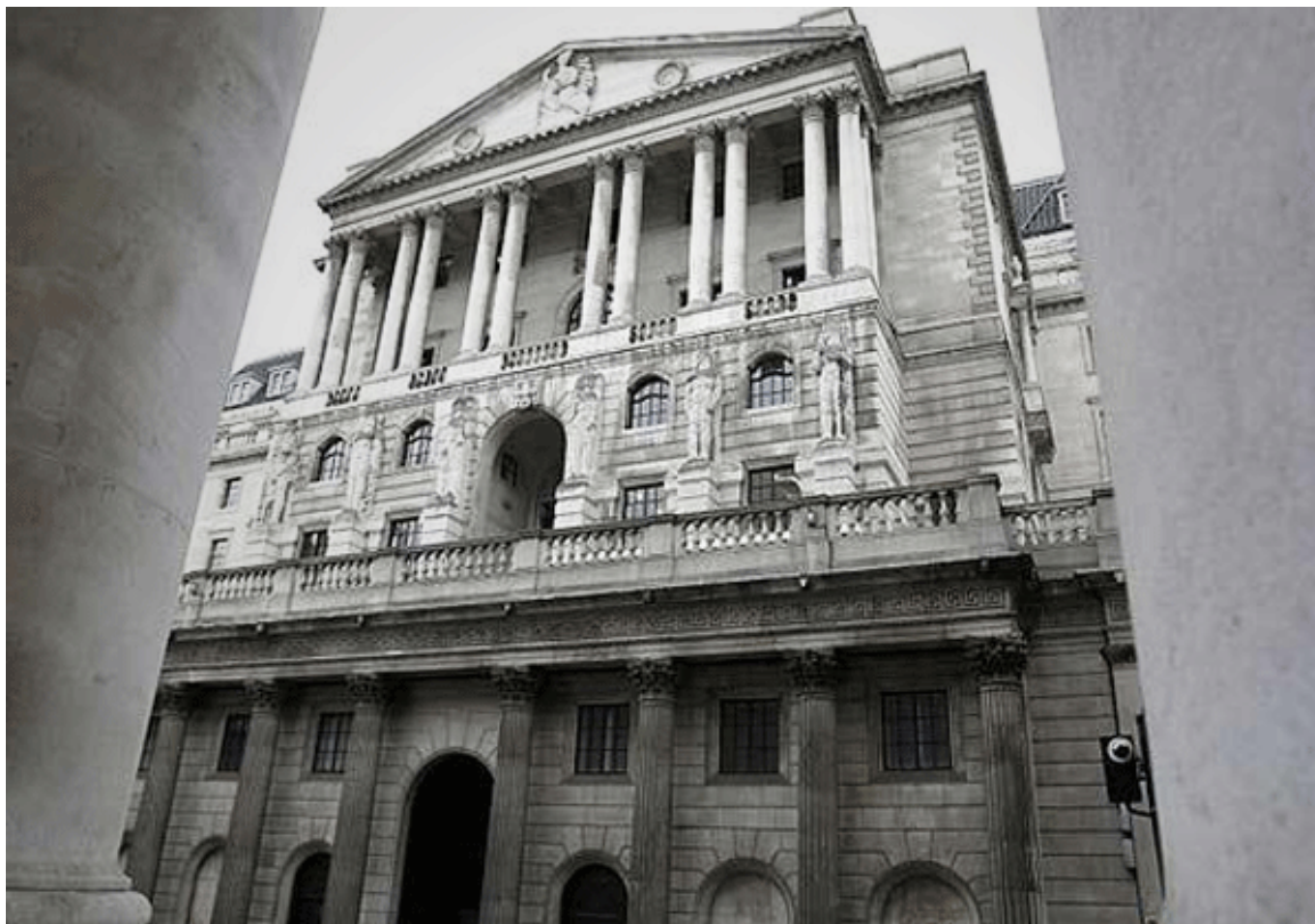




The UK Gilt Market Revisited

Throughout 2008, we held overweight positions in UK Government Debt (or Gilts) for our sterling based clients it was the only safe haven in a ferociously volatile market. However, our June 2009 Investment Note, *Gilts Face Mounting Headwinds*, highlighted some of the issues which we thought would create obstacles for Gilts during the remainder of the year and into 2010. Record low interest rates and substantial quantitative easing efforts (which could not last forever) led us to conclude that Gilts, at that point even, were showing signs that they had run their course.

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