TEE FINANCIAL PLC

Independent Financial Advice, Investment & Asset Management

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Market Review **April 2010**

Bonds and commodities provided the better returns over the month when compared to general equity market weakness (with the exception of modest positive returns in the USA).

For UK investors the main market weakness was in the UK, Europe and Emerging Markets (China) although this could be viewed as a period of consolidation given the very strong gains seen in March.

Within the UK market medium sized companies continued to attract monies relative to larger sized companies and demand also extended to smaller companies, which moved above FTSE100 returns for the first time this year. The sector returns are heavily weighted towards cyclical areas (Industrial Metals, Forestry and Paper, Automobiles, Industrial Engineering and Techs) whilst the more defensive areas (Life Insurance, Pharmaceuticals, Health Care, Telecoms and Utilities) continue to lag. This reflects continued appetite for risk and confirmation that the market believes we are in a recovery phase.

The UK Bond markets were generally higher with gains for Gilts, Index Linked and Corporate Bonds. Index linked continued to out-perform Gilts. There remains a large gap between short dated and medium to longer dated yields (10 year yields at 3.9%). This reflects higher interest rate and inflationary expectations going forward and the understanding that current low rates of interest are unsustainable over the longer term. This is quite normal for a recovery part of the cycle. The price of oil maintained its strength over the $80 level and the price of gold moved higher.

The currency markets again were quiet with £ edging up against all currencies especially the Euro.

Over the month the backdrop of improving economic data, restocking and positive corporate results was a continuing theme carried over from the previous month. The IMF moved its global economic growth forecasts up from 3.9% to 4.2% which is promising.

There were however rumblings coming from issues left on the backburner some of which I mentioned last month as potential risks a) Debt/currency concerns growing again with regards to Greece and the Euro-Zone (Rating downgrades) with a package being put together for support b) increased political risk c) excessive growth in China and Singapore and higher interest rates in India and Australia which could result in lower growth expectations going forward if anti inflationary policies are heavy handed. d) Imposition of new financial regulations e) increased scrutiny of certain banking practices e.g. Goldman's.

The current level of Bonds and Equities and the recent rally in property suggests that the market has priced in a textbook economic recovery with minimal chances of a double dip recession. Any miscalculation could lead to a reversal of sentiment and a fall in asset prices. Given the range of uncertainties we expect a move towards higher market volatility. As per previous reports we have pointed out that investors should concentrate on wide asset class diversification and stock selection with the emphasis on high quality assets.

I am of course obliged to remind you that all investments should be viewed as long-term, that past performance is no guarantee for the future and that the value of stocks can go down as well as up. Yields are not fixed and can vary.

Dominic Sheehan
Investment Director

Indices	31/12/2008	31/12/2009	% Capital Change (£)
Global Equities			
FTSE 100	4434.20	5412.90	22.07
FTSE 250	6360.85	9306.90	46.30
Dow Jones	8776.39	10428.00	7.64
Dax 30	4810.20	5957.43	14.60
Hang Seng	14387.48	21872.50	41.30
Nikkei 225	8859.56	10546.44	5.00
Shanghai Composite (China)	1820.81	3277.14	62.80
UK Bonds			
UK Govt All Stocks	160.83	152.13	-5.40
Index Linked All Stocks	342.36	357.48	4.40
Currencies			
£/$	1.4647	1.6168	10.40
£/Euro	1.0437	1.1279	8.10
£/Yen	132.64	150.38	13.30
£/HK$	11.78	12.67	7.60
£/Yuan	9.98	11.03	10.50
Commodities			
Oil	42.29	78.51	68.20
Gold	880.15	1096.35	12.80

Indices	31/03/2010	30/04/2010	% Capital Change (£)
Global Equities			
FTSE 100	5679.64	5553.30	-2.23
FTSE 250	10165.28	10366.00	1.97
Dow Jones	10856.63	11008.00	0.87
Dax 30	6153.55	6135.70	-2.46
Hang Seng	21239.35	21108.59	-1.12
Nikkei 225	11089.94	11057.00	-1.14
Shanghai Composite (China)	3109.10	2870.00	-8.20
UK Bonds			
UK Govt All Stocks	152.02	153.01	0.60
Index Linked All Stocks	363.40	364.03	1.00
Currencies			
£/$	1.5193	1.5273	0.50
£/Euro	1.1236	1.1485	2.20
£/Yen	142.09	143.31	0.90
£/HK$	11.79	11.85	0.50
£/Yuan	10.36	10.42	0.50
Commodities			
Oil	82.23	87.41	5.70
Gold	1112.40	1179.00	5.40