



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.

Insinger

Overview: We are very aware that investors have experienced a prolonged bull market in equities. The chart below shows the performance of the main markets over the past three years. Investors may find it interesting to note that the best performing region over this time (in USD) was Europe ex UK which has returned even more than the emerging markets of Asia.



While our portfolios have benefited from this, they are defensively positioned and we believe that caution should be exercised when allocating client money to the markets at the present time.

For this reason, we use sophisticated hedging techniques on both our Real Estate and Equity Income Funds to help protect them from any potential declines. We believe this focus on absolute returns will help should the markets experience a correction.

However P/E ratios have actually fallen over the past three years as the rise in equities has been more than compensated by increasing earnings. One

could therefore argue that equities are still fairly valued despite the significant rise. The world P/E has actually declined from approximately 22 to 16. The counter argument here is that earnings may fall along with profit margins. We prefer to hedge our bets and continue to allocate to equities but are cognisant of the risks.

Multi-Manager

Our philosophy is to invest in high quality talented fund managers for the long term. Ideally, like a marriage, these relationships should be for the long term. In addition, we do not engage in short term tactical asset allocation and this tends to again lead to longer holding periods for individual managers.

On our multi-manager portfolios we allocate predominately to those managers with an absolute return and invest in a number of different asset classes.

It is important however to review the ever changing investment environment, and it would not be correct to completely ignore the market and the changes that occur. The problem is deciding which information is valuable and which is purely noise. An allocation to US equities (focusing on large cap) within a global equity portfolio now seems appropriate, and is likely to provide some protection from any continued reduction in global risk appetite. We therefore recently invested into US Equities for our Multi-Manager Portfolios. One can also see that the US has underperformed over the past three years.

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Gold News

“Our industry is not growing,” says Goldcorp Chief Executive Ian Telfer. “New growth from mines is declining around the world, so you have production which is flat or down.”

Telfer predicts prices will climb by \$200.00 per ounce, and that a \$1000.00 per ounce price is within two years.

Investors seeking to invest into the yellow metal would do well to look at Castlestone’s Aliquot Gold Bullion Fund, with a rolling average return per annum approaching 50%, and a track record over five years.

Market Views

“Like children starting a new school year, investors will find the job has got a little harder. Making money with asset prices high and inflation low will be difficult.”

Leader
Financial Times

“Corporate earnings have risen faster than share prices... You would have to go back to the dark days after the 1987 crash to find lower valuations.”

Ian Cowie
The Daily Telegraph

“It looks as if it’s safe to go back in the water. The world’s appetite for risk has been returning since the sharp correction in May.”

John Autors
The Financial Times

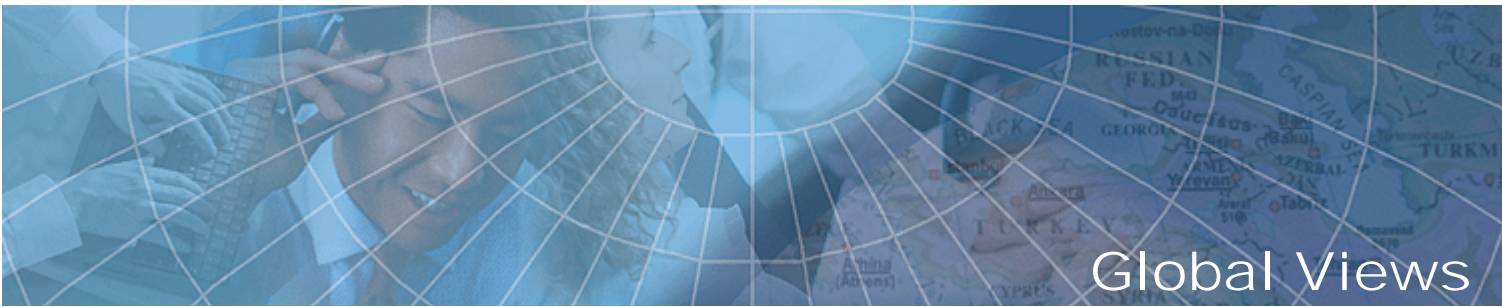
“Concerns about bad debts needlessly dog bank shares. TBS, Barclays, HBOS and Lloyds TSB trade at... much lower ratings than recent profits would suggest.”

Graham Sarjeant
The Times

“The outlook for equity markets? Like the weather, hot and sticky with scattered thunderstorms.”

Jeremy Warner
The Independent





Property Investment

Low-Risk, High-Return Property Investment:
Frontier Commercial Property Fund

Beat the insecurity of the Property Market by investing in a stable Property Fund.

What other asset class can offer you:

- Positive performance 88% of the time over the last 26 years
- Compound annual growth in excess of 12% over the last ten years, beating Equities & Bonds
- Stability when other investments fluctuate
- Involvement in the lucrative Commercial Property Market

As a single investor, you can't afford to miss out on the opportunities created by Property Funds.

Escape the volatility of equity, UK residential property and property investment abroad, by joining the increasing number of international and expatriate investors who are realising the financial benefits of using Property Funds as a part of their portfolios.

The Frontier Commercial Property Fund is a dedicated Property Fund that primarily invests in commercial property. Returns are stable and high because:

- Investors have easy access to the commercial property market
- Commercial rental value is far more stable than residential
- Property Funds perform well against other asset classes
- Rental earnings are passed on to investors as extra revenue
- The Fund has very low exposure to equity and bond markets

With funds managed by a range of the world's top Fund Management Groups, including UBS, Schroders, Merrill Lynch and New Star, your investment is spread across high-performing areas such as Central London office space, retail warehousing and high street retail property, as well as a small percentage in property equity.

Contact Us to find out more about the Frontier Commercial Property Fund now.

Growing Need for CI as NHS Rations Treatments

Scottish Widows believes consumers should take out critical-illness cover as a contingency plan against rising healthcare costs and future rationing of medical treatments by the NHS.

Primary care trusts have come under fire after refusing to provide the breast cancer drug Herceptin free of charge to some patients and Scottish Widows technical adviser Dr Marius Barnard says CI cover could help to cover the costs of such treatments.

Head of protection development Johnny Timpson says such cases highlight the need for CI to be considered as more than just a way of covering mortgage repayments.

He says the rising cost of medical treatment means that the Government will be forced to ration treatments available on the NHS. The National Institute for Health and Clinical Excellence recently imposed a threshold of £30,000 per person for an added year of life provided by a treatment.



Any drug which costs more than this threshold will not be provided free of charge on the NHS, forcing patients to dip into private savings to cover the costs of treatment. Timpson says: "The NHS is only one pot of money and the time has come for consumers to take a more holistic approach to protection and have a contingency plan in place.

"The continued advance of medical science and rising costs of treatments mean medicines are going to have to be rationed. CI policies could be used to cover these treatments in addition to paying off your mortgage in the event of illness."

Friends Provident head of protection marketing Ian Jefferies says: "It sounds as though Scottish Widows has a valid point. Pressure on NHS budgets and new drugs being developed which are only available at high costs means CI cover would have a valid role to play in this."

Hindsight and Investment Recommendations

Oh, how many times have we thought about the above? Buy and sell at the right time, or sit and hold? When to take profits; even when to take losses?

Around ten years ago, the Dow Jones was hovering at around 5,600. In less than three years it had doubled - impressive, but not as impressive as the NASDAQ, which was at 1,100 and within four years would break 5,000.

However, if we were to look at the ten-year period, we would see that the Dow is up around 100%, the S&P much the same and the NASDAQ about 80%. If we add in dividend income (not much for NASDAQ), the annualised returns come in somewhere between 8-9% for the Dow and S&P, and the NASDAQ at around 6%. Inflation in the same period was under 3% per annum. Thus - all in all - not a bad return, even if your blood pressure may have risen and fallen like a barometer in a hurricane at times.

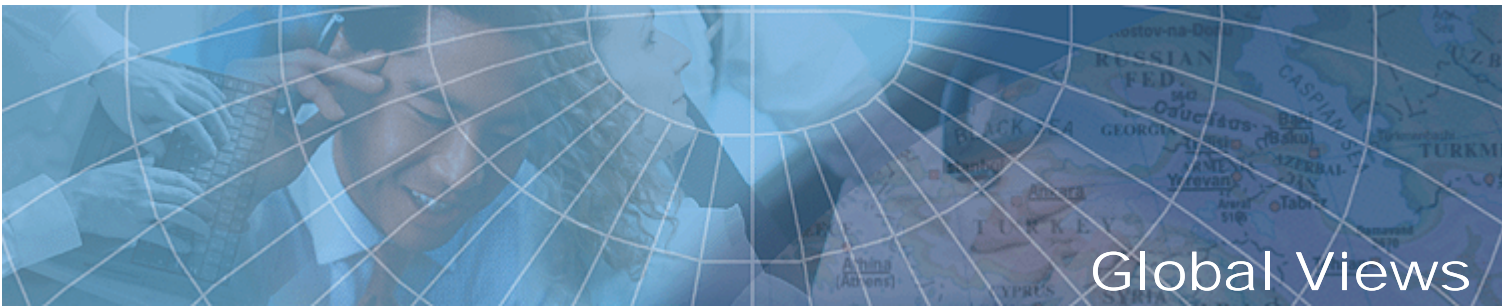
What about commodities, now on the tip of everyone's tongue? Well, ten years ago oil was around \$25.00 a barrel, now it's around \$70.00. Gold was under \$400.00; now it's around \$600.00

So, is it possible to learn anything from the information above? Should we buy commodities? Should we buy and hold? Should we trade? The short answer for most of us is that a well-balanced portfolio - taking all asset classes, including Property and Hedge Funds into the equation - is probably the best.

However, do you want to know the most profitable strategy regarding the asset classes above? If you had bought a NASDAQ Tracker in 1996, held it until 2000, sold it and gone short on the index until mid-2006, you would have enjoyed a return of about 25% per annum.

Oh, for the gift of hindsight!





Global Views

MitonOptimal – Delivering Returns



Independence

MitonOptimal remains independent and competitive. We aim to offer products that provide superior returns to our customers while maintaining the financial strength to ensure their security. The group conducts its business through operating subsidiaries in the UK, Guernsey, South Africa and Asia. The holding company is 100% owned by management and directors of MitonOptimal and therefore the business is able to grow in accordance with investor and market requirements rather than being limited by shareholder constraints.

Expertise

MitonOptimal have an exceptionally experienced fund management team with expertise in asset allocation, technical analysis, fundamental research and fund selection. Adopting a robust and proven approach to asset allocation, they have the ability to out perform in any market condition and the track record to substantiate this claim. MitonOptimal are one of the very few groups with the ability to asset allocate independently of a benchmark and control risk at an absolute rather than a relative level. The company has an infrastructure to ensure a first class level of client service with dedicated sales, marketing and client service teams.

Philosophy

We focus on delivering consistently superior investment results for our clients. We do this by working as an integrated global team using an investment style that focuses on change and processes that are both robust and repeatable.

MitonOptimal believe that adaptive asset allocation is the key to successful long term investment as different asset classes suit different stages of the investment cycle and it is crucial to change the portfolio accordingly. MitonOptimal choose to implement their asset allocation strategy by adopting a multi manager approach using both utilised funds and investment trusts. MitonOptimal believes that inefficiencies between

markets exist and will persist for fundamental reasons. Different regions and countries are at different stages of the economic cycle and treated to varying valuation levels. With the vast majority of investment houses concentrating solely on single markets and few investors looking across all asset classes, opportunities exist and the skilful asset allocator can produce superior risk adjusted performance.

Investment Awards

Extensive expertise, rigorous research and intuition create award winning funds. Below are a list of the awards received over the last few years demonstrating the consistency of the investment process and ability of the managers. The number of awards received from independent sources bears testimony that the investment philosophy is not solely theoretical but that it actually translates into enhanced returns for our clients.

2006
Miton Special Situations Portfolio – First Place in its sector – Moneywise Magazine
Miton Strategic Portfolio – Highly Commended in its sector – Moneywise Magazine
Miton Global Portfolio - Lipper Best Fund, Mixed Asset Aggressive, based on 3yr Risk Adjusted Performance.
Miton Special Situations Portfolio Lipper Best Fund Mixed Asset Balanced, based on 3 year risk adjusted Performance

2005
Miton Special Situations Portfolio – Investment Week Asset Allocator Award – Multi Asset Class
Miton Extra Income Portfolio - Standard & Poor's Winner Global Neutral Category

2004
Miton Investments - Investment Week - New Group of the Year 2004/5
Miton Global Portfolio - Highly Commended Asset Allocator Category 2nd out of 400+ funds
Miton Strategic Portfolio– Multi-Manager Balanced Sector Award winner over 1 year.
Optimal Fund Managers - 1st place Asset Allocation Global Dynamic Sector

2003
Miton Strategic Portfolio – Multi-Manager Balanced Sector Highly Commended, Lipper Balanced Sector over 1 Year

Hard Edge of a Soft Landing for Housing

Most countries have seen some significant increases in house values over the last few years. And, in spite of everyone in the industry - from lenders to estate agents to sellers - trying to talk the market up, the irrefutable truth is that values are falling, albeit slowly. The larger question is, will these falls become avalanches? Are we heading for a soft or a hard landing?

The U.K. is buoyed by the boom of Buy to Let, which has led to this sector of the market taking 8% of mortgage advances over the last year, up from 1% three years ago. Many analysts believe those investors new to Buy to Let, seeing rental yields at 2-3% and higher interest rates further reducing yields, will seek to sell.

The OECD calculates that house prices have enjoyed their longest upward swing since the 1970s. Leaving aside Germany and Japan, house prices rose on average 5% per annum from 1995-2000 - then jumped to 6.6 from 2000-2005. The U.K., France and New Zealand saw growth in excess of 10% per annum.

What makes house prices so imponderable is the fact that they are bound up in the animal spirit of everyday punters. Prices are simply pushed higher by the expectation that is where they should go, as buyers scramble to buy what they cannot afford, using even more innovative mortgage products. Meanwhile, sellers hold onto property and only sell with a view to buy an even more expensive one. A slowdown is inevitable; how rapid that slowdown is questionable.

Thus the world looks at the U.S. If greater housing wealth has kept the U.S. economy moving, then raking away that perceived wealth could mean an end to the spending spree which has epitomised the American economy in recent years. If the U.S. consumer were to give up and go home, the effect on the world's economy could be devastating

