

HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our existing themes. We then present in the spotlight piece our sequel to the **Reflation Riddle** theme, which attempts to forecast the effect of the end of QEII on Treasury yields and other fixed income instruments.

- The market call for June is arguably tougher than it was for May. Our solution is to be relative. By focusing on the growth profile of EM and China in particular, we are encouraged, but not just yet. Keeping a conservative stance and favouring Emerging versus Developed equity markets is our preferred course of action.
- In our **Fleeced by Gold** theme, we find that three factors are worth monitoring closely in the coming quarters on the gold front.
- In our **Buy the DIVs** theme, the Europeans are leading the good news by maintaining and increasing their dividend yield.
- In **Reflation Riddle II**, our spotlight piece, we consider again the market implications from the end of QEII both for US medium-term rates as well as various bond holdings. We conclude that while over the very near term, rates may rebound to higher levels, the aftermath of the QEII will likely lead to lower rates than those experienced so far this year.

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