

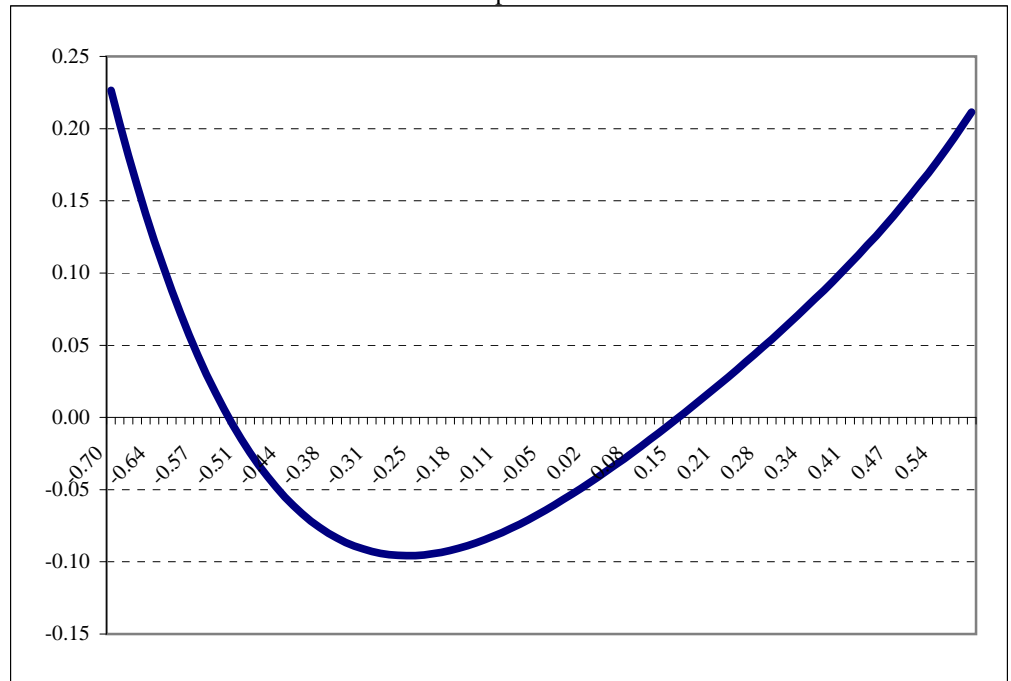
<u>Term</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Forward</u>
1	<b>2.10%</b>	0	1	2.10%
2	<b>2.30%</b>	1	2	2.50%
3	<b>2.50%</b>	2	3	2.90%
4	<b>2.80%</b>	3	4	3.71%
5	<b>3.20%</b>	4	5	4.82%
6	<b>3.90%</b>	<b>5</b>	<b>6</b>	<b>7.47%</b>
7	<b>4.50%</b>	6	7	8.17%

	Expon	Coef
a	0	-0.050
b	1	0.300
c	2	0.300
d	3	-0.500
e	4	0.700

Pt#	X	Y
1	-0.70	0.23
2	-0.69	0.20
3	-0.67	0.18
4	-0.66	0.16
5	-0.65	0.14
6	-0.64	0.12
7	-0.62	0.10
8	-0.61	0.09
9	-0.60	0.07
10	-0.58	0.06
11	-0.57	0.04
12	-0.56	0.03
13	-0.54	0.02
14	-0.53	0.01
15	-0.52	-0.01
16	-0.51	-0.02
17	-0.49	-0.02
18	-0.48	-0.03
19	-0.47	-0.04
20	-0.45	-0.05

Goal Seek	
X	Y
0.1489	0.0000

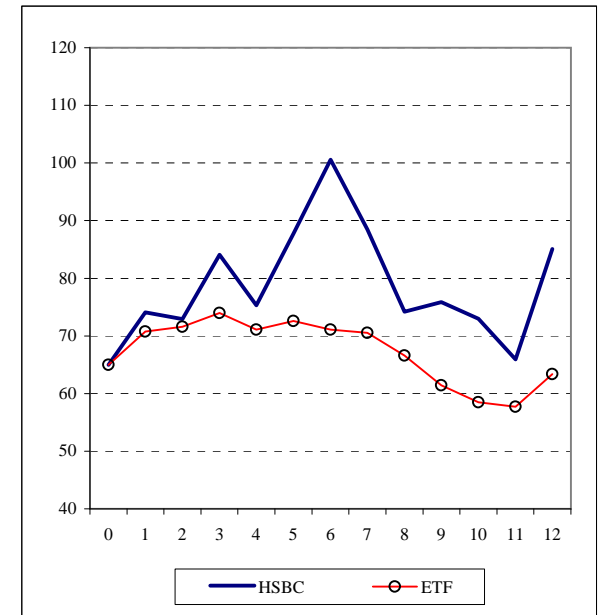
Xmin	-0.7	Num Pts	100
Xmax	0.6	Step Size	0.01



	HSBC	ETF
S(0)	65.00	65.00
X	65.00	65.00
sigma	32.0%	18.0%
rf	1.0%	1.0%
mu	1.0%	1.0%
T	1.00	1.00
rho		0.58
dt	0.0833	0.0833
Daily Drift	-0.0034	-0.0005
Daily Vol	9.238%	5.196%

Month	U[0,1]	X#1 N[0,1]	e#1	HSBC	U[0,1]	X#2 N[0,1]	e#2	ETF
0				65.000				65.000
1	0.922	1.419	1.419	74.084	0.840	0.994	1.633	70.752
2	0.433	-0.168	-0.168	72.924	0.652	0.390	0.220	71.563
3	0.939	1.547	1.547	84.103	0.374	-0.321	0.636	73.964
4	0.116	-1.194	-1.194	75.296	0.464	-0.091	-0.767	71.071
5	0.952	1.661	1.661	87.757	0.249	-0.679	0.410	72.600
6	0.930	1.476	1.476	100.545	0.061	-1.546	-0.404	71.089
7	0.083	-1.384	-1.384	88.455	0.789	0.804	-0.148	70.542
8	0.029	-1.903	-1.903	74.177	0.501	0.002	-1.102	66.614
9	0.597	0.245	0.245	75.851	0.018	-2.090	-1.560	61.423
10	0.340	-0.414	-0.414	72.986	0.192	-0.871	-0.949	58.464
11	0.135	-1.101	-1.101	65.909	0.685	0.482	-0.246	57.720
12	0.997	2.768	2.768	85.091	0.591	0.229	1.792	63.351

	S(T)	Payoff	PV(Payoff)
HSBC	85.09	20.09	19.89
ETF	63.35	0.00	0.00
Outperform		21.740	21.52

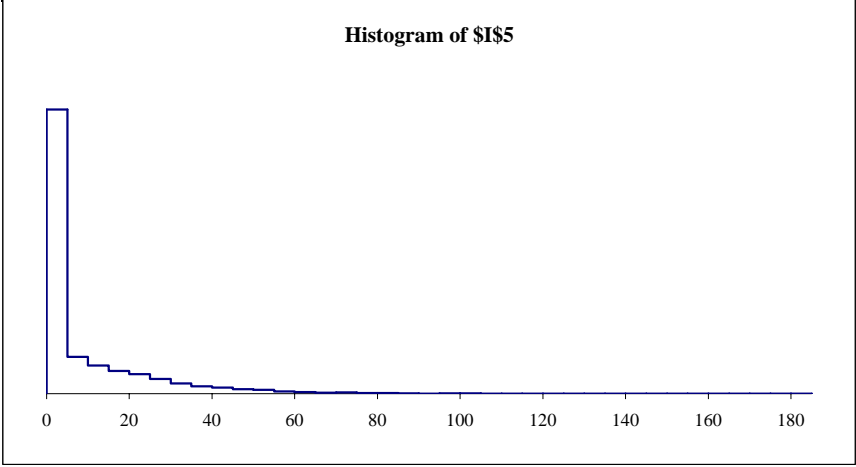


# Results of Monte Carlo Simulation

Sample Number	\$I\$5
1	5.900
2	40.838
3	20.161
4	0.000
5	1.359
6	0.000
7	0.000
8	0.000
9	0.000
10	0.000
11	0.000
12	2.205
13	0.000
14	0.000
15	0.000
16	10.426
17	0.834
18	5.234
19	36.885
20	10.866

Simulation Stats	
10000	repetitions
39	seconds

Summary Statistics		Notes	
Average	8.565		
SD	14.8218		
Max	182.137		
Min	0.000		

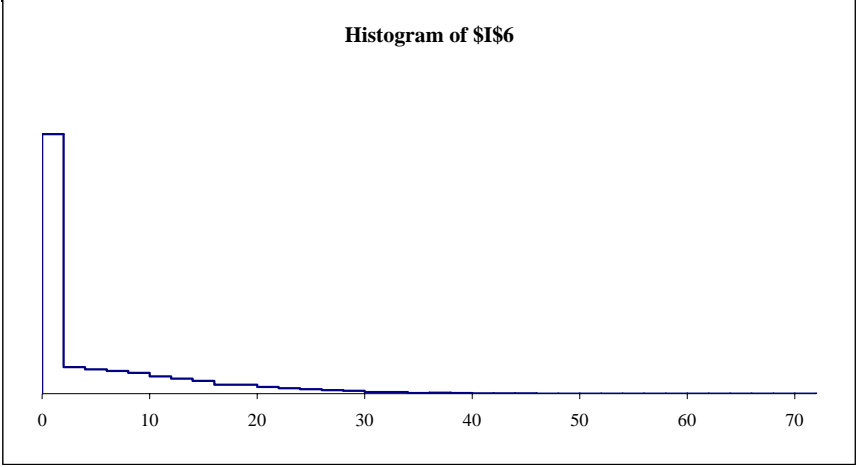


# Results of Monte Carlo Simulation

Sample Number	\$I\$6
1	5.986
2	14.820
3	0.000
4	21.830
5	10.525
6	0.000
7	10.968
8	7.560
9	0.000
10	0.000
11	18.235
12	18.643
13	9.703
14	5.980
15	0.000
16	19.437
17	0.000
18	6.985
19	0.000
20	0.000

Simulation Stats	
10000	repetitions
39	seconds

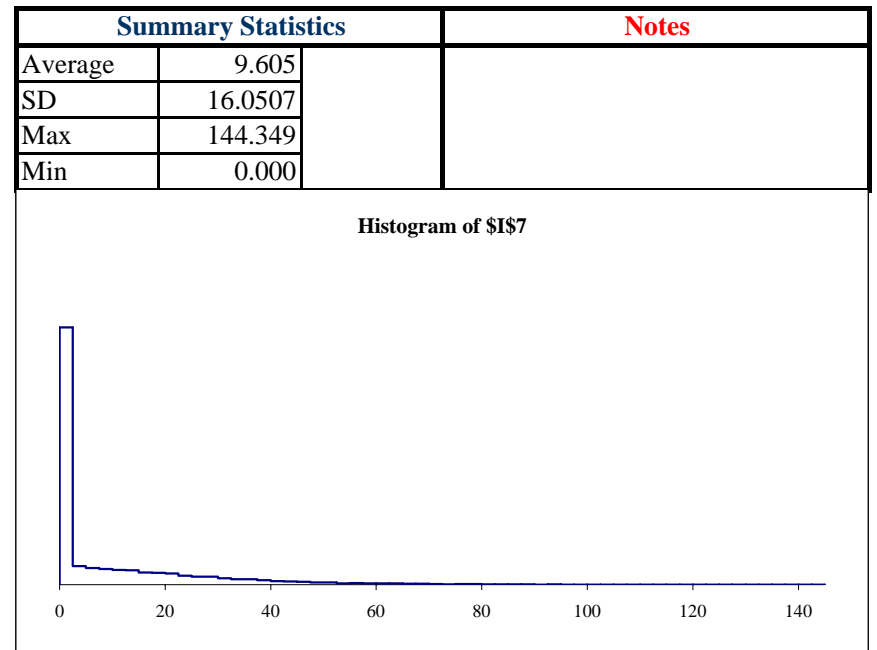
Summary Statistics		Notes	
Average	5.083		
SD	7.9285		
Max	71.276		
Min	0.000		



# Results of Monte Carlo Simulation

Sample Number	\$I\$7
1	28.714
2	0.000
3	0.000
4	28.020
5	0.000
6	0.000
7	0.000
8	9.913
9	0.000
10	63.736
11	0.000
12	0.000
13	0.000
14	0.000
15	31.791
16	0.000
17	22.235
18	0.000
19	1.589
20	0.000

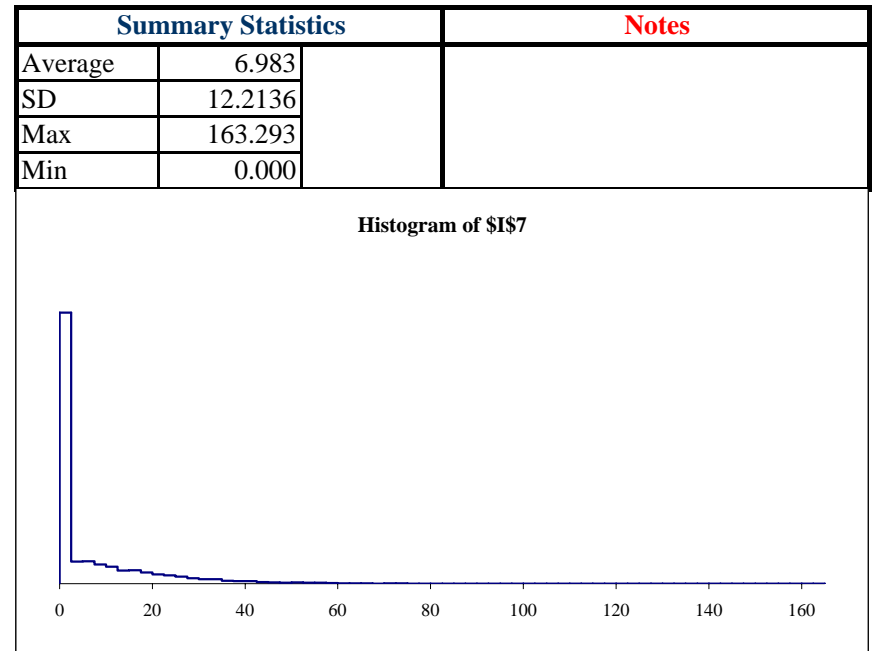
Simulation Stats	
10000	repetitions
39	seconds



# Results of Monte Carlo Simulation

Sample Number	\$I\$7
1	0.000
2	0.000
3	34.743
4	0.000
5	4.197
6	0.000
7	0.000
8	16.555
9	12.904
10	0.000
11	5.201
12	0.000
13	39.636
14	3.910
15	16.883
16	16.773
17	0.000
18	0.000
19	23.783
20	8.746

Simulation Stats	
10000	repetitions
39	seconds



	<b>i</b>	<b>ii</b>	<b>iii</b>	<b>Total</b>
Num of Bonds	<b>8,687.71</b>	<b>0.00</b>	<b>11,039.98</b>	
Value of Bonds	876,774	0	1,123,226	2,000,000
Wgt	43.8%	0.0%	56.2%	
Wgt * MDur	2.0122	0.0000	6.4878	8.5000
Price per bond	100.9212	96.9704	101.7416	
Duration (WAL)	4.7186	8.0740	12.2278	
Mod Duration	4.5901	7.6603	11.5520	
Settlement	<b>31-Dec-2008</b>	<b>31-Dec-2008</b>	<b>31-Dec-2008</b>	
Maturity	<b>31-Dec-2013</b>	<b>31-Dec-2018</b>	<b>31-Dec-2028</b>	
Coupon	<b>3.00%</b>	<b>5.00%</b>	<b>6.00%</b>	
YTM	<b>2.80%</b>	<b>5.40%</b>	<b>5.85%</b>	
Face	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
Freq	<b>1</b>	<b>1</b>	<b>1</b>	
Basis	<b>1</b>	<b>1</b>	<b>1</b>	

**All-In  
YTM  
5.1928%**

<b>Year</b>	<b>i</b>	<b>ii</b>	<b>iii</b>	<b>Total</b>
0	876,774	0	1,123,226	2,000,000.00
1	-26,063	0	-66,240	-92,303.02
2	-26,063	0	-66,240	-92,303.02
3	-26,063	0	-66,240	-92,303.02
4	-26,063	0	-66,240	-92,303.02
5	-894,834	0	-66,240	-961,074.20
6		0	-66,240	-66,239.89
7		0	-66,240	-66,239.89
8		0	-66,240	-66,239.89
9		0	-66,240	-66,239.89
10		0	-66,240	-66,239.89
11			-66,240	-66,239.89
12			-66,240	-66,239.89
13			-66,240	-66,239.89
14			-66,240	-66,239.89
15			-66,240	-66,239.89
16			-66,240	-66,239.89
17			-66,240	-66,239.89
18			-66,240	-66,239.89
19			-66,240	-66,239.89
20			-1,170,238	-1,170,238.00

Rand #1	0.6189	% in Circle	0.78511
Rand #2	0.2399	Factor	4.0000
X	0.2379	pi	3.1404
Y	-0.5201		

In Square		1
abs(X)	0.2379	
abs(Y)	0.5201	

In Circle		1
X^2	0.0566	
Y^2	0.2705	
X^2 + Y^2	0.3271	

# Results of Monte Carlo Simulation

Sample Number	\$D\$21
1	1.000
2	1.000
3	0.000
4	1.000
5	1.000
6	0.000
7	1.000
8	1.000
9	1.000
10	0.000
11	1.000
12	1.000
13	1.000
14	1.000
15	0.000
16	1.000
17	1.000
18	1.000
19	0.000

Simulation Stats	
100000	repetitions
12	seconds

