



The Elite Asset Management Group offers clear, concise investment advice to expatriates and international investors worldwide. As an independent specialist company, we provide full access to a comprehensive range of prestigious, international, offshore investment products and services. The continued loyalty of our extensive, global client base is testament to our professionalism and dedicated service.

UK Citizens, EU Residents, Watch Out!

The UK HM Revenue has decided to invest into the future, to put some money where its mouth is. Yes, the Inland Revenue and Customs and Excise have joined forces and formed a new authority - Her Majesty's Revenue and Customs (HMRC). With £155 million at its disposal, it is seeking to retrieve an estimated £1.6 billion in lost tax revenue, in just three years.

The investigators are honing in on credit and debit cards, and banks can be served formal notices under Section 20 of the Taxes and Management Act. One bank decided to challenge the HMCR, and a ruling found in favour of the HMCR.

Early on in the investigation, the HMCR reckons it has located over 10,000 accounts, and openly admits it has over 30,000 accounts on a specially compiled 'hit' list. Be warned. Get your affairs in order. Contact us as there are still legal loopholes that can enable you to escape the clutches of the HMCR.

Property or Equity a Conundrum

As UK equity values march remorselessly forward towards the 6000 mark, we look at where we think UK property values are headed. As is the norm, the Building Societies and Estate Agents are talking up the values, suggesting that last year's property values in the UK rose by as much as 3%, and perhaps these elevated returns may occur in 2006. In the meantime, UK equity has risen 2.59% this year to date, 14.27% over one year and almost 60% over three years, (all at time of writing).

Thus it is strange that so many of us should think about property as the solid investment, with excellent returns. Add into the fact that there is of course very little liquidity with property, and suddenly we find ourselves wondering if it is such a great investment after all?

However, we are not intending to send any thoughts of investment into property to the trash can; much more we recommend a measured approach. Property should be part of most people's balanced portfolio, diversification rules OK?



Top Tips For Buying Abroad

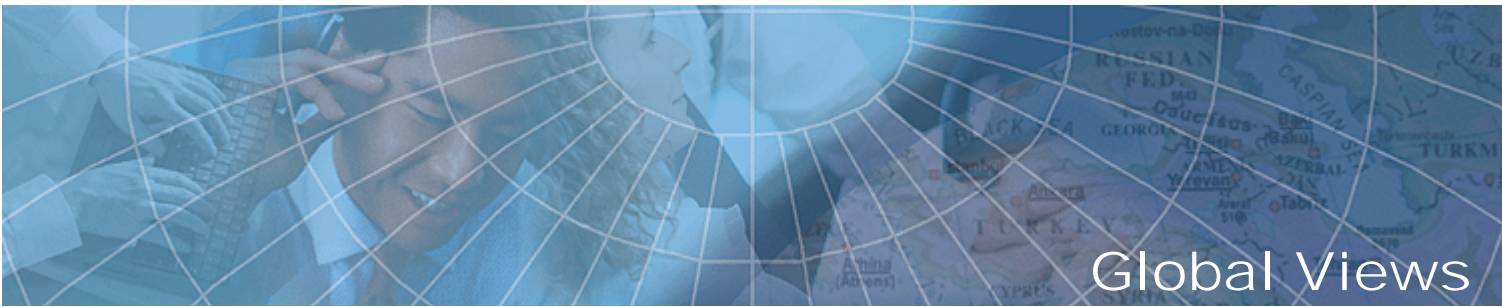
1. Never sign a contract that you do not understand (for example - if it is in a foreign language).
2. Always ensure that you seek specialist advice from independent Solicitors, Architects and Surveyors before considering a purchase overseas. They should be proficient in your chosen country's laws and processes and also know the specifics involved in buying a property there.
3. Before proceeding with the purchase (and would especially apply to a re-sale property, regardless of age), ensure an Independent Valuation of the property is carried out, which should point out any problems with the property - ie: subsidence, damp, wiring defects - and could also possibly highlight any boundary disputes, etc.
4. Ensure you do not inherit a debt on the property before you purchase, which a solicitor should be able to check - ie: If the developer has borrowed money to build the development and this amount has been allocated against each plot as additional security to the developer's bank.
5. Always give yourself a 'cooling off' period if you see a 'must-have property' and are tempted to put down a deposit there and then.
6. If you are arranging finance on the property, ensure that this is stated in any contract and you have an 'opt-out clause' if the loan is not agreed (which will ensure any deposit paid is refunded).
7. Try to arrange your mortgage finance 'in principle', before agreeing to purchase the property, or before signing any contracts and paying over a deposit.
8. Arrange your mortgage in the currency that you earn in where possible, unless you are going to receive rental income from that property in the local currency and then this may be a possible alternative option, dependent on the lender's criteria.
9. Think about combining your cash with friends or family: it could bring a Villa with pool within your financial reach, rather than simply an Apartment.
10. Check with the Estate Agent or vendor that you are aware of the costs charged by the legal and government authorities for purchasing a property in your chosen country.
11. Open a bank account in your chosen country and ensure you get a Certificate of Importation for the money you bring in from your home country.
12. Set up standing orders in a local bank account to meet bills and taxes. Failure to pay your taxes in some countries, such as France, Portugal and Spain, could lead to court action and possible seizure of your property.
13. Remember that bills do not end at the asking price. Lawyer's fees, Taxes, Insurance, etc must all be met in your host country and can often be expensive.

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The MitonOptimal Global View

Award Winning Funds



MitonOptimal's superior investment returns and philosophy of tactical global asset allocation have once again been rewarded at the prestigious Lipper Awards this year. The awards were for three year risk adjusted returns.

The CF Miton Special Situations Portfolio has won first place in the Mixed Asset GBP Balanced sector.

The CF Miton Global Portfolio has won first place in the Mixed Asset GBP Aggressive Sector.

These awards bear testimony to the team's truly global approach to investment management, adding value to client portfolios in a variety of challenging markets whilst not slavishly adhering to benchmarks. In response to winning the award Sam Liddle, manager of the Global Portfolio said, "Winning such a prestigious award so soon after the fund passed the five year mark is very pleasing. The twin objective on all MitonOptimal funds is to deliver above average performance with below average volatility and these awards vindicate our asset allocation driven investment process".



The MitonOptimal Global View

The year got off to a good start and despite a setback for equity markets in February there remains a reasonable degree of optimism across major economies.

The ECB has recently increased forecasts for economic growth and inflation after increasing interest rates for the second time in three months to 2.5% on the back of oil driven inflation. ECB President, Jean-Claude Trichet predicts growth rates should be strong in the short term and ongoing expansion looks favorable, the main risks to both growth and inflation being oil. Manufacturing has reached its fastest pace in 19 months whilst unemployment in the region has been declining. There are sufficient positives for

the region to be optimistic, however, a key determinant is inflation which is likely to exceed the ECB's 2% ceiling in 2006 for the 7th consecutive year.

In Japan, one of our preferred markets, the real yen rate is at its lowest level in 23 years. On this basis alone the seriously undervalued currency could be a precursor to strong economic growth and appreciation of the yen could encourage capital to flow back to Japan. In Hong Kong H shares are now being talked down by a number of analysts. Whilst there is speculation about the shares being overvalued and a narrowing of the gap with mainland A shares, the outlook remains reasonably positive via an increase in affluent investors, high savings rates and the ever increasing local spending power.

The US continues to be a market that won't overly disappoint but offers little to really inspire investors. Growth is expected to be slightly lower than 2005 with the housing market slowing, inflation worries and the debt ceiling being reached. However, Ben Bernanke is likely to reach for the printing press to increase liquidity and, barring any significant geopolitical threats, it looks to be a year of safe mediocrity.

There are signs that the global economy is rebalancing away from the US. Gold continues to surge ahead as investors seek assets beyond equities and bonds. The majority of traders predict that gold will either rise or remain stable with some forecasts predicting a rise to close to \$600 per ounce (currently about \$540 per ounce).

Whilst there is scope for optimism it would be negligent to ignore issues that could derail global economic growth, such as oil prices, current account imbalances, house prices, currency instability or terrorism. None of these factors show they are an imminent cause for concern and the markets aren't currently viewing the possibility of any of these factors becoming a serious cause for concern. That said, broad macro and political risks are not normally the greatest concern for markets and they often err on the side of optimism. We are mindful of the outlook for markets after 36 months of broad recovery in equity markets and a consequence is our cash weightings are currently slightly higher than normal. Ultimately the optimal route for investors throughout 2006 is to have a well balanced and diversified portfolio, with carefully selected exposure to specific regions and an eye on pragmatic rebalancing, as provided by MitonOptimal Asset Management.

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Property Purchase

Be it Dubai or Dortmund, Tenerife or Thailand, Bolton or Bulgaria, a Buy to Let in London, the latest Off Plan Deals, contact us. We are sure that through our Network of affiliate offices we can help. If you are seeking a retirement home, or a holiday villa, contact us and let us help you fulfil your dreams. Contact us for more details.

Mortgages

Purchasing in the UK, Europe, the USA, the Caribbean, Eastern Europe, contact us for the very best deals. Contact us for details and a competitive quotation.

Seeking Exceptional Banking Services?

Standard Bank, a quality offshore Bank provides a comprehensive range of services for the personal, professional and corporate client, including banking, fiduciary and corporate services, and offshore fund management. Our premier product is our Expatriate Savings Account which pays the exciting rate of 4.90% on balances over £10,000 and 4.25% on balances over US\$25,000. Contact us for further details.

Medical Insurance

Many expats ignore this vital component in Financial Planning. However, disasters do occur, people do fall ill, and people do have accidents. The financial implications of a visit to a doctor is not necessarily that frightening, but a medivac, a major accident, or a major illness can have serious consequences on your hard earned savings. There are numerous levels of cover available from relatively inexpensive "disaster" cover, through to comprehensive cover. We are pleased to be able to offer a whole range of schemes, including a new scheme from Norwich Union.

Contact us for more information and a competitive quotation.





Explaining Absolute Return Investing

PLATINUM CAPITAL MANAGEMENT

What is a hedge fund? Ask ten different investment professionals and you will probably get ten different definitions. There is no standard or easy way to define it. The term hedge fund is used to describe an ever-growing number of investment vehicles, many of which have different objectives and investment styles. For example, there is all the difference in the world between a conservatively run equity market neutral fund, on the one hand, and a highly leveraged merger-arbitrage fund. But there is one characteristic that all hedge funds share: every hedge fund is seeking to achieve what is known as an absolute return.

The term absolute return is used to contrast hedge funds with mainstream investment products, which are 'long only' in that they cannot go short and therefore bet on securities declining in value. Long only mutual funds, for example, are to a certain extent correlated to the markets in which they operate. Long only investments, like equity mutual funds, will tend to do well when the market in which they operate is rising and poorly when it is falling. In relative terms a long only fund can even be considered to have had a good year when it has lost ten percent of its overall value if the index that it is benchmarked to has lost, say, 20 percent. Conversely it might be considered to have done badly if it gained ten percent in a year in which the index that it is benchmarked to had gained 20 percent. The objective of hedge funds is very different; it is to make positive returns in all market conditions. An absolute return is a positive return. It is to do better than the risk free rate of return such as US Treasuries. An absolute return fund

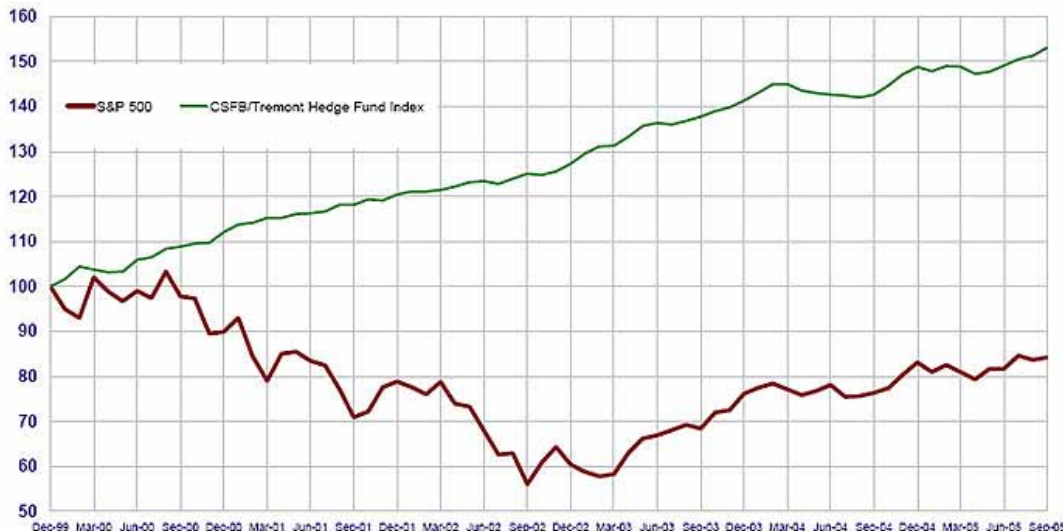
should be aiming to do at least as well as US Treasuries, irrespective of market conditions. This is achieved by shorting securities, as well as going long, and by exploiting arbitrage opportunities in markets. Hedge funds claim to be able to preserve their investors' capital by making a positive return – or at least losing less money than long only funds when markets are performing poorly.



S&P500 vs CSFB Tremont Hedge Index
Cumulative Growth – January 1997 - March 2005

Overall investment and asset allocation to hedge funds is one of the biggest issues talked about in the investment press during 2005. The industry has seen individuals to large pension groups investing into the hedge fund space. But how do they gain access to the very best and most elite managers in the industry when they are all closed to new investment? The simple solution is an allocation to a Platinum Fund, through which institutions and individuals alike can access some of the world's biggest, best, and most pre eminent managers, who are otherwise completely closed to new investors. Platinum Capital Management has been highly successful in securing capacity from many of these top managers and investment companies a near unique access.

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CSFB Tremont Investable Hedge Index vs S&P500 Index
Cumulative Growth: January 2000 – September 2005

The Classic Guide to Saving Early for Retirement

This guide shows you through an example the importance of saving early for retirement. The early bird...

At 20 years old George decides to put \$100 per month into a savings plan. Let us assume that this investment appreciates at a regular 8% per year, by no means an unreasonable estimate. At the age of 30, he marries, and because of his additional commitments, stops saving.

Meanwhile, his best friend Michael, who has frittered his twenties away in riotous living, starts contributing the same \$100 per month to an identical scheme at the age of 30 and continues until the age of 60.

The table below gives you an idea of how the numbers pan out.

	(\$100/month) from age 20-30	(\$100/month) from age 30-60
Total contribution	\$12,000	\$36,000
Age 20	0	0
Age 30	\$ 17,384	0
Age 40	\$ 37,530	\$ 17,384
Age 50	\$ 81,025	\$ 54,914
Age 60	\$174,928	\$135,940

Amazing, isn't it? By age 60 George is still way ahead of Michael and, even if he continues to contribute his \$100 every month, he will never catch up. The numbers continue to diverge and are destined never to meet.

The moral: Start early; regular saving of quite small amounts can build up an astonishing sum of money over time, and time and patience are rewarded.

If you would like more information about retirement planning please contact us.

