

GLOBAL VIEWS

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Schreiber Associates International

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Providence Life Limited PCC

Providence Life Limited PCC is one of the fastest growing companies in the global offshore life assurance sector creating new and innovative ways to invest, which will become the common practices of tomorrow.

Providence Life Limited PCC is committed to providing client focused and technologically innovative investment solutions in the rapidly changing offshore space. Our products are available through carefully selected professional advisors, as we feel that important investment decisions should be taken after seeking the best professional advice.

Located on the island of Mauritius, one of the fastest growing offshore territories in the world, Providence Life uses the latest internet based technology, to provide real time access to investment structures. With unprecedented web security and live data feeds, Providence Life allows you to review your fund performance and trade on-line at any time of the day or night, regardless of where you are in the world.

"Mauritius ranks 12th in the world, as the best place for starting a business, protection for investors, and tax liabilities, ahead of Germany and France." - *The World Bank Group International Financing Corporation, 4th November 2010*

Products

Providence Bond

The Providence Life - Providence Bond has been designed to offer the greatest degree of flexibility and transparency, in a Personal Portfolio Bond and the opportunity for medium to long term capital growth. You can select from the wide range of funds available through the Providence Life Fund Platform and access your investments on-line.

The Providence Bond can be structured as a capital redemption policy or as a life assurance policy. They can be structured as either a Personalised Providence Bond, which allows you to invest in any asset approved by Providence Life, including sophisticated instruments such as structured notes. Or a Collective Providence Bond, which allows investment in a wide range of collective assets such as unit trusts and mutual funds.

The Providence Bond charges are as follows:

- Annual Management Charge: 1% per annum
- Fund Platform dealing charge: 2.75% subscription fee

When you first purchase funds on your Providence Capital Bond fund platform, or when you subsequently switch your funds, or make additional purchases, there is a 2.75% subscription fee payable. This fee is normally at a discount to the published subscription fee for the individual funds.

- Early encashment charges: 8% in year 1, decreasing by 1% per year, to zero by the end of year 8.

These charges apply, if more than 80% of the original invested amount is withdrawn from the Bond, or if the value of the Bond reduces to less than 20% of the original invested amount.

Providence Capital Bond

The Providence Capital Bond is an exciting new joint venture QROPS product, which has been developed by Sovereign Trustees Guernsey Ltd and Providence Life Limited PCC.

The Providence Capital Bond combines an HMRC approved QROPS Trust and a state of the art Personal Portfolio Bond from Providence Life Limited PCC. By combining these two leading edge products, we can offer our clients a range of unique benefits, including:

- A very cost efficient charging structure
- Ease of administration
- Simplified application process
- Top quality Trustee services
- Full transparency for your clients via online valuations
- Performance alerts can be set for individual funds to give your clients information and control
- A world class range of funds and exclusive structured products available through the Bond
- The ability to buy and sell funds online

The Providence Capital Bond charges are as follows:

- Annual Management Charge: 1.75% per annum
- Fund subscription charge: 2.75% subscription fee
- Early encashment charges: 8% in year 1, decreasing by 1% per year, to zero by the end of year 8.

Please e-mail us for more information.

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An Embarrassment

Let's be honest, when a government department provides information explaining how individuals can reduce a tax bill there has to be something in it. Perhaps they are embarrassed as to the amount of revenue they collect?

However if you view the link below you will see explained by the UK Government why you should have a will.

http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/PlanningYourPersonalFinances/DG_10013642

The truth of the matter it is generally laziness which prevents most people writing a will. If you are an expat, there is also the misnomer that it does not affect you, yes it does. Unless you have established a new domicile, and that does not mean being non resident for UK income and capital gains tax, it does not mean not having any assets in the UK, it does not mean because you have lived outside the UK for the past thirty years it does not affect you. If you think that is the case you need to take some advice now, because none of those reasons individually or collectively would make you exempt from UK Inheritance Tax. Plus for any of you who have married or have a non British National partner or wife, even worse!

However, only one part of the whole issue of having or not having a UK Will is about tax. In truth not many will be affected by a significant tax bill. Admittedly some, who will be affected, would not be affected if they had a correctly drawn up will. The big issue is the speed of settling an estate and ensuring that the correct people receive the correct amount. Those of you separated or on second or third marriages, or divorced with a partner, and or with children from more than one relationship pay attention.

Thus a potentially very complicated and costly situation could be averted, simply by having a will. Its not expensive, it's not difficult, its just one of those things that we need to get around to. May we suggest that it is time now?

Finally, expats, if you are resident in another country you will almost certainly need a will there as well!

The World's Top Ten

Worlds Largest Corporations (By Revenue)

Wal Mart - USA
Shell - Netherlands
Exon Mobil - USA
BP - UK
Toyota - Japan
Sinopec - China
State Grid - China
AXA - France
China National Petroleum - China

UK Top 10 Companies

BP
HSBC
Vodafone
Tesco
Barclays
Glaxo Smith Klein
AstraZeneca
Standard Chartered
National Grid
BT

Formula One

The drivers earn up to \$50.0 million a year. The teams spend almost \$3.0 billion a year, Toyota as an example spending around \$400.00 million, advertisers pay up to \$4.0 million for a track side advertisement, Abu Dhabi spent almost \$200.0m in constructing its circuit, and then pays another estimated \$30.0 million per year to host the event.

Big money by anybodies book, but does it pay. Well the advertising men think so. Take Philip Morris, in spite of bans in cigarette advertising it is still willing to spend an estimated \$100.0m to sponsor Ferrari for another three years.

Do the sums add up? Well, an estimated 600.0 million people watch F1 each year. That is around 30.0m people will watch each Grand Prix, and each Grand Prix will be televised for an estimated 12 hours, including on daily news programmes, plus of course specialist programmes which will cover all practice sessions as well as race days itself.

There seems to be no lack of supporters, from sponsors to countries clamouring to offer venues for a Grand Prix. The first Grand Prix was held at Silverstone UK in 1950, there are now 20 Grand Prix per year, and countries such as Russia, South Africa are keen to join the circus.

It all adds up to a lot of money, and a lot of beautiful people.



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Choosing an Offshore Bank Account

So you need a first offshore account, or are you fed up with the lack of services or the charges imposed where you are currently?

There are numerous offerings available, and the first step we would suggest is to establish what it is you are seeking?

Do you wish for a plain vanilla account, with no frills?

Do you need to transfer different currencies on a regular basis?

Do you wish your bank to provide investment advice?

Do you wish for multi currency offerings with credit and debit cards?

Our opinion is that there is no panacea of life, and it appears to us that no one bank stands out for offering the best service. Indeed the writer has just closed a long standing HSBC account which according to their literature offered free travel insurance (provided you advised the bank each time you travelled, and commenced your journey from UK!). It offered reduced fees for transfers, which was useful when I was transferring regularly, but not now. In order to achieve the "priority status" you were required to keep a large chunk of deposits with them. When you start to examine this, and working on the basis that this banks rates were woefully low, the loss of interest on the deposits meant in real terms it was costing £1800.00 per annum to keep this account. Clearly for my situation the wrong account.

One issue which has emerged in recent years given the apparent fragility of the banking sector is the credit worthiness of any bank. We do suggest that you limit your exposure to any one bank, just in case, the impossible occurs again!

One last point for those of you with UK accounts, do think carefully before you close them, it is very difficult to open a UK account if you are not resident in UK.

As always take some advice, and weigh up all your options. We don't pretend to be bank experts, but working in the market we perhaps have some knowledge we can share with you and would be happy to provide some options.

Check Your Attic

When a local firm of auctioneers in Middlesex England made history last year by selling a Chinese vase which had been found in an attic of a house for £53.0 m last year, no one could have foreseen that what appeared to be an isolated sale actually became the first of many similar events. Yes, the Chinese are in town and are anxious to recover many of their countries lost relics.

Small auction houses have seen a deluge of enquiries and some extraordinary sales. Many sale rooms have doubled revenue in the midst of a downturn, and the majority of the growth has been fuelled by Chinese buyers

In 2009 there were an estimated 450,000 Chinese millionaires. The demand for Chinese art and relics seems insatiable. In particular jade and porcelain seem to attract particular attention. One commentator remarked that in the past every surge in a market sector generally was followed by a softening, however, with the growth of Chinese people, perhaps this sector has a way to run.

So check your attics, under the bed, behind the wardrobes, perhaps you have the next £53.0 million vase hidden away.

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So What Else Can Go Wrong? A Salutory Note for Equity Investors!

Equity markets in recent months have offered investors some positive returns, then along came revolution! As an example the last two years had seen the S&P double. Six months ago no one could imagine that Hosni Mubarak would be out of office, and that we would be looking at what increasingly looks like civil war in Libya, and demonstrations in Saudi Arabia, the world largest oil producer, in fact the Middle East looking possibly a very different place. The threat of course, as always oil supplies. Thus oil prices rise sharply, threatening recovery in the rest of the world.

Worries persist, if not increase as to the indebtedness of some countries, and concerns as to how they treat that indebtedness. Some countries like the UK and Ireland have embarked on severe austerity measures. The concern is that if these measures are too severe, any recovery may be stifled. Greece and Spain have seen their credit ratings cut yet again. Thus whilst Germany will pay around 3% for its government borrowings, Greece will pay over 12%, Spain around 7%.

The dreadful earthquake and the consequences following, at the time of writing has yet to be realised. Forgetting the horrendous loss of life and property, there will also be the financial impact. Already reinsurance companies are taking a pounding. In the meantime as the details of the damage emerge, it is highly likely that the financial costs will be significantly greater than the Kobe earthquake in 1995 caused \$132.0 billion worth of damage. This damage from this latest earthquake and subsequent tsunami looks significantly worse than Kobe.

Perhaps we may be better off putting our money in emerging markets, or perhaps not. Many of these markets such as China and Brazil both of which have seen significant growth in recent years start to look as though they may be starting to over heat. Thus bubbles in asset prices, in property brings with it inflation. How do we control inflation? We raise interest rates, which will then make the currencies more attractive, which in turn will bring with it higher exchange rates, which then reduces the effectiveness of what has driven these economies, exports. Whilst this would always be a problem to contend with it is made significantly more difficult given the extremely low interest rates in the developed world.

If you are seeking opportunities and wish to limit risk speak with us, there are ample opportunities available, if you know where to look.

When it may be better not to tax?

We are all aware that the UK resident's tax burden has increased, and seems to continue to increase under a Conservative led Government. OK so it's not as bad as the bad old days in the 70s, where the highest earners paid 98% in the pound, cue The Beatles single Taxman. However, the constant demand for fairness has led the last Labour Government, and now the Coalition Government to attack non domicile residents. Non doms as they are generally known used to pay no tax on their overseas income and no capital gains tax. Slowly but surely the pressure to make non doms take some tax

burden has increased. Initially a lump sum payment of £30,000 was required, now it looks as though further pressure is bearing down and the non doms are under threat again. Interestingly the estimates that have emerged from government sources indicate that the lump sum tax payment raised around £200.0 million, however, it also appears that significant numbers of these non doms said enough is enough and have left. The loss of these non doms has cost according to Treasury figures over £700.0 million.

Large numbers of non doms have left, more are leaving. Companies who do not need to be in UK can, and have left. The Treasury estimate that the loss of these companies and staff will cost the government up to £40.0 billion a year.

Now I am not an economist, but simple maths will suggest that imposing these tax burdens may not be fiscally prudent. However, perhaps it is politically prudent, and that is perhaps why the implementation will continue. In the meantime even companies such as HSBC and Zurich are considering moving. Can someone please tell The Chancellor to stop!

