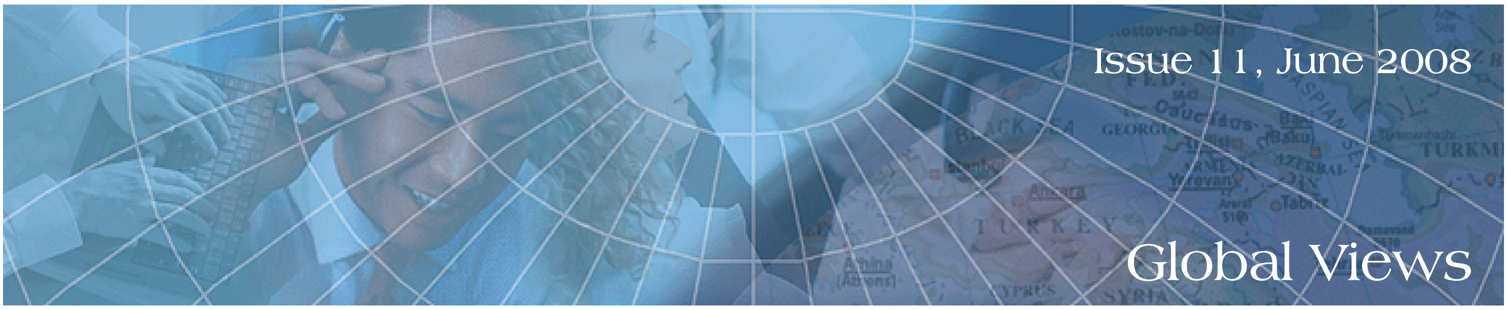

Issue 11, June 2008

Global Views

EFA WORLD

EFA World is an Independent Financial Advisory Group specialized in asset management for high net worth expatriates around the world. With access to a wide variety of diversified investment strategies and products, we provide our clients with impartial and independent advice and support, covering all aspects of the financial services spectrum. EFA World is a member of Inter-Alliance WorldNet, the world's largest global Network of International Financial Advisors, with offices in 27 countries and close to 50 Member companies.

Building a Portfolio

Some people's idea of investment is betting all their savings on the 2.30 at Haydock Park. But as any responsible financial adviser would tell you, the first lesson of wealth management is that you diversify your risk, that is, you don't put all your eggs in one basket.

A good wealth manager will ensure that an investor achieves a blend of different types of asset in his or her portfolio. This will typically include, at the very minimum, a mixture of shares, bonds, commercial property and cash. Some wealth managers will throw in other asset classes such as private equity, gold and commodities, alternative investments, guaranteed funds etc.

The point of having this wide spread of different investments is designed to achieve a balancing act or, in the technical jargon, a mixture of non-correlated asset classes. In other words, while shares may be going down another asset, such as bonds or commercial property, will be going up. The aim is to ensure that whatever happens to one particular part of your portfolio there will be another part that is sufficiently buoyant to prevent the whole portfolio being dragged down.

This process of dividing your portfolio into different sections, known as asset allocation, is especially important because no one can forecast with any accuracy what will happen to shares, property, or any other asset. For example, few people called the top of the previous bull market in 2000 and even fewer accurately called the bottom of the bear market in 2003. Right now no one is certain what is going to happen to UK residential property over the next couple of years. Given investors' inability to forecast the future, asset allocation begins to look like a very sensible bet. Financial experts have calculated that asset allocation makes up more than 90 per cent of an investor's return.

It is also a good way of avoiding the potentially disastrous trap of buying whatever is the prevailing fashionable asset. By opting for a diversified portfolio investors would not have found themselves with a basket of technology funds in 2000, or have too large an exposure to any asset class at one time.

Wealth managers will draw up different portfolios for different levels of risk. A cautious investor might have a portfolio with a heavier concentration of cash, bonds and property, perhaps some alternative investments, or guaranteed funds, or maybe even a small exposure to commodities, while an out and out risk taker would have more in assets such as emerging market stocks, a much heavier weighting to commodities, perhaps some aggressive alternative investment strategies.

One thing that managers try to do is to blend non-correlated assets together to produce a more "smoothed" performance. For example, a holding of US equity funds might be balanced by some Japanese equity funds, which do not tend to move in the same pattern as US shares. In the same way a holding in UK shares might be balanced by one in residential property, which is non-correlated with the stock market.

When putting together their portfolios wealth managers usually break down the traditional asset classes into many different sub-groups. Thus within the spectrum of Alternative Investments Strategies, or Hedge Funds as they are commonly known as, you may have some very low risk arbitrage funds, through the range to very aggressive macro funds. The important point is that within every asset class there is likely to be low, medium and high risk sector. Similarly an investor may wish to have some exposure to bond funds, well clearly there is a world of difference in risk and potential reward should the investor choose either US Treasury or a Junk Bond from Guatemala (no offence to anyone reading this in Guatemala).

The ultimate aim of all these approaches is to construct a portfolio that will provide the maximum level of return for a stated level of risk, or offer the minimum level of risk for a given expected return.

Sensible diversification of assets may not sound particularly exciting and performance is unlikely to shoot the lights out, but it should deliver more consistent investment returns and enable investors to sleep more.

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Some of the Ways We Can Help You

Business Protection
You may have built up a successful business, but could it survive if you or another key person were to die suddenly; and how can your capital be extracted when you retire?

We advise on business related schemes - partnership protection, shareholder, and key person assurances - which can protect you, your family and the business itself.

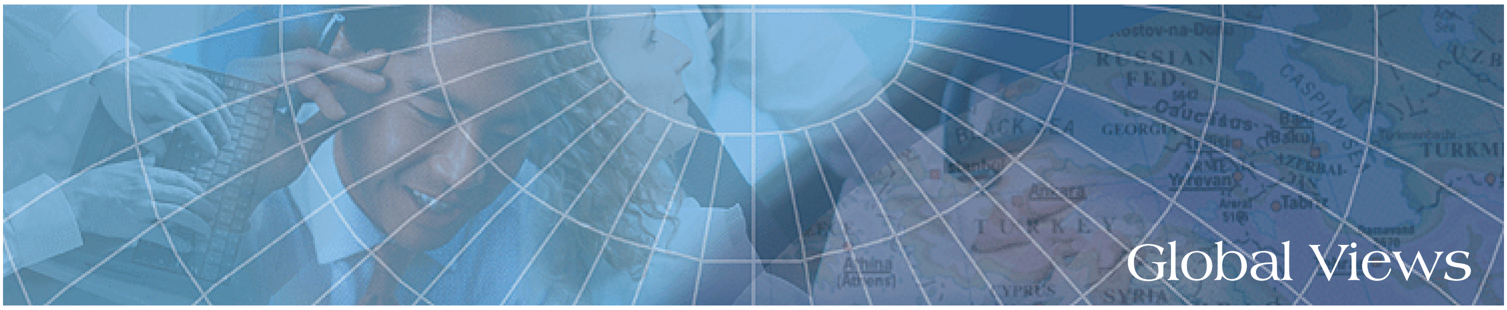
Group Pension and Group Life schemes for employees.

Estate Planning
UK Inheritance Tax comes into effect once your assets exceed the `nil rate band` – a situation which more and more people are finding themselves in. Inheritance Tax not only affects parents looking to leave their estate to their children but transfers between spouses of different nationalities.

We will assess your potential liability in the light of existing plans, including your Will. If required, we will then recommend affordable plans to reduce the burden on your family.

Financing Education
Whether or not you opt for private education, the need to save for a child's university costs should not be left too late. Impartial financial advice may help ease the burden of rising university fees and may even make private education an affordable option.

We will help you manage your family resources effectively, to give your children the start in life which only the best education can provide.



Banking Crisis Over

It finally appears that sentiment is once again turning in favour of the financial sector as experts raise their heads above the corporate parapet, declaring that the worst has passed.

Recently Sir Win Bischoff, the City grandee-turned-chairman of Wall Street colossus Citigroup, the world's biggest bank, was one of the latest top bankers to announce that while he did not believe that 2008 will be easy, he still felt that the worst of the credit crunch is over.

In the UK, former Credit Suisse Income fund boss, and present manager of the PSigma Income fund, Bill Mott asserts: 'I do believe the banking sector has been over-discounted and now represents good value.'

Mott has been invested in banks for some time, and still is, with investments in such firms as HSBC, Barclays, Lloyds TSB, Halifax Bank of Scotland and Royal Bank of Scotland.

His performance has been dented as a result but he admits he had underestimated the extent of the writedowns which occurred but now believes that is behind us.

In addition, Guy de Blonay, a financial expert, and manager of the New Star Financials fund, declared that a highly significant 'inflection point' has been passed.

He said: 'I would be surprised, given the information we have now, if financial stocks were not higher in 12 months time.

'It is a good time to start looking at banks in the UK. It is very clear that today we are at a very different point to where we were back on March 17, when Bear Sterns was avoiding collapse.'

The financial sector's value has been slashed by some 50% since the onslaught of the credit crunch and by the middle of March investors were dumping stocks in fear the financial system was going to collapse.

But some confidence has returned on the back of the belief central banks and governments have the ability to protect, with Northern Rock nationalised in the UK and Bear Sterns taken over by JPMorgan in the US – and in both cases the worst case scenario avoided.

Ian Henderson, manager of the JPMorgan Global Financials fund, echoed de Blonay's sentiment. He said: 'There are definitely opportunities - the financial sector is obviously going to recover.'

Expats Enjoy Life Abroad

A recent study indicates that the average UK expat enjoys a 40% plus pay rise on being relocated abroad. Whereas the average UK salary is around £47,000, the average expat salary is £67,000

Whilst the UAE topped the average salary scale with £79,000, due to the exceptionally high cost of living, expats there, generally did not feel financially better off.

However in Spain, where the average expat salary is lower at £65,000, 95% of those surveyed believed that they experienced a lower cost of living than in UK.

91% of expats in Portugal and 88% in Spain said they felt healthier living abroad, although this fell to only 38% for those living in Dubai.

All interesting stuff, go to UAE earn the higher income, but spend more, and feel less healthy. Or go to Portugal, do not earn as much, but have lower cost of living, and according to the survey 100% of those questioned saying they were happier in Portugal than UK.

UK Housing Market

Foreclosures in California are passing 1000 per day. Across the US the estimate is 8000 foreclosures per day.

You can now buy a three-bedroom property in locations such as Buffalo State for $3,000.00, or how about a four-bedroom, 2000 square foot, detached house for $5,000.00?

The big concern is similar to the UK, where housing values have driven consumer sales for a sustained period. In addition, a slow down in construction not only affects the building industry, but also affects ancillary manufacturers. Buyers of new property tend to look to renew or replace electrical items, carpets, furniture etc. Overall, as we well know, most consumers have less money in their pockets, so spend less – thus, over time, affecting employment and the profitability of companies.

It is not just the housing sector which will bear the brunt. Any slowdown in housing will affect us all. Even if we own property and have no intent to sell it, share values will start to be eroded, and we all end up worse off.

Some of the Ways We Can Help You

Healthcare
Choosing private medical insurance, unlike some forms of insurance, is not an annual exercise, but should be considered as a long term decision as it is almost impossible to move from one provider to another without the risk of accumulating medical exclusions with each move.

We advise on the personal private medical insurance policies through all the major insurers and offer impartial advice on the best scheme to suit your personal needs.

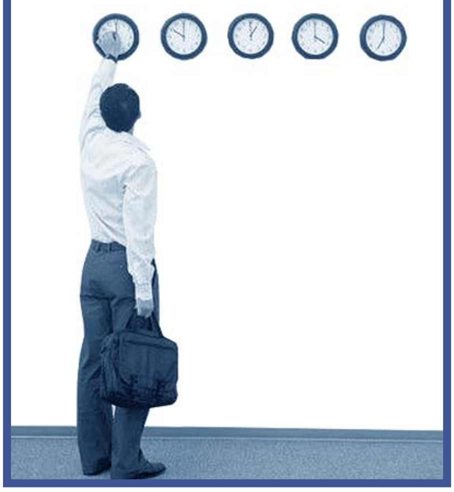
Mortgages
We have access to all the major mortgage lenders in the UK, Europe, Australia, North America and the UAE. We will source the entire market to find the very best mortgage deals available to you.

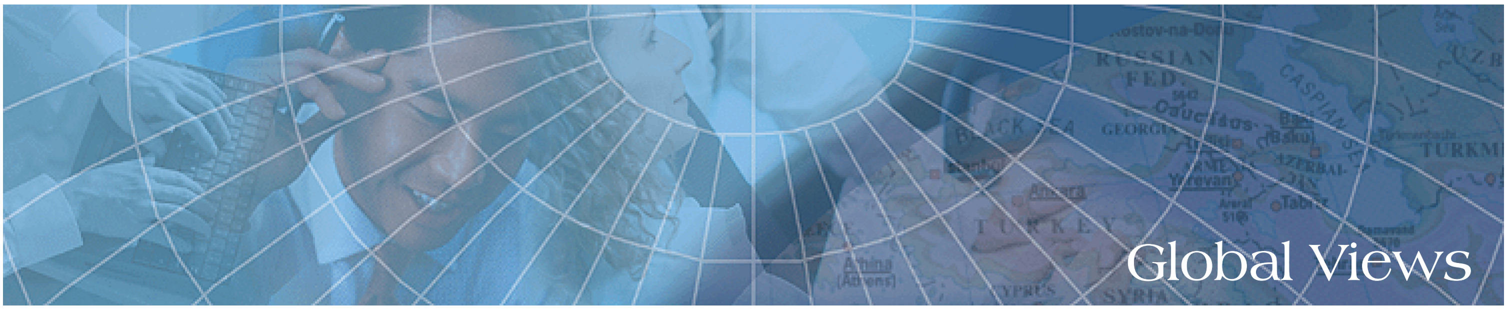
Offshore Banking
Choosing an offshore bank account is not as easy as one might think. The choice of accounts on offer expands each year, with new products regularly entering the rapidly maturing sector.

Offshore Companies
More and more people are choosing to hold assets such as property in an offshore company. We will advise on all the options available to you and the benefits of each.

Protection
Safeguarding your future income against accident or sickness and providing financial protection against a critical illness or death can too easily be postponed. Unfortunately, if the unexpected happens to you it is too late.

We can advise on ways to provide protection for your family and income, including products such as life assurance, critical illness cover, and loss of earnings.





Savings and Investments

Each investor has their own individual needs and there are many solutions available to meet these diverse needs.

You may want growth or income from your investments and may have requirements on tax efficiency, flexibility, the level of risk, or a mixture of these. With so many options available, an independent guide can help you select an investment that is suited to your personal circumstances.

We can lead you through the maze to find the solution tailored to your own needs. We research the market to select the leading products for our clients, rejecting those that fall short of our standards. This gives you the confidence that our recommendations meet stringent selection criteria.

Savings
We will guide you through the options, including any tax considerations, and recommend a suitable scheme to fit your needs.

Whether you are looking to build up an emergency fund in an offshore bank account or save regularly into an equity based savings plan, Candour have many years` experience in providing independent financial advice on all forms of savings schemes.

Ask yourself these questions:

- What do I want to save for, a rainy day or something specific?
- How much can I sensibly afford to save?
- When will I need access to the savings?
- How do I minimise tax on my growing savings?

Investment
There are two important concepts in investment - risk and diversification.

All investments carry different degrees of risk; even some of the safest have the risk of their 'real value' being eroded by inflation. Invariably there is a trade-off between risk and the potential return - higher potential reward means accepting higher volatility. The important point is to match the level of risk with which each investor feels comfortable to the risk profile of selected investments.

Diversification reduces risk by spreading it. This meets one of the fundamental principles of investing: don't keep too many investment eggs in too few baskets. Products such as Investment Bonds and Unit Trusts diversify your investment across a number of underlying holdings in a way that few private investors can match. Moreover, constructing a personal portfolio of investments can achieve further diversification with the portfolio being tailored to your needs.

The investment options on which we can advise include:

Offshore Investment Bonds
Offshore investment bonds are tax efficient products that can be used for growth or income.

One of the greatest advantages of offshore bonds is that they offer access to a wide selection of investment options such as managed bonds, corporate bonds, property funds, equity funds, hedge funds and individual stocks & shares that usually are only available to high net-worth and corporate investors. Cash, with-profits bonds and distribution bonds can also be held in the products for the lower risk investor.

Offshore bonds can offer valuable tax benefits at the lower and higher ends of the tax scale. For those on the borderline of age allowance and for the higher rate taxpayer, a 5%p.a. 'income' can currently be taken free of all personal tax for up to twenty years (and does not have to be declared on your Self-Assessment Tax Return). This can enhance your after tax income and help simplify your tax affairs.

In conjunction with an appropriate Trust, portfolio bonds and investment wraps can play a very useful role in an Inheritance Tax planning strategy (enabling you to take regular withdrawals whilst any growth is outside your estate and therefore free of Inheritance Tax)

Contact us. We are happy to review any existing arrangements, as well as to help clients to build from the start.

Money Talk

"To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and
pays the greatest reward," **Investor Sir John Templeton**
Quoted on Fullermoney.com

"Money can't buy you standards."
England footballer Matthew Upson
Quoted in The Sunday Times

"I don't like property as an investment - it's too illiquid and sometimes you can't sell it at any price."
Legendary investor Jim Rogers
Quoted in The Sunday Times

"We have no business qualifications, we don't understand marketing, and we're not very good at it."
Michael and Xochi Birch, who are set to make £290m from the sale of internet site Bebo
Quoted in The Sunday Times

"Happiness: a good bank account, a good cook and a good digestion."
Jean-Jacques Rousseau
Quoted in The Times

"Never invest in an idea you can't illustrate with a crayon."
Fund manager Peter Lynch quoted on Fullermoney.com

Some of the Ways We Can Help You

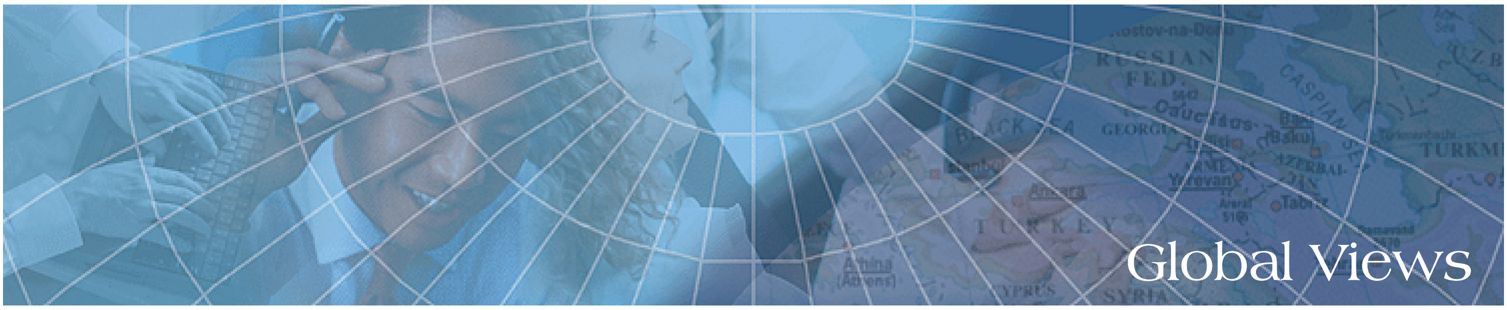
Retirement & Pensions
The subject of pensions is increasingly complex and sound advice can enable plans to be laid for a prosperous retirement; however far away that time may be. We will guide you through the pensions maze, develop a strategy for retirement, and help you build up and manage your savings and investments before and after retirement.

Savings & Investments
Together with an improved lifestyle, the reason most expatriates move `offshore` is to build up their savings and, once accumulated, manage their wealth tax efficiently.

We offer advice on a wide range of bank accounts, regular contribution savings plans and investments. Our consultants will walk you through the process of building up, and managing, a broadly based savings or investment portfolio. Advice is also given on a wide range of tax-efficient wrappers designed to hold a portfolio of assets to protect your hard earned savings from the tax man.

Tax Advice
Many expatriates fall into the trap that, because they live in a tax free environment now, they do not need to worry about tax. However, without careful planning, all the assets they have built up could be seriously eroded when they return home, retire in the sun, or die. We are happy to advise on the potential tax liabilities that will directly influence both your current and future plans and build a coherent strategy to mitigate tax accordingly.

Trust Services
Long gone are the days when trusts were the reserve of the wealthy and the elite. With house prices and investments generally growing at a far quicker pace than tax allowances and `nil rate bands`, the use of a trust to protect your assets and legacy should now be considered by all.



Agriculture: A Growth Asset

CASTLESTONE MANAGEMENT
INTELLIGENT ALTERNATIVES

Castlestone Management's fund offers exposure to this top-performing asset class

The excellent returns available from investing in agriculture have been grabbing headlines recently, but this asset class has been quietly outperforming for many years. Since 2002, agricultural commodities have performed better than UK, European or US stocks*. In 2007, they rose by 24%. In today's turbulent economic times, many investors are looking to revitalise their portfolios with better-performing alternative assets, and agriculture makes an attractive candidate.

Investing in a fund that tracks an index such as the AIG Agricultural Commodities Index would have produced a pleasing return over the past six years – the index returned an average of more than 8% pa. But agriculture is a broad brush and, just like actively managed equity funds, an actively managed fund of agricultural assets can deliver even better returns. An experienced manager is essential – to make informed decisions, they will have to keep abreast of not just day-to-day economics, but influences such as political instability, transport and weather, be it too much rain, not enough rain, late frosts or hurricanes.

The rally continues

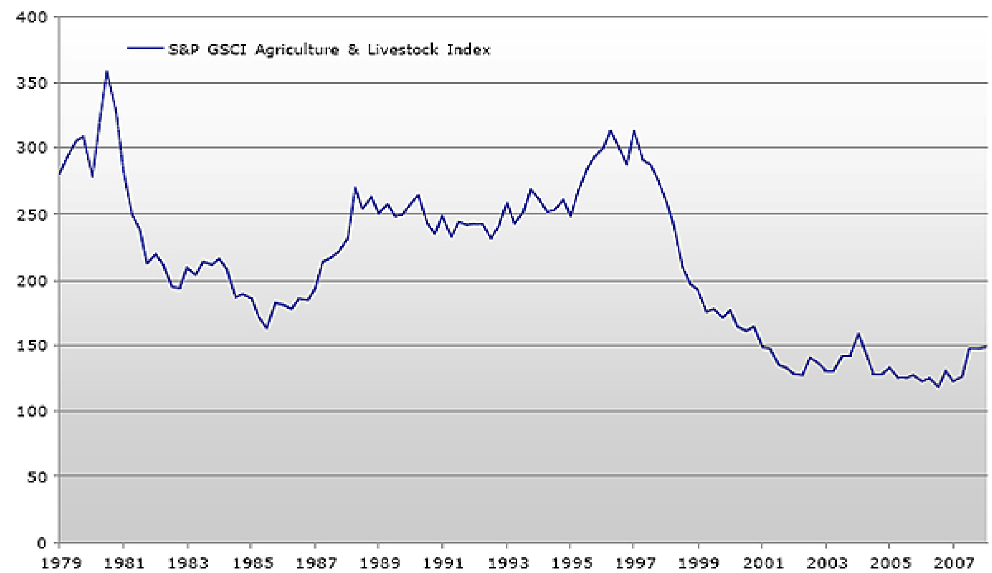
It is true that the price of agricultural assets has been rising, and some of that gain must be attributed to speculative investment. But genuine demand for these assets is increasing, and will continue to do so. Populations are increasing but land is not. The global population is expected to grow by as much as 21% by 2025, and that will drive up demand for all agricultural assets. The key problem is a lack of new land – in some areas, acreage is actually shrinking. The amount of arable land in China, for example, is declining as global warming leaves areas unsuitable for cultivation. There is not enough plantable acreage available for output to match demand. We are already seeing this in the drawdown in global stockpiles of grains, some of which are at 30-year lows. As nations become wealthier, they consume more. The populations of many developing countries are switching to a higher protein and more luxurious diet as they become wealthier, as well as spending more on items such as clothing. In China, for example, per capita consumption of meat has doubled in the past 15 years.

The Castlestone fund

The Aliquot Agriculture Fund began trading in April and is one of just a handful of actively managed funds investing directly in agriculture futures. Our 12-person investment team has between us 92 years of experience. We have been investing in commodities since 2001, and have been trading the Aliquot Agriculture Fund portfolio since 2005. That is because it mirrors the agricultural exposure of our Aliquot Commodity Fund, and so can offer investors a proven track record and an annual return since inception of 26.01%, more than triple the rate of a passive fund that simply tracks the AIG Agriculture Index. Castlestone's mission is to deliver stable, long-terms profits to our clients, minimising risk while capturing market opportunities in the most effective way. Aliquot Agriculture Fund offers a sensible alternative to volatile stocks, and a timely investment opportunity. The case for investing in agricultural commodities has never been stronger.

*According to Bloomberg data, using the AIG Agricultural Index vs the FTSE 100, US Dow

Agriculture and Livestock Index since 1979



European Savings Directive (ESD) and You

This article is to advise you that the rate of ESD Retention Tax will rise from 15% to 20% on 1 July 2008.

Who does ESD affect?

ESD affects anyone who is resident in a European Union Member State and earns interest on their savings in Jersey, Guernsey or the Isle of Man.

Will the Retention Tax increase affect you?

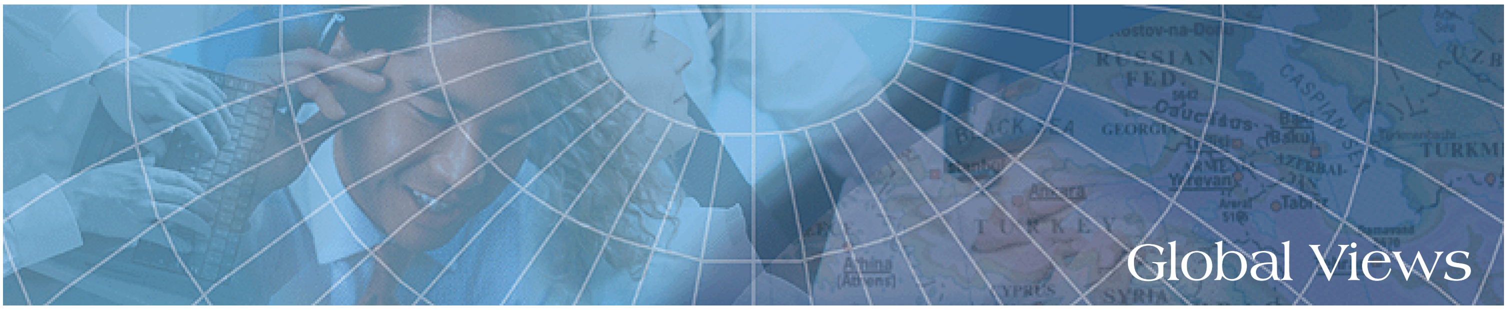
The new Retention Tax rate of 20% will automatically apply to all interest payments you receive after the 1 July 2008, unless you have selected the Reporting Option or you are exempt from the European Savings Directive.

Reporting Option

The Reporting Option means that interest earned on your savings, without the deduction of tax, and your name and address will be supplied annually to your local Tax Office. If you have chosen this option, or have told us that you are exempt from ESD, then the increase in Retention Tax will not impact you and you do not need to take any further action.

No longer resident in the EU?

Only our account holders - or personal beneficiaries of accounts - who are resident in the EU are affected by ESD



Market Thoughts

The sub prime crisis, and the aftermath of it, has kept investors mesmerised for some months now. Although many analysts believe that the worst has passed. So where do we go from here? Is it time to step back into or, for first time investors, to make the first tentative steps back into the market?

Since the beginning of time, humans have had to make decisions whose outcomes are clouded with uncertainty. We never know what the future holds, it is that simple. In many cases we cannot even guess the potential outcome. We can learn from history, but history does not predict the future.

Looking back over the longer term, we can see that time mitigates the tempestuous seasons and, overall, the seas have been relatively flat.

A thousand dollars invested in the stock market in 1925, with all dividends reinvested, would (inflation adjusted) now be worth $3.0 million.

Over successive 20 year periods from 1925 to 1945 share prices provided a return (with dividends reinvested) of about 7.2% after inflation. At this rate of return your money doubles every nine years.

So, currently, where is the reality? Is this all hype and news stories? Well, we suspect a lot of it is. Having said that, most certainly for a time, everyone had concerns whether we were going to see a substantial crash.

However, how have investors faired in recent years? If we look at investments into The Dow Jones, well in truth, having seen all the hype on the news and in the press, pretty well.

	Dow Value	Current Value	Gain/Loss
1 year ago	13,250	12,876	(2.9%)
2 years ago	11,400	12,876	11.46%
3 years ago	10,500	12,876	18.45%
5 years ago	8,250	12,876	35.92%

The above figures do not show any dividends.

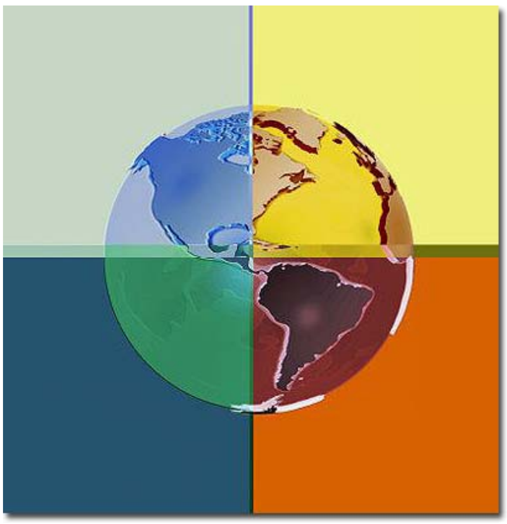
So you be the judge. Is this hype to sell newspapers and to get us to watch the news, or is the reality?

Finally, we would always advocate that any investment be across a spread of assets and, since there are so many guaranteed products available, we recommend providing that peace of mind by using a guaranteed structure where possible. We appreciate that there is always a price to pay. Nothing is for nothing. But a guarantee will provide that peace of mind.

Diversification Becoming More Difficult

It is not as easy as it once was to diversify portfolios. Returns on assets across countries have become unusually similar.

The main reason this has occurred is due to the levels of liquidity we have seen in the markets, which has pushed asset prices up generally. Rapid capital flows, free trade and modern technology are also drawing the world's markets together.



These days a move by the S&P 500 or, to some extent, by the US Treasury, will frequently be mirrored the next day by the European and Asian indices in almost Pavlovian fashion.

The increasing close behaviour of American and Euro zone stocks is especially striking. They moved tightly together between July '06 and January '07, producing an exceptional high correlation of 0.9. That means for every 10% rise in US stocks, Euro Zone rose by 9%. The highest possible correlation is 1, which would mean both assets rose at the same rate. This is a staggering change on previous eras.

All this does not mean that the investor should ditch the old adage that all eggs should not be kept in the same basket because, whereas yields have converged, the risks of investment have not.

Seek advice. There are still excellent opportunities out there to provide additional protection in terms of diversification.

A to Z Jargon

Financial Services Terms and Concepts

Diversification
The practice of putting money into a number of different investments. Investors diversify so they can reduce the risk of their investments losing money. If you put your money into five shares and five bonds, for example, you're practising diversification. In effect, you're hoping that if one investment is not doing well, it will be offset by most of the other investments, which presumably are making money. Buying a *collective investment scheme is one of the best ways to diversify. Collective investment schemes, because they are a collection of shares, bonds or other securities, are typically diversified investments.

Dividend
The payment determined by the Board of Directors to be distributed pro rata among the shareholders of a company. The dividend varies with the profits of the company and may not be distributed if business is poor or if the directors determine to withhold earnings to invest in plants and equipment. Sometimes a company will pay a dividend out of past profits even if it is not currently operating at a profit.

Earnings Per Share (EPS)
EPS is the total profit that a company has made, divided up among the number of shares that rank for dividend. EPS is reported quarterly and is calculated by dividing the net profit after tax for the quarter by the number of shares in issue during that quarter.

Emerging Market(s)
Financial markets in Latin America (e.g. Brazil, Argentina), Africa, former communist countries in Eastern Europe and parts of Asia (e.g. Thailand).

Eurobond
A long-term loan issued in a currency other than that of a country or market in which it is issued. Interest is paid without the deduction of tax.

Ex-Dividend
A synonym for 'without dividend'. A share is described ex-dividend (xd or ex-div) when a potential purchaser will no longer be entitled to receive the company's current dividend, the right to which remains with the vendor.