

The Trade Press

The Publication for FEIFA Members

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THE FEDERATION OF EUROPEAN
INDEPENDENT FINANCIAL ADVISERS

This is the latest issue of the FEIFA magazine, provided exclusively for its Members. As always, the content provides interesting and hopefully beneficial information, compiled from our Partner Companies and other sources, as well as our Executive Committee.

Income Or Growth Of At Least 7.15%

Connaught is very pleased to partner with FEIFA and to announce the launch of its latest fund. Based on the success of the Series 1 Income Fund, Connaught has now launched Series 2, which offers a gross annual return of between 7.15% and 7.5% relative to investment size. Series 2 is designed to be complimentary to Series 1 and is based on short-term secured lending with a maximum target Fund LTV of 65%, with the Fund having a subordinated legal charge over all of the properties lent against in the event of any default.

Similar to Series 1, the Fund will utilise the specialist services of Tiuta plc, the leading bridging loan company in the UK, to source, underwrite and manage the individual loans using the Fund's strict lending policy. The Fund will focus on short term lending for property development and renovation and allows monies from Series 2 to be used by other selected FSA-authorized lenders.

The Fund is structured as an authorised open ended unit trust, domiciled in Guernsey, listed on the Channel Islands Stock Exchange and approved for the retail market. Connaught Asset Management Guernsey Ltd is the Principal Manager and is regulated by the Guernsey Financial Services Commission. Kleinwort Benson has been appointed as Trustee and Administrator.

This Fund has been structured to appeal to offshore bond investment but is also accessible for direct investment and via SIPPs, SSASs, other pensions and platforms.

Investors have the option of remitting or re-investing the income; the re-investment option allows them benefit from a top rate of 7.71% AER. With rates of at least 7.15% for any investment size, the minimum investment being £20,000, offshore bond holders can use this income to manage their 5% drawdown in an efficient manner.

The target size of the Fund is significantly larger than for Series 1 as it opens the funding lines to all FSA-authorized short term lenders on the condition that they adhere to the underwriting process of the Specialist Partner. Interest in the fund has been considerable and new inflows will initially be restricted to £20m a month on a strictly "first-come first-served basis".

For more information please contact Alistair Mawdesley - T: +44 (0)208 971 9727, M: +44 (0)7766 821783 or E: alistair.mawdesley@connaughtam.com.

A Range Of Services From Collins Stewart

Collins Stewart Wealth Management is delighted to be associated with FEIFA. As a genuinely offshore-based business with operations in Guernsey, Jersey, the Isle of Man and Geneva and assets under management of GBP 6.8 billion we are well-placed to provide FEIFA's membership with superior products and services and access to world-class investment professionals. There are essentially three arms to the offshore business of Collins Stewart, each of which is well-aligned to the needs of international intermediaries and their clients.

We offer a range of UCITS III and offshore investment funds which can provide ideal core or

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In My View

Another very busy month has passed; new partnerships with Lloyds TSB International, Collins Stewart, Connaught and ATSG have added a range of further products and services for you, our members.

A further IFA member, MBL also joined our ranks - the first IoM-based advisory company to come on board.

Our Partnership Programme has been highly successful and we have now created a number of exclusive or unique benefits. We thus thought that it would be useful to summarise these in a single document, hence this month we have produced a Supplement.

We have now finalised the terms of our new Recruitment Service and, at the time of writing, I expect that we will be able to announce the full details within the next couple of weeks.

Regards

Paul

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satellite components to advisers' portfolios and in the Select Opportunity Fund we have a world-class multi-asset, globally-focused fund which has been managed by Mark Piper since inception in April 2001. The Fund has an unconstrained mandate and, as its name suggests is an opportunistic fund, with our best investment ideas represented in a concentrated number of holdings and a select number of strategies. To give an idea of the Fund's success, since launch it has delivered an annualised return of 8.86% compared to the MSCI World Equity index which has returned an average 3.12% p.a. - with an annualised volatility over 3% p.a. less than the index (figures to 31st August 2010).

Discretionary portfolio management is the successful platform upon which our funds business is based and Collins Stewart have a long history of providing trustees and institutional investors with high-quality traditional and multi-asset, multi-strategy portfolios. We have the facility through several portfolio bond providers to offer these services.

The third element to our offering is our custodian platform, which offers an outstanding execution-only facility on highly competitive terms. For those advisers whose clients insist on directly held fund and share portfolios, the service provides full online access to accounts. In addition, Collins Stewart's team of Stockbroking professionals provides advisory services to intermediaries and their clients at no additional cost.

For more information on any aspect of Collins Stewart's products and services please contact Chris Trower: c.trower@corazonecapital.com or +44 (0)1934 742 225.

Selling Compliant Product in Europe

At the recent International Adviser/FEIFA conference in London, we looked at the area of compliant product sales in Europe. This is a critical area in the sales decision, ensuring protection for you and your clients and maximising any product tax benefits.

The EU Life Directives govern the ability of insurance companies to sell cross border in the EU. Added to this are the 'General Good' requirements and contract law provisions of each member state. There are however some basic rules that determine your availability of compliant product and provide a simple decision tree in determining what you can legitimately sell to clients in the EU. An EU compliant product means one that is issued by a company that is licensed and regulated to sell cross border in the EU (e.g. Hansard Europe Limited). Having chosen the provider, the decision is then which product may be chosen, and here we have two basic rules:

- 1. Residency:** the client should be sold a contract under the Language and Law (L&L) of the country in which he is resident. So for example if the client is resident in Belgium, he would get a Belgian product (in French or Flemish).
- 2. Home Country Language & Law:** however, if the client is a non-national of the country in which he is resident, then he may choose a Home Country L&L contract. For example, our client above who is resident in Belgium may choose a German language and Law contract rather than a Belgian L&L if he is a German national.

This applies to all member states in the EU, so a client resident in Spain would get a Spanish L&L contract, but if he is a non Spanish national (e.g. a Brit) then he can choose English language and law. It is this provision that allows you to sell to British expats in the EU - i.e. they are effectively selecting home country language and law.

So does this mean that you can sell a FOS company's English language and law contracts to expats in all 27 EU countries? I'm afraid not. The life company cannot simply accept business from all EU countries unless it has put in place the necessary requirements for those jurisdictions covering issues like tax reporting, point of sale marketing materials etc.

At the moment these rules apply to all EU nationals living cross-border in the EU. Non-EU nationals living in the EU (e.g. Americans, Australians etc.) are currently allowed freedom of



University Challenge

Generali PanEurope Limited, a provider of sophisticated wealth management solutions, has recently become a FEIFA partner. Below, Steve Harmer, Head of Investment Planning, explains that funding a university education is a costly experience and one that needs serious planning.

The cost of education has been a hot topic in recent months with Lord Browne's radical plan to shake up higher education in England. If his reforms are accepted it will force students and their parents to bear more of the cost of education with the rise in tuition fees expected to double from what they currently are as well as the possible introduction of a graduate tax.

With the average cost of a three year university course in the UK costing nearly £35,000*, the costs of studying on a campus overseas could be considerably more. And it's not just the actual school and university fees that need to be considered.

Increasingly, more and more students are choosing to stay on for an additional year to do their Masters in an effort to distinguish themselves in an increasingly challenging international jobs market. It is worth noting also that certain disciplines such as Medicine, Dentistry and Architecture typically have longer courses with higher fees. Those students wishing to pursue professions such as Law, Accountancy and Teaching generally require further post-graduate study. All of this is in addition to the ever popular gap year, accommodation and living costs, it all adds up.

But it is not all doom and gloom for parents. Armed with the knowledge that they cannot be complacent about the real cost of education it is never too early for your clients to start planning how to finance this. If individuals can

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choice, so in most cases you can sell them an English language product from a FOS carrier.

So in summary, making sure the client gets an EU compliant product is quite simple: if living in the EU, you sell an EU based product - residency first, and nationality second.

Hansard Europe Limited specialises in providing tax efficient, compliant products to EU residents, and we have solutions for the UK, France, Spain, Portugal, Italy, Belgium, Netherlands, Germany, Austria, Luxembourg, Poland, Sweden and Denmark.

For further information please contact Colm Rushe on +353 87 9040413 or at: colm.rushe@hansard.com.

Structured Products Continue To Deliver

At the time of writing, we're expecting our fourteenth product maturity of 2010 in a couple of days. Like many of the previous maturities, investors will have outperformed the indices their investments have been linked to, as well as benefitting from a very high level of capital protection.

If you're reading this article, you probably don't need to be told how important it is for investors to be able to trust their advisers; and the use of Autocall or Kick-out investments has proved a great way to build that trust. To sit down with an investor at an annual review and deliver double digit returns on an investment (in hard cash, rather than just as a manager-generated unit price) is a great way of building confidence, aside from the opportunity for new investment business. We experience reinvestment rates of around 90%, with the remaining investors sometimes moving into unprotected funds after their successful initial experience of stockmarket-linked investment.

Autocalls have been delivering great returns during periods when overall market growth has been poor, so if you're expecting low growth levels to continue, some of these products may be worth a look if you want your clients to experience the joy of an investment that delivers actual growth.

To find out more about IDAD's current range of Autocall notes please contact tom.lee@idad.biz or visit www.idad.biz.

New Spanish Compliant Bond

Prudential International Assurance (PIA), the Dublin-based investment arm of UK insurance giant Prudential Group, currently has a limited presence in Europe, with expatriate-focused products in Malta, Gibraltar and Cyprus and a Belgium range for nationals of that country.

However, its entry into the Spanish market will be seen as a major, if not unexpected, strategic move by a company best known for its domestic UK market presence. In a recent International Adviser article, Filippo Madonia, head of international marketing at Prudential International, said that the company was aiming for an "end of November, beginning of December" launch of the new bond, which will carry the already established International Prudence Bond name.

"We have registered with the Spanish authorities, and the Irish regulator also knows that we will be doing business in Spain. So we have all the i's dotted and t's crossed that we need to go and do business there," Madonia said.

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University Challenge (continued)

afford to take a medium to long-term approach, they may want to consider an investment that gives growth potential, and one with a wide range of investment options, including bonds, global equity and managed funds.

They could also look at taking advantage of any tax planning opportunities that may be available. With a large number of investment products that could help prepare for covering education costs, it is important to choose one with sufficient features that suit your client's lifestyle. With several currencies available, Generali PanEurope's Vision policy gives access to real growth potential and investment choice, with a wide range of funds selected from some of the world's leading fund houses. The ability to switch between funds easily, as circumstances and attitudes change is also an important feature. And, because our policy is located in Ireland, a premier international finance centre, it offers the potential to maximise any tax planning opportunities that your clients' personal circumstances allow.

To find out more information on Generali PanEurope's range of products and where they are authorised please contact our European Regional Office on +353 (0)46 906 0271.

* NatWest Student Money Matters 2007

FEIFA Supplement

As mentioned above, this month's issue is accompanied by a special Supplement, which is focused on the unique or exclusive arrangements that FEIFA presently has in place. This includes details on benefits for our members in the areas of:

- Life policies with higher commission
- A unique income offer for investors
- Asset mgt equity participation
- Equity release
- FX services

Please take a look at the Supplement, which provides some new information and is a good reference document.

We will continue to try and bring such advantages to our members and have a number of other initiatives that we hope to finalise before the end of this year.

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PIA is planning to distribute its new Spanish product through Spain-based advisers who specialise in catering for expatriate Britons, as well as UK and international advisers outside of Spain who have clients there. It will initially look after its Spanish distributors from its existing offices through telephone support, reinforced by regular account management visits to the country.

Prudential International is pleased to have recently partnered with FEIFA and has been working closely with the Federation to ensure that member companies are fully informed with regards to this launch. For further information please contact Filippo Madonia - T: +44 (0)7768 022133 or E: filippo.madonia@tiscali.co.uk

Diversification From Structured Products

Product after product linked to the FTSE 100 index has been issued in the structured product arena. While there has been much commentary on the need for counterparty diversification, good old fashioned asset allocation seems to have 'gone out of the window'. At Gilliat we have clients asking for non-FTSE product and so we have launched two kick out plans to allow investors to diversify away from the FTSE 100. The first of these is the Overseas Kick Out – November 2010. This plan uses three overseas indices that provide exposure to over 40% of the world's market capitalisation. The three indices are the S&P 500 (America), the EuroSTOXX 50 (Continental Europe) and the Hang Seng (Hong Kong). If the world economy is recovering then exports will grow and China and Germany are the world's two biggest exporters. For exporters to be successful consumers need to be buying so their domestic economy must be growing. What bigger consumer than the United States? If all three indices are up on any anniversary the product terminates and pays a coupon of 14% for each complete year.

The second product provides exposure to precious metals, a classic store of value, particularly in times of economic uncertainty. The three metals are gold, silver and platinum with the potential to kick out from year two at 31% if the values are equal to or greater than their start values, then increasing by 15.5% for each complete year.

Both notes can be used in offshore bonds provided that the bond holder is not a UK tax resident and we believe that they provide attractive opportunities for diversification. **Full details and results of back testing are available on our website www.gilliat.co.uk or you can contact us via sales@gilliat.co.uk. Even if these products become unavailable before they are relevant to you, they provide good examples of what we can provide so please contact us with your requirements.**

The Mansion Student Accommodation Fund

Global Wealth Management Solutions partner family offices, boutique fund managers and private banks, marketing best of breed financial products globally. Founded in 2003, we market exclusively to professional intermediaries. Our sales team, with over 250 years of combined financial services experience, is fully supported by industry leading administration systems and full back office functionality. Operating in the UK, Europe, Africa, Asia, The Middle East, Caribbean Islands and South America, GWMS provide genuinely global support to Intermediaries. GWMS actively recommends the Mansion Student Accommodation Fund.

The Mansion Group formed in 2007 and is a property specialist focusing on the highly resilient student accommodation sector throughout the UK. They have a simple business model - acquiring, developing and managing student accommodation - and pride themselves on managing relationships with both students and investors.

Mansion has redeveloped property in London, Colchester, Bristol, Liverpool, Newcastle, Manchester and Nottingham, with £157m of development value to date, 1700 beds under management, 7.3% average rental initial yield, 100% occupancy and 5000 bed pipeline. The senior management were bought together to create a team that has specialised in property, banking, financial services and asset management fully supported by a team of 70. Key facts and features re the **Mansion Student Accommodation Fund** are:

- Nationally, student numbers are increasing at the rate of 10 times the supply, 15 in London
- International students account for 20% of all students. UK remains a destination of choice for students
- This year (2011/2012) has seen an increase of 63% for people over 25 applying to universities
- Insufficient supply of accommodation
- Inadequate supply of existing accommodation
- Rental growth is strong and resilient
- Mansion are pioneers in the secondary student accommodation market
- MSAF is the only student accommodation fund offering development gain without development risk
- MSAF has a completely transparent charging structure and valuation process

You can access the fund through: Direct Investment, SIPPs/SSAS, Offshore bonds, Wrap platforms, ISAs, Charities, Trusts and Corporately. **For further information on The Mansion Student Accommodation Fund please contact your Global Wealth Management Solutions Regional Director or e-mail admin@globalgwms.com**

PLEASE NOTE: FEIFA aims to create relevant partnerships with appropriate companies in order to provide potential benefits to its members. The Federation does not endorse any companies. All FEIFA members should undertake their own usual due diligence before utilising the services and/or products of these partners.

FEIFA: The Federation of European Independent Financial Advisers

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