saint
Schreiber Associates International

Inside this Issue

Schreiber Associates International

14 Rue Du Rhone
1204 – Geneva, Switzerland

Tel: +41 (0) 22 548 3712
Fax: +41 (0) 22 594 8812

Email: info@s-aint.com
Web: www.s-aint.com

F1 Markets

Sad as it may be I was looking through the fastest lap times set around Silverstone during the British Grand Prix!

There have been many highlights, huge advances and then times when the next time has dropped back significantly, sometimes to bounce back the following year and sometimes taking years before the overall record is again bettered.

One off blips could be attributed to rain or a blinding lap by Jim Clark, Gilles Villeneuve or Ayrton Senna. Whereas major gains and losses are down to environmental changes, the introduction of turbo powered cars, the banning of turbo powered cars, changes to the pit stop rules, and even track alterations.

Oddly enough most of the man made changes were introduced to slow the cars down and yet, apart from the dramatic peak of the turbo era, the overall progress is faster and faster lap times and I am sure eventually even the current record set by Keke Rosberg in a turbo powered Williams will be beaten.

Why you might ask am I sharing this information with you. Well it is all down to the graph on page 5 that shows the progress of the equities market over the last 25 years and I think there are many comparisons.

The dot.com boom could be the turbo era, rapid gains leaving markets peaking at unprecedented levels before the bubble burst in dramatic fashion.

Then as the world moves forward on the back of technology in the same way that motor sport did, new levels were reached before the debt crisis bought them tumbling down, again a comparison can be drawn to F1 were the last drop in times was due to measures bought in to reduce the costs of running an F1 team, much the same as many countries are now looking to ways to reduce their running costs.

Through all of this from the days before flotation's and before Nigel Mansell finally became world champion, the trend remains upwards.

As advisers we do not profess to be experts in all areas of finance and of course we do not have crystal balls. That said even those who are experts in their field the likes of Adrian Newey the architect of Sebastian Vettel's all-conquering car or Warren Buffet who has built Berkshire Hathaway's vast wealth through shrewd investments cannot see into the future.

Newey could not tell you whether 2012's lap time will be quicker, or even those in 2013, the same as Buffet could not foresee whether the S&P 500 will be up this time next year; however I'm sure that with some confidence in 5, 10 or 15 years they will look back and see that cars are on balance quicker and that equities have continued to rise and outperform cash and bonds.

Remember we invest for our client future needs, retirement and children education; not next year's holiday or lifestyle spending.

Investing in equities and Formula one are both adrenalin filled, bumpy rides, but the end results are worth getting on board.

A Balanced View

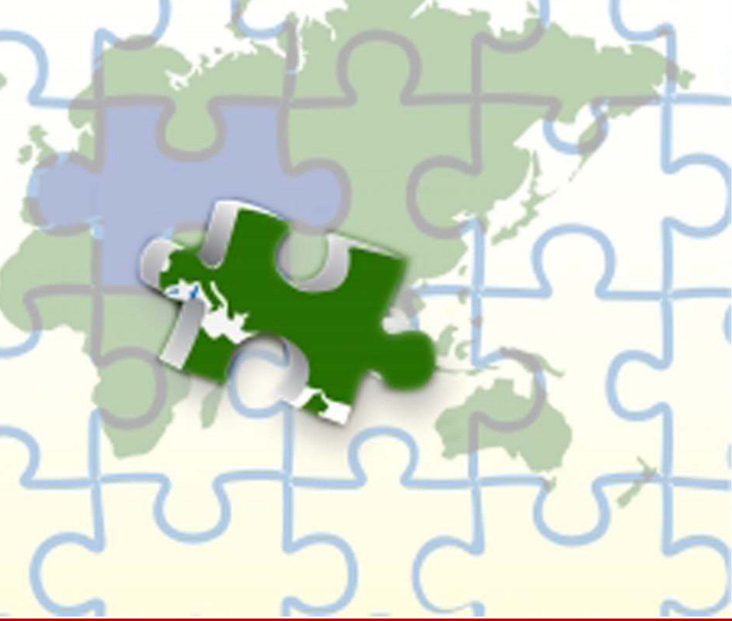
If like me, you have recently reviewed the value of your "pension pot", you are probably still trying to recover from the experience. Particularly, if like mine, part of its growth is determined by a selection of mutual funds. Of course pensions have to be viewed as long term investments– but as one nears retirement "long" takes on a whole new meaning. Historically, unit trusts and OEICs have been the bedrock for pension investment. And with thousands of funds on offer, there is plenty of choice. New funds are added almost daily; many funds are launched with eye-catching headlines professing to be the solution you have been waiting for.

One sector that seems something of a misnomer is the "absolute" return which became flavour of the month in the UK a few years back. Great tag-line, absolute – and if we look at the definition of absolute in the Oxford Dictionary is says: "not qualified or diminished in any way". Great – just what I need for my pension. So have they lived up to their name? With inflation from Oct 2006 to September 2011 averaging out at 3% p.a. and now at a high of 5.2%, an average "absolute return "of around 2.75% annualised is nothing to get excited about.

So let's look at that definition again – surely it fits structured products far better. An auto call for example, sets out its stall upfront. There is no vague objective as to what you may expect from the investment - it is confirmed on day one. Looking at the same 5 year period even the lowest return was 5.5% over 6 months (11% p.a.). Compare that return to the "absolutes" and well, need we say more.

Of course critics of structured products are quick to raise the issue of counterparty risk and possible capital loss. But as my pension valuation re-enforces capital risk is inherent in any investment. With Structured Products the risks are laid out for you to see – not quite the case with those investments deemed to be simple to understand.

To get the best from your money, a balanced portfolio is desirable. Mutual funds definitely have a place – but they are not the be all and end all. As an investor myself, I want to know how secure the future value of my investment is - structured products can tell me just that.



LM: The Global Pathway to Australian Investment Solutions

LM Investment Management Ltd

LM - the global pathway to Australian investment solutions

In the current climate of economic turmoil and extreme volatility in Europe, we would like to draw your attention to the performance available from the consistently flourishing economy of Australia, via specialist Australian income provider LM Investment Management.

Australia did not suffer a recession, required no bank bailouts and has recovered to growth rates of more than 3% per annum, with unemployment below 5%.

The strong, diverse economy has driven the most successful stock exchange over the last 111 years.

A recent IMF article highlighted "Australia's economic performance since the global financial crisis has been 'enviable,' according to the IMF economists who drew up the annual assessment. It was one of the few advanced economies to avoid falling into recession—a reflection of its strong position at the start of the crisis, a supportive macro policy response, a healthy banking system, and a flexible exchange rate, as well as robust demand from Asia."

Moreover, in a visit to Australia, the Queen stated; "in the face of a global financial crisis, Australia's robust economic record, underpinned by the strength of its institutions, has been widely acknowledged".

LM offers access to this success story via investment into the following funds:

The "LM Managed Performance Fund", the_"LM Australian Income Fund Currency Protected" and the "LM Australian Structured Product Fund".

The "LM Managed Performance Fund" and the "LM Australian Income Fund Currency Protected" participate in the strength and diversity of Australia's property market by way of loans and a range of property related finance facilities.

The "LM Australian Income Fund Currency Protected" is LM's conservative income fund. The fund is available for investment in all major currencies, for terms of between 1 and 5 years with an outperformance margin of around 2%-3%pa above Official Cash Rates, as detailed below:

	EUR & GBP	USD
1 year	5.00%pa	2.75%pa
2 year	5.25%pa	3.00%pa
3 year	5.50%pa	3.25%pa
4 year	5.75%pa	3.50%pa
5 year	6.00%pa	3.75%pa

The "LM Managed Performance Fund" has a 10 year track record of consistently paying attractive returns which outperform cash rates by 4-5%. The fund is available for investment in all major currencies, for terms of between 1 and 5 years, as detailed below:

	EUR & GBP	USD
1 year	6.00%pa	4.00%pa
2 year	7.00%pa	5.00%pa
3 year	8.00%pa	6.00%pa
4 year	8.50%pa	6.50%pa
5 year	9.00%pa	7.00%pa

The above forecast rates are net of all fees and advisor commission.

"The LM Australian Structured Product Fund"_invests in a basket of Australia's most successful stocks, all of which are in the ASX top 20. Deutsche Bank guarantees income of 12.50% in AUD, 10.00% in EUR and 9.00% in GBP and USD, with capital also protected by a 30% barrier. The current tranche is available for investment from now until the 27th of January 2012.

We must also remind you that the historic performance of stock markets is not a guide to future returns.

For further information on LM and investment opportunities please contact us.

Prestige Equity Options

Given recent market gyrations and general poor economic and investor sentiment, you may be forgiven for wondering why Prestige has taken the time and effort to launch an entirely new Malta domiciled (EU), MFSA regulated SICAV PIF Fund Platform now?

Firstly Fund launches can often take upto a year in to research,plan and bring to market and in fact this is the first new Prestige Fund in over 18 months. The second is that market activity right now could well be very different to that of 6-12 months time, although don't hold your breath. finally anyone in their right mind who is going to launch a new investment opportunity against a backdrop of falling property prices, and volatile equity markets, the ongoing threat of government debt defaultstate bailouts of of banks, rising inflation and the potential end of "quantitative easing" as well as a general feeling of all is not well, must have something compelling to offer.

Durable Alpha

On June-1st 2011 Prestige Asset Management launched "Prestige Equity Options" Fund. The Fund currently allocates to three Trading Advisors who between them manage US$500ml; Prestige and some of its senior management has invested with these three managers for a number of years. Towards the end of 2010 Prestige took the decision to create a dedicated Fund to actively allocate to each of these discretionary, fundamental equity option based Trading Advisors. All three use a combination of both long and short volatility trading strategies and much of the trading is short and medium term in nature. All have verifiable track records and have proven themselves in difficult markets.

Is there anything consistently making money in this environment?

This investment strategy has consistently produced positive returns including every month this year including difficult May and June, which many market professionals will agree were challenging months for most market based investment strategies. Clearly option trading is a specialist field with few players who really understand the space, and those who have survived and indeed prospered over the past 4 years must have some sort of unique investment trading talent.

As an investment advisor you will know more than most that we are living through some very precarious times and that many "non correlated" investment strategies that worked well over the past 5-10 years seem to have all become "super correlated" to equity markets (think AHL / IQS / Tulip / Managed Index etc.).

The most attractive feature of this new strategy is that despite the market ructions all the underlying managers have remained uncorrelated to the equity markets and continue to add alpha. We also particularly appreciate the fact that they are discretionary; there are no sophisticated algorithms that few outside of the research department of that firm actually understand, nor any neural networks and high frequency approachs that work, then, suddenly dont. This is quite simply rules based trading and risk management with the implied nimblness of positioning and the natural loathing of sustained loss making periods inherent in discretionary approaches and absent in many trend following strategies. One only need to look back at January-April 2011 for evidence.

Risk Analysis

Prestige Equity Options is one of our lowest risk "market based" investment opportunities. It operates a portfolio mandate that does not need the market to trend, and can benefit enourmously from lack of direction but continuously attempting to manage and diversify risk which hopefully allows us to sleep at night. With both Manager and Strategy risks being key elements to this; the Investment Manager continues to intentionally restrict high correlation to "Equity" related investments within the Fund, which has allowed the Fund to maintain a low downside volatility of around 4% and a low long term correlation to MSCI World Index of around +40%.

Additionally in terms of "market" based risk the Underlying Trading Advisors have on a number of occasions produced positive results when many equity markets were negative such as Jan-09, Feb-09, Apr-10, Aug-10, Mar-11, May-11, Jun-11 etc. Nor was the Fund adversely affected in the second half of 2008 during the financial crisis.

We believe this fund allows the advisor to gain additional equity coverage whilst not increasing directional bias or reducing liquidity Gaining access or increasing exposure to equity market neutral based investment opportunities seems to be a simple way of remaining in a market based strategy whilst increasing a client's defensive posture.

This is also Prestige's first EU based / MFSA regulated Fund, domiciled in Malta. Prestige recently opened a physical office there as well as establishing a new investment management company "Prestige Capital Management" which last month was granted an in principle MFSA licence. (We have been busy!)

Sentiment Not Sense

Any adviser who has been in the industry more than a few years will have heard the expression 'I'm not investing in the stock market I lost money last time', on an all too regular basis. In fact more people seem to have lost money on the stock market than have gained and yet there are many who have made millions, companies whose stocks have doubled, fund managers being paid huge bonuses and insurance companies declaring vast profits!

So why the difference?

It would seem that making money in the stock market if you follow certain time old principles must work.

Buy when things are cheap and sell when they are high and it is time in the market not timing.

These two common sense approaches seem to have done very well for the likes of Warren Buffett and John Templeton, but not Mrs Smith and her life savings.

My observation is that the average client or more likely prospective client turns these principles on their head!

The FTSE is once again sinking towards the 5000 barrier (at the time of writing) and yet, are we seeing more being invested in the market, highly unlikely. In truth we are probably dealing with withdrawal requests from clients who only two years ago told us that this money was not going to be touch for 10 -20 years.

And unsurprisingly they will have lost money and make sure they tell you how unhappy they are with this and probably everyone at the golf club!

Conversely, when the financial world has settled down, the press is reporting world recovery and that someone's shares have double in the last few years; not wanting to miss out the next Mrs Smith will be at your door wanting to be part of this boom where all around are prospering and the sad circle starts again.

When all around are losing their heads an adviser needs to be reminding the client why they went in the markets, what they were saving for and how they can benefit.

History does repeat itself; the markets will probably always go up and down and there will always be winners and losers.

Or does it! The graph on the next page shows that although there have been peaks and troughs the long term progress of the markets has been relentlessly up. Time is a healer.

A Long Term Outlook

Financial markets have recently experienced significant volatility, which underlines the case for a long-term approach to investing in the stock markets. Down periods, such as those recently seen, are an inherent aspect of equity investing. Unpredictable events and changes in investor sentiment can have a negative impact on markets. However, short-term declines should not detract from the long-term potential of stock market investing.

The chart shows that, even with market volatility such as this, an investment in the MSCI Europe Index, 25 years ago (on 31.12.1986) would have grown to over seven times its original value by mid-August 2011.Of course, the outcome of an investment depends on an investor's specific circumstances and investment needs. We must also remind you that the historic performance of stock markets is not a guide to future returns.

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
MSCI Europe Annualised 5-Year Returns	1987-1991 7%					1992-1996 16%					1997-2001 14.4%	
EQUITIES	-12.95%	29.84%	24.05%	-14.71%	17.10%	8.23%	44.02%	-6.93%	13.85%	27.33%	44.74%	19.73%
BONDS	13.93%	9.72%	-0.10%	7.88%	14.42%	16.65%	21.87%	-3.94%	16.27%	13.57%	11.135	11.59%
CASH	4.07 %	4.33%	7.08%	8.58%	9.28%	9.53%	7.27%	5.34%	4.50%	3.33%	3.33%	3.55%

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 YTD
MSCI Europe Annualised 5-Year Returns				2002-2006 6.6%					2007-2011 -3.4%				
EQUITIES	36.15%	-1.92%	-15.26%	-30.50%	15.75%	12.65%	26.67%	20.19%	3.18%	-43.29%	32.56%	11.75%	-14.37%
BONDS	-0.29%	7.37%	5.92%	8.88%	2.74%	7.62%	6.08%	0.01%	1.08%	5.80%	4.89%	2.93%	3.20%
CASH	2.96%	4.38%	4.28%	3.32%	2.33%	2.11%	2.18%	3.07%	4.30%	4.64%	1.20%	0.75%	0.77%

Sources: BlackRock; Thompson Reuters Datastream. Equities are represented by the MSCI Europe Index (total return). Bonds are represented by the CitiGroup World Government Bond Europe Index. Cash is represented by the Germany 3-month interbank lending rate. It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Keeping a long-term outlook during turbulent markets is important

Here's why - You can take advantage of the downturns…By viewing market declines as good buying opportunities, it is possible to enhance your portfolio's long-term returns when the market rebounds. While nobody can predict exactly when markets will decline or rebound, a strategy of adding to holdings when they are 'on sale' may provide significant advantages over a strategy of pulling out of the market when prices are at their lowest.

You don't want to miss the market's best performing days - Over every market cycle, there will be up days and down days. Missing even a few of the stock market's best-performing days can result in significantly lower returns than the market index. Often, a few very good days account for a large part of the market's total return. Being out of the market means you can potentially miss out on market rallies that can substantially improve your overall return and long-term wealth.

Here's how to do it wisely

Be diversified - Rather than trying to pick a single investment type, diversifying across asset classes may decrease your investment risk and enhance the long-term return potential. Not all investment types perform in exactly the same way during similar time periods. Investing across multiple investment strategies, styles, sectors and regions reduces risk and enhances the potential for investing in the best-performing asset class, while reducing the impact of investing in the worst-performing products.

Let professional investors do the hard work - History has shown that markets can be volatile, but you do not have to navigate these challenging times alone. BlackRock has the experience, investment insight, global resources and breadth of investment products to help you stay the course and meet your financial goals. With an unwavering focus on risk management across all our portfolios, you can feel reassured that your assets are being managed by some of the most experienced and best prepared investment professionals in the industry.