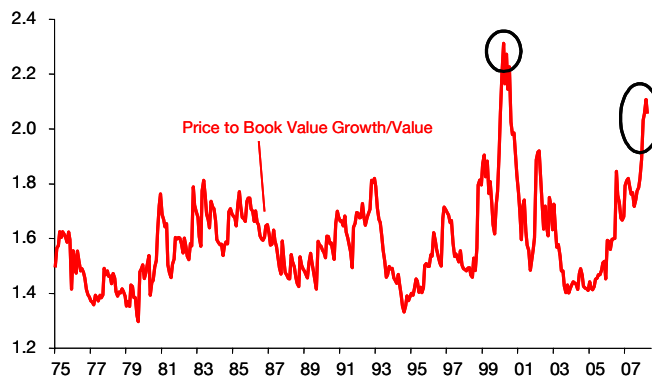


Weekly ETF & Market timing

Time to switch to neutral on Value/Growth allocation Our ETF recommendations

Over the last year, the Growth style has outperformed the Value style by 12% (according to MSCI indices). We switch our preference for Growth and our underweight on Value to Neutral. 2008e EPS forecasts has been cut significantly for Value, whereas they have remained resilient for the Growth segment. The latter is composed of quality stocks, whereas Value is full of cyclical stocks (including Banks). In anticipation of a recession, we have decided to change our negative stance on Growth. Regarding relative valuations, Value is now extremely cheap compared to Growth, close to the March 2000 level. Value stocks are trading at a 50% discount in price-to-book and 2x the dividend yield level. The Value segment has currently distress appeal, which could act as a floor and protect against further underperformance.

Value is now pricing at a 50% discount in price-to-book



Source: SG Equity Research, JCF, MSCI

Neutral ETF Growth Style vs ETF Value Style

Our ETF recommendations						
ETF Recommended	Bloomberg	Issuer	Mgt Fees (bp)	AuM (€m)	1m Perf.	Last Close (08-Apr)
ETF GROWTH STYLE						
Lyxor ETF MSCI EMU Growth	GWT FP	Lyxor AM	0.40	268.7	3.6%	90.79 EUR
iShares DJ EuroStoxx Growth	IDJG LN	Barclays GI	0.40	210.6	9.8%	2202 GBP
ETF VALUE STYLE						
Lyxor ETF MSCI EMU Value	VAL FP	Lyxor AM	0.40	148.8	6.7%	153.41 EUR
iShares DJ EuroStoxx Value	IDJV LN	Barclays GI	0.40	51.7	12.9%	2434 GBP

PREVIOUS RECOMMENDATIONS

Recommendations				
Date	Thematic	Strategy	Bloomberg	Drivers
26-Mar-08	Large Caps vs Small Caps	Long iShare DJ Stoxx Large Cap Short Lyxor ETF MSCI EMU Small Cap	LCXPEX GY MMS FP	Additional underperformance lies ahead for small caps. The characteristics of small caps make them highly vulnerable in the current market context.
19-Mar-08	Spanish Equities	Underweight Lyxor ETF Ibex35	LYXIB SM	We remain cautious on the outlook for the Spanish equity market.
12-Mar-08	Commodities & Emerging Markets	Underweight Lyxor Commodities CRB Underweight Lyxor MSCI Emerging Markets	CRB FP LEM FP	By the end of the year, commodity prices and emerging markets will be unravelling
05-Mar-08	Consumer vs Industrials	Long Lyxor ETF DJ Stoxx Food & Bev. Short Lyxor ETF DJ Stoxx Basic Resources	FOO FP BRE FP	Although consumer spending is likely to slow, this is already priced in, whereas the market seems to be underestimating the knock on effect on investment. industrials are expensive compared to consumer stocks
23-Jan-08	UK Equities	Overweight Lyxor ETF FTSE 100	L100 LN	Continue to overweight UK equities. UK equities have always been highly sensitive (up relative) to rate cuts, to be important as cyclical indicators are turning very sour.
16-Jan-08	Pharma	Overweight Lyxor ETF DJ Stoxx Health Care	HLT FP	Pharma is still the defensive sector that has the least performed since summer 07. We think that the market underrates the sustainability of some of the businesses as well as the quality of the pipelines.
14-Nov-07	Insurance vs Banks	Long Lyxor ETF DJ Stoxx Insurance Short Lyxor ETF DJ Stoxx Banks	INS FP BNK FP	Over the longer term, SG Equity strategy continues to expect insurers to outperform banks.
31-Oct-07	Utilities vs Basic Resources	Long Lyxor ETF DJ Stoxx Utilities Short Lyxor ETF DJ Stoxx Basic Res.	UTI FP BRE FP	We upgraded the Utility sector as we see it as a better way to leverage the high oil price in Europe, while avoiding specific oil sector issues. We keep an Underweight stance on the Mining sector as earnings momentum is slowing.

WHAT'S NEW?

Leveraged, Short-Selling ETFs amplify ups and downs

Exchange-traded funds that employ leverage or short-selling, or both, are liable to soar or slump in response to market movements, the Wall Street Journal said in its "Fund Track" column. On April 1, when bruised financial stocks rebounded, the leveraged Ultra Financials ProShares gained almost 13 percent, compared with a 7 percent gain by the unleveraged Financial Select Sector SPDR, the newspaper said. Some ETFs, such as the UltraShort Financials ProShares, use both leverage and short-selling, aiming to amplify gains from successful short-selling; this fund plunged more than 14 percent on April 1. This ETF's investment adviser, Maryland-based ProShares, has similar ETFs for large- and small-caps, growth and value, foreign companies and areas such as health care and technology. (Source: Bloomberg)

Dubai to launch gold-backed exchange traded fund

The World Gold Council and Dubai Multi Commodities Centre said on Monday they launched an exchange traded fund (ETF) backed by physical bullion. They planned to list the ETF on the Dubai International Financial Exchange (DIFX), subject to the Dubai Financial Services Authority's approval, they said in a joint statement, without giving a timeframe. "Dubai Gold Shares will provide investors with secure, low-cost access to owning gold bullion without the additional costs normally associated with insuring, storing and transacting in physical gold," the statement said. The ETF, to be called Dubai Gold Shares, would be a part of the Exchange Traded Gold family of products, sponsored by the World Gold Council (WGC), a marketing organisation funded by the world's leading gold mining companies. Gold held by WGC-promoted ETFs, listed on the London, New York, Johannesburg and Australian stock exchanges, exceeds 805 tonnes worth about \$23 billion and accounts for about 90 percent of all gold ETFs backed by physical bullion. (Source: The Economic Times)

New ETFs launched this week

	Issuer	Bloomberg	Inception date	Mgt Fees (bp)
<i>No new ETF launched this week</i>				

Source: Bloomberg

Dividend Payments

	Issuer	Bloomberg	Next dividend	Amount	Frequency
iShares DJ € Stoxx Banks DE	Barclays GI	SX7EEX GY	15-April-08	0.240 EUR	Annual
iShares DJ € Stoxx Health Care DE	Barclays GI	SXDEEX GY	15-April-08	0.400 EUR	Annual
iShares DJ € Stoxx Telecom DE	Barclays GI	SXKEEX GY	15-April-08	0.047 EUR	Annual
iShares DJ € Stoxx 600 Telecom DE	Barclays GI	SXKPEX GY	15-April-08	0.590 EUR	Annual
iShares DJ € Stoxx Select Div. 30	Barclays GI	SD3EEX GY	15-April-08	0.280 EUR	Semi-Annual
iShares DJ € Stoxx Select Div. 30 DE	Barclays GI	SD3PEX GY	15-April-08	0.330 EUR	Semi-Annual
iShares Dow Jones US Sel Div	Barclays GI	DJDVPEX GY	15-April-08	0.970 USD	Quarterly

Source: Bloomberg

THE WEEK AT A GLANCE

Sectors

Leading movers			
Performance (%)	1w ch.	1m ch.	3m ch.
DJ Stoxx 600 Basic Resources	8.72	1.08	10.39
DJ Stoxx 600 Oil & Gas	3.72	0.54	-12.57
DJ Stoxx 600 Chemicals	2.64	7.74	-7.71
Implied volatility changes (%)			
	1w ch.	3m ch. IV	
DJ Stoxx 600 Financial Svcs	12.2%	29.15	
DJ Stoxx 600 Constr.	9.1%	26.1	
DJ Stoxx 600 Health Care	6.2%	19.45	

Source: Bloomberg

Lagging movers			
	1w ch.	1m ch.	3m ch.
DJ Stoxx 600 Auto & Parts	-2.71	4.76	-3.05
DJ Stoxx 600 Retail	-2.69	0.01	-3.61
DJ Stoxx 600 Personal & Hh Goods	-2.41	0.86	-9.01
Lagging movers			
	1w ch.	3m ch. IV	
DJ Stoxx 600 Technology	-17.4%	29.95	
DJ Stoxx 600 Food & Bev.	-13.2%	16.45	
DJ Stoxx 600 Chemicals	-12.1%	21.89	

Countries & Areas

Leading movers			
Europe - Performance (%)	1w ch.	1m ch.	3m ch.
S&P / MIB	3.57	4.64	-9.78
AEX	2.39	6.75	-5.55
FTSE 100	2.35	5.09	-4.50
Global - Performance (%)			
	1w ch.	1m ch.	3m ch.
FTSE Xinhua China 25	7.03	5.69	-12.91
MSCI EM Latin America	4.40	5.94	8.58
Hang Seng Index	4.17	7.11	-12.73

Source: Bloomberg

Lagging movers			
	1w ch.	1m ch.	3m ch.
MSCI Europe	-0.15	3.53	-8.82
MSCI Europe Ex-UK	-0.12	5.00	-8.24
DJ Germany Titans 30	-0.04	3.77	-13.36
Lagging movers			
	1w ch.	1m ch.	3m ch.
Japan Topix	-1.59	1.11	-11.42
DJ Japan Titan 100	-1.25	1.03	-12.20
DJ Global TITANS 50	-0.60	5.80	-5.41

European listed bonds

Performance (%)	1w ch.	1m ch.	3m ch.
SHORT - EuroMTS 1-3 YRS	-0.02	-0.31	1.19
SHORT - EuroMTS 3-5 YRS	-0.08	-1.07	1.27
MEDIUM - EuroMTS 5-7 YRS	-0.15	-1.24	1.37
MEDIUM - EuroMTS 7-10 YRS	-0.20	-0.96	1.43
LONG - EuroMTS 10-15 YRS	-0.43	-0.57	0.62
LONG - EuroMTS 15+ YRS	-0.02	0.15	0.13
EuroMTS Global	-0.11	-0.64	1.04
FTSE Euro Corporate Bond	0.00	-0.04	-0.04
EuroMTS Inflation linked	-0.29	-1.12	1.29

Source: Bloomberg

Commodities

Leading movers			
Performance (%)	1w ch.	1m ch.	3m ch.
GSCI	4.51	-8.66	-2.91
Amex Gold BUGS	4.26	-2.49	12.87
RICI Metal	3.85	-3.56	10.10
Lagging movers			
	1w ch.	1m ch.	3m ch.
CRB Commodities Non Energy	2.25	n.a.	n.a.
CRB Commodities	3.67	-3.06	8.86
GS Agricultural & Live Stock	3.80	-7.86	8.49

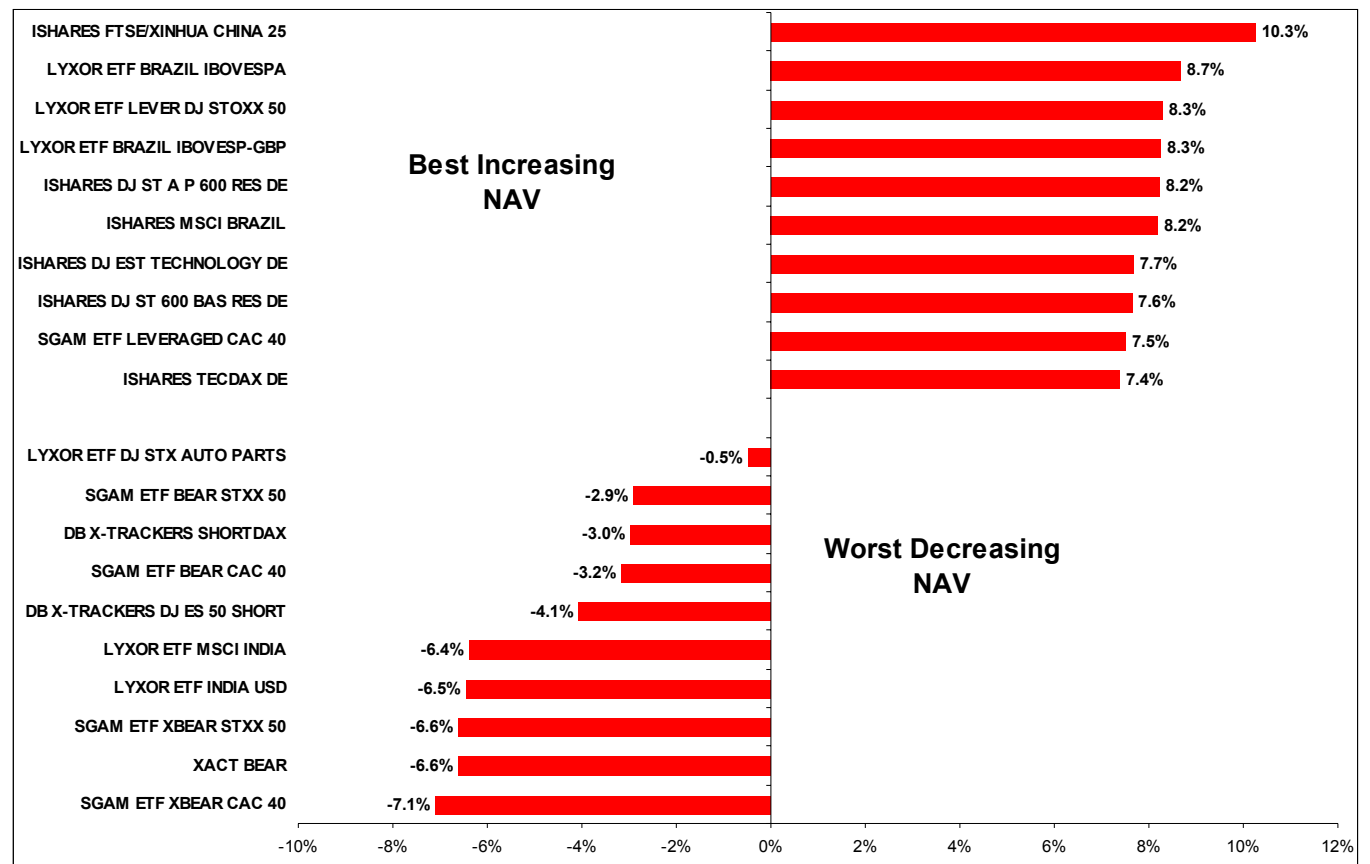
Source: Bloomberg

Styles

Leading movers				Lagging movers			
Performance (%)	1w ch.	1m ch.	3m ch.		1w ch.	1m ch.	3m ch.
Ethical Index Euro	5.46	7.73	-6.34	FTSE UK Dividend Plus	-2.56	n.a.	n.a.
DJ Euro Stoxx Value	1.64	7.80	-9.83	DJ Asia/Pacific Select Dividend	-2.45	n.a.	n.a.
DJ Stoxx Large 200	1.22	4.06	-8.88	DJ Stoxx Asia Pacific 600 Real Estate	-1.54	n.a.	n.a.

Source: Bloomberg

Net Asset Value changes (1 week % change)



Source: Bloomberg

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