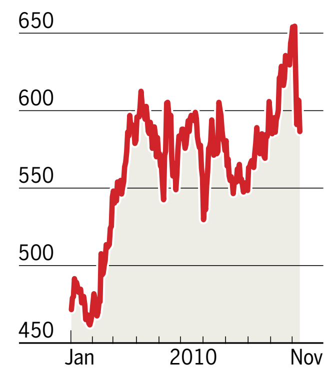
Stake sale rumours weigh on ITV

ITV slipped 2.5 per cent to 69¾p amid rumours that one large investor was looking to offload its stake.

One theory was that BSkyB may be keen to sell its remaining 7.5 per cent holding to help appease regulators examining the takeover offer from parent company News Corporation.

BSkyB sold a 10.4 per cent stake ITV for 49½p apiece earlier this year, having paid 135p a share for the stock in 2006.

Rolls-Royce
Share price (pence)



Source: Thomson Reuters Datastream

▲ Rolls-Royce slipped to a six-week low, down 3.1 per cent to 588½p, after Singapore Airlines grounded three planes as a precautionary measure having found oil stains in their engines. Rolls has tumbled 10.2 per cent since last week's mid-air blowout

Key indicators

FTSE 350	Closing price	Day's change	Day's chng%
Rises			
Computacenter	394.20	+29.20	+8.0
Kenmare Resources	24.85	+1.35	+5.7
Soco Intl	340.50	+16.60	+5.1
Heritage Oil	370.20	+17.80	+5.1
Fenner	281.60	+12.50	+4.6
Falls			
JD Sports Fshn	753.50	-46.50	-5.8
Hochschild Ming	540	-29.50	-5.2
Barr (A.G.)	£11.62	-58	-4.8
Lonmin	£18.06	-88	-4.6
Xchanging	126.20	-5.80	-4.4

Indices	Close	Day's change
FTSE 100	5816.9	-58.3
FTSE 250	10994.5	-112.4
FTSE 350	3070.6	-30.9
FTSE All-Share	3003.45	-30.03
FTSE All-Share yield	2.93	2.90
FTSE 100 Fut Dec	5809.0	-55
10 yr Gilt Yield	3.17	3.04
20yr Gilt All-Share Ratio	1.40	1.38

African Minerals issue looms

SMALL CAPS

By Neil Hume and Bryce Elder

Frank Timis's **African Minerals** was in focus as rumours spread that the mining group was putting the finishing touches to a $300m fundraising.

The talk in the market was that the placing of new shares would be pitched at a small discount to last night's closing price. African Minerals fell 3.4 per cent to 425p.

This year, the Aim-quoted company signed a $1.5bn (£930m) deal with Shandong Iron and Steel Group, one of China's largest state-owned mills, to develop its flagship mine at Tonkolili, an iron ore deposit in Sierra Leone.

However, the deal has yet to be finalised and a due diligence deadline passed on Wednesday. Traders expect to hear an update on those discussions when the fundraising is announced.

Berkeley Mineral Resources dipped 9.4 per cent to 7p after the tailings processing group quashed bid rumours.

Traders think Berkeley is actually trying to raise £10m-£15m by way of a share placing to bolster its finances ahead of the purchase of a tailings dump in Kabwe, Zambia.

Beacon Hill Resources added 15.3 per cent to 17p on news of a supply agreement with Global Coke for the output of its Minas Moatize coal mine. The deal values the project at $210m – three times Beacon Hill's current market value.

Triple Plate Junction soared 57.8 per cent to 4p after the gold miner revealed that it had rejected a 4p-a-share cash offer from Newmont Mining, which is considering what to do next. Triple Plate also said it had raised £2.5m via a sale of new shares at 2½p to fund its joint ventures and exploration in Papua New Guinea and Vietnam.

Silence Therapeutics climbed 15.3 per cent to 10p after the company claimed its lead RNA interference drug could prevent the spread of cancer to the lungs. Whiteboard maker **Promethean World** dropped 5.7 per cent to 82½ after a profit warning from US rival Smart Technologies.

Ralph Lauren and Macy's cheer consumer sector

WALL STREET

By Hannah Kuchler in New York

Better-than-expected earnings from **Macy's** and **Polo Ralph Lauren** lifted consumer discretionary stocks while the wider market edged up.

The S&P 500 consumer discretionary index pushed up 0.8 per cent and the retail sector also rose 0.8 per cent.

Polo Ralph Lauren was up 7.3 per cent to $108.28 after its second-quarter profits beat expectations.

The fashion and luxury brands company said it expects sales in its fiscal year 2011 to rise by a low double-digit percentage, higher than it previously forecast. But the company also said margins would decline in the second half of the year because of rising labour, raw material and transportation costs.

Macy's, the department store chain, adapted to local tastes and benefited from a rise in spending at its high-end Bloomingdale's stores.

The retailer beat expectations, reporting a quarterly profit compared with a loss for the same period last year. Sales were higher than expected and the company reaffirmed its forecast for same-store sales in the fourth quarter to rise 3-4 per cent. The chain also edged its full-year profit outlook higher to a range above some analyst estimates. However, its shares slipped 1.4 per cent to close at $24.86, after rising 28 per cent in the last three months.

Rivals rallied with **Nordstrom** higher by 1.2 per cent to $42.39 and **Saks** gaining 1.1 per cent to $11.56.

The S&P 500 closed up 0.4 per cent at 1,218.75, the Dow Jones Industrial Average rose 0.1 per cent to 11,357.04 and the Nasdaq Composite finished 0.6 per cent higher at 2,578.78.

Some pharmaceutical stocks fell, with **Eli Lilly** declining 0.8 per cent to $34.99 and **Pfizer** dropping by 1 per cent to $16.83.

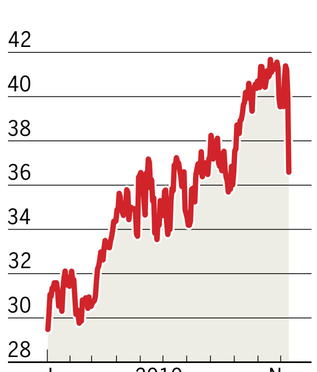
In industrials, **Boeing** shares were sent 3.2 per cent lower at $67.07 after the emergency landing of a test flight of a 787 Dreamliner. It was reported that the aircraft was forced to land due to a fire on board.

Research in Motion, the maker of BlackBerry handsets, jumped 6.3 per cent to $58.44 after it said that the PlayBook, its tablet computer, will sell for less than $500, making it cheaper than Apple's iPad. But Apple shares still edged up 0.6 per cent to $318.03.

The deal speculation dominating the market this week continued as **BJ's Wholesale Club**, the warehouse store operator, gained 12.6 per cent to $47.34 after it was reported that it could be considering options, which included a sale of the business. Assurant a provider of specialised insurance products, was the biggest S&P 500 faller.

Assurant, the insurer of foreclosed properties, slid after an American Banker article said there was "evidence of abuses" in the industry. The shares lost 11.2 per cent to $35.66.

Assurant
Share price ($)



Source: Thomson Reuters Datastream

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Resorting to desperate measures

Jessica Twentyman finds some jobseekers will lie and cheat to get hired – with some curious results

Desperate times call for desperate measures and today's jobseekers are increasingly prepared to take them.

The current UK employment market is difficult and volatile: John Philpott, chief economic adviser at the Chartered Institute of Personnel and Development, is grimly predicting a fresh peak of unemployment at around 2.9m people.

So is subterfuge the only way to secure a job? A recent survey by the IT Job Board, an online advertising site for technology vacancies, found 62 per cent of respondents would keep details of a vacancy secret from their colleagues in order to avoid competition for a role.

Some respondents endorsed more questionable tactics: 35 per cent said they would make persistent calls to a recruiter to try and secure an interview and 13 per cent claimed that they would visit a recruiter's premises and refuse to leave until they were seen.

Other candidates are more covert, turning to social network websites to get an "inside track" on interviewers before they meet them, says James Callander, managing director of FreshMinds, a recruitment company. Preparation is no bad thing – but it depends on how information is used.

"We had one candidate who found and read his interviewer's Facebook profile," says Mr Callander. In the interview, he claimed to have the same interests as his female interviewer – cheerleading and baking. "I'm not saying this happy coincidence is impossible but, in context, it was not only funny but rather obvious," he says.

Another jobseeker, he adds, began following a prospective interviewer on Twitter, the microblogging website, and used information from messages the interviewer posted on the website to corner them in an impromptu, face-to-face encounter – a manoeuvre not far removed from stalking.

Such tactics are hardly likely to work in an applicant's favour, but neither are imaginative embellishments of talents and achievements. Chris Morling, managing director of money.co.uk, a personal finance comparison website, recently interviewed a candidate who claimed on her CV that she could speak basic Japanese.

Gissa job: Competition might be fierce but recruiters can usually sense a candidate's desperation Reuter

> A growing number of applicants use rogue internet-based companies that offer to 'act as your past employer'

At the interview, however, the truth emerged: "I said 'Hello, nice to meet you' in Japanese," says Mr Morling. "She looked at me a little blankly, and then said, 'Oh, I've only been to one lesson'."

Some are prepared to resort to blatant lies. At LA Recruitment in Aberdeen, a company that hires people on behalf of clients in the international energy sector, lying about one's age is one of the most common tricks that recruiters see, according to Mhairi Preston, company director.

A recent applicant knocked eight years off his real age, she says – a fact that only came to light when staff at the firm remembered the same man had applied for another client vacancy a couple of years earlier and sent in his passport details as part of the process. "We did challenge him about it, and he admitted it, saying he thought knocking a few years off would do him some good," says Ms Preston.

Some lies are more serious than others, as are the repercussions of telling them. In March, Rhiannon Mackay became the first woman in the UK to be jailed for lying about her qualifications and making up references – but only after she had worked for more than a year in the role of capital projects administrator for the National Health Service.

In response, employers are becoming far more alert to the problem of job application fraud, according to Mathew Armstrong, business development manager at NorthgateArinso PeopleChecking, which provides background checks and employment screening services to organisations in the private and public sectors.

In recent years, PeopleChecking has seen not only a sharp rise in demand for its services – up 25 per cent this year, says Mr Armstrong – but also in the proportion of job applications that contain discrepancies or misrepresentations.

These range from simple errors in employment history dates to concealing a criminal record. In 2007, discrepancies were found on 14 per cent of all applications checked. In 2009, the proportion had risen to 19 per cent, and Mr Armstrong expects it to hit 22 per cent this year.

"To some extent, we put this rise down to a culture in which job candidates genuinely believe they need to 'flower things up a bit' on their CVs in order to have an edge over other candidates," he says. "But current market conditions certainly seem to be having an effect on the willingness of candidates to stretch the truth or even make things up."

Another firm, Powerchex, screens applications for jobs in the financial services sector and produces an annual report of its results. Its discrepancy rate has just fallen slightly to 15 per cent.

"A 15 per cent discrepancy rate is still worrying – higher than in 2007 or any of the previous years," say the report's authors. "The extraordinary financial climate is likely to be a factor: high unemployment and fierce competition for jobs means that applicants may feel the need to falsify parts of their application to give themselves a better chance."

Plus, they note, the proportion of concealed criminal records rose by a factor of three this year and almost one in 50 individuals applying for jobs at financial services companies was found to have a negative credit record.

Another worrying trend, says Mr Armstrong of PeopleChecking, is the growing number of applicants who use rogue internet-based companies that offer to "act as your past employer" and back up claims about qualifications and work history.

He warns: "For a fee, these companies provide contacts who will verify details or provide references. Checking that references are legitimate is really hard for companies to do in-house, unless they can spot the warning signs."

Anyone competing against legions of others for a single vacancy might be justified in feeling desperate – but recruiters can usually sense that des-

Continued on Page 3

Inside this issue

Executive Appointments

A photo on my CV got me my first interview

Your Questions Answered
GILL PLIMMER

I'm a new graduate (female) and have sent my CV all over the place and had no response. But the first time I included a picture of myself, I was asked to go for an interview. I'm not sure how I feel about this.

Maggie Berry, managing director at Women in Technology, a recruitment and networking firm, says:
It's not the done thing to put a photo on a CV in the UK. It can also prejudice the decision either positively or negatively, and you'll never know.

The vast majority of decision-makers in the City are men but you want to get the job on your merits. If you did get the job on the basis of the photo, what would be the rationale behind it? Given it's not the norm here, it does make one question the rationale of the hiring manager.

That said, it's much more common to include a photo in continental Europe, so it's possible the manager was European and didn't think anything of it.

All the same, my advice is: don't do it – at least not in the UK.

I would check that you have a good photo and profile online, though. We check candidates on LinkedIn and some employers use Facebook. We saw a holiday snap of a candidate yesterday who had a strapless top on. It looked as if she was hardly wearing anything – not quite the professional image she wanted to project.

There are some companies that are considering video applications but I don't think we're there in the City yet.

If you are having trouble getting interviews you may want to let someone look at your CV.

Adrian Kinnersley, managing director of Twenty Recruitment, says:
What did you hope to achieve by adding your picture to a CV in the first place? I'm assuming you are an attractive woman and if so you are hardly the first to leverage looks to get results.

Unfortunately, that's the way of the world but having never been blessed with those kinds of looks, I'm not really too sympathetic.

Still, it is a difficult market for graduates so I guess you have to use whatever methods you can, especially at graduate level. If it gets you a foot in the door I can hardly blame you, although it's highly unlikely you will get much further if that was the sole reason for bringing you in for an interview.

The person who selected you to attend the interview is unlikely to be the final decision maker so you'll have a lot to prove on the day.

At this level you're really hired for your potential, but rather than improving your aesthetics I'd focus on adapting your CV to make you more appealing.

Demonstrate a passion for the industry you're seeking to join and point to any work experience as evidence that you can fit into a corporate environment quickly and easily.

Was sending in a photo an experiment to see if the world is a fickle place? Clearly the reality is that the world is discriminatory, much as we would like it not to be.

We do get sent quite a few CVs with photos and from our experience it makes absolutely no difference whatsoever. The higher up the food chain you get, the less likely you are to get the job whatever you look like if you don't have the skills.

We would never send a photo on to an employer. It's not common practice in the UK to include a photo, though it is more prevalent in Europe and the US, where they are beginning to embrace Skype or video interviews as part of the screening process.

What is interesting is that some companies have diversity targets. Although looks are not strictly relevant it could be that having you join the company might help to improve its statistics. So in that case you could argue there's some benefit to adding a photo – but only if you have a confusing name. And even then I doubt it. I really don't recommend sending in a photo at all.

E-mail your recruitment questions to: recruitment@ft.com

Leveraging looks: employers hire on the basis of potential, not appearance Dreamstime

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Don't underestimate the insight recruiters can offer

Head to Head
MARK SHELDON

Mark Sheldon is managing director of the finance division at Hays, the recruiting firm

How did you get your current job?
Many years ago I went from novice skier to competitive racer within two years. When I decided to leave the mountains and get a "proper job" it helped me to show prospective employers my ambition and motivation to succeed.

Do you work in a specialist area?
I run our specialist finance businesses and all the niche areas that fit within it. Specialising is important to be able to demonstrate that you understand exactly where the candidate is coming from and what the client needs. We recruit experienced senior finance professionals in a range of industries and across both the public and private sectors.

How do you see your job?
My job is about developing relationships with our customers so we can exceed their requirements. Our job is the culmination of understanding the role, the market, the company and the individual so we can make a match. Recruitment is important – yet so undervalued, given that the right job can really change somebody's life and the right individual can make a huge difference to a company's bottom line.

Most effective communication?
Building a relationship based on trust is the primary driver so recruitment is best suited to face-to-face communication and there isn't a substitute for this. How much technology is involved in day-to-day communications depends on the sector and the individual.

How do you see the role of social media, such as LinkedIn?
Social media is part of the mix and shouldn't be ignored. It is already part of our strategy for attracting and engaging with job seekers and is a particularly good way of engaging with more "passive" candidates who may not necessarily be searching for a job, but may be open to the idea. It will be a massive part of our future.

How do you approach the big call?
Have a clear strategy about what you want to achieve and how you intend to approach it, then put yourself in the candidate's shoes and consider how you could respond to any reservations they might have. Most importantly, be prepared and don't be afraid to offer an opinion.

Best time to approach someone?
First thing in morning or last thing at night is always best. Executives are busy people and we need to work to the diaries of our customers.

Are executives in some sectors more receptive to calls than others?
Most people want to speak with a recruiter if the job is well matched and the recruiter can explain why this is the case – after all, nobody ever throws away a recruiter's business card.

How can you persuade reluctant movers to take a post?
It has to be their decision. Executives can't be fooled and you shouldn't try. Be clear and honest about what the opportunity is, why they are suited to it and how it is aligned with their long-term career goals.

How loud a voice should the recruitment sector have?
Much louder – don't underestimate the insight a recruiter holds. A recruiter that deals with a variety of sectors will have insight from a breadth of employers and employees and so can advise on a level that an individual employer or jobseeker can't.

Is recruitment a bellwether for changes in economic fortunes?
Without a doubt, recruitment offers a strong signal for what is happening in the rest of the marketplace.

Hotel opens its doors to local labour pool

Profile
Glasgow Marriott

Andrew Bolger visits an employer happy to hire former offenders and people with drug problems

Award-winning policies: the Glasgow Marriott was named employer of the year at this week's National Business Awards

Many employers would hesitate to hire staff with a history of long-term unemployment, former offenders or people who have had mental health or drug problems.

But the Glasgow Marriott Hotel has deliberately set out to offer jobs to people from all these categories – and has enjoyed increased profitability and improved service standards.

Alistair Kinchin, general manager of the hotel, says: "We want to be an employer that people want to have in their cities – to do that you have to be interested in more than profit."

The Glasgow Marriott has developed employment policies to deal with the city's distinctive labour market. Glasgow has long been marked by high levels of long-term unemployment, but the hotel also – at least until the recent recession – saw fierce competition for candidates for entry-level jobs from other hotels, call-centres and supermarkets.

To reach those who have become disconnected from the world of work, the hotel has forged links with Glasgow's social work department, drugs court, mental health partnership and regeneration agencies.

The hotel joined the "Glasgow Works Strategy" two years ago, a pilot scheme that needs the support of private business to remove the barriers to employment for people traditionally outside the labour market.

Ten trainee chefs have also been taken on by the hotel under the government's Future Job Fund initiative, some of whom will be offered full-time positions when their six-month stint is complete.

All the trainee chefs spend one day a week preparing food at the Glasgow Lodging House Mission, a day centre for homeless and disadvantaged.

Patricia Rayner, the hotel's human resources director, says: "It is an eye-opener for them, and helps give them a sense of social responsibility."

Members of the hotel's human resources team have in the past delivered training to Cornton Vale, Scotland's only prison for women. The same team has developed a "Spirit to Serve" personal development course for women with mental health problems, based on instilling confidence.

One employee – who had previously not worked for 12 years – has now been employed at the hotel for nearly two years, has her own car for the first time and recently moved into a new flat. She has achieved this, even though the hotel admits that her adjustment to full-time working "initially led to issues with timekeeping and performance".

Ms Rayner says: "Such problems are not unusual. It is about changing the habit of a lifetime, and the first three months are crucial. If you can get beyond that, the chances of them becoming successful long-term employees are very high."

The Glasgow Marriott aims to provide its trainees with mentors – often older employees who can answer routine questions and provide support without the trainee having to consult their supervisors.

Ms Rayner says: "We had one youngster who wanted to resign from his job in the laundry. Only after repeated questioning did he reveal that he was struggling to get in for the start of an early morning shift. But, not wanting or knowing how to raise this issue with management, he just assumed he would have to quit."

Mr Kinchin says that becoming mentors also offers an opportunity for self-development to longer-serving members of the hotel's staff.

"People who have been here a long time are inspired by the challenge – it is more work and more commitment, but it is very gratifying for them to help the youngsters flourish," he says.

Mr Kinchin says the biggest challenge facing the hotel in the last couple of years has been the economic recession. But whereas there were redundancies at other Marriott outlets, the Glasgow hotel made only one person redundant throughout the downturn.

This was achieved by a brief recruitment freeze. People were then asked to volunteer to work in other departments when required, or offered to work a four-day week for a limited period. At the hotel's quarterly "town hall" meeting the purpose of these steps was shared and discussed with all employees.

At the end of last year, these measures were discontinued, and each member of staff was personally thanked. All employees must attend these town hall meetings with the general manager, at which the hotel's sales, costs and profits are discussed.

The downturn reduced the hotel's corporate business and drove down average room rates. But employee "engagement" figures – measured through a variety of key questions in an annual survey – increased from 66 per cent in 2008 to 72 per cent in 2009.

Guest satisfaction has been above the Marriott brand average, too, and profits increased from just over £2m in 2008 to more than £3m in 2009. Staff turnover – traditionally high in the hotel sector – fell from about 25 per cent to 14 per cent in the year to July.

Although the downturn and the fall of sterling has caused some former east European employees to return home, the Glasgow Marriott's 158-strong staff includes more than 20 nationalities. Staff retention is a key aim and all jobs are first advertised internally. Most supervisors have been promoted from within.

The Glasgow Marriott's successful employment policies have been rewarded, with the hotel being named employer of the year at this week's National Business Awards ceremony in London.

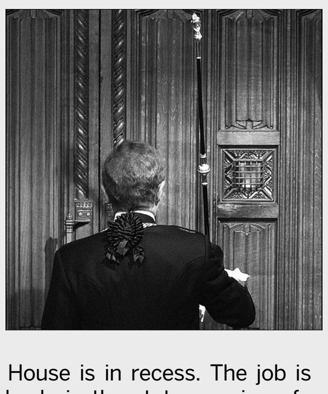
Ms Rayner says that while there have been some difficulties as a result of recruiting people with challenges, those who have made it with the hotel's support have an excellent record of attendance and timekeeping, resulting in long service.

Mr Kinchin acknowledges: "We are a business – it doesn't always work out. There is a balance to be struck."

But he stresses: "We don't do this because we are good people. We do it because we want to be good corporate citizens – providing more than just accommodation and eateries."

Andrew Bolger is the FT's Scotland Correspondent

Recruitment News Peter Whitehead

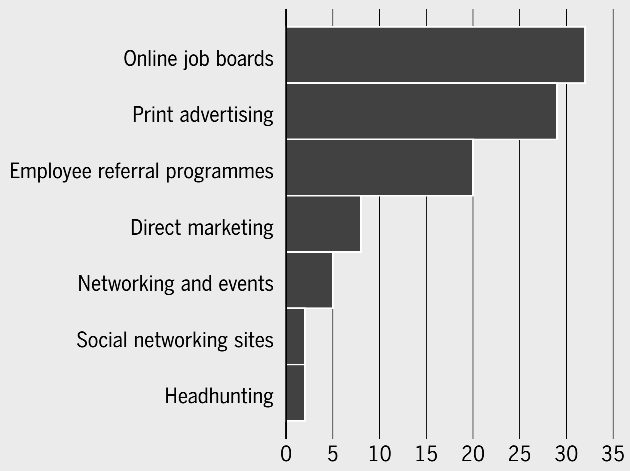


● **Job of the week:** Parliament needs a new Black Rod, following the resignation of Sir Freddie Viggers through illness. The main responsibilities involve security arrangements and organising ceremonial events. You need to be able to work in a complex political environment; the pay is £82,900 for a 41-hour week (plus occasional overnight stays); and leave may only be taken when the House is in recess. The job is best known for its ceremonial role in the state opening of parliament, during which the doors to the House of Commons are slammed in Black Rod's face. Don't apply if you can't stand rejection. www.parliament.uk

● **Referrals** Some of the ideas in last week's cover feature about the use of technology in enabling referrals by existing staff in the recruitment process drew some criticism. The fear is that this can lead to a workforce merely replicating itself as employees recommend their family and friends – something that legislation is aimed at preventing. Now, social network LinkedIn has launched Referral Engine, to enable companies to tap into the countless professionals listed in their employees' LinkedIn networks in search of the ideal candidates. FT Executive Appointments clearly needs to take a closer look at this issue in the near future.

● **Non-executive director news:** Boards could be seriously underestimating the risks an organisation faces. There is a tendency to focus on the top 10 risks, warns Matthew Leitch, author, educator, and consultant, in the fourth of a series of eight articles on risk management. "It is common for risk reporting to exclude risks that do not make it into the top 10, or whose importance is below some threshold for reporting. The risks left out are supposed to be individually insignificant, but collectively they may be anything but." Read it at **www.non-execs.com**

Methods used to source candidates in the UK
% of respondents



Source: Randstad 2010/2011 World of work report

Employers in the UK are big users of print advertising and online job boards – as well as referrals by employees

How far would you go to get a job?

Continued from Page 1

peration, advises Steve Leeson, operations manager in financial services at recruitment consultancy Morgan McKinley. "If you're going to make claim to a skill or experience, you'd better make sure you can back it up rigorously," he says.

What really makes one candidate stand out above another, says Kevin Hogarth, global HR director at law firm Freshfields Bruckhaus Deringer, is preparation: "It would be a significant disappointment to me if a job candidate turned up to an interview with little knowledge of our firm, who our competitors are and the latest issues and trends in the market – especially given the wealth of information available on the internet and the intense competition there's likely to be for a role."

The best candidates will also have thought about the questions they want to ask: "It's always a surprise if candidates pass up the opportunity to ask their own questions, because this is a key opportunity to make an impression and give the recruiter some insight into your personality and motivations," says Mr Hogarth.

While desperation can lead candidates into dangerous strategies, it seems a lively and robust curiousity about a role is more likely to succeed.

Head of Finance

THE GODOLPHIN COMPANY LTD

The Godolphin Company Ltd is the management company for a diverse portfolio of businesses based in West Cornwall. The businesses are either connected to or in the ownership of the St Aubyn family based at St Michael's Mount. They include the St Aubyn Estates, St Michael's Mount (operated in partnership with the National Trust), a pub/hotel (The Godolphin Arms), a building company and an in hand farming operation.

West Cornwall ◆ c £50,000 + Benefits

The Head of Finance will strengthen the senior management team, head up and manage the accounting team and provide the Directors with transparent and manageable financial information. The key responsibilities will be:

- Development of Group financial policies, look into the strategic financial direction of the company and be responsible for the financial planning and forecasting of the business
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- Participation with the CEO in corporate level negotiations regarding premises, plant, trading, acquisitions and divestments

Applications are invited from qualified Accountants (ACA/ACCA or overseas equivalent) with relevant post-qualified experience in a business with a turnover of up to £20 million. You must have experience leading, managing and developing a finance team of five or more. Board level experience will be useful. It is necessary to be competent with MS Windows, Office and specialist accounting software. You should be a natural problem-solver, strong interpersonally and have entrepreneurial flair. It is important to have an interest in West Cornwall and experience in the tourism industry is highly desirable.

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Leading a highly skilled and driven team you will report to the Assistant Finance Director and will help strengthen the role that finance plays in steering the business while continuing to deliver accurate and timely financial information.

The team is responsible for the statutory accounts, production of monthly management accounts and the budget and forecasting process and subsequent monthly budget holder meetings.

You will be able to actively contribute to the commercial success of the Group by understanding the business model and ensuring effective and relevant information is provided for decision making.

You will be able to build strong relationships both internally and externally and lead an established team.

Your ability to effectively communicate financial concepts/statistics to non-finance staff at senior level will be key to your success.

Applicants should be qualified (ACCA, CIMA, ACA or overseas equivalent) and have experience of working in an RSL and have knowledge of the relevant SORP.

If you feel this is an opportunity for which you would like to be considered, please send your curriculum vitae to Matt Jones at matthewjones@uk.michaelpage.com quoting reference number MPFI13136043.

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Global Service Controller

EDWARDS

Edwards is a leading global supplier of integrated solutions for the manufacture of semiconductors, flat panel displays, LEDs and solar cells and a leader in vacuum technology. The company employs around 3000 people in 20 countries and has a turnover of $1bn.

Crawley, West Sussex ◆ Market Leading + Benefits

Due to sustained growth and success the company now seeks an accomplished Service Controller.

The main responsibilities of the role are as follows:

- Revenue and pricing control around existing service business – commercial/financial terms of service contracts, field, in-house and remanufacturing
- Financial control/support to develop new service initiatives – development of uptime based revenue models, commercial/financial terms for buy back of used equipment, customer value calculations for product upgrades, development of market equation for 3rd party service business
- Historical sales, margin, operating efficiency, overhead and warranty cost analysis
- Maintenance of internal control framework across complex and diverse service organisation

Applicants must:

- Have a university degree or overseas equivalent
- Have service controlling and business development experience in complex international business environment
- Be highly commercial with understanding of different service/revenue models
- Be highly determined and motivated
- Be creative, resourceful and entrepreneurial
- Have strong analytical and commercial skills
- Have the ability to work in a team
- Have BW and SAP skills

Interested candidates should send their CV to Fiona Bargery at fionabargery@uk.michaelpage.com or call Fiona on 02380 206 441 quoting reference number MPFI13133237.

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Michael Page FINANCE

Global Sales Controller

EDWARDS

Edwards is a leading global supplier of integrated solutions for the manufacture of semiconductors, flat panel displays, LEDs and solar cells and a leader in vacuum technology. The company employs around 3000 people in 20 countries and has a turnover of $1bn.

Crawley, West Sussex ◆ Market Leading + Benefits

Due to sustained growth and success the company now seeks an accomplished Sales Controller. The main responsibilities of the role are as follows:

- Pricing control – this will involve developing and standardising the price control and price setting process, support negotiation of commercial and financial terms, involvement in development of market equation for new product introduction programmes
- Sales forecasting process – develop single process for quarterly sales forecasting, integrated with production planning process in close co-operation with the Operations Controller; short, medium and long-term sales forecasts incorporating relevant competitive and industry analysis working with the Marketing team
- Historical sales, margin, sales overhead, commercial warranty, receivable and bad debt analysis
- Sales and Marketing overhead cost control
- Incentive schemes development that align interest on sales and profitability
- Maintenance of internal control framework across a complex and diverse Sales and Marketing organisation

Applicants must:

- Have a university degree or overseas equivalent and hold a strong sales controlling background in a complex global business environment
- Be highly commercial with relevant forecasting and price control skills and adept in decision support
- Have high energy and motivation whilst driving commercial discipline and decision making in a sales environment is deeply desirable
- Have strong analytical, commercial and communication skills
- Have the ability to work in a team
- Have system skills; SAP, BW, BPC are preferred and good experience of ERP systems is important

Interested candidates should send their CV to Fiona Bargery at fionabargery@uk.michaelpage.com or call Fiona on 02380 206 441 quoting reference number MPFI13133234.

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Full job descriptions with the detailed eligibility and selection criteria as well as application details can be found in Official Journal C 290 A of 27 October 2010 or on the EUROPA website:

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G20 & SOUTH KOREA

FINANCIAL TIMES **SPECIAL REPORT** | Thursday November 11 2010

Inside

South Korea's sangfroid in the face of North Korean missile launches and ship sinkings may be misplaced **Page 4**

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Leaders pressed to close policy rifts

The Group of 20 leading nations' summit in Seoul is a chance to agree policies for balanced growth, say **Chris Giles** and **Christian Oliver**

Holding a line: South Korean police officers from the G20 security unit on field exercises Getty Images

Leaders of the Group of 20 nations meet in Seoul with the rhetoric of global co-operation ringing as loud as ever, but against the backdrop of concerns over the fragility of the recovery and suspicion in many countries that others are not playing by the rules.

The four summits of members of the Group of 20 leading economies since the start of 2008 have each been hailed as a success – admission of failure or lack of progress would be too risky to contemplate.

The summit in Seoul today and tomorrow will also be able to mark agreements over the past few months in significant areas.

New rules for bank capital and liquidity have been agreed. International recommendations now exist on how to intensify the supervision of banks. There is finally agreement on the outline of reforms to the International Monetary Fund, giving greater voice to emerging countries. New IMF lending facilities have been established to provide better financial safety nets for countries facing temporary financing crises. And countries have agreed to maintain current account imbalances at sustainable levels.

But the pervasive impression given by the G20 this autumn – one that has not been reversed by a series of preparatory meetings in advance of the summit – has been one of drift.

The Seoul summit comes as global co-operation is at its weakest since the financial crisis began and a global "currency war" is the hot topic.

Manmohan Singh, India's prime minister, told the Financial Times that the G20 was in "serious difficulties", while Mervyn King, Bank of England governor, said the spirit of co-operation of 2008, "so strong then, has ebbed away".

G20 countries are able to unite on their ambitions for the global economy, but have struggled to agree the necessary policies or a common diagnosis of the problems.

The mood has not been helped by continued uncertainties over the global outlook. Although the recovery from the worst recession since the second world war has been faster than the global community expected a year ago, growth has been concentrated in emerging markets and it has slowed in the US, the world's largest economy.

G20 finance ministers concluded in October that the recovery "continues to advance, albeit in a fragile and uneven way", with downside risks still prevalent.

Worse, advanced economies are unsure whether they have powerful tools still to hand to boost demand again, should those become necessary.

Fiscal policy is entering a consolidation phase everywhere. Necessity is driving the process in countries such as Greece, Spain, Ireland and Portugal, where investors have reached limits on their willingness to lend. The political ideology of reduced deficits is dominant in the UK and Germany, where governments are committed to aggressive deficit reduction, and the process is progressing by default in the US, where bitter politics prevents any additional stimulus that the administration might desire.

Monetary action is unencumbered by the same political constraints, but policymakers do not know whether further recourse to the unorthodox policy of creating money and pumping it into advanced economies (known as QE2) will be effective.

What is certain is that the US Federal Reserve's action in early November to move towards QE2 and put an additional $600bn into the US economy is an attempt to prevent inflation falling too far below its unofficial target and to bring the level of unemployment down.

But in acting unilaterally, it will fuel accusations that the US is seeking to devalue the dollar by stealth and flood emerging markets with the currency, as US investors seek alternative homes for their money.

US officials insist that Washington's actions are in no way a move in a "currency war", nor a corollary of China's direct management of the value of the renminbi, yet, because the US has a large trade deficit that needs to come down, other emerging markets feel under siege.

Sudden capital flows to emerging markets have destabilised economies as diverse as Brazil and South Korea, encouraged a growing number of countries to intervene to prevent currency appreciation or introduce taxes on capital inflows, and have also reduced some of the pressure on Beijing to revalue the renminbi.

At October's G20 finance ministers' meeting, there was an attempt to defuse the arguments over "currency wars" and shift the debate from a focus on exchange rate intervention to setting quantitative targets with the aim of cutting trade surpluses and deficits.

Tim Geithner, US Treasury secretary, said after the meeting: "The most important thing we achieved is agreement on a framework for curbing excess trade imbalances in the future."

But the move did not convince experts that action would follow words. The agreement was similar both to the 2009 G20 Pittsburgh summit framework for strong, sustainable and balanced growth, which has not resolved differences between countries, and the failed 2006 IMF multilateral consultations, which aimed for the same outcome.

The Seoul summit will present opportunity for G20 leaders to try again.

Seoul has styled itself as a bridge between China and the US in a conflict over currency. South Korean officials say they produced the suggestion at last month's finance ministers' meeting to widen the debate to current accounts rather than finger-wagging over the weak renminbi.

South Korea sees its G20 presidency as an opportunity to raise its international standing. Conscious that it is making its first outing as a diplomatic leader, the country has been eager to make a real impact on policymaking.

Giddy South Korean presidential officials have claimed the summit will be "bigger than the Olympics" in terms of spreading an image of the country around the globe.

South Korea's policymakers are more grounded, but still insist the ideas they have contributed this year will be a solid legacy.

Officials realise that progress in global imbalances might be difficult, so the chief among the South Korean ideas has been a plan to create a network of financial "safety nets". These will be pre-arranged to inject emergency funds into countries encountering liquidity problems that could undermine their whole financial system.

South Korean officials had originally hoped that the plan could be operated by central banks, but finally had to join up with the International Monetary Fund, which remains something of a *bête noire* in Seoul because of its role in imposing bitter medicine for the financial markets crisis on 1997-1998.

The South Korean safety net plan is meant to address directly financial panics spreading in short periods through market pricing.

The old IMF model of waiting until after a crisis has set in before agreeing a package is ineffective, the South Koreans argue.

Still, the plan needs fine-tuning, and a resolution of any potential problems is not expected at the meeting.

However, officials are expected to map out further details of how the safety net could intertwine with regional initiatives such as the Chiang Mai Asian bilateral currency swaps regime.

South Korea is also hoping to make headlines with a charter on development, looking for the world's leading economies to shift their focus away from aid to target the broader underlying factors behind growth such as education and infrastructure.

In order to make the proposals seem more practical, the South Koreans will announce specific illustrative projects.

Inside this issue

The global war over currencies

Martin Wolf

"Quantitative easing" breeds "quantitative tightening". So argues HSBC, the bank, in a report.* But is monetary easing by the central banks of the high-income countries the principal force driving up the currencies of emerging countries, or is something deeper going on? Are controls on capital inflows an inevitable response?

Let us start with the path of trade-weighted real exchange rates – the best measure of overall competitiveness – during the crisis. A simple approach is to compare the real exchange rate index calculated by JPMorgan for September 2010 with the average of the same index over the long term (see chart).

When this is done for the Group of 20 leading high-income and emerging countries, we find that the following countries had high real exchange rates in September relative to their post-1990 averages: Brazil (up 73 per cent); Indonesia (up 43 per cent); Russia (up 39 per cent, relative to the average since January 1994); Australia (up 31 per cent); China (up 13 per cent); and South Africa (up 11 per cent).

On the same metric, the most depressed currencies were those of Argentina (down 27 per cent); South Korea (down 17 per cent); the UK (down 13 per cent); and the US (down 8 per cent). The real value of the euro and the yen were close to their averages over the past two decades.

Again, the six countries with strong currencies relative to the long-term average had also experienced substantial real appreciations since the beginning of the crisis. This is particularly true for Brazil and Indonesia. In contrast, South Korea and the UK have experienced substantial real depreciations during this period. The US dollar is roughly back to where it started, while the Japanese yen has had an extensive real appreciation over this period.

In short, a number of emerging economies, principally commodity exporters with open capital accounts, have strong currencies today and have experienced sizeable appreciations since the beginning of the crisis.

But there is little to suggest that the currencies of the big high-income economies are out of line with one another, by historical standards.

So what has been driving these shifts? The most powerful force is the desire of investors to hold both real and nominal assets in fast-growing emerging economies, most of which have relatively little private and public debt by the standards of the high-income countries. Thus, according to the Washington-based Institute for International Finance, the net flow of external private capital into emerging economies should reach $825bn this year – up from $581bn in 2009.

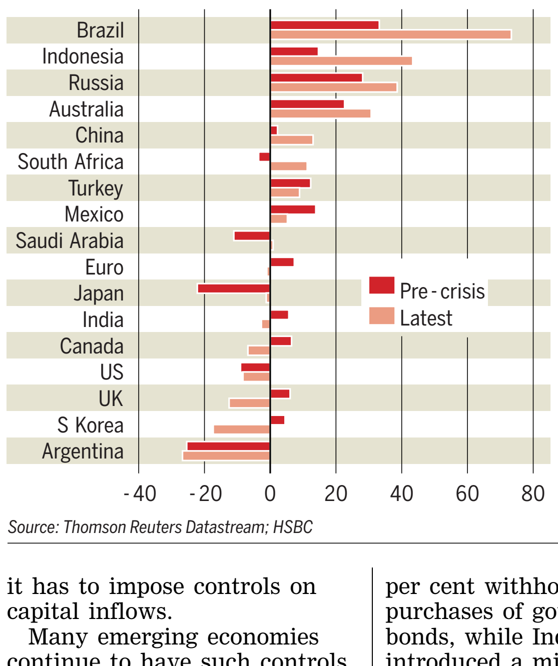
In addition to this longer-term shift in preferences, the monetary policies of the high-income countries are extremely aggressive: short-term interest rates are exceptionally low, while central banks, particularly the US Federal Reserve, are seeking to reduce long-term interest rates via so-called quantitative easing. With central banks buying substantial quantities of government bonds, the erstwhile private investors they displace need to purchase other assets, at home and abroad.

In sum, both private markets and central banks are trying to end the anomalous conditions of the pre-crisis era. At that time capital flowed, on a net basis, from the dynamic emerging economies, largely directed by governments, to high-income economies, particularly the US, only to be wasted in debt-fuelled personal consumption and high levels of construction.

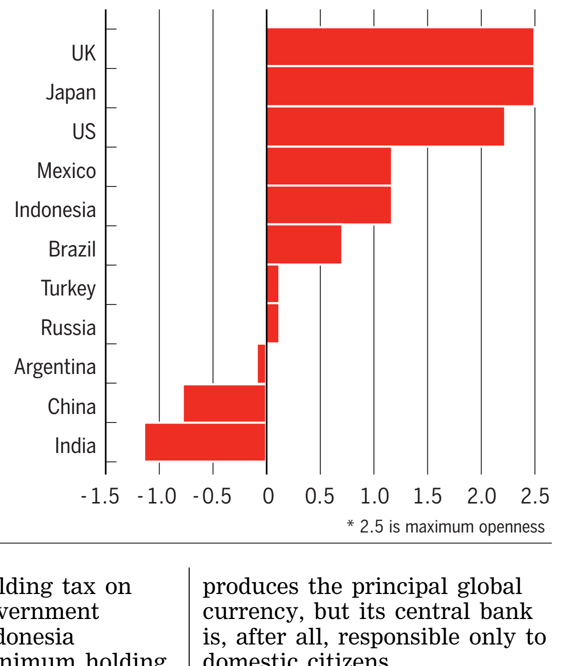
Yet the recipients of these expanded private capital inflows dislike what is happening, as it weakens the competitiveness of their exports and domestically produced import substitutes, and encourages wasteful domestic lending and spending by the private and public sectors.

What might the recipients of these capital inflows do, in response? The obvious answer is to adopt or tighten exchange controls. The notion of the "impossible trinity" says that a country cannot have all three of a fixed exchange rate, free movement of capital and domestic monetary autonomy. If a government wants to control its exchange rate, presumably to preserve competitiveness, and retain control over domestic interest rates, to avoid credit bubbles, it has to impose controls on capital inflows.

Over/under valuation of G20 currencies
JP Morgan real broad exchange rate indices, valuation against long-term (1990-2010) average (%)



Measurement of degree of capital account openness
2008, index*



Source: Thomson Reuters Datastream; HSBC

* 2.5 is maximum openness

Many emerging economies continue to have such controls, largely for this reason. Among them are China and India, the two emerging titans (see chart). With China having a heavily managed exchange rate, many countries are concerned that they will lose competitiveness against it.

HSBC notes that a number of countries have tightened controls or imposed taxes on capital inflows. Brazil is an important example, having pushed the rate on bond investments up to 6 per cent. Thailand has reinstated a 15 per cent withholding tax on purchases of government bonds, while Indonesia introduced a minimum holding period for central bank bills in June. Other governments are also considering introducing such taxes or controls.

How might this end? The process of readjustment of the global balance of payments will continue, regardless of what the G20 leaders decide. Similarly, the central banks of the high-income countries, particularly the Fed, will do whatever they can to avoid domestic deflation, whatever the results for asset prices and exchange rates. The US produces the principal global currency, but its central bank is, after all, responsible only to domestic citizens.

Many countries are unavoidably caught between the devil of US quantitative easing and the deep blue sea of Chinese intervention. The likely outcomes will include chaotic currency movements, exchange controls, sterilised currency intervention and domestic monetary expansion. The choices they face are only between unwelcome alternatives.

* *Manning the Barricades, November 2 2010.*

Squaring the circle: the G20 leaders are likely to be less tight-lipped than these dolls representing them Lee Jin-man/AP

Ad hoc institution faces tough struggle to show it has teeth

The G20

Leading governments have different views on what ails the global economy, writes **Alan Beattie**

Two years ago, a grouping was conceived amid the financial crisis in the hope that it could pull the global economy out of the mire. The immediate pressure may have abated, but the world economy remains a source of considerable worry.

Global current account imbalances, temporarily reduced by the fall-off in demand as a result of the crisis, are rising again. US complaints about China holding down its currency to boost exports, the main preoccupation of Washington's international economic policy for nearly a decade, have once more grown in volume.

Meanwhile, the need to keep fiscal stimulus going in the short term needs to be balanced against the requirement not to spook bond markets by raising fears about long-term solvency.

Enter, in theory, the G20. The composition of the grouping is not ideal. Probably too large to form an effective decision-making club, it includes countries such as Argentina whose commitment to internationally responsible economic governance is questionable. The G20 was pulled off the shelf by White House officials in late 2008, having first been conceived as a gathering of finance ministers in the aftermath of another crisis – the Asian financial chaos of 1997-98.

But having met at a time when international co-operation was at a premium, the forum drifted towards irrelevance. With the much larger global financial crisis to cope with, it has had a renewed test.

The G20's challenge is to evolve from a crisis-fighting institution to a permanent steering group for the world economy. But while divisions among its members may have been hidden during the need to present a united front in the darkest economic days, differences in analysis have now emerged.

One of the main rationales for the G20, and particularly the inclusion of the large emerging market countries such as China, is that the world's leading economies can achieve more by acting in concert than individually.

The deal is supposed to involve China shifting away from export-led growth to domestic demand, partly by allowing the renminbi to rise more quickly.

Other surplus countries such as Japan and Germany are also intended to boost domestic demand through structural reform and fiscal policy to help rebalancing.

In return, the US and other deficit countries such as the UK will make firm commitments to medium-term fiscal consolidation, hopefully ensuring that China will not be called on to continue to fund their current account deficits into the future.

This all sounds ideal: a co-operative solution making everyone better off, and overcoming the so-called "prisoner's dilemma" by which each country refuses to undertake actions for the good of all unless it can be guaranteed that the others will also do their part.

In practice, the ability of the G20 to bind its members actions remains in considerable doubt. The very first commitment it made at its inaugural meeting in Washington in November 2008, to eschew protectionist actions, lasted no more than 36 hours before Russia decided to go ahead with a planned rise in car tariffs and the rest of the G20 followed suit.

Since then, although many leaders

> No amount of rhetoric about international co-operation will rescue the G20 if it fails to deliver. Its tests will come soon

have touted the benefits of the G20, many of its pronouncements have looked more like a rationalisation of what governments were going to do anyway.

With the realignment of the global economy, it faces a particularly tough test. Leading governments have different analyses of what is wrong.

While China agrees that it needs to shift demand away from the export sector towards domestic demand, it remains sceptical about the ability of rapid movements in the exchange rate to achieve this.

Germany, whose current account surplus is larger even than that of China, also resents being lectured about the need to reduce it, as it does not control its own currency and has no intention of letting fiscal stimulus rip – just to suck in more imports.

Tiring of the apparent deadlock, the US tried a different tack at the meeting of finance ministers and central bank governors in South Korea in October.

Instead of focusing purely on exchange rates, Tim Geithner, US Treasury secretary, proposed setting indicative ranges for current account surpluses and deficits. This won a surprising amount of support, though several countries – notably Germany – resist the idea of setting numerical targets.

Largely at the behest of the US, the G20 has brought in the International Monetary Fund to help run a peer review exercise on economic policy. But it remains unclear what power the IMF or the G20 have to enforce their decisions.

The G20 itself remains a remarkably ad hoc structure, countries taking the presidency of the grouping for a year at a time (this year South Korea, next year France), but it has no permanent secretariat, no research function, no mechanism for dispute settlement.

No amount of rhetoric about international co-operation will rescue the G20 if it fails to deliver. Its tests will come soon – on whether it manages to achieve clear numerical targets for resolving global imbalances, and on whether countries will actually follow those policies.

Its record so far demands, if not outright scepticism, then at least considerable caution.

Nations tire of waiting for global action on banks

Regulation

Institutions are bracing themselves for stringent, if not uniform, rules, writes **Brooke Masters**

When the G20 meeting in Seoul turns to the subject of making the financial system safer, they will find their agenda only partially complete.

Global banking regulators based in Basel, Switzerland, have put forward a comprehensive package of new capital and liquidity standards for world leaders to endorse. Most countries now require banker pay to be tied more closely to risk, although the severity of the rules varies widely. And US and EU regulators are making progress on imposing new rules on over-the-counter derivatives and other complex structured products blamed for the recent financial crisis.

But other big-ticket items appear to be slipping into next year and beyond. Specifically, efforts to create a single worldwide accounting standard have largely stalled, and attempts to reduce government reliance on credit rating agencies have raised thorny issues about what to replace them with.

"We are only halfway down the road to a more stable financial system," says Michel Barnier, internal market commissioner for the EU.

Perhaps most disappointing is that global regulators have been unable to solve the problem of systemically important financial institutions, or Sifis – global banks so big that governments felt forced to rescue them rather than risk lasting damage to the world financial system.

G20 leaders had hoped to have a full package of solutions to the "too big to fail" problem in time for the Seoul meeting. However, the issue has proved to be deeply divisive, with some countries insisting higher capital requirements were the primary solution and others convinced such surcharges would hobble their economies.

"More than ever, regulators are seeking to act in concert," says Steven Culp, managing director of Accenture's global risk practice. "[But] it has proved extremely difficult to define and agree, let alone impose, a common standard on banks that have different starting points, that are accustomed to operating within different prudential guidelines, and have different expectations."

Tom O'Riordan, of law firm Paul Hastings, says countries such as Canada and France are apparently questioning whether all countries need to make fundamental changes. "There are two or three jurisdictions that are risky," he says.

Skirmishes have also broken out over whether any global insolvency regime could work, given the fundamental international differences over how to treat creditors. Many experts believe US insistence on speed and certainty will inexorably clash with European regimes that emphasise fairness.

Selina Sagayam, partner at the law firm Gibson, Dunn & Crutcher, warns of the scale of the task. "Given that after many years there has been a resounding failure and inability to devise a common set of EU insolvency laws, the idea that we can work towards international consistent standards is illusory," she says.

In October leaders of the Basel Committee on Banking Supervision and the Financial Stability Board acknowledged they would not have a package ready for the G20 meeting. Switzerland also decided to move ahead with capital surcharges for its biggest banks. Bankers fear the UK may do the same, and the US's Dodd-Frank financial reform law includes provisions attacking the issue as well.

"The failure to attack the Sifi issue on an international level leaves it open for national outcomes," says Bob Penn, partner at law firm Allen & Overy. "Will we simply have Basel lagging the world?"

With national and EU regulators threatening to move on their own, there is pressure on banks to prepare for tougher capital, liquidity and insolvency rules, even though the Basel Committee has agreed that its part of the regulations will be phased in between 2012 and 2019. Banks such as Deutsche Bank and UK-headquartered Standard Chartered have announced equity raisings, and Santander plans to float its UK subsidiary. Others are likely to follow, and some banks may expand beyond equity into convertible debt instruments they hope will be acceptable under the Basel rules.

"Banks will be better off undertaking comprehensive risk assessments on their own, rather than waiting for formal directives to be finalised," Mr Culp says.

Though this G20 meeting is unlikely to produce big agreements on the regulatory front, leaders of the biggest economies are likely to try again next year. The too-big-to-fail problem will be back on the G20 agenda next year, but the French, who will host both G8 and G20 meetings next year, are likely to push for additional measures.

"France has been clear since this past summer that it intends to use its presidency of the G20 to implement stronger regulatory standards," Barbara Matthews, a US-based regulatory consultant, told clients.

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Change in voting may be more symbol than substance

IMF reform

The real effects of a shift in governance are still being assessed, says **Alan Beattie**

Sometimes it takes a crisis to force action. For years before the financial crisis, the International Monetary Fund and its sister institution, the World Bank, witnessed a desultory and inconclusive conversation about how the institutions should be run.

Still bearing the imprint of the economy in the immediate aftermath of the second world war, during which time the institutions were created, their governance structures heavily overweighted European economies, giving them nearly a third of the votes on the IMF's executive board and eight (sometimes nine) of the 24 seats on the executive board.

But with the voting weights, or "quotas", linked to contributions to the IMF, the absence of financial crises in the half decade preceding the credit crunch in 2007 meant there was little imperative to raise more money, with all the rearrangement of votes and seats that might entail.

But the crisis itself, and the drive to triple the lending resources available to the IMF and increase the capital of the World Bank, gave sudden impetus to a stalled debate. Moreover, the G20 grouping of countries, following its inaugural heads of government meeting in 2008, began to supplant the Group of Seven industrialised economies. It looked increasingly surreal that the emerging market countries, which were proving to be the engines of growth in the world economy, and which were being invited to take their places at the top table of global governance, nonetheless continued to be under-represented in the international financial institutions.

At the third of the meetings of G20 heads of government, in Pittsburgh in September 2009, leaders made a commitment to shift at least five percentage points of the total voting weight on the IMF's executive board towards dynamic emerging markets – a code for countries such as China and Brazil.

Yet there still remained a whole host of devils in the detail. The formula used for calculating the so-called "quotas", or national contributions to the IMF's finances, is fiendishly complex, and the question of which nations get to occupy the seats on the fund's 24-member executive board equally so.

Eventually, tiring of the endless rounds of discussions, the US decided to execute a neat procedural trick to force a decision.

Technically, the IMF's board

> The move threw a bucket of water over the European governments, which previously had been bickering endlessly

only has 20 members, and the decision to extend it to 24 has to be periodically renewed. This August, the US simply refused to vote to extend the board in its current form – meaning that, in theory, the body would revert to 20 members after November 1 and forcibly expel four executive directors from emerging market countries by doing so.

This was a high-risk strategy, as it threatened to plunge the IMF into chaos, with the board either shrinking in size or rapidly losing credibility. In the event, it was a calculated risk that appeared to pay off.

The move threw a bucket of cold water over the European governments, which had previously been bickering endlessly about just who should give up seats and votes, and at the G20 finance ministers' meeting in October, attendees agreed to shift six percentage points of voting weight to the emerging markets – more than the pledge made at the Pittsburgh G20 – and that the Europeans would give up two of the 24 seats on the board.

Although the precise details have been deferred for two years, the concessions were enough for the US and the big emerging-market countries to claim that a serious shift in governance had been made.

How much difference this will make in practice is doubtful.

Most votes on the IMF board take place by consensus in any case: if the fund's management thinks it is likely to lose a vote, it will simply not bring it to the board. The only real meaning that can be attached to the weights is the ability to block an attempt to gain the 85 per cent supermajority of votes required to pass certain decisions. And the US, which is actually under-represented in the IMF relative to its weight in the global economy, will retain the vote of about 17 per cent that in effect gives it a veto.

Indeed, it is hard to see just what difference the move will actually make to Fund policy. The IMF has already shifted considerably on some of the issues, such as the desirability of capital controls, for which it was criticised by emerging markets, and few could accuse it of failing to be generous in the amounts of money it doled out to crisis-hit countries over the past two years.

Yet there is no doubt that the shift is of highly symbolic importance. For years the IMF had a reputation – particularly in east Asia, where memories linger of the fund's tough conditions attached to rescue lending during the financial crisis of 1997-1998 – of being a US-dominated institution that ignored or marginalised the views of emerging market and developing countries.

Having the board look a little more like the actual make-up of the global economy is at least an advance.

That was then: Sarkozy, Brown and Obama in Pittsburgh AFP/Getty


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Overseas investors learn to look beyond the pretence

South Korea

The clear-sighted have been able to focus on a number of real strengths, writes **Christian Oliver**

Target: Australia's ANZ is considering a bid for trade finance specialist Korea Exchange Bank AFP/Getty Images

Foreign investors have learnt to love South Korea for what it is rather than what it pretends to be.

The frenetic publicity departments of Seoul's government have gone into overdrive this year, hoping that presidency of the Group of 20 leading economies will finally put South Korea on the map. According to them, there is no strategic risk posed by North Korea, and Seoul is fully on track to become a swish, multilingual financial hub to rival Singapore and Hong Kong.

None of this squares with reality and it is a misleading distraction from South Korea's real strengths, particularly in heavy industry, high-tech manufacturing and retailing, which offer alluring opportunities to those foreign investors able to identify influential local partners in a clannish business culture. A trade deal with the European Union (and a stalled one with the US) could usher fresh investment into the underdeveloped service sector.

Seoul's attempts to talk away the security risks posed by Pyongyang were exposed as empty rhetoric in March, when a North Korean submarine torpedoed a South Korean warship, killing 46 sailors and pushing tensions on the peninsula to their most dangerous point in more than two decades.

At a basic level, investors debate whether there is a "North Korean discount" weighing down the South Korean economy and keeping South Korean stocks and the won undervalued. There is no clear answer to this as there are numerous factors muddying the argument: currency intervention, powerful unions, poor corporate governance and the prospect of capital controls. At a broader level, the sinking of the warship and a hurried dynastic succession in Pyongyang have starkly shown any potential investor that long-term security is far from guaranteed.

Although 2010 will be remembered as the year in which South Korea was caught napping by the North, it was also a year in which Seoul gave investors concrete signs of its economic priorities. Although advertising campaigns puff Seoul as a potential Hong Kong-like banking hub, policymakers have shown that they are fundamentally far more determined to create a snug environment for the heavyweight exporting conglomerates known as chaebol.

Lessening the chances of South Korea becoming an open trading centre, Seoul has sought to garner international support for further controls on capital flows, and traders say it intervenes to keep the currency weak for exporters, a charge the finance ministry robustly denies.

Kim Ki-hwan, chairman of the Seoul Financial Forum, a think tank, says South Korea is taking the wrong course.

"The current economic policy team is not so much concerned with turning Seoul into a financial hub," he says. "But their approach is greatly mistaken. The best way to stabilise the currency market is to make it bigger."

On a political level, Lee Myung-bak, the president, has shown that big exporters are a priority by pardoning criminally convicted executives from the chaebol.

And it is easy to see why the chaebol are getting the red-carpet treatment. Samsung Electronics and Hyundai Motor are hammering Japanese rivals hobbled by a surging yen.

Still, this prioritisation of the chaebol may be good news for foreign investors. The Kospi index of leading shares – while a volatile proposition – has soared on the strength of the performance of the leading chaebol, gaining more than 60 per cent since the beginning of last year.

Although South Korea attracts very little foreign direct investment (about the same amount as Cyprus), the chaebol do provide opportunities for adventurous outsiders as they lack know-how in key areas. Many foreign companies fill these gaps perfectly.

The UK's Edwards, a vacuum pump maker, has found a successful niche supporting the microchip production lines of Samsung Electronics, the biggest technology company in the world. Another UK investor, Amec, acted as the project manager and consultant for South Korean chaebol building one of the world's largest bridges to an island off the west coast.

"The chaebol are the global emerging players who need partners, and investors can travel along in their slipstream," says Richard Dobbs, a director at the McKinsey consultancy. "Potentially, companies can partner themselves with Korean companies that are positioning themselves to take on the mass market segment in China, where Koreans could come out winners."

Kim Jong-hoon, the trade minister, has also said the trade agreement with the EU could attract companies looking to break into regional markets where Korean businesses have already made inroads. The deal will also boost European companies seeking to sell parts to Korean conglomerates that were previously supplied by Japan.

'The chaebol are the emerging players who need partners, and investors can travel in their slipstream'

South Korea owes much to the chaebol, as the most export-dependent nation in the G20. Their agility in decision-making has helped Asia's fourth-biggest economy recover from the meltdown of late 2008 far more assuredly than European countries. Economic growth is projected to hit 6 per cent this year, from almost nil in 2009.

Although Seoul may not be moving towards becoming a financial "hub", the march of the chaebol still drums up big business for foreign banks. Seeing the potential in the South Korean market, ANZ, Australia's third-largest bank, is considering a bid for Korea Exchange Bank, a specialist in trade finance.

Standard Chartered, which bought a South Korean bank in 2005, has become a textbook case of the highs and lows of investing in South Korea. Its entry into the market was bumpy, defined by dramatic showdowns with the unions. This year, everything changed when Standard Chartered become the adviser to South Korea's most emblematic contract of the year: the awarding of a $20bn deal to build nuclear power stations in the United Arab Emirates. Seoul hopes this project will pave the way for it to become the reactor supplier of choice across the developing world – though it has hit hurdles in Vietnam and Turkey.

The awarding of the financing to a foreign bank illustrates first that South Korea's huge industrial ambitions will long outstrip the capabilities of its inefficient banking system. Second, it shows that Standard Chartered has the right local contacts. In this case, it found a place on its board for Han Seung-soo, an influential former prime minister, who has spearheaded South Korea's campaign on nuclear exports.

Most stories of significant successful investment in South Korea hinge on finding the man who plays golf with the right people. Tesco, which has its biggest operations outside the UK in South Korea, teamed up with Lee Seung-han of Samsung.

While the chaebol will carry most of the momentum, their success should not disguise moves by some investors positioning themselves to move into South Korea's highly uncompetitive small and medium-sized business sector.

A private equity company called Actium has been launched with a particular focus on seizing opportunities in this sector among these SMEs.

At present, the SMEs enjoy heavy political patronage, which puts pressure on banks to lend to them. President Lee says he will try to make the sector leaner and internationally competitive by cracking down on this type of favouritism. Kim Jong-hoon, his trade minister, has intervened to thwart parliamentary attempts to protect small shopkeepers from competition from large supermarkets.

"The SMEs must become stronger through fair competition," the president says.

Seoul works to ensure legacy of its plans and proposals

Host's G20 agenda

Some ideas on international finance have already found favour, reports **Christian Oliver**

Television commercials are urging South Koreans not to jump red lights or barge to the front of queues while Seoul is hosting leaders from the G20 group of world leaders on November 11 and 12.

They betray the way Seoul's officials view the summit – as an opportunity to elevate their country's international reputation and finally escape the shadow of Japan and China.

They are terrified, therefore, that Barack Obama, US president will spot earthy scenes of hard drinking, spitting and brawling as his motorcade sweeps by. Sakong Il, chairman of South Korea's G20 committee, has urged best behaviour from the populace.

These fears miss the point. Mr Obama and the hordes of visiting officials will hardly have any opportunity to see the real South Korea and, even if they do, they should hardly be surprised to find that Koreans are as boisterous as anyone else on a Friday night. In fact, the reputation that South Korea acquires at the meeting will be determined by whether its officials contributed anything substantive in terms of financial policy.

Before Seoul took over this year's presidency, many diplomats feared it would be far more obsessed with milking the summit as a propaganda coup than contributing fresh ideas. Seoul has responded to its critics with some imaginative ideas.

First, South Korea had been keen to style itself as a bridge between China and the US, particularly in terms of cooling an increasingly tense dispute over currency levels.

South Korean G20 officials are claiming credit for a plan, adopted at October's G20 meeting, under which leading economies would shift the debate from a narrow confrontation on currency to a wider discussion of current-account imbalances.

Still, the limits to Korean influence have been underscored by China's hardened opposition to the plan after last week's announcement of quantitative easing in the US.

German officials have also grumbled about the South Korean presidency because Berlin felt sidelined over the plan, which it strongly opposes.

While Seoul's domestic propaganda on the G20 has certainly been bombastic, international financial officials have detected real substance in some of South Korea's homegrown plans and have complimented it for its ideas on "financial safety nets" and on international development.

The former has now been taken under the wing of the International Monetary Fund. Dominique Strauss-Kahn, the IMF's managing director, has praised South Korean economists for their "intellectual leadership".

The "safety nets" plan maps out a fresh approach to arranging funding for financial crises. Instead of responding after the event with conditional loan packages, the financing will be agreed in advance.

It will be specially tailored to individual countries, to cool market nerves over any particular nation facing an imminent liquidity crunch.

There is an irony to the IMF adopting Seoul's baby.

South Korean financial officials have bitter memories of the IMF's role in the 1997-1998 financial crisis. At the beginning of this year they were keen to find another steward for their plan, suggesting that central banks could supervise the safety nets.

IMF officials have conceded that the full details on safety nets will not be complete by the Seoul summit but Rhee Chang-yong, Seoul's sherpa to the G20, says the plan itself is already a notable South Korean legacy.

The plan was proposed on the understanding that financial crises snowball rapidly through plunging market prices, meaning that any conventional IMF rescue could come too late.

As a side-effect, the safety nets are also intended to encourage nations fearful of crises to hold smaller reserves, easing imbalances in the global economy.

Negotiators still need to resolve problems of moral hazard associated with the plan – countries identified as meriting only second-tier protection could be targeted for speculative attack. To counter this challenge, IMF officials will set rigid conditions on countries qualifying for a safety net.

South Korea wants G20 nations to sign up to implement specific projects that will be announced in Seoul

South Korea is being secretive about its plans for international development.

It wants the G20 to adopt a manifesto under which countries vow to steer development priorities away from aid and towards factors that generate growth, such as education and infrastructure. To avoid this sounding like empty rhetoric, South Korea also wants G20 nations to sign up to implement specific projects that will be announced in Seoul.

However, the presidency has already hit some minor squalls.

Visiting diplomats at October's meeting complained of inefficient bureaucracy and rude organising staff. Many visitors were also shocked that South Korea has almost no accommodation between five-star hotels and grubby motels.

But these grumbles will hardly do irreparable damage to the country's reputation.

Instead, South Korea's G20 officials produced more suggestions and ideas than their detractors had thought they would.

It now remains to be seen whether these proposals become a permanent legacy.

Risk from bellicose North is ignored at world's peril

North Korea

ANDREW SALMON

Having lived beside one of the world's most notorious rogue states for six decades, South Korea remains curiously impervious to North Korea's pyrotechnics. But, given the risks overhanging the peninsula, this calm may be misplaced.

On those occasions – missile launches, nuclear tests and naval battles – when international media cry of "rising tensions" on the peninsula, Seoul's capital markets barely tremble. Seoulites continue life as normal.

Even though they live within range of North Korean artillery, nobody digs trenches between their backyard kimchi pots, or hoards instant noodles.

Head offices may splutter with concern for the fate of their South Korean investments when they read about attacks such as North Korea's sinking of a warship in March, but regional offices adopt the local sangfroid and focus on more mundane risks.

"Whilst North Korea is an issue, it is something South Koreans learn to live with. They get on with their lives," says Daniel Grover, managing director of Skylan Development, a multinational group building a $2bn luxury mixed-use complex in central Seoul. "The most significant business risk factors are a fairly narrow banking system, a fairly volatile currency, and it is somewhat bureaucratic and socialistic."

In the 57 years since the end of the Korean War, South Korea has become an astonishing economic success story despite its bellicose northern neighbour. That neighbour's only relevance is as a military threat, its economy being 30 to 40 times smaller than the South's.

Despite the regime's historical resilience, few expect North Korea to keep going indefinitely, particularly as the advent of a third generation of the ruling Kim dynasty has quashed hopes of reform.

The eventual "endgame" appears to be reunification, as indicated by South Korean president Lee Myung-bak's proposals for a tax to meet the estimated $1,000bn cost.

Given the anticipated expenses, any political or economic absorption of the North was a taboo subject under the liberal Seoul administrations that held power from 1998 to 2008 and which followed a "sunshine policy" of not antagonising North Korea.

In recent months, that has changed. The conservative South Korean president raised the "R" word in August; talk since has been of benefits.

"North Korea is noise, constant noise," says Min Euoo-sung, chairman of Korea Development Bank. "But in the next five to 10 years, they have to open their market to foreign capital, and that is, ironically, a great opportunity for South Korea. We have technology and capital, they have a labour force that speaks the same language, and they have land. It is easy to make a policy for industrialisation if you have land."

Mr Min's hopes are almost downbeat compared with a euphoric 2009 Goldman Sachs report. Authored by a South Korean economist, it forecast that the economy of a united Korea could surpass those of France, Germany and perhaps even Japan within 40 years. And the joint prospects for countries in the region – China, Japan, South Korea – are blinding.

"North-east Asian countries are coming closer together and co-operating more," says Robert Broadfoot, head of Hong Kong's Political and Economic Risk Consultancy. "North Korea is the big unknown void preventing things being excellent instead of just good."

'In the next five to 10 years, they have to open their market to foreign capital'

But adopting the blasé South Korean attitude toward the North – and swallowing rosy predictions on reunification – could be a mistake in the long term, Mr Broadfoot warns.

"North Korea is a very significant risk, and South Koreans make two big mistakes," he says, "They bet on the status quo and bet that if it changes, the South will take over the North. That is not nearly the most likely scenario."

Enter China. Pundits worldwide are puzzled as to why the economic dragon continues to expend diplomatic capital supporting North Korea. The answer lies in history and geography.

Korea is a strategic buffer on China's north-eastern flank. In recent history, Beijing has fought two wars on the peninsula: The Sino-Japanese War of 1894-95 and the Korean War of 1950-53 – when it shocked the world by routing US-led UN forces in a surprise attack that ensured the survival of Kim Il-sung's regime.

Today's North Korea remains a barrier against China's hereditary foe, Japan, and a bulwark against democratic South Korea and its 27,500 resident US troops. If North Korea's regime wobbles or falls, China may well move in, directly or by proxy.

"I think China has a plan, and we are already seeing it in action," says Aidan Foster-Carter, a UK-based North Korea expert. "China will seek to satellise North Korea."

South Koreans fret that their northern investments are fenced inside the Kaesong Industrial Complex while roaming Chinese buy up natural resources, laying the groundwork for de facto economic colonisation of the North.

Meanwhile, politically, Pyongyang bows ever deeper to Beijing.

If this alarms many South Koreans, others might be privately relieved if Beijing installs moderate leadership, so delivering stability and alleviating Seoul of unification's financial burdens – the alternative could be worse.

Few expect the North – whose military maintains potent asymmetric capabilities, from special forces to strategic missiles, but whose conventional forces are decrepit – to launch another 1950-style invasion. But should the regime collapse, and Seoul and Washington challenge Beijing's influence over northern Korea, "Korean War II" is the nightmare scenario.

With north-east Asia home to two of the world's three largest economies, the whiplash effect of a shooting war on capital markets is almost unthinkable.

G20 SEOUL SUMMIT 2010

KB Financial Group wishes for a successful G20 Seoul Summit

KB FINANCIAL GROUP, A PEOPLE-CENTERED FINANCIAL COMPANY VALUED BY THE COMMUNITY

KB Financial Group is set to sail on the "successful group consolidation and structural reforms" made within 100 days of Chairman Yoon-dae Euh's inauguration

Introduction to KB Financial Group

KB Financial Group (KBFG), backed by 327 trillion won in assets, is Korea's largest financial group in both customer base and branch network.

KBFG has nine subsidiaries under its wings–KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Futures, KB Credit Information, KB Data Systems, and Kookmin Bank, Korea's leading commercial bank.

While bolstering its business competencies in core areas such as banking, securities, insurance, and asset management, the Group simultaneously is maximizing synergy creation among its subsidiaries, thereby strengthening the competiveness of its one-stop shop financial system.

Examples of the synergies thus created include the joint sale and provision of advisory services related to the purchase of a landmark building and a major M&A deal, and the successful rollout of a hybrid product, made possible by Kookmin Bank's superb customer relations as evidenced in its dominance of prestigious industry surveys of customer satisfaction. In addition to capitalizing on its synergies, the Group is hard at work "maximizing group value through balanced growth," strengthening the competencies of its non-banking subsidiaries.

In order to achieve its mid- to long-term vision, "To Become a Global Financial Group Leading the Asian Financial Industry," the Group has identified three major tasks: solidification of its leading bank status, improvement of its one-stop-shop financial system, and establishment of a sustainable business basis overseas.

Kookmin Bank, the Group's flagship, is confirming its position as Korea's premier bank based on the strength of its continued pursuits of change and reform under the vision of "To Become a Global Bank Leading the Asian financial Industry." Backed by 276.3 trillion won in total assets, the Bank serves 26.17 million customers, which make up over half of the nation's population, through a web of 1,196 branches dotting every pocket of the country.

KBFG's Leap Forward

KBFG has been under the new stewardship of Chairman Yoon-dae Euh since July 13th of this year, and it is widely viewed that he has been successful in restoring the Group's reputation through his initiative and leadership, which dovetailed with the Group's underlying energy and set in motion a wave of powerful synergies position Mr. Byung-duk Min, a career salesman who has come up through the bank's rank and file.

From the early days of his inauguration Chairman Euh has been a focus of attention for his proactive, hands-on management approaches. He invited 1,000 preferred customers to voice their concerns to him in person, and visited small tion of duties) system, he has not only rendered branch operations more customer-oriented and efficient, but also lifted employee morale by listening to their voices and following up on them.

In his latest achievement, the Group has been markedly downsized by 3,200 employees who took advantage of the Group's early

Chairman Euh fully demonstrated his characteristic drive by stabilizing the organization and boosting the overall morale of KB employees, while streamlining the Group's operations and implementing management efficiencies, all within the first three months of his stewardship. In particular, his acumen in putting the right people in key positions was highlighted when he appointed to Kookmin Bank's top business clients as the very first step of his official agenda, thereby exchanging views in earnest on ways to achieve mutual prosperity.

In addition, he went on a nationwide tour in August, meeting with some 1,200 managers of Group branches and urging them to take active parts in a 'Can-Do-Spirit' campaign and in so doing create a success story together. Moreover, by overhauling the then problematic SOD (segregaretirement program.

In the beginning of his command of KBFG, he launched a "Change and Reform" campaign aimed at fundamental changes in the Group's structure. Efforts to modify and reform the Group for better will catalyze the driving force powering the Korean financial industry, enabling it to blossom into a genuine growth industry with KBFG at the center.

Chairman Euh actively presents the Group's changes and reforms through overseas IR actions. During three weeks in October, he met with some 150 institutional investors in nine cities in seven nations, briefed them on the Group's business vision and management philosophies, and detailed its growth strategies for improving management efficiency, maximizing shareholder value, and accomplishing other core tasks.

The Group's efforts to change and reform itself have brought about concrete results from overseas investors. Franklin Resources Group, a global fund based in the U.S., has recently emerged as KBFG's major shareholder by increasing its holdings of Group share to 5.05 percent.

The Group plans to take full advantage of the upcoming G-20 Summit in Seoul as an opportunity to enhance its international image. Presenting its status as Korea's leading financial group in the eyes of world media is one of the most effective methods to boost its overseas network comprising of 12 subsidiaries and branches. Chairman Euh is slated to participate at the summit as a financial representative.

The Chairman said "the Group will position itself as a genuine global financial star to its shareholders, customers, staff and employees, and all social members by growing into a global financial group leading the Asian financial industry."

Chairman & CEO
KB Financial Group Inc.

KB Financial Group

Landmark deal with Europe to cut tariffs

Trade agreement

EU's first deal with Asia goes further than a pending US accord, writes **Christian Oliver**

Whether you are eyeing the South Korean market to sell whelks or to build sewage plants, you have until July to study how a landmark trade agreement with the European Union could boost your business.

The tariff-cutting accord, signed in October and due to come into force in July, is the European Union's first with an Asian country.

Both Seoul and the EU are trumpeting the deal, which slices 97 per cent of all tariffs during the next five years. That will amount to cutting €1.6bn ($2.2bn) off tariffs on EU exports to Korea each year.

Seoul hopes this accord will put pressure on the US to finalise a similar deal, which was signed in 2007 but has since stalled because of opposition from US motor unions.

European businessmen reckon the tariff reductions are tangential, because the thorniest obstacles in South Korea tend to be non-tariff barriers – labour disputes and political manoeuvring against foreign investors.

Peter Mandelson, who helped forge the deal as EU trade commissioner, has warned that the accord will only be a success if Koreans "enter into the spirit of a free-trade agreement".

Links between South Korea and Chile suggests that trade deals can indeed cast a sentimental spell on South Korean consumers. Before 2004, when a free-trade deal was signed, Chilean wine represented about 3 per cent of the Korean market. It now makes up more than 20 per cent.

"This has very little to do with the cost but a lot to do with the free-trade agreement and emotion," says Peter Underwood, senior partner at IRC consultants, which has produced a list of opportunities that the accord could offer investors.

Indeed, after the deal, Chilean wines remained very expensive. This was due to long supply chains and a cartel of importers not passing the tariff cut to consumers. However, this was no deterrent to sales.

Kim Jong-hoon, South Korea's trade minister, told the Financial Times that Koreans rushed to buy Chilean wine because they had developed a "collegial sentiment" with Chile, after Seoul agreed its first big trade deal there.

Still, EU wine exporters are hoping to profit from more than sympathetic sentiment. While tariffs on Chilean wine were phased out gradually, the 15 per cent tariff on European wines will be cut in July.

Mr Kim also stresses that European companies are receiving extra benefits in several sectors – particularly services – that were excluded from the deal signed with the US.

He says the deal will allow European broadcasters to sell output directly to Korean stations, cutting out KT, a telecommunications company that has historically acted as gatekeeper and taken a cut from any market entrants.

The deal will also open up the sewage industry to European businesses and allow European lawyers to use qualifications from their home countries.

> Koreans rushed to buy Chilean wine because of a 'collegial sentiment' after the two signed a trade pact

The agreement over waste water was largely designed for France's Veolia to enter the market, but illustrates one of the thornier elements of the trade deal. Veolia will be allowed access, but only on condition that it does not put politically protected small- and medium-sized enterprises out of business.

This issue of needing to protect small Korean businesses from big outsiders has become increasingly contentious, with parliamentarians looking to clamp down on supermarkets. Tesco has its biggest operations outside the UK in South Korea, and some politicians are worried that an attack on supermarkets could act against the spirit of the EU trade agreement. Indeed, Mr Kim himself has spoken out against anti-supermarket legislation in parliament.

Because of such contentious issues, Mr Underwood argues that the success of the trade agreement's appeals process could determine the success of the entire accord. Mr Kim argues that the arbitration process for disputes should be 100 days quicker than the procedure set by the World Trade Organisation.

This is a useful resource to investors working in areas such as finance, where foreign banks complain that highly technical regulations are left to the discretion of officials under heavy political pressure.

One dispute in recent years hinged on South Korea's requirement that big foreign banks would have to build data servers – at great expense and outside international norms – in Seoul. Foreign banks argued that South Korea's laws did not specify this but were being interpreted broadly for political reasons. This fracas over data servers has been addressed by the trade deal.

Mr Underwood stresses that although the deal could make a significant impact in sectors such as clothing and legal services, it will not affect the fundamental nature of doing business in South Korea. Building contacts and finding the right local partner will still be key.

"You do not win in Korea by pulling out the contract," he says. "The free trade agreement could be effective but it cannot suddenly change the whole cultural behaviour."

UK group adopts local customs

Profile Edwards

The company has also helped educate Koreans about Britain, says **Christian Oliver**

South Koreans believe they have a divine right to instant assistance if their laptops or rice cookers are misbehaving. They simply make a call and a repair man on a moped will race to their homes.

Any foreign investor arriving in South Korea must realise the importance of this culture of scrupulous, 24-hour after-sales care.

Edwards, a British vacuum pump-maker in South Korea, knows all too well that the country's biggest conglomerates – Samsung, Hynix and LG – are even more demanding than furious consumers whose microwaves are on the blink.

Without their pumps, the world's biggest producers of memory chips would seize up.

"If one $10,000 pump stops, the whole process stops. If we were just promising to send someone the next day, that could lose the company millions of dollars," says Kim Joung-cho, Edwards' original local partner and now the group's director for external affairs.

To prevent such a catastrophe, a team of 40 technicians – some of them sleeping in dormitories – is based in the town of Kiheung, where Samsung Electronics, the world's biggest technology company by sales, keeps its microchip plants whirring 24 hours a day.

Edwards' vacuum pumps create a clean, dustless environment for components at each step of their passage down the production line. The company also makes pumps that extract and purify the highly toxic gases emitted in the chipmaking process.

Edwards was formerly part of the BOC gases group but is now owned by private equity companies CCMP and Unitas Capital. Riding a boom in the semiconductor business, the owners are looking to sell the business, which makes 60 per cent of its revenues in Asia.

In South Korea, Edwards' clients are the powerful *chaebol* conglomerates that dominate the economy.

This entails tactics far removed from those at Edwards' operation in Taiwan, another semiconductor powerhouse.

Taiwan has a wide array of middle-sized companies which Edwards targets with its goods and services. In South Korea, there is no such room to spread risk. The only hope is to get an inroad with the *chaebol*.

"It is very difficult and very dangerous. Almost all or nothing," says Mr Kim.

So far, Edwards has fared well in this high-stakes game for the affection of the *chaebol* and provides 60 per cent of the pumps to Samsung.

Illustrating another key facet of successful investing in South Korea, Edwards' ability to find its niche with those *chaebol* owes much to its local partner: Mr Kim. Most successful investment stories in South Korea involve a prominent local partner that commands respect in high places and plays golf with dealmakers.

Mr Kim represented the company from the early 1980s and Songwon Edwards was established as a joint venture with his Songwon Trading Company in 1992. It was a good time to start, coinciding with the birth of the country's semiconductor industry.

Mr Kim was formerly chairman of Semi, the global industrial association for chip manufacturers.

"He is a legend in the industry and we could not do without him," confesses Gary Harte, Edwards' Asia Pacific finance director.

Edwards has also reaped the benefits of investing in an industry that the Korean government classes of strategic importance to its economy.

Edwards received free land for a new plant and has won breaks on corporation tax. Other companies are not so lucky and South Korea can take a harsh line on manufactured goods that local companies could make instead.

> 'China is going to be huge, but is still a number of years behind Korea in terms of semiconductors'

Edwards, meanwhile, is confident the Korean market will need an increasing range of pumps for the industry as the technology sector expands.

"South Korea used to have a reputation as a follower but, from our perspective, they are leading the field," says Mr Harte.

Green energy, which Samsung and other Korean companies are prioritising, also promises revenue streams in solar power and LED lighting. It also requires nimble innovation from Edwards, given the commitments of Samsung to cut its own emissions.

"China is going to be huge, but is still a number of years behind Korea in terms of semiconductors, solar and flat-panels. People don't have concerns about 'Made in Korea'; 'Made in China' still gives them some call for concern," Mr Harte says.

Douglas Barrett, head of trade at the British embassy in Seoul, says Edwards' venture in Korea corrected misconceptions about the UK.

"A lot of Koreans think the UK is only about finance and banking. That is not true. Britain is still the sixth biggest manufacturer in the world and British companies are manufacturing here in Korea."

French car success has lessons for all entrants

Renault Samsung

The foreign-owned carmaker's local identity is key to its success, says **Sebastien Falletti**

If you are a top executive at Renault Samsung, you had better take your two weeks' annual leave. If you do not, the company will simply cut your salary.

In South Korea, which boasts the longest working hours of any country in Organisation for Economic Co-operation and Development countries, this Gallic insistence that employees must find time for "joie de vivre" is one of the few clues that the fourth largest carmaker is, after all, French.

Although France's Renault took an 80 per cent shareholding in 2000, most South Koreans are convinced that the company is simply one of the numerous limbs of the most powerful corporate empire in the country: Samsung.

"While consumers sees GM Daewoo as an American company, they still believe Renault Samsung is a domestic one owned by the Samsung family," says Park Sang-do, automotive expert at the European Union Chamber of Commerce in South Korea.

This perception is key to the success of one of the most prominent European manufacturing investments in the Land of the Morning Calm. In 10 years, Renault has turned a bankrupt local carmaker of 1,900 employees into a fast-growing company of 7,600 people that accounted for 12.9 per cent of the domestic market during the first half of 2010, up from 10.8 per cent in 2009.

This success story stands in sharp contrast to the difficulties encountered by many large foreign groups investing in South Korea, such as Carrefour, which quit the country in 2006.

Jean-Marie Hurtiger, Renault Samsung's chief executive, has no desire to disillusion his customers about the actual nationality of his company. On the contrary, he is happy to stress its local identity.

"We are a Korean carmaker and do not try to conceal it," says the Frenchman, who was sent to Seoul in 2006 to take over from one of his compatriots. He says this rather ungallic, low-key approach is vital to the success of Renault Samsung. It is also a lesson for other foreign manufacturers planning to invest in Asia's fourth-biggest economy.

He says: "Here, you are deceiving yourself to think you can control everything that is going on in your company. You have to trust the Korean management."

Only 10 managers and 20 engineers, out of almost 8,000 staff, are French. When Renault took over the carmaker, it decided to keep most of the Samsung management in place, with the aim of limiting the number of expensive expatriates it had to send out.

Mr Hurtiger's story correlates almost exactly with that of the UK's Tesco. The supermarket chain also created a successful business in Korea by partnering with a struggling branch of Samsung whose main value at the time of the 1999 merger was its brand name.

"The working atmosphere and conditions [at Renault Samsung] are very similar to those of their competitors Hyundai or Kia," explains Mr Park. However, being part of a global group is an asset for recruiting young graduates, especially women, who hope for a faster career path than in a purely domestic company.

The tiny French executive force

Local hero: Jean-Marie Hurtiger says 'we are a Korean carmaker and we do not try to conceal it' Bloomberg

does have to stay on the alert for conservative local practices.

"There is a level of operations that a foreigner cannot manage. However, it is crucial to place some checks at some strategic points within the management process in order to fight against conservative tendencies and maintain dynamism within the company," says Hurtiger.

> 'It is crucial to place checks within the management process to fight conservative tendencies'

While recruitment is controlled by Koreans, the French management keeps an eye on human resources policies to moderate the traditional Confucian order which tends to favour seniority and the promotion of male executives. This balancing act is one of the most delicate challenges faced by any foreign executive running a branch in South Korea.

This fragile equilibrium is becoming even more critical as Renault Samsung turns into a global carmaker. The company has gone a long way from the time it imported a Nissan model to sell on the South Korean market.

The new SM5, launched this January, is the first Renault Samsung car conceived for the global marketplace.

The SM5 forms the base of the Renault Latitude, unveiled this year, which will hit European markets early next year. It will be followed in 2011 by the SM7, which targets richer drivers in emerging markets. Exports already represent a third of the 295,000 cars produced annually at the plant in the southern port of Busan.

However, this proportion is expected to grow further in the coming years as the South Korean market becomes saturated, Mr Hurtiger says.

A landmark trade agreement between Korea and the EU will cut the cost of importing some of the parts made in Europe, and further integrate Renault Samsung into the Renault group.

"This is a new chapter," says Mr Hurtiger. Yet the French group has no intention of turning its back on the local roots. Earlier this year it signed a contract with the Samsung family allowing it to use South Korea's most talismanic brand name for another decade.

Tesco finds thriving market and launch pad for China

Supermarkets

The UK-based group sees room for growth, says **Andrea Felsted**

When Tesco takes a group of investors and analysts to South Koreathis month, [the world's third largest supermarket group by sales will be showcasing its biggest and most prized market outside the UK.

"South Korea is the star of Tesco's international [business]", says Clive Black, analyst at Shore Capital.

While Tesco struggles to crack the US, its operation in South Korea generated £4.16bn of sales in the year to February 2010, and £300m of operating profit.

Shore Capital estimates that Tesco, with a roughly 9 per cent market share, is a close second to the leader, Shinsegae's E-Mart, which has 10.3 per cent, according to industry data.

Some 11 years ago, Tesco struck a deal with Samsung, then reeling from the Asian financial crisis of 1997-98, to enter the South Korean market. It now has 325 stores in Asia's fourth-biggest economy under the Homeplus brand.

While bigger rivals Walmart and Carrefour, the world's number one and two supermarket chains by sales, have pulled out of South Korea, Tesco has continued to expand. Two years ago, it broke with its tradition of expanding organically by spending nearly £1bn on 36 stores owned by E-land group in and around Seoul, which traded under the Homever brand.

Since its arrival in South Korea, Tesco has increased its stake in the business. Originally, a 50-50 partnership, today Tesco holds a 94 per cent stake.

But it has retained a predominantly South Korean management team. Out of its 22,000 staff in the country, just six are expatriates. This has helped Tesco to localise and understand South Korean customers.

They demand more squid and fresh fish than Tesco's British customers, for example, and also have a penchant for pickled cabbage and *durian*, a prickly, strong-smelling fruit.

But Tesco's success has also been bolstered by exporting some of the features that have helped it to dominate its home market.

As in the UK, Tesco's business in South Korea comprises a range of formats, from huge hypermarkets to small convenience stores. It is using the market as a test bed for initiatives, opening 18 franchise convenience stores there, as it explores whether including local shopkeepers in expansion plans will help to quell resistance.

It also operates a version of its Clubcard loyalty scheme, which has 16m members in the UK, as well as a strong own-label food business, including its premium range Tesco Finest.

It sells plenty of general goods and operates an internet home shopping service, as well as selling financial services including car insurance and credit cards.

> Tesco has said it could have up to 80 malls in China in five years

The experience in South Korea has also helped shape the business in other parts of the world. Tesco developed a suite of information technology systems in South Korea, dubbed "Tesco in a box", which it has rolled out in other markets such as Turkey.

The South Korean operation has also led the way in corporate social responsibility. It has 100 culture centres in its stores, where adults and children can sign up for classes that range from languages to guitar and ballet.

Tesco is opening its Asian development academy, a base for developing staff across the continent, just outside Seoul next year.

But perhaps the biggest benefit from the South Korean market could be the springboard it provides Tesco for entering China.

As well as the academy, which will be helpful for Tesco's expansion in China, it has gained experience in running malls attached to its stores.

In China, Tesco plans to build a chain of malls, each anchored by a hypermarket. It opened three in the first half of its financial year to the end of August, and plans a further three before the end of the fiscal year, at the end of February.

Tesco says it could have up to 80 malls in China in five years. "South Korea is a blueprint for what Tesco wants to do in China," says one retail analyst.

Concerns were raised this year when South Korean lawmakers proposed legislation that would restrict the opening and operation of large urban supermarkets – so-called "super-supermarkets" – but these plans were put on ice after intervention from the trade ministry. There is also a question over whether South Korea is a mature market for Tesco. However, the group believes that there is still plenty of room for growth.

This is underlined by its store opening programme. Tesco opened 27 stores in the first half of its financial year, and plans a further 31 in the second half.

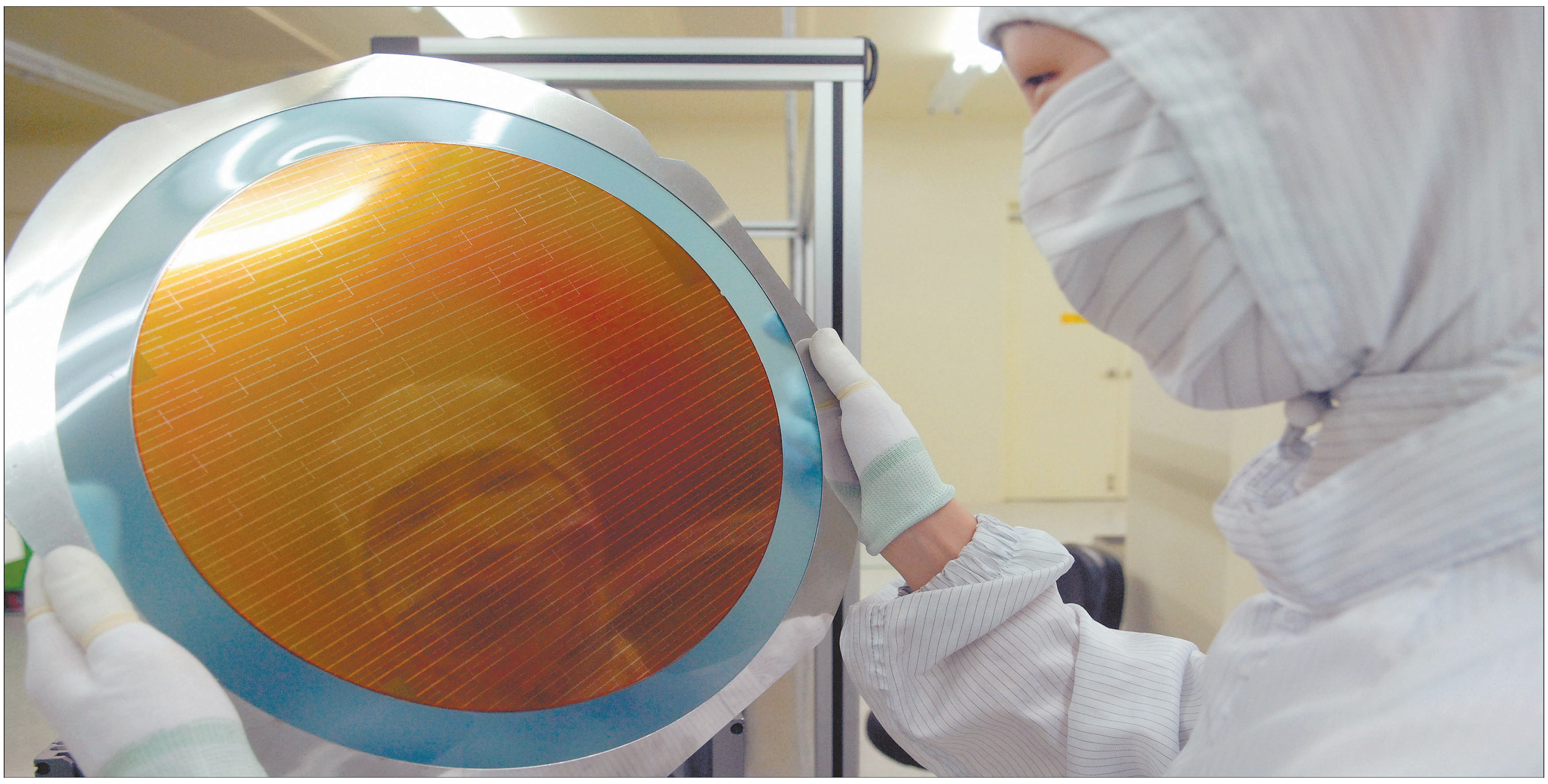
Many of the new stores are convenience stores, while its online business and financial services operations are also growing.

According to Jonathan Pritchard, analyst at Oriel Securities: "While South Korea might not be the most immature economy in which Tesco trades, it certainly offers enormous growth potential."

Hynix is model for relations with China

China-Korea links

Growing trade and investment have transformed relations, says **Robin Kwong**



Under scrutiny: checking a silicon wafer at Hana Micron, a South Korean supplier to Hynix, whose early sales channels into China helped give it a large slice of the market Bloomberg

Hynix, the South Korean memory-chip maker, did not initially go to China in the way that most other manufacturing companies did.

Instead of using China as a production base, Hynix, originally founded in 1983 as Hyundai Electronics Industry, in its early days produced a wide range of high-tech products in South Korea that it then exported to China and other countries.

This meant that by the time Hyundai Electronics had changed its name to Hynix, spun off its other businesses and become completely separated from the Hyundai group in 2002, the company already "had sales channels [into China] far earlier than other parts of the company", says James Kim, vice-president.

It was not until 2006 that Hynix, the world's second-biggest producer of dynamic random access memory, a key component in all computers, launched a joint-venture plant with STMicroelectronics in Wuhan. That plant was the base for Hynix's D-Ram production facilities in China.

At that time China was still a relatively small part of the world's D-Ram market, but it has grown greatly in significance since. Some 60 per cent of global personal computer shipments now come from China, and Chinese demand now accounts for about 20 per cent of the D-Ram market, according to Mr Kim.

This has been a boon for Hynix. "Because we were in China a lot earlier than the others, we have been quite successful there. We have 45 per cent of the market in terms of D-Ram and having a big plant in mainland China means that we get good access to a very big potential market," Mr Kim says. Hynix's China plants now account for half of the company's production capacity.

In spite of Hynix's previous sales channels in China, Mr Kim says having a manufacturing base in China – which required a much bigger investment – made a difference in terms of accessing the Chinese market. "It was a lot easier in terms of logistics, for discussions and communications with clients," he says.

Hynix's experience highlights the changing nature of South Korean investment into China as economic ties between the two countries deepen. China passed the US to become South Korea's biggest trading partner in 2003, and Korean investment into China, which was almost non-existent two decades ago, reached 40 per cent of total Korean outward investment in 2005 before dropping back to 22 per cent this year.

"China is now the number one destination for Korean foreign direct investment. That's a big change," PH Kim, a research fellow at the Korea Economic Research Institute, says.

"Initially we went to China for cheap labour, especially in the case of manufacturing, but now there is more focus on the service sector," he says. South Korean companies are also increasingly investing in China to access the market there. According to government statistics, more than 50 per cent of Korean investment into China last year was made because of the domestic market, while only 18 per cent was because of cheap labour in China.

This was particularly the case in the technology sector. In the D-Ram industry, for example, labour cost accounts for just 7 to 8 per cent of the total production cost, according to Hynix's Mr Kim, making it a small part of the consideration of where to locate a billion-dollar plant.

Likewise, it is the explosive recent growth of the Chinese television market, which will probably overtake the US to become the biggest in the world next year, that has propelled Korea's Samsung and LG Display to invest in flat-panel manufacturing plants in China.

'Initially, we went to China for cheap labour but now there is more focus on the service sector'

While Samsung and LGD are the biggest in the world in terms of global TV shipments this year, they account for just 5.5 per cent each of the Chinese market. This has made bulking up their China operations a necessity for both companies.

However, the TV industry also shows how intensely competitive the race to invest in China has become.

When Seoul last year approved Samsung and LGD's China plans, it provoked intense concern in Taiwan. There, the government had earlier barred similar investments into China because of tensions in the relationship between Beijing and Taipei. Taiwan later relaxed its rules – a move described by analysts and industry bodies, such as the US-Taiwan Business Council, as "a direct response to South Korea's recent moves".

Yet despite the size and rapid growth of China's market for technology goods and services, not all of Korea's investments into China have been profitable. SK Telecom this year sold its minority stake in China Unicom for $1.28bn and withdrew from China after years of futile efforts to make inroads into the world's largest mobile market by subscribers.

Government bonds fail to win place at global top table

Sovereign debt

Reforms have been delayed but liquidity remains good, writes **Christian Oliver**

Until a few weeks ago, investors thought that sweeping reforms to South Korea's bond market were simply on hold, and that Seoul's sovereign debt was still destined for a place in the international big league. But they are beginning to worry that impending capital controls could torpedo the country's prospects.

When South Korea early last year terminated a 14 per cent withholding tax on investors' earnings on sovereign paper, it seemed that Seoul's bonds would soon be listed on Citigroup's World Government Bond Index. As the WGBI is tracked by heavyweight investors such as Japanese pension funds, that would open the floodgates. Market experts reckoned that Seoul could attract more than $10bn of extra foreign investment.

But almost two years later, South Korea's debt market is still deemed unready for a place in the WGBI.

Many bond dealers say the argument has become political. As a leading global exporter, South Korea has been keen to avoid a rapid appreciation of its currency, the won. Traders say that South Korea has deliberately dragged its feet on inclusion in the WGBI to sidestep an unwelcome currency appreciation.

Indeed senior financial officials say South Korea could consider reimposing the tax. The finance ministry department responsible for the withholding tax insists it will not be reintroduced, but presidential officials, central bankers and regulators have riled markets by saying the matter is under consideration.

"The fact that even some form of reconsideration seems to be going on is unhelpful for the markets and the WGBI committee," says Nicholas de Boursac, managing director of the Asia Securities Industry and Financial Markets Association, a lobby group.

At a more technical level, many bond investors argue that South Korea has not done enough to make its market as liquid and stable as they would like. They are lobbying for South Korea to allow short selling of bonds and for Seoul to construct a fully fledged repurchase market.

But even without these reforms, investment in the South Korean bond market is growing fast. In October, foreigners held 12.4 per cent of government debt, worth Won46,000bn ($41bn), rising steadily from 41,000bn at the end of July. In the corporate bond market, South Korea maintains its internationally unpopular withholding tax.

> 'Short selling has to come in, no matter what [Germany's Chancellor] Angela Merkel says'

Expanding the sovereign market further through short selling is a thorny issue. South Korean regulators had insisted that bond short selling was imminent, shortly before Angela Merkel, the German Chancellor, announced a ban on the practice in her country. Since then, South Korean officials have said they do not want to take a unilateral decision on short selling, particularly when Seoul is acting as president of the G20 leading economies this year.

It has said it will not take any action on withholding tax or short selling until the G20 is concluded.

"Short selling has to come in, no matter what Angela Merkel says," Mr de Boursac says. "That then helps build up a repo market and I am delighted by what South Korea is doing in that regard."

While dithering about their position on short selling, South Korea's officials have been keen to parade significant reforms in the repurchase or "repo" market. Building up a "repo" market serves a dual purpose: bringing liquidity to the bond market and bringing collateral to South Korea's largely unsecured money market.

The perils of short-term financing have been a big deterrent to foreign investors. "There are some extremely dodgy operators in South Korea's market," says one foreign trader.

According to South Korean regulators, 51 per cent of all short-term financing between financial institutions is conducted through an unsecured call money market. The regulators argue that this excessive call money could become "a source of potential systemic risk when hit by a sudden credit crunch".

Ernst Lee, spokesman for the Financial Services' Commission, says the need for this unsecured call market would have to be examined in the long term.

Only 16 per cent of short-term financing is conducted through repurchase or "repo" markets, where bonds are used as collateral for short-term funding, primarily overnight by large financial institutions.

Seoul's latest proposals, which should be implemented completely by the end of next year, are designed to coax investors towards repos and away from the call market. South Korea will introduce a central clearing system for repos, standardised contracts and an online trading platform. Mr Lee says this will greatly improve the "piecemeal" way in which Korea currently conducts its repo transactions, and kindle the bond market.

One head of a European bank in Seoul said he did not understand why Citigroup's index committee was being so reticent about including South Korea.

"One of our most important tests when deciding on whether to invest in a bond market is liquidity, and Korea to us looks like the best Asian bond market outside Japan."

Upgrade might end mystery of discount to Asian peers

Stock market

The next few months are likely to be crucial for South Korean equities, writes **Josh Noble**

The Korean stock market has long presented investors with a dilemma.

The country enjoys strong economic growth, a wealthy population and increasingly global companies in which to invest. Yet for years the market has traded at what is known as the Korea discount, compared with peers China and India.

South Korea's Kospi market is trading at a price-to-book ratio of 1.3, whereas China trades at 2.6 and India at 3.6. The Kospi's price-to-earnings ratio is 14.2, compared with China's 19.8 and India's 19.7.

The discount, which ranges from 10 to 40 per cent, remains something of a mystery, although analysts give a raft of reasons for it.

Seok Yun, at Credit Suisse, blames local investors. "They have usually come in very late, and then don't invest for the long-term."

Shaun Cochran, at CLSA, points to the inherent cyclicality of what South Korean companies do. Technology and chemicals companies, automakers, steelmakers and shipbuilders make up the bulk of the index, which in effect makes the Kospi "a high beta play on global growth", says Mr Cochran.

Other reasons include high debt levels, thin margins at many businesses and over-reliance on Samsung Electronics and Hyundai Motor.

Poor corporate governance is also a big problem, notably at family-run conglomerates, or *chaebols*. There have been a number of high-profile cases of Korean executives being convicted of criminal activity, only to receive a presidential pardon and return to their posts.

Action has been taken in all these areas. Corporate debt levels are coming down, while technology companies plan to move up the value chain. The market is also diversifying. Samsung used to make up 30 per cent of the overall index, now it is just 13-14 per cent.

Corporate governance is becoming better, as family-run businesses gradually come to market, such as Samsung Life, the insurer, which listed in May.

Perhaps most important development is the revamping of the pension system.

South Korea's National Pension Service, the world's fourth largest, traditionally stayed away from equities, but is taking a bigger role in the stock market, which many hope will help improve corporate governance. It should also help domestic participation become less short-term, says Mr Yun.

Korean shares are trading at a discount of 25 per cent, roughly the historical average, despite a pretty good year. The index is up more than 13 per cent in 2010 – much less than the sizzling returns from Indonesia and the Philippines, but only slightly behind India's Sensex index and far better than mainland Chinese shares.

That performance has been largely the result of interest by foreign investors in emerging markets. This year, global investors have put almost as much money into South Korea funds as into India and Indonesia funds combined, according to EPFR. Much of that investment has come in the past few weeks.

At the start of October, Citi joined Morgan Stanley in recommending an overweight position in the Kospi. As the country most dependent on Chinese demand after Taiwan, Korea is set to benefit from China's relatively soft slowdown, says Geoff Dennis, global emerging market strategist at Citi.

Mr Cochran is less optimistic. "Stocks have had a good run; prices are about in line."

The Kospi stock market index has been called 'a high beta play on global growth' Bloomberg

Mr Yun at Credit Suisse plots a middle course. He sees further upside until the second quarter of 2011, when he says any sign of a US recovery would probably cause renewed dollar strength, generally a negative for emerging markets.

But there is perhaps a more important event in the first half of 2011 for the Korean market: MSCI, the indexing company, will review its decision to keep South Korea on its list of emerging markets. It has been on review for an upgrade to developed market status for a few years and has been upgraded at FTSE. Mr Yun believes an upgrade from MSCI is on the way, either in 2011, or 2012.

MSCI's most recent report affirms strong prospects.

An upgrade would mean the withdrawal of emerging market investors. Although they would be replaced by the much bigger pool of investors who track the MSCI developed world index, it would still probably cause high levels of volatility during the 12-month grace period for emerging market investors to sell.

After that, a bigger shift could take place. The nature of emerging market investment means smaller, younger companies attract research interest and funds. Developed world investors tend to invest in only the top 10 companies as part of benchmark weightings, meaning a greater focus on a few stocks, says Mr Yun.

"Being an emerging market is part of Korea's persistent tragedy – that perceptions lag far behind reality," says Mr Cochran. Becoming a fully fledged developed market may help change that.

Equity investors will be a true and fitting tribute to miracle

Guest Column
JUN IL KWUN

Last month, I met a family friend, a 93-year-old American missionary whose father had moved in 1890 to what was then the Kingdom of Great Joseon. During their service in Korea, his family witnessed the end of a 500-year-old dynasty, the short-lived Empire of Korea, annexation by Japan, independence and birth of the republic, civil war and division and, finally, rapid industrialisation and the flowering of democracy.

What impressed him deeply was Korea's economic development and, in particular, the extent to which sheer determination played a role.

Today, South Korea is a leading economy with annual output approaching $1,000bn. The country is expected to report 6 per cent growth this year and, with gross exports amounting to more than 40 per cent of GDP, it is among the most active participants in the global economy.

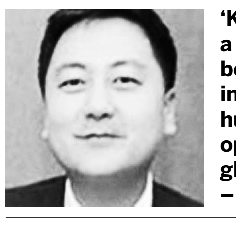
Its companies have achieved global leadership in several industries, while the government has signed free-trade agreements with countries accounting for more than half of global GDP. Investors have responded: the Kospi stock market index has risen 21.3 per cent in the past 12 months.

Yet South Korea remains the cheapest market in Asia. The market trades at 9.1 times the forward price/earnings ratio and 5.9 times trailing Ebitda, a discount of nearly 30 per cent to the MSCI Asia-Pacific ex-Japan regional index.

This discount does not seem to be related to credit risk. While geopolitics may dominate the headlines, South Korean companies have quietly deleveraged their balance sheets, and the government has maintained sound public sector finances and increased foreign exchange reserves to nearly a third of GDP. Accordingly, South Korea's five-year sovereign CDS spread is meaningfully lower than many of its Organisation for Economic Co-operation and Development peers. Likewise, the discount cannot be ascribed to lower growth expectations.

IBES estimates 2010-12 earnings growth for South Korean companies at 21.7 per cent, compared with 18.9 per cent for the Asia-Pacific region. On a price-to-earnings growth basis, South Korea trades at 0.7 times, versus the region's 1.0 times. Even factoring in expected growth, we see a discount of 30 per cent.

For longer term growth, a quick scan of the data – high spending on education (at 7 per cent of GDP, the third highest in the OECD), research and development investment as a percentage of GDP (fourth highest in the OECD) and triadic patent grants (number four in the world) – suggests the country is amassing the knowledge capital needed for sustained growth.



'Korea's model is a testament to the benefits of investment in human capital, open economy and global trade' – Jun Il Kwun

Therefore, its equities should provide an attractive combination of value and growth. Yet this valuation gap has persisted for many years, and jaded investors may argue it is not really a discount if it is permanent. A re-rating is likely, but will require more active engagement between companies and investors.

Investors should look beyond the handful of blue chips that dominate their holdings. South Korea is home to hundreds of middle-market companies that are globally competitive, with good market positions and growth outlooks. They tend to trade at significant valuation discounts to the broader market.

The opportunity is even greater for private equity investors who are able to acquire unlisted companies. Operationally-minded private equity managers can assist these companies in such areas as governance, overseas sales, mergers and acquisitions and capital structure, targeting precisely those areas that are the biggest obstacles to growth.

The greatest potential upside for investors may reside among service sector companies, most of which are small and medium-sized enterprises.

While South Korea's export-oriented manufacturers are among the most competitive in the world, the OECD estimates that the country's service sector productivity is only 60 per cent of its manufacturing sector productivity. Within services, SME productivity is estimated to be only 45 per cent that of large companies. The opportunity and the challenge are commensurably large.

South Korea's economic development warrants recognition. Its model has brought material well-being, and is a testament to the benefits of investment in human capital, an open economy and global trade.

The approbation of equity investors will come – over time and through more substantive engagement with a broader group of companies. And when it does, it will be a fitting tribute to the miracle of South Korean development.

Jun Il Kwun is co-founder and managing director of Actium Corporation, a private equity firm based in Seoul.

Seoul real estate attracts foreign interest

Commercial property

Investors are eyeing office space as the city steps out of the shadow of neighbours, writes **Song Jung-a**

Downtown: the value of high-end buildings is 30 per cent down on other Asian cities Bloomberg

South Korea's strong economy and stable investment returns are luring an increasing number of international investors into Seoul's commercial real estate market, with the supply of top-grade buildings in the glitziest areas of the capital set to increase sharply in the coming years.

Foreign pension funds and domestic institutional investors are eyeing a real estate market that looks undervalued – high-end buildings in downtown Seoul have values about 30 per cent lower than that of prime buildings in other Asian cities such as Tokyo and Hong Kong.

Prices of high-quality buildings in Seoul's three main business districts – downtown, Yoido and Kangnam, which make up about 75 per cent of the city's office stock – remained relatively stable despite the global economic crisis, which hammered real estate prices in developed countries in Europe as well as the US and Japan.

Terry Hwang, who is in charge of Deutsche Asset Management's real estate investment in South Korea, says: "Seoul's real estate market has long been overshadowed by its larger neighbours Japan and China, but an increasing number of foreign investors are turning their attention to Seoul amid the real estate slump in Tokyo and rising investment risks in big Chinese cities.

"We are likely to see stable growth in the market, given the country's stronger economic fundamentals and its higher international standing."

Due to chronic supply shortages, Seoul's main business districts boast the lowest office vacancy rates of all main markets in Asia, and rents remain stable in the wake of the global economic crisis, although transactions slumped by almost 70 per cent to €489m ($680m) this year from €1.5bn last year.

South Korea's economy has survived the global economic crisis relatively unscathed and showed the fastest recovery among members of the Organisation for Economic Co-operation and Development. The International Monetary Fund forecast that the country's gross domestic product would grow by 6.1 per cent this year, one of the highest rates among the Group of 20 nations.

"Investment conditions are improving, with the local currency getting stronger while treasury yields are getting lower," says An Gye-hwan, until recently senior vice-president at Savills Korea, the leading commercial estate agent. "The market boasts relatively high investment returns of 5.5-6.0 per cent, compared with low treasury yields of around 3.5 per cent."

The South Korean won has appreciated about 8 per cent against the dollar in the past three months and is expected to continue the upward trend amid increasing foreign fund flows into Korean equities and bonds.

Mr An adds that the stronger won will bring foreign exchange gains for foreign investors when they cash out of property assets.

But transactions remain dull this year as large domestic institutional investors, including the state-run National Pension Service, a main buyer of local buildings, turned its attention abroad to snap up undervalued buildings in Europe and Australia.

Instead, European institutional investors such as Deutsche Bank, ING, and pension funds in Germany and the Netherlands, along with Asian investors such as GIC of Singapore, are showing interest in the market but remain hesitant.

About 1.8m sq m of new office space is expected to be supplied over the next four years with almost half of it coming to the market next year, putting pressure on the vacancy rate, which is currently 3.3 per cent.

"Next year, we will see large supply that we have never seen before. The question is whether it can be absorbed easily, although there seems to be strong potential demand from the corporate side," says Mr An.

He adds that such uncertainty will present an opportunity for long-term investors seeking stable returns. South Koreans' per-capita office usage is expected to increase as the economy expands from its traditional manufacturing base into service sectors such as finance and research and development.

"For investors with a long-term perspective, next year will be the best time to buy buildings as prices are likely to come under pressure amid large supply," says Mr An. He predicts supply will be gradually absorbed by big companies integrating scattered offices.

However, some industry watchers are cautious as the large supply is expected to lift the vacancy rate and lower investment yields. "Investors are likely to wait for a couple of years until market uncertainty clears," says Deutsche Asset Management's Mr Hwang. "It is hard to expect active transactions as long as financing conditions remain difficult due to high borrowing costs."

However, the country's steady economic growth and its higher national profile mean that the market's long-term outlook is bright, he says. "Although the market is sluggish at the moment, it will recover in a couple of years. It is still a very attractive market, which offers stable returns for long-term investors. It will remain so, at least for the next 10 years."

Design is at the heart of reviving a high-tech city

Profile
Seoul

The capital has both history and an eye on the future, says **Song Jung-a**

The sprawling and bustling capital of South Korea will be back in the spotlight as President Lee Myung-bak plays host to the leaders of the Group of 20 leading economies to discuss global issues such as economic imbalances and sustainable growth.

In the run-up to the G20 meeting this week the metropolis, which has a population of more than 10m, has had a substantial facelift. As part of efforts to turn Seoul into a more attractive global city, the mayor, Oh Se-hoon, has redesigned parts of the city and added greenery.

Much of Seoul's traditional beauty has been lost during the country's rapid economic development since the 1950-53 Korean War. In the process its downtown area became a grey and brown concrete jungle. To improve the central cityscape, the mayor has built a green plaza at the centre of the city. Complementing the efforts of Mr Lee, who was Seoul's mayor before becoming president, he pulled down a double-decker highway and restored a stream buried beneath it.

"We will make it one of the top five globally competitive cities over the next four years," says the recently re-elected 49-year-old mayor. "We will create a unique brand image for Seoul through design, culture and cutting-edge technology."

The city combines a 2,000-year history with one of the world's most advanced information and technology infrastructures – it has the highest rates of high-speed internet access and citizens using broadband services on buses and subways.

Mr Oh is also trying to make Seoul a centre of design. The city was designated World Design Capital this year by the International Council of Societies of Industrial Design, and named City of Design by Unesco in July.

Seoul has held a series of design-related festivals this year and plans to complete a global fashion centre in Dongdaemum by 2012 to nurture the city's creative industries.

"Korea is an export-driven economy and the country's brand image is very important for boosting the value of its products," says Mr Oh. "We want to foster a design-oriented industrial environment where creative industries such as finance, fashion, design, digital content and research and development can flourish."

Mr Oh boasts that his focus on design has helped strengthen the city's international competitiveness, referring to data from the Chinese Academy of Social Sciences. According to the Chinese state-run think-tank, Seoul this year moved to ninth place in global urban competitiveness from 27th four years ago.

> 'We will make it one of the top five globally competitive cities over the next four years'

But the city has a long way to go to fulfil its ambition of becoming an Asian financial hub.

Seoul broke into the top 25 global financial centres for the first time this year, according to British consulting company Z/Yen Group, but the World Economic Forum recently expressed concerns about the availability and cost of financial services in South Korea. Foreign direct investment into the city tumbled 61 per cent to $1.46bn in the first nine months of this year, as European and US investment into its financial sector plunged in the wake of the global financial crisis.

Stephen Green, HSBC's chairman, says that Seoul's advantages include being home to Asia's second-largest insurance market, but it should open up its financial markets further to compete better with such other Asian cities as Tokyo, Hong Kong and Shanghai.

"Seoul has many strengths to build on . . . but there is the need to continue the work of liberalisation. A vibrant, transparent, well-run and well-supervised financial sector is important," Mr Green says about the city's ambition to become a regional financial hub. "It is not just a matter of regulations, it is a matter of creating a livable city, a city where people want to come and be posted."

The city's quality of life remains low, with recent research by Mercer Human Resources, the global consulting firm, putting Seoul at number 81 for quality of life out of 221 cities worldwide.

In order to offer a better environment for foreign workers, the city is building more schools, apartments and medical centres aimed at foreigners.

The mayor is also trying to make Seoul more attractive by investing in the city's two natural landmarks, the Han River and Mount Nam.

The world's first man-made floating islands will be built on the river by next year for various cultural events. A multicultural complex on the central Nodeul Islet, which some say could be compared with Sydney's Opera House, is planned for 2015.

Access to Mount Nam in central Seoul has been improved in an attempt to make the area the Central Park of Seoul, with hiking, restored historic monuments and new concert halls.

Thanks in part to such efforts, the city attracted about 6.5m foreign tourists in the first nine months of this year, up 12.7 per cent from last year, becoming the top destination for Chinese and Japanese tourists, according to recent surveys.

"We are trying hard to make Seoul a city friendly to foreigners. More tourists will come if we offer things to watch, eat and enjoy," says the capital city's mayor.

New brand image: Seoul mayor Oh Se-hoon

A bridge between old powers and emerging forces

David Pilling

The perceived shift of economic and diplomatic power from west to east and from the developed to the developing world is most often associated with the emergence of China and India as the planet's most dynamic large economies. But South Korea – still an emerging market if the MSCI emerging markets index is to be believed – is just as revealing about changes in the world pecking order.

It is hard to believe that as recently as July 2008, when Group of Eight leaders met in Japan, advanced countries were openly suspicious about proposals to expand the rich club of nations.

Kazuo Kodama, chief press secretary of Japan's foreign ministry, was withering in his assessment, saying: "The G8 is a group of countries who share basic fundamental values." Enlargement, he added haughtily, "would dilute the quality of the discussions".

Two years – and a near meltdown of the global financial system – later, South Korea is president of the G20, a body that has decisively replaced the anachronistic G8 as a forum for discussing global issues. As a middle-to-high-income economy – with a per-capita income of $28,000 at market prices against, say, $29,000 for Italy and $32,500 for Japan – South Korea is a natural bridge between the established economic powers and the newly emerging forces in the global order.

Even so, when Lee Myung-bak, South Korea's president, gave a speech in Davos in January laying out Seoul's agenda for the coming year, there was open scepticism from delegates about the country's ability to keep the G20 momentum going. How could South Korea, people whispered, possibly act as an arbiter in the great questions thrown up by the implosion of a financial system centred in Wall Street and London? As western economies gradually recovered, it was said, they would quietly forget the post-crisis rhetoric of broader global co-operation. South Korea's moment in the sun as G20 host would be a disappointing affair.

Events have panned out differently. For a start, the US economic recovery appears to have stalled, requiring the US Federal Reserve to embark on a fresh round of quantitative easing. The Greek sovereign debt crisis has raised the frightening prospect that bank bail-outs have merely shifted the risk to national balance sheets. Meanwhile, the non-G8 members of the G20 have bounced back. China is growing at 10 per cent and India at 8 per cent. South Korea is expected to grow by a healthy 6 per cent this year.

> 'We've lost consensus about how to tackle the situation . . . The G20 is in serious difficulties'

The legitimacy of up-and-coming countries has, if anything, been strengthened. That is not to say there have not been tensions. The G20 has become more divided along developed and developing country lines. Last month Manmohan Singh, India's prime minister, told the Financial Times he was worried about splits between debtor and creditor nations, particularly as money being created by central banks in the west flowed to emerging markets, pushing their exchange rates upward. "We've lost consensus about how to tackle the situation," one top Indian official said. "That's my worry about the Seoul conference. The G20 is in serious difficulties."

Given such pessimism, last month's meeting of finance ministers and central bank governors in Gyeongju made a serious stab at resolving the underlying issues, or at least papering over the cracks. Seeking to act as a bridge between China and the US, the focus of the debtor-creditor divide, Seoul proposed moving from a narrow conversation about exchange rates to a broader discussion of trade imbalances. If China could stick to its projection for a current account surplus within 4 per cent of gross domestic product, South Korean officials reasoned, the exchange rate would become less important.

In the end, despite scepticism from Germany, Japan and others, delegates agreed to seek to limit trade imbalances. A newly invigorated International Monetary Fund, in which emerging market economies such as China and Brazil will play a bigger role, will monitor the process. The agreement is no panacea. It could yet fall apart at the Seoul gathering. But it is clear that a broad organisation such as the G20, incorporating developed and developing countries, is the only forum in which such an agreement could be attempted.

There is a final twist. South Korean officials spent a month secretly shuttling between the US and China hammering out a deal. The negotiations became public when Tim Geithner, US Treasury secretary, wrote to other G20 finance ministers proposing they pledge to limit current account surpluses to a percentage of national output. By the time finance ministers and central bank governors sat down to talk in Gyeongju, South Korea's idea had morphed into the "US plan". In at least some ways, the global pecking order remains much as before.

Tourists flock to Nami Island on pilgrimage to pop culture

Arts and culture

A television series is credited with triggering the 'Korean Wave' in Asia and the Middle East, says **Robin Kwong**

Unlike the lazy flow of the Bukhangang river, the daily stream of tourists visiting Nami Island is bubbly and excited. What attracts more than 200,000 visitors a year to the 4km-long island is not just the fact that Nami Island is a theme park – it is a theme park based solely around a single television show.

That TV series is *Winter Sonata*, a wildly popular Korean drama that first aired in 2002. *Winter Sonata*, which was largely filmed on Nami Island, was one of the first Korean dramas to have enjoyed huge success overseas and so, on a typical weekday last month, Nami Island is filled with tourists from Hong Kong, Singapore, Taiwan and Thailand.

The drama's overseas success is often credited with triggering the spread of a wave of Korean popular culture internationally. This phenomenon, known as Hallyu, or the "Korean Wave", began with TV dramas but later included music from singers such as Rain and the Wonder Girls, and movies from directors such as Park Chan-wook and Kim Ki-duk.

It is also a part of a bigger trend of popular cultures mixing across the language and country borders in Asia over the past decade. Besides Korean dramas, Japanese, Taiwanese and Hong Kong TV series have by turns taken the region by storm.

Winter Sonata's plot revolves around Joon-sang, a talented architect who remembers nothing about his past, or his childhood love Yu-jin, because he was brainwashed by his mother following a traffic accident. Scenes of Joon-sang's childhood and his subsequent return to the place where he grew up were filmed in snow-covered Nami during winter.

These days it is not just Koreans who make the pilgrimage to Nami to see the tree-lined paths where Joon-sang and Yu-jin rode a tandem bicycle together, or the picnic table where they first kissed.

Ng Hui Fang, who is visiting with her mother, says her family had planned this trip for a year because her mother really wanted to visit after watching *Winter Sonata*.

"Everyone came except my father, who doesn't like Korean dramas," she says.

"The Korean Wave is having a positive influence on a variety of fields such as international trade and politics," says Han Koo-Hyun, director of the Korean Wave Research Center. Mr Han estimates that the spread of Hallyu created economic benefits in Korea to the tune of Won 4,900bn ($4.4bn) in 2008 alone.

While Hallyu initially touched down in Japan, in recent years it has spread to other south-east Asian countries, and even further afield to the Middle East. That effect is most clearly seen in Nami Island. Overall foreign tourist visits increased from 170,000 in 2008 to 240,000 last year. In particular, the number of Thai visitors rose 70 per cent over that period, to 58,000, while the number of Japanese visitors has remained stable at about 20,000.

About 80 per cent of package tours from south-east Asian countries to South Korea include Nami Island as part of the itinerary. "Gangwon province was already known for its ski resorts and winter sports, but *Winter Sonata* gave us the opportunity to offer a different type of tourism attraction," said Wee Bang-hee, from the tourism marketing headquarters of the Gangwon provincial government.

The tourism office of Gangwon province, where Nami Island is located, is taking advantage of this by promoting Nami not only as the place where *Winter Sonata* was filmed but also a filming location for foreign movies and TV series. Since the initiative began this year three foreign film crews have already been to Nami Island.

Pulling at the heart strings: tourists take pictures of fallen leaves arranged into heart shapes by an artist on Nami Island EPA

> 'Nobody expected that Winter Sonata would be such a big hit and then nobody expected it would spread to south-east Asia'

Ms Wee said the island was now preparing for a surge of Malaysian tourists thanks to the airing in Malaysia this month of a television drama, *The calling of Nami Island*, which was recently filmed there.

A television station in Dubai also recently bought rights to *Winter Sonata*, indicating the spread of the drama's popularity to the Middle East.

This, however, has created one problem. "If they are Muslim, it is difficult to travel to Korea because of the food," she said. To resolve that, Nami Island is preparing to open a prayer room and a Muslim restaurant.

Yet perhaps one of the most unusual aspects of the spread of Hallyu is that it came as something of a surprise to most Koreans.

"Nobody expected [that *Winter Sonata* would be such a big hit] and then nobody expected it would spread to south-east Asia," Ms Wee said.

Mr Han, of the Hallyu Research Institute, said part of the appeal of Hallyu abroad is that it lacks distinctive Korean features, and instead draws on beautiful visuals and universal emotions and stories. While this aspect of Korean pop culture has been criticised domestically, Mr Han believes this is an advantage.

"Actually, *Winter Sonata* was a failure in its popularity among Korean people [but] the Korean Wave is very receptive to other cultures," he said.

Fascinating history, magnificent scenery and rich culture

Tourism

Andrew Salmon details a destination that is still largely undiscovered

It's not tropical and it's not cheap. That may be why economic powerhouse South Korea tends not to leap to mind as an Asian tourist destination. Yet travellers who do make it to this over-looked corner of north-east Asia tend to be pleasantly surprised by the diversity of experiences on offer.

Seoul is a dynamo of a city. Soaring, neon-lit architecture overshadows tranquil oases of heritage; shopping options range from ritzy department stores to maze-like street markets. The nightlife flares and sizzles as hotly as the charcoal grills set into the tabletops of its barbecue restaurants.

When travelling in Korea, having a sense of adventure helps. English is not widely spoken and there is a shortage of mid-priced tourist accommodation. (One ascetic option is a temple stay: see http://eng.templestay.com/ for availability.)

However, transport infrastructure is first-class and locals tend to appreciate, and show considerable curiosity towards, foreigners.

South Korea boasts a fascinating – but tragic – recent history, magnificent mountain scenery and a rich and ancient culture.

The three tours detailed here offer each in turn.

Security tour, The DMZ

Just 40 miles north of the capital of one of the world's most prosperous democracies looms one of the world's most impoverished dictatorships.

What separates them is a thin strip of heavily mined land known, ironically enough, as the demilitarised zone. It is the Cold War's last frontier and is actually one of the most militarised places on earth.

The DMZ can be visited only on guided tours. You can take in the truce village of Panmunjom, where delicate negotiations still take place, or hunch along one of the extraordinary infiltration tunnels that North Koreans dug to penetrate the South. Observation posts offer binoculars to gaze into Kim Jong-il's mysterious kingdom.

But while the DMZ is a tragedy – some 80,000 South Koreans have been separated from parts of their families in North Korea since the 1950-1953 Korean War rent the nation – it is also a place of beautiful wildlife and scenery.

Being completely undeveloped, the DMZ represents one of the finest ecosystems in the region; rolling hills that were once hellish battlegrounds now offer bucolic views – as long as one blanks out the fortifications in the foreground.

Hiking Holiday, Mount Seorak National Park

Historically and geologically, South Korea has been dubbed "the Dragon's Back," a jagged peninsula trailing off the rump of China and into the Northern Pacific like an armoured spine.

While the national sport is *taekwondo* (a martial art), the national mania is hiking. Koreans love to clamber up mountains and are blessed with some spectacular vertical playgrounds, making the country a premier destination for winter sports.

> The baths at Osaek Hot Springs will untie knots in thighs aching from the slopes

The country's most spectacular pinnacles jut 1,700 metres up from the Mount Seorak range on the east coast.

In this 373 sq km national park, tiny Buddhist hermitages and temples nestle among forested peaks, waterfalls gush down rock faces and hiking trails coil round the contours.

Seorak means snowy crags, but it whites-out only in winter. Early November is the best time to visit, when the foliage on the slopes is a shimmering blaze of autumnal copper, bronze and gold.

In the cities people can seem rushed and stressed; in the high country, you will find locals at their most cheerful. You will probably be hailed by picnicking groups and offered a bite of *pajeon* (savoury pancake) or a mug of *makgeolli* (rice liquor).

Seorak's Osaek Hot Springs resort is often claimed as South Korea's finest: its baths will untie knots in thighs aching from the slopes.

The road or rail journey across the waist of Korea takes at least half a day, so plan on spending at least one night in a condominium or villa among the mountains, or in a hotel or inn in the nearby port of Sokcho.

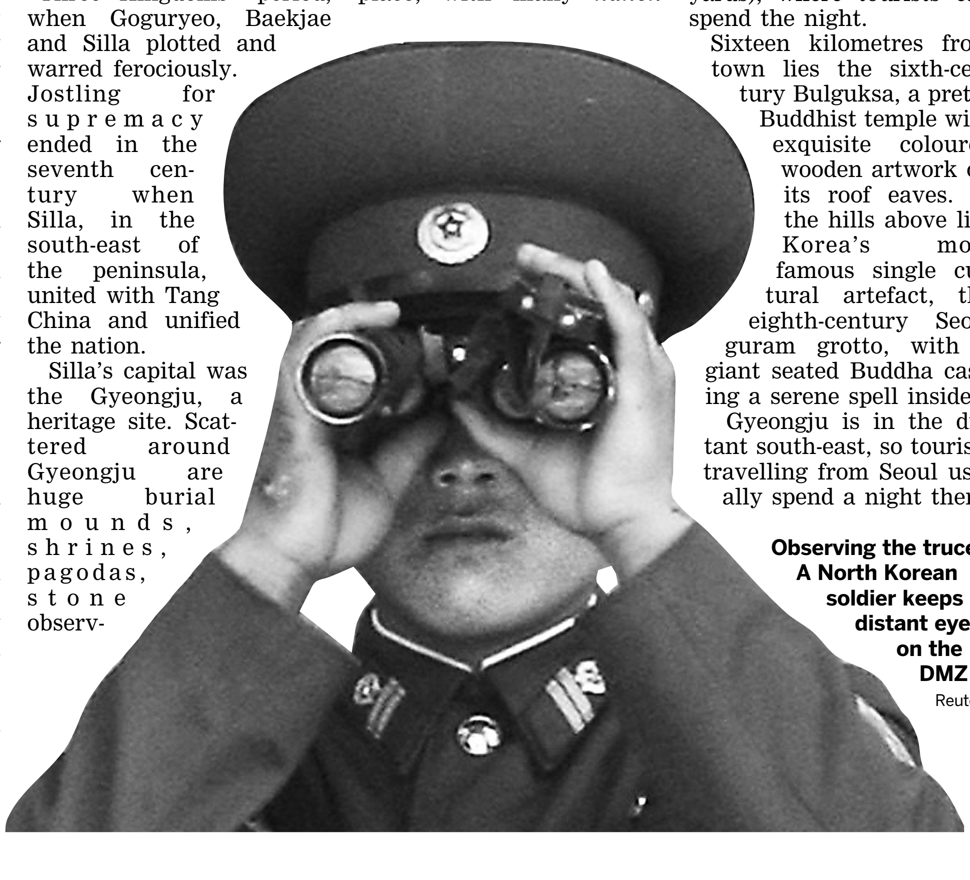
The Culture of Gyeongju

Korea's heroic age was the "Three Kingdoms" period, when Goguryeo, Baekjae and Silla plotted and warred ferociously. Jostling for supremacy ended in the seventh century when Silla, in the south-east of the peninsula, united with Tang China and unified the nation.

Silla's capital was the Gyeongju, a heritage site. Scattered around Gyeongju are huge burial mounds, shrines, pagodas, stone observatories and other ancient monuments. It is a peaceful place, with many *hanok* (beamed Korean cottages, built around enclosed courtyards), where tourists can spend the night.

Sixteen kilometres from town lies the sixth-century Bulguksa, a pretty Buddhist temple with exquisite coloured wooden artwork on its roof eaves. In the hills above lies Korea's most famous single cultural artefact, the eighth-century Seokguram grotto, with a giant seated Buddha casting a serene spell inside.

Gyeongju is in the distant south-east, so tourists travelling from Seoul usually spend a night there.



Observing the truce: A North Korean soldier keeps a distant eye on the DMZ Reuters

Convincing play for big share of global gaming

Online games

A monster of a market at home proves to be a good launching pad in the bid for world domination, writes **Robin Kwong**

In *Aion*, the popular online game published by South Korea's NCSoft last year, players take the role of warriors or mages and do battle with their friends in a fantasy setting, growing stronger and progressing in the game as they kill monsters and complete quests.

For fans of online games, this may seem like nothing new for a genre already popularised in Europe and the US six years ago by *World of Warcraft*, the most successful massively multiplayer online game.

Yet *Aion*'s launch last September was a landmark for the Korean online game industry. The game, which was designed with a western audience in mind, became the first Korean game to top the best-selling chart in the US. *Aion* also reflects a broader trend of Korean online games companies making a fresh push to claim audiences and market share overseas.

"The success of *Aion*, not only in China but also in the US, opened up the possibility that the Korean gaming industry could thrive in western markets," says Wi Jong-hyun, professor of business administration at Chung-Ang University.

Despite its population of just 50m, South Korea is home to the second-biggest online gaming market in the world, behind China. Korea's game market revenues reached Won6,580bn ($5.9bn) last year, of which more than half was from online games.

Korean people's love for online games is perhaps best reflected by the fact that it was the first country to turn a single computer game, *Starcraft*, into a fully fledged electronic sport. In Korea, *Starcraft* and *Starcraft 2* have professional teams with commercial sponsors. Dedicated television channels broadcast tournaments with prize pools worth tens of thousands of dollars.

This vibrant domestic market has helped online games companies such as NCSoft and Nexon become leaders in Asia. As early as 2000, NCSoft's highly successful *Lineage* was licensed to other countries in Asia, while Nexon's *Maple Story* now has 95m players in 60 countries.

Star wars: players in South Korea, home to the world's second-biggest online gaming market, test a new version of *Starcraft 2* during a press conference Getty

Seung Woo Choi, Nexon chief executive, says: "We put a high priority on China, as it's a very similar market to Korea in the way that consumers perceive and embrace online games as a main source of social entertainment.

"China has become the biggest online game market in the world, and it will continue to show strong growth."

A number of recent changes are pushing Korean games companies to look beyond Asia. Nexon, which since 2007 has been receiving most of its revenues from overseas, last month bought a 30 per cent stake in Spanish developer BoomBang games. The acquisition was aimed at allowing Nexon to make inroads into the Spanish-speaking market in the US and Europe, and also in Latin America.

In May, Gretech, which organises some of the world's biggest *Starcraft* tournaments, signed an agreement with Blizzard, the game's publisher, for rights to market and broadcast content from *Starcraft 2* tournaments. In October, Gretech hosted the first such tournament and, through its GomTV media player, sold footage of the tournament to viewers worldwide. The tournament had a prize pool of Won200m and attracted 250 players from 48 countries.

Oh Jooyang, director of Gretech's e-sports division, says he had to put double the resources into producing the tournament for both Korean and English-speaking audiences. The effort paid off however, with 15.4m views for the tournament online.

"For *Starcraft*, e-sports developed in Korea like an island, but more foreigners are playing *Starcraft 2*," Mr Oh says. This new push is partly force of circumstance. Korea's domestic online game market, while still a quarter of the global total, was overtaken by China in 2008.

Lee Hyun Taek, analyst at Morgan Stanley, said in a recent note that there was a declining number of online gamers in Korea, given the ageing population and growing popularity of other online activities such as shopping or blogging.

"Korean gaming companies' growth is mostly driven by overseas sales . . . exports delivered about 60 per cent growth in 2008 and 2009," says Mr Lee.

Mr Seung at Nexon says there is increasing competition from China. "I think Korean games will still have an edge, but Chinese game makers overseas became really noticeable after 2007 and 2008, when a lot of those companies were listed on Nasdaq."

On the other hand, Korean games companies are choosing to go abroad also because they see new opportunities, particularly from the proliferation of new gaming platforms such as smartphones, tablet PCs and even internet-enabled televisions.

Daniel Kim, chief executive of Nexon America, says these platforms are changing the way people play games in a way that helps Korean game companies.

"People in the west are a lot more receptive now to the idea of a free-to-play online game that sells in-game items [for real money]. This was a model that was pioneered by Nexon and became one of the most popular business model for online games," he says.

Mr Oh of Gretech says internet-enabled television services, such as Google TV or Apple TV, are a good example of new opportunities for Gretech to sell their content abroad. "This would represent a great opportunity for GomTV to show *Starcraft 2* tournaments to a global audience."

Sky is no limit for small satellite maker

Profile
Satrec Initiative

Targeting the developing nations has paid off, says **Song Jung-a**

Satrec Initiative, South Korea's sole satellite maker, is set to break into the global big league on the back of strong technology and cost competitiveness, raising the prospect of a highly profitable export industry for Asia's fourth-largest economy.

The company, listed on Seoul's tech-heavy Kosdaq, has become one of the leading figures in the fast-growing high-margin microsatellite market, just a decade after it was set up by a group of researchers from the country's top science university.

Despite being a latecomer to a market with high entry barriers, Satrec is winning an increasing number of overseas orders, mainly from developing countries in the Middle East and south-east Asia, by offering considerable cost/performance advantages over rivals.

Last July, the company launched two small satellites, worth about $30m each, which it had developed for Malaysia and the United Arab Emirates for earth observation. It is also developing another satellite for the UAE. The company has sold high-resolution satellite cameras to Singapore and Turkey, and is in talks with Spain about a satellite system.

Low-cost manufacturing with a promise of technology transfer has underpinned its pitch to developing countries, with its labour costs only about half those of its bigger rival Surrey Satellite Technology, based in the UK. Satrec has 130 employees, 110 of them devoted to research and development.

"It is difficult to export satellites to advanced countries, which have their own technology, so we have focused on developing countries with ambitions for space development," says Park Sung-dong, the company's president. But success means "now we will try to break into advanced markets, such as the US and Europe".

Satrec's rocket-powered rise resembles South Korea's rapid economic development over the past half century – driven by strong exports of chips, ships and cars by big manufacturers.

Up and away: Satrec is winning overseas orders

Industry watchers say the company could serve as a model for many ventures in South Korea, where the government is trying to prop up small and midsized technology companies so as to diversify its economy from traditional manufacturing.

Satrec was set up by Mr Park and his colleagues at Korea Advanced Institute of Science and Technology (KAIST) amid the late-1990s venture boom. "We started out to do what we liked, because we were keen to commercialise satellite manufacturing

'Now we will try to break into advanced markets such as the US and Europe'

technology," says Mr Park.

At KAIST, he led the country's satellite development programme by launching three satellites for earth observation, after gaining a master's degree in satellite engineering from the UK's University of Surrey.

Satrec is involved in most of the country's space development programmes. Last year, it provided a high-resolution camera for the country's first space rocket – however the rocket, which was carrying an observation satellite, exploded in flight.

The rocket's failure cut the company's stock price by almost half, but Mr Park is proud that his camera worked well, helping find the cause of the explosion.

The 43-year-old Mr Park plays down the possibility of satellites becoming one of the country's new growth drivers, citing the market's relatively small size. The market for microsatellites of less than 500kg is estimated at up to $1bn a year with an average of 21 satellites launched annually.

However, the market is growing fast, as high-performance small satellites for earth observation find greater favour on cost grounds. Annual growth of 24.6 per cent is expected over the next three years, with about 93 small satellites set to be launched between this year and 2013.

Satrec currently has 6.7 per cent of the microsatellite market, trailing foreign rivals such as Germany's Orbital Sciences with 46.6 per cent, Surrey Satellite Technology with 30 per cent, and France's EADS Astrium with 16.7 per cent.

The company reported a Won4.9bn ($4.4m) net profit last year on sales of Won37.8bn, with more than half of the sales generated from overseas. This year, it is targeting a Won5.3bn net profit on sales of Won46bn.

Mr Park predicts a sharp increase in overseas sales. Satrec aims to become the number one maker of the small and midsized earth-observation satellites by 2020 by expanding into South America and Africa as well as advanced markets.

It is also trying to diversify its revenue sources by selling eco-friendly radiation detectors and satellite image data.

"We used to roam around the world, looking for customers. Nowadays, customers are contacting us. It will be much easier to export our products now that we have a strong track record and a good reputation," he says.

"We are small but we will become a formidable force."