



global investment committee decisions

Research & Strategy
ABN AMRO Private Banking
29 November 2012



Macro view

The pieces of the macro-economic puzzle are gradually falling into place.

Eurozone:

In Europe, the systemic risk has been contained by the conditional safety net put in place for governments by the ECB as evidenced by declining yields in the periphery and easing inter-bank market conditions. The European Union has shown its commitment to keep Greece on board and allowed it more leeway to make ends meet.

US:

In the US we expect a compromise to be reached to smooth out the impact of the fiscal cliff. Meanwhile, macro economic indicators suggest that the industrial cycle is turning. PMI numbers for November improved in the US, China and Europe, although European readings are still below 50. US housing data are positive, which will support the construction sector. The emerging economies are showing early signs of turnaround, IT orders in Taiwan, PMI data across Asia, and China in particular. Considering that world consumption is stronger than production, there is chance of pent-up demand unfolding in H1 2013.

ABN AMRO's asset allocation per 29 November

ABN AMRO's Global Investment Committee (GIC) met on 29 November and has increased its 'Overweight' in equities, in particular in emerging markets equities. The other positions remain unchanged with 'Overweight' positions in equity, real estate and hedge funds, a 'Neutral' position in commodities and an 'Underweight' position in fixed income.

Current equity market weakness is an opportunity for under-invested equity investors to re-enter the market and the GIC has increased the 'Overweight' in equities at the expense of the remaining cash in profiles 2 to 5 (no change in the bank's risk profile 6, of which the cash position had already been depleted). Much of the reallocation from cash to equity can be achieved by investing cash into emerging market equity.

It is 'Underweight' in bonds. In Alternatives, we are positive about hedge funds ('Overweight' in profiles 1 to 4 and 'Neutral' in profiles 5 and 6), positive about real estate ('Overweight' in profiles 2 to 4 and 'Neutral' in profiles 5 and 6) and 'Neutral' in commodities.

These asset allocation shifts within our profiles are reflected in the table on the next page.

Asset allocation of our model portfolios 29 November 2012

Asset-allocation of model portfolios showing USD and EUR risk profiles in % , starting with our most conservative profile and ending with profile 6, which is most exposed to market risk

Asset allocation	I			II			III		
Asset class	Strategic	Tactical	Deviation	Strategic	Tactical	Deviation	Strategic	Tactical	Deviation
Money markets	5	18	13	5	7	2	5	0	-5
Bonds*	90	74	-16	70	58	-12	55	46	-9
Equity markets	0	0		15	20	5	30	39	9
Alternative investments	5	8	3	10	15	5	10	15	5
Funds of hedge funds	5	8	3	5	8	3	5	8	3
Real estate	0	0		3	5	2	3	5	2
Commodities	0	0		2	2		2	2	
Total (%)**	100	100		100	100		100	100	

Asset allocation	IV			V			VI		
Asset class	Strategic	Tactical	Deviation	Strategic	Tactical	Deviation	Strategic	Tactical	Deviation
Money markets	5	0	-5	5	0	-5	5	0	-5
Bonds*	35	25	-10	15	11	-4	0	0	
Equity markets	50	60	10	70	79	9	85	90	5
Alternative investments	10	15	5	10	10		10	10	
Funds of hedge funds	5	8	3	5	5		5	5	
Real estate	3	5	2	3	3		3	3	
Commodities	2	2		2	2		2	2	
Total (%)**	100	100		100	100		100	100	

* Recommended duration: **Neutral**. Benchmark: Bank of America, Merrill Lynch Government Bonds 1-10 years.

** Foreign-exchange exposure; only equity markets and a small portion of alternative investments are exposed to foreign currencies.

Latest ABN AMRO asset class recommendations 29 Nov. 2012

Asset class recommendation

Equities: **Overweight**

Bonds: **Underweight**

Alternatives: **Overweight** –

Overweight Hedge Funds

Overweight Real Estate

Neutral Commodities

Equity allocation «Overweight»

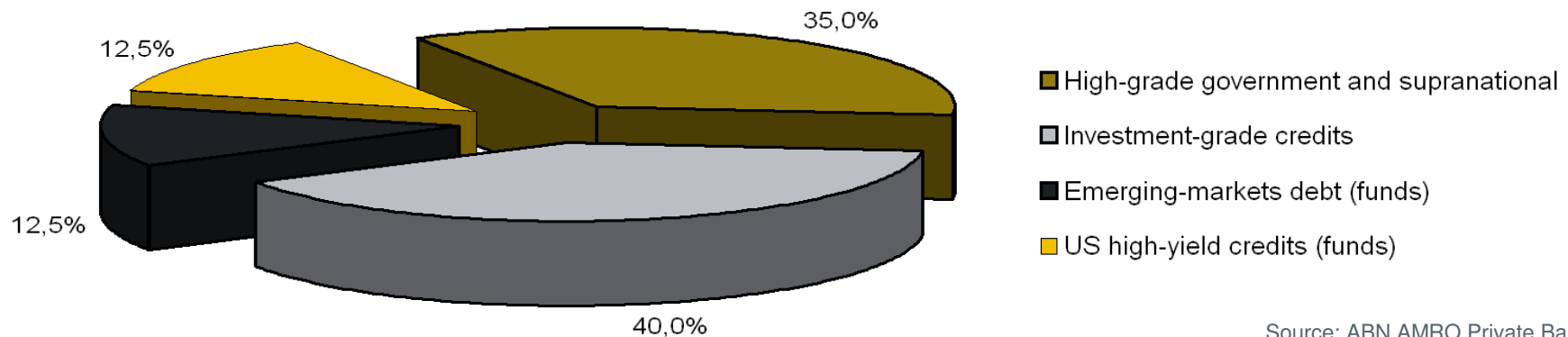
Sector

Healthcare	Overweight
Industrials	Overweight
Energy	Overweight
Basic Materials	Neutral
Information Technology	Neutral
Consumer Discretionary	Neutral
Financials	Neutral
Utilities	Underweight
Telecomm.	Underweight
Consumer Staples	Underweight

Region

Emerging Markets Asia Pacific	Overweight
Emerging Markets Latin America	Overweight
Europe	Overweight
Developed Markets Asia (ex Japan)	Neutral
Eastern Europe, Middle East and Africa	Neutral
North America	Underweight
Japan	Underweight

Bond allocation « Underweight »



Source: ABN AMRO Private Banking

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