SARASIN

Global Snapshot Monthly

August 2010

Sustainable Swiss Private Banking since 1841.

Contents

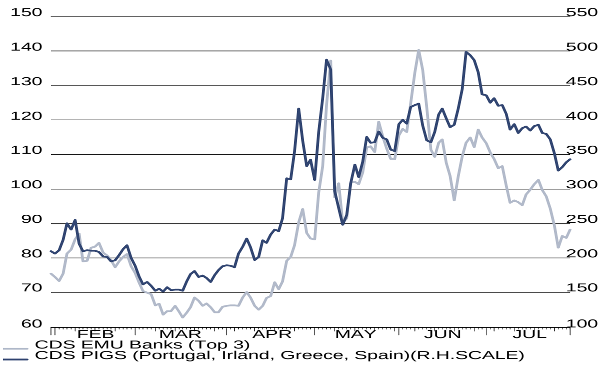
Micro bulls versus the macro bears

As expected during this phase of the economic cycle, the corporate results for Q2 2010 are far above analysts' forecasts. However, the positive micro data are juxtaposed by a rapid deterioration in the macro data, above all in the USA. We expect the micro data to dominate in the short term and support a temporary recovery in the equity markets. Nevertheless, investors should consider reducing their risk positions in strong market phases ahead of the expected slowdown in growth. We have therefore downgraded commodities from overweight to neutral.

Review: Risk appetite returns gradually

The stock markets have been on a rollercoaster ride since the end of May. Whereas in June, investors were primarily concerned about the high public deficits in the euro countries, recession fears came into focus in July. That said, the first positive corporate results for Q2 2010 have supported the equity markets. On the whole, investors' risk aversion has gradually declined in recent weeks (see following chart on the hedging costs for EMU bank bonds and sovereigns).

EMU: Hedging costs for banks and government bonds

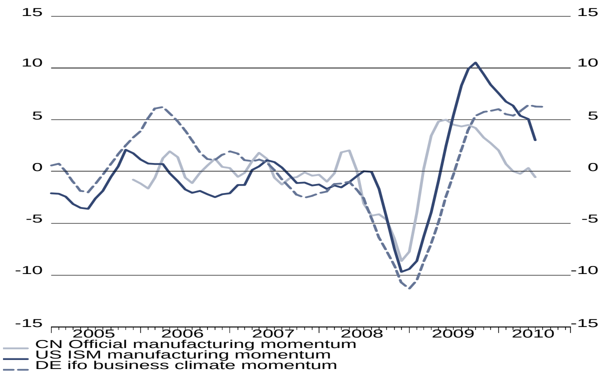


Source: Datastream

Macro outlook: Surprisingly pronounced cooling

Altogether, global growth has cooled very noticeably in recent months, surprising observers. In China, monetary and fiscal policy tightening already left noticeable traces on economic growth in Q2 2010. In the USA, leading indicators signal a clear slowdown in growth momentum after hitting a peak in April. Aside from several emerging market countries like India that are still in a cyclical upswing, there are a few positive exceptions in Europe as well. The two largest countries, Germany and France, recorded a surprisingly strong improvement in their business climate in July. Thanks to the weak euro, growth momentum in the Euroland should last a little while longer.

Regional differences in growth momentum



Source: Datastream

Equity strategy: Focus on emerging markets

The main reasons for a summer rally have been confirmed in recent weeks. First, we expect the euro crisis to disappear from investors' radar screens. Second, we saw the positive corporate earnings surprises in Q2 2010 as a stock market driver. So far, just over 60% of S&P 500 companies have published their results. And roughly 75% of these companies have surpassed analysts' earnings expectations. Despite the headwind from the poor macro data, we still expect equities will be able to post gains in the coming weeks. The slowdown in economic growth in H2 2010 suggests financial analysts will have to revise their earnings expectations for 2011 sharply downward. Hence, most regions have limited upside potential, at least until the end of the year. We believe the emerging market countries – especially in Asia, where valuations are inexpensive – have the most potential. Many global investors are underinvested in the emerging countries. Additional money inflows should lead to a further outperformance. We take a neutral stance on US equities. We favour European equities over Japan, which we have underweighted. Regarding individual sectors, we favour financial service providers and technology shares, which offer above-average growth potential and are undervalued.

Bond strategy: Bonds have little or no potential

The rally in AAA-rated government bonds continued at the beginning of Q3 2010. Despite the impending slowdown in growth, we do not think bonds have any more potential owing to the various factors that determine long-term interest rates (interest rate policy, real yields and inflation expectations). Incipient deflation fear is the only factor capable of driving interest rates temporarily lower. Our valuation models for credit spreads show that corporate bonds are inexpensive and still have a little potential left. We therefore favour high-quality corporate bonds over government bonds.

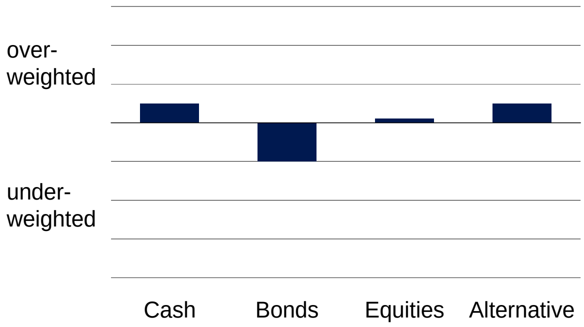
Currencies: US dollar suffers under recession fears

The US dollar suffered a setback in June/July because concerns of a fresh recession, a so-called «double dip», undermined confidence in the US currency. Many investors who had speculated on a euro devaluation in Q2 2010 closed out their positions, which resulted in strong movements in the currency markets. The high level of uncertainty is keeping demand for the Swiss franc steady. We expect the Swiss franc's firm trend against the euro to continue.

Alternative assets: Only isolated opportunities

Real estate assets and commodity prices recovered in July, although the outlook is somewhat overcast. There is a risk of a fresh setback in the US housing market, which could also dampen sentiment toward real estate assets in the medium term. Likewise, commodity prices could come under pressure from the slowdown in growth following a temporary recovery. We see good investment opportunities in the area of structured products, which stand to profit from the above-average level of volatility.

Asset allocation: Overweight alternative assets



Source: Sarasin

Asset allocation: Tactically neutral positioning

We continue to anticipate higher equity prices in the short term on the back of positive corporate results. However, the expected slowdown in growth harbours significant risks, which is why we remain tactically neutral. Since we intend to reduce the portfolio risks towards autumn, we have just now reduced the commodities weighting from overweight to neutral. We do not see any more potential for bonds at this level. We therefore remain underweight and have parked the proceeds from the sale of commodity assets in the money market.

Philipp E. Bärtschi, CFA

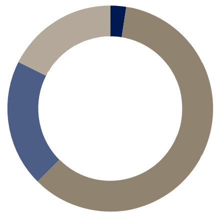
Attractiveness of different asset classes

	Asset class	Switzerland	Euroland	UK	USA	Japan	Emerging
Money market	+						
Currencies		=	=	=	=	=	=
Equities	=	=/+	=/+	=/+	=	-	=
Bonds	-	-	-	+	=	+	=
		Total return		**Real estate**		**Commodities**	
Alternative assets	+	+		=		=	

Source: Sarasin

Asset Allocation <defensive>

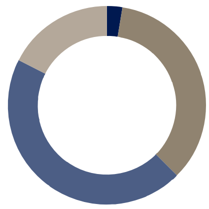
Asset Class	CHF	EUR	USD	GBP
Cash	**2.5**	**2.5**	**2.5**	**2.5**
Bonds	**60.0**	**60.0**	**60.0**	**60.0**
Home	47.5	60.0	60.0	60.0
World	12.5	0.0	0.0	0.0
Equities	**20.0**	**20.0**	**20.0**	**20.0**
Home	10.0	10.0	10.0	10.0
World	10.0	10.0	10.0	10.0
Developed Markets	7.0	7.0	7.0	7.0
Emerging Markets	3.0	3.0	3.0	3.0
Alternative Assets	**17.5**	**17.5**	**17.5**	**17.5**
Return of SAA (1985-2009)	5.4%	7.5%	8.3%	8.6%
Risk of SAA (1985-2009)	4.5%	4.6%	4.7%	5.1%



	TAA	SAA
Cash	2.5	0.0
Bonds	60.0	65.0
Equities	20.0	20.0
Alternative	17.5	15.0

Asset Allocation <balanced>

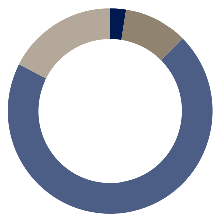
Asset Class	CHF	EUR	USD	GBP
Cash	**2.5**	**2.5**	**2.5**	**2.5**
Bonds	**35.0**	**35.0**	**35.0**	**35.0**
Home	25.0	35.0	35.0	35.0
World	10.0	0.0	0.0	0.0
Equities	**45.0**	**45.0**	**45.0**	**45.0**
Home	22.5	22.5	22.5	22.5
World	22.5	22.5	22.5	22.5
Developed Markets	15.5	15.5	15.5	15.5
Emerging Markets	7.0	7.0	7.0	7.0
Alternative Assets	**17.5**	**17.5**	**17.5**	**17.5**
Return of SAA (1985-2009)	6.6%	8.0%	9.1%	9.0%
Risk of SAA (1985-2009)	8.5%	8.5%	7.9%	8.3%



	TAA	SAA
Cash	2.5	0.0
Bonds	35.0	40.0
Equities	45.0	45.0
Alternative	17.5	15.0

Asset Allocation <dynamic>

Asset Class	CHF	EUR	USD	GBP
Cash	**2.5**	**2.5**	**2.5**	**2.5**
Bonds	**10.0**	**10.0**	**10.0**	**10.0**
Home	7.5	10.0	10.0	10.0
World	2.5	0.0	0.0	0.0
Equities	**70.0**	**70.0**	**70.0**	**70.0**
Home	35.0	35.0	35.0	35.0
World	35.0	35.0	35.0	35.0
Developed Markets	24.0	24.0	24.0	24.0
Emerging Markets	11.0	11.0	11.0	11.0
Alternative Assets	**17.5**	**17.5**	**17.5**	**17.5**
Return of SAA (1985-2009)	7.6%	8.2%	9.6%	9.2%
Risk of SAA (1985-2009)	12.9%	12.9%	11.8%	12.0%



	TAA	SAA
Cash	2.5	0.0
Bonds	10.0	15.0
Equities	70.0	70.0
Alternative	17.5	15.0

TAA = Tactical Asset Allocation; short term strategy based on return/risk expectations
SAA = Strategic Asset Allocation; long term strategy based on investment profiles

Vinci

Capital Goods

Vinci is the world's biggest concession and construction group, employing more than 160,000 people. It has operations in around 100 countries and in 2009 posted group sales of EUR 31.9 billion. The company manages more than half of France's motorway concessions, with a network of over 4400 km. Vinci has extensive experience in structuring and implementing large-scale Public-Private Partnership (PPP) projects, which offer the company good growth opportunities even when public spending is being cut back. Vinci produces a consistently good operating cash flow and higher than average operating margins. The share's valuation offers considerable upside potential and at the same time an attractive dividend yield.

Solid results despite challenging conditions

Despite the adverse conditions in 2009, which forced down sales by 5% to EUR 31.9 billion, the world's biggest concession and construction group generated EBIT of EUR 3.19 billion and consequently an operating margin of 10%. Thanks to the selective acceptance of contracts, efficient project controlling and the good liquidity provided by the concession business, the group achieved an operating cash flow of EUR 3.3 billion, with net cash increased to EUR 6.0 billion. The high order backlog of EUR 24 billion meant that Vinci got off to a very promising start in 2010.

Concession business is a solid backbone

As Europe's biggest motorway operator, Vinci has a road network of 4400 km in France alone. In addition Vinci also operates numerous other national and international concessions in the form of airports, road & rail infrastructures, bridges and other facilities. The company is market leader in car park management in Europe and also has a market presence in the US and Canada. It manages a total of 1.25 million parking spaces and around 2300 car parks. Although the concession business only contributes 15% of total group sales, it makes up around 60% of Vinci's enterprise value due to its nature.

PPP contracts and regional mix provide a good defence against budget cuts

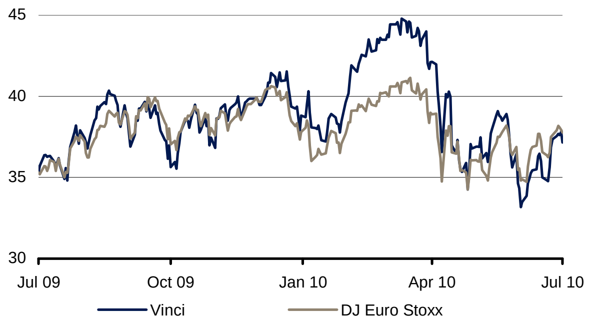
Vinci has extensive experience in structuring and implementing large-scale Public-Private Partnership (PPP) projects, which offer the company good growth opportunities even when public spending is being cut back. Within Europe not just France and Germany, but especially central European countries still hold enormous potential for PPP solutions. These are all regions where Vinci is already very well established.

Valuation offers good upside potential after price dips

Despite its excellent market position and solid balance sheet, with high cash flow generation and higher than average margins, the company is still valued at a discount to its peers in terms of both P/E EV/EBITDA ratios. This discount is not justified. The share's valuation offers considerable upside potential and at the same time an attractive dividend yield.

philipp.gamper@sarasin.ch

Share Price Performance (EUR) **Price (EUR) 37.15**



Source: Datastream

Valuation Metrics

Data as of 30.07.2010	2009A	2010E	2011E
P/E	11.6	11.9	11.1
EPS growth (%)	0.3	-2.5	7.0
EV/Sales	1.1	1.0	1.0
Div. Yield (%)	4.4	4.4	4.5

Source: Datastream

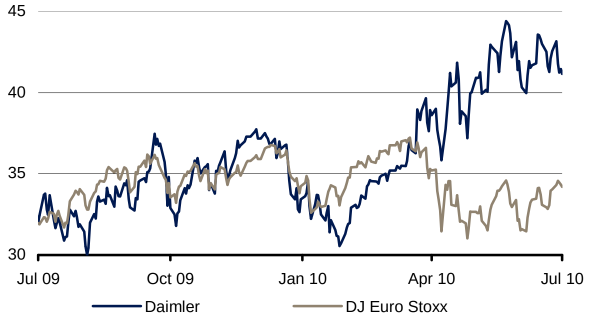
Daimler

Automobiles & Components

Valuation Metrics

Data as of 30.07.2010	2009A	2010E	2011E
P/E	n.m.	12.4	10.0
EPS growth (%)	n.m.	n.m.	24.4
EV/Sales	0.6	0.5	0.5
Div. Yield (%)	0.0	2.5	3.5

Share Price Performance (EUR) **Price (EUR) 41.15**



Source: Datastream

Daimler is one of the world's leading auto manufacturers with strong marques in the premium segment (Mercedes-Benz) as well as top position in trucks (MB, Freightliner, Western Star, Mitsubishi Fuso). In 2009 the company generated sales of EUR 78.9 billion. Daimler had a successful start to 2010 and reported a first half EBIT of around EUR 3.3 billion. The previously communicated guidance for full-year EBIT of at least EUR 4 billion has been raised recently to EUR 6 billion. In the rapidly growing automobile market of China, the S-Class range – which offers attractive margins – is in strong demand, while the global market success of the E-Class continues. With an operating profit of EUR 300m in 2Q 2010, the Trucks business has confirmed an impressive return to profitability. The business outlook is still very promising. The shares offer further upside potential.

philipp.gamper@sarasin.ch

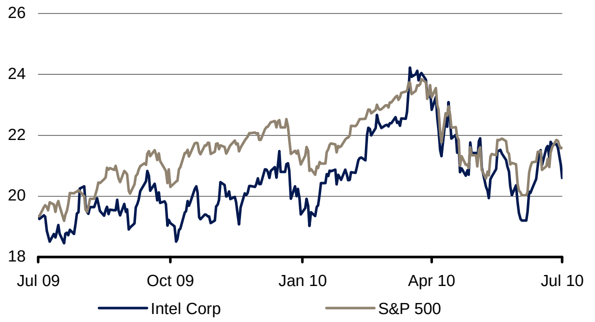
Intel Corp

Semiconductors & Semiconductor Equipment

Valuation Metrics

Data as of 30.07.2010	2009A	2010E	2011E
P/E	26.8	10.0	9.7
EPS growth (%)	-16.3	167.5	3.4
EV/Sales	2.9	2.3	2.0
Div. Yield (%)	2.7	3.0	3.1

Share Price Performance (USD) **Price (USD) 20.60**



Source: Datastream

Intel's quarterly figures once again comfortably beat market expectations. While 2Q10 sales were 34% up on the previous year, at USD 10.8 billion, the group's operating profit reached a record level of USD 2.9 billion (+175% yoy). Given the consistently strong demand in all business divisions, Intel has upgraded its guidance for sale and margin for the third quarter and for the full financial year 2010. The latest forecasts by independent research companies confirm the buoyant demand. At the same time they have also highlighted Intel's excellent positioning. Despite the high earnings forecast for 2010, we still think the stock has further upside potential. The company's attractive valuation versus its main competitors is continuing to increase in a historical comparison as well. The dividend yield, which is high for a technology company, also makes Intel and attractive investment.

rainer.maennle@sarasin.ch

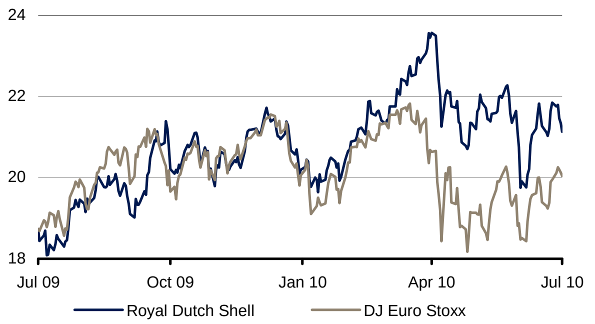
Royal Dutch Shell

Energy

Valuation Metrics

Data as of 30.07.2010	2009A	2010E	2011E
P/E	14.6	9.2	7.3
EPS growth (%)	-59.2	59.6	26.3
EV/Sales	0.7	0.6	0.5
Div. Yield (%)	6.1	6.1	6.3

Share Price Performance (EUR) **Price (EUR) 21.13**



Source: Datastream

Royal Dutch Shell (RDS), the world's second-largest privately owned oil company, is overcoming past omissions faster than expected. The group's scant oil-and-gas production growth in recent years will increase substantially in the medium term to an above-average level in sector comparison. RDS wants to boost its output by 11% to 3.5 million barrels of oil equivalent per day by 2012. That equates to an average annual growth rate of 3.5% (previously 2%–3% by 2012). New CEO Peter Voser is concentrating strictly on profitable growth, which should become visible on RDS's income statement in the medium term. That will be buttressed by rigorous cost cutting, new production projects and a strong cash flow. RDS's business recovery is still receiving too little notice. This is an opportune time to add shares of an industrial winner with good growth prospects and resurgent earnings to your portfolio.

michael.romer@sarasin.ch

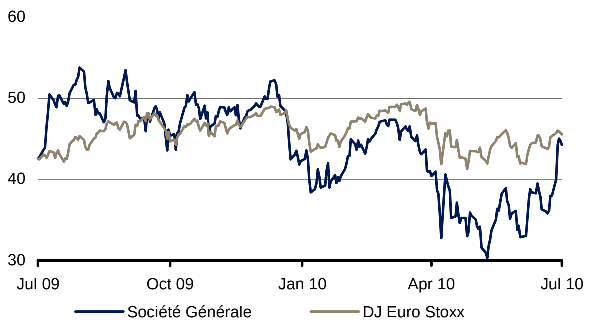
Société Générale

Banks

Valuation Metrics

Data as of 30.07.2010	2009A	2010E	2011E
P/E	48.1	10.6	7.6
EPS growth (%)	-71.3	354.3	39.2
MV/Revenues	1.5	1.3	1.3
Div. Yield (%)	0.6	2.9	4.3

Share Price Performance (EUR) **Price (EUR) 44.24**



Source: Datastream

The French universal bank Société Générale (SocGen) is organised into three main divisions: Retail Banking, Global Investment Management and Corporate & Investment Banking. SocGen has a solid position in Retail Banking, in a French market that has proven to be relatively resilient to the recent financial crisis. SocGen's strong positioning in the emerging markets of central and eastern Europe, as well as in Africa and Asia, is an important growth driver. After being overshadowed by trading scandals and write-offs resulting from the US subprime crisis in recent years, we expect to see the trend reversed in Investment Banking, which should make a solid contribution to group profit in future. We anticipate weaker results in 2Q 2010 especially, due to the challenging market environment. The outlook is positive in the mid-term, however. We think SocGen shares are attractively valued and offer investors interesting growth potential, and therefore give them a Buy rating.

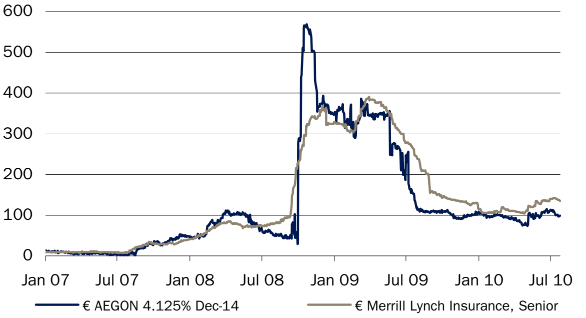
daniel.bischof@sarasin.ch

Aegon

Key Credit Metrics

	1Q10	1Q09	1Q08
Solvency ratio (%)	205	170	183
Impairments (€mn)	150	385	32
Earnings (€mn)	488	-98	658
EV per share (€)	9.5	11.35	13.44

Spread Development (ASW, in bp)



Sources: Bloomberg, Company reports

Aegon (A3n/A-n) reported better-than-expected 1Q10 results, with net income in positive territory (as opposed to 1Q09) and twice above consensus, mainly driven by improved earnings (supported by the recovery in financial markets) and lower impairments (currently at their lowest level in seven quarters). Cost reductions, lower restructuring expenses helped operating expenses to decline by 4% y-o-y. Capital position remained strong, with excess capital still above AA adequacy requirements and a solvency ratio of 205%. In addition, one-third of Dutch government aid has been already paid back, partly through a €1bn raise in equity. Although more challenged than its better rated peers, Aegon has a sound and resilient business model and management's focus on cost reduction, capital preservation and risk profile improvement is definitely credit positive. We recommend the 4.125% Dec-14 senior bond in EUR, which compensates adequately for the risk.

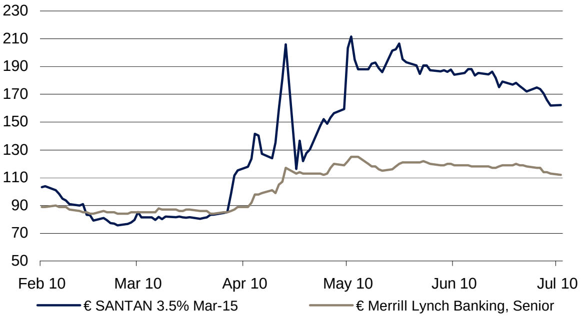
benoit.robaux@sarasin.ch

Banco Santander

Key Credit Metrics

in (%)	1Q10	1Q09	1Q08
Core Tier 1 ratio	8.8	7.3	6.1
Tier 1 ratio	10.3	8.9	7.5
NPL ratio	3.3	2.5	1.2
NPL coverage	74	80	134

Spread Development (ASW, in bp)



Sources: Bloomberg, Company reports

Santander (Aa2n/AAn) reported strong 1Q10 results, with net profit up by 5.7% y-o-y, NPL ratio stabilizing at 3.34% (vs 3.24% at YE09) and customer deposits up by 6%. The core Tier 1 ratio strengthened from 7.3% in 1Q09 to a very comfortable 8.8%, providing the bank with sufficient reserves to absorb potential losses. Faring well under the adverse scenario set by the Euro stress tests (including sovereign shock), Santander appears to be among the strongest and best performing major European banks. Beyond sound capital, the major positive for Santander is its strong geographical diversification and its emerging market franchises: 50% of net operating profit comes from Latin America, 15% from the UK, while only 34% of the loan portfolio is domestic. In addition, Santander's exposure to PIIGS is 98% of Tier 1 capital, which is manageable compared to peers (217% for BBVA). We recommend the senior bond 3.5% Mar-15 in EUR.

benoit.robaux@sarasin.ch

HSBC GIF Hong Kong Equity PD USD

Investment Strategy

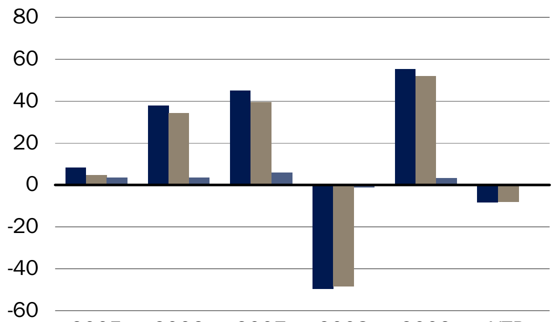
The fund offers investors access to a well-diversified portfolio of companies in Hong Kong. This growth-orientated portfolio is predominantly invested in large companies which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of Hong Kong as well as those companies which carry out the greater part of their business activities in Hong Kong. The base currency of the Fund is US Dollars.

Portfolio Split

The fund invests at least two thirds of its total non-cash assets in investments in equity and equity equivalent securities of companies in Hong Kong.

irene.huber@sarasin.ch

Performance (%)



	2005	2006	2007	2008	2009	YTD
Funds	8.1	37.7	45.0	-49.6	55.2	-8.4
Index	4.5	34.2	39.3	-48.3	52.0	-8.0
Diff.	3.6	3.5	5.7	-1.3	3.2	-0.4

Source: Datastream

Current Fund Data and Information as of 30.06.10

Share price	96.52
Fund size in millions (share class)	429
Domicile	Luxembourg
Mgmt. Company / Portfolio Mgmt.	Halbis
ISIN	LU0011817854
Swiss Sec. No.	238'993
Currency	USD
EU Tax Directive Status	in scope no tax
Launch date	20.08.1996
Management Fee, p.a. (%)	1.00
TER, p.a. (%)	1.35
Dividend payment date	-
Payment 2009	none
Reference index	Hang Seng

Source: Datastream, Lipper

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

Legal Representatives in Switzerland

HSBC Private Bank (Suisse) SA Dep. Global Asset Management, Gartenstrasse 26 / P.O. Box, 8027 Zürich

Paying Agent

HSBC Private Bank (Suisse) S.A., Quai du Général Guisan 2, Case postale 3580, CH-1211 Geneva 3, Switzerland

The prospectus, simplified prospectus as well as the annual and semi-annual reports are available free of charge from:

HSBC Private Bank (Suisse) SA Dep. Global Asset Management, Gartenstrasse 26 / P.O. Box, 8027 Zürich

Sarasin EquiSar - Global A

Investment Strategy

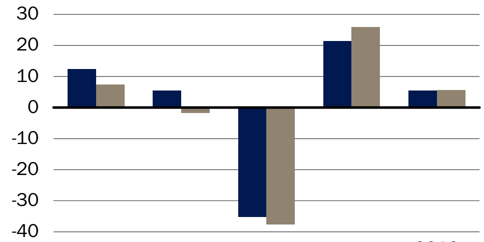
Sarasin EquiSar - Global invests globally in equities from markets and sectors which promise the best overall returns from a long-term point of view. Its investment strategy is based on four to six long-term, global trends.
Sarasin EquiSar - Global is intended as a supplementary investment for private investors who wish to incorporate a forward-looking investment strategy into their portfolios.

Portfolio Split

It concentrates on liquid shares of companies with a market capitalization of more than EUR 1bn. Themed investment strategies dominate the fund rather than traditional geographical and sector diversification.

valter.rinaldi@sarasin.ch

Performance (%)



	2006	2007	2008	2009	2010 YTD
Fund	12.37	5.38	-35.22	21.29	5.38
Reference Index	7.40	-1.66	-37.63	25.93	5.61

Current Fund Data and Information as of 30.06.10

Share price	121.33
Fund size in millions	385.93
Domicile	Luxembourg
Portfolio Management	Sarasin & Partners LLP, London
ISIN	LU0088812606
Swiss Sec. No.	906 846
Currency	EUR
EU Tax Directive Status	Out of scope
Launch date	1 July 1998
Management Fee, p.a. (%)	1.50 + Performance fee
TER, p.a. (%)	1.81
Dividend payment date	October
Reference Index	MSCI World

Source: Bank Sarasin & Co. Ltd

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

Legal Representatives in Switzerland

Bank Sarasin & Co. Ltd, Elisabethenstrasse 62, CH-4002 Basel

Paying Agent

Bank Sarasin & Co. Ltd, Elisabethenstrasse 62, CH-4002 Basel

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Bank Sarasin & Co. Ltd, Elisabethenstrasse 62, CH-4002 Basel

135% Bonus Certificate on the Hang Seng China Enterprises Index Quanto in USD

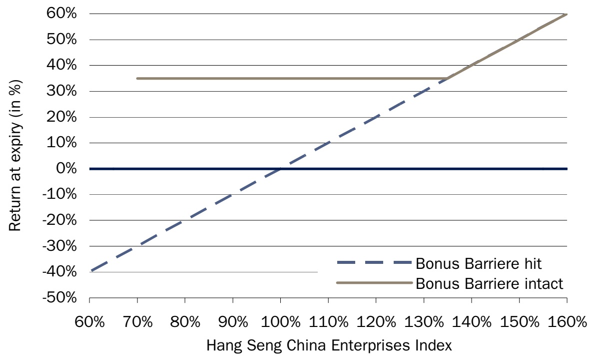
Investment idea

The latest economic data from China show that the slowdown in growth is already well advanced. As a result, the economic cycle in China should soon find a floor and turn upward again. The Chinese government with its tight monetary and fiscal policy has already achieved its twin goals of cooling the economy and containing the real estate boom in Q2 2010. Inflation has passed its peak and should remove the pressure on interest rates to go higher. If the economy were to deteriorate more than expected in Q3, it is even conceivable that the government will switch back to an expansive monetary policy. With a growth target of at least 8%, it probably won't be long before stimulus measures appear. Due to the current low valuation of Chinese equities, now is a good time to enter the market.

Investment instrument

Bonus Certificates on the Hang Seng China Enterprises Index Quanto in USD with a three-year maturity give investors an opportunity to fully participate in the positive performance of the underlying while at the same time receiving conditional capital protection, i.e. a conditional minimum payment. Investors receive a redemption amount at maturity that is at least 135% of the nominal (so-called bonus level) so long as the index never falls 30% below the initial price and therefore does not touch or breach the barrier during the product's life. Investors fully participate in the index's positive performance if the index rises by more than 35% between the issue date and the maturity date. Investors forfeit the conditional capital protection if the index ever touches or breaches the barrier during the product's life; in this case, the bonus certificates turn into normal index tracker certificates, which mean the investor has 100% exposure to the performance of the index.

Payout profile at redemption



This exciting mix of yield optimisation and participation is primarily funded by the dividend payments of the underlying asset, which the investor must forego.

matthias.leuenberger@sarasin.ch

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Abbreviations

A	actual value
abs.ch	absolute change
ASW	asset swap spread
avg.	average
bn	billion
bp	basis points
corp.	corporate
CPI	Consumer Price Index
Div. yield or DY	dividend yield
E	estimate
EBIT	earnings before interest and taxes
EPS	earnings per share
EV/EBITDA	enterprise value to earnings before interest, taxes, depreciation and amortisation
excl.	excluding
FY	financial year
GAAP	Generally Accepted Accounting Principles
GDP	gross domestic product
GNP	gross national product
gov.	government
m	million
M&A	Mergers & Acquisitions
mavg	moving average
MV/revenues	market value to revenues
N.A.	not available
p.a.	per annum
P/B	price-to-book ratio
P/E	price-to-earnings ratio
R&D	Research & Development
R.H. Scale	right hand scale
ROE	return on equity
SAA	Strategic Asset Allocation, long term strategy based on investment profiles
TAA	Tactical Asset Allocation; short term strategy based on return/risk expectations
vs.	versus
yoy	year over year

Disclosure
None.

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Bank Sarasin & Co. Ltd
Sarasin Research
Löwenstrasse 11
P.O. Box
CH-8022 Zürich
Switzerland
T: +41 44 213 94 76
F: +41 44 213 92 66
research@sarasin.ch