

### Financial market indicators during January to September 2008

- Reflecting the austere financial market conditions in the first nine months of 2008, global stock market indexes fell sharply. But the fall in stock market was not accompanied by a rally in the bond market. In the first nine months of 2008, the euro weakened while the yen strengthened against the US dollar.

	Jan-Sep 2008	Jan-Sep 2007	2007
S&P 500 *	-20.6%	+7.6%	+3.5%
Hang Seng Index *	-35.2%	+36.0%	+39.3%
JP Morgan US Govt Bond Index 1+ years	+4.7%	+4.9%	+9.2%
Euro vs USD	-3.9%	+7.8%	+10.9%
Yen vs USD	+5.2%	+3.6%	+6.7%

\* Market performance on equities is measured by the changes in the relevant indexes during the period.

### Performance of selected overseas public funds during January to September 2008

- Overseas public funds in general suffered significant investment losses in the first nine months of 2008. As operational transparency and disclosure policy vary among overseas public funds, it is impossible to obtain comparable statistics of all overseas public funds. The table below shows information available to the public (official publications/web sites of the funds).
- Caution should be exercised when comparing performance of the Exchange Fund and other investment funds. Since they might have different investment objectives, their risk appetites and target returns might be different, leading to significant differences in asset allocation.

Overseas Public Funds	2007 return	Jan.- Sept. 2008 return	Asset allocation
<u>US</u> Alaska Permanent Fund	+8.8%	-13.6%	53% equities / 22% bonds / 10% real estate / 6% private markets / 9% others
<u>Norway</u> Government Pension Fund (Global)	+4.3%	-14.5%	60% equities / 40% bonds
<u>New Zealand</u> Superannuation Fund	+5.7%	-11.4%	48% equities / 17% bonds / 10% real estate / 20% private markets / 5% others
<u>Canada</u> Alberta Heritage Savings Trust Fund	+3.2%	-8.8%	45% equities / 24% bonds / 10% real estate / 12% private markets / 9% others