



Schreiber Associates International

Schreiber Associates International emphasise long term partnerships with our clients and are committed to working together to create long term wealth and financial security. Reliable and experienced guidance is essential to ensure destinations are reached on a journey which is influenced by ever changing personal and global influences. Schreiber Associates International is Member of Inter Alliance WorldNet - Network of Independent Financial Advisors established since 1992. With 50 Members operating in 32 different locations.

The Current Financial Situation

Many view the current financial situation as a crisis.

We see it as opportunity.

There is no getting away from the fact that we live in unique times, and seeing through a seven-day period when...

- Monday brought the news of Lehman Brothers bankruptcy;
- Tuesday brought nationalisation of the world's largest insurer, AIG;
- Wednesday brought the merger of HBOS and Lloyds TSB;
- Thursday brought rumours of Morgan Stanley, and
- Friday the Fed steps in to save us all

...has to rank as one of the most extraordinary weeks in the history of investment. In the end, of course, Morgan Stanley resolved its issues by changing its status as a bank, closely followed by Goldman Sachs.



So, where to now?

Clearly, we live in strange times. However, whilst the media were keen to rack up these,

admittedly odd occurrences, there were few that could see the future where people were going to need a wheelbarrow to carry their money in go shopping.

Yes, certainly many will suffer hardship and lose their homes, but at no time did we see stockbrokers throwing themselves off skyscrapers in New York as they did in 1929. Rather, it would seem, they would go home to their multi-million pound houses, perhaps trade the four-wheel drive for a more modest vehicle, and not renew their golf membership.

Thus, to put things in perspective, we see opportunity. Prices have come back, and that must always present buying opportunities. Recession has now reached the Euro zone (September being the fourth consecutive month of contraction). Interestingly, the pace of decline was the fastest since the September 2001 atrocities. We suspect you may remember what happened after that. We saw the steepest climbs in equity markets in history. Will this be repeated? There may be more pain to come, but since the largest increases in the market come at the start of the climb out of recession, and technically we do not establish when we are out of recession until after we are out of it, perhaps now is the time to buy.

Within the newsletter are a number of options, which will give the investor an opportunity to buy in, but without significant risk. Later may be too late. The time to act is now, and we are able to provide the ability to accept the upside of increases, whilst guarantying your capital. It is what we may call "a no brainer".

Money Talk

"Wealth is the product of Man's capacity to think."
Philosopher Arthur Schopenhauer
Quoted in *The Times*

"Being rich is having money; being wealthy is having time."
Science fiction writer Margaret Bonnano
Quoted in *The Times*

"Few men have virtue enough to withstand the highest bidder."
George Washington
Quoted in *The Times*

Schreiber Associates International

Chemin Champ du Lac 1
St Sulpice; VAUD 1025
Switzerland

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

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

Commodities

Commodities are a hot topic at the moment. Although it would appear that, whilst the soothsayers were predicting oil at over \$200.00 per barrel by the end of the year, with the current price falling to around \$100.00, perhaps we have a reprieve - at least for now. At the time of writing, OPEC are about to reduce production, as there is over capacity, and stocks are high. However, as ever, small changes could lead to significant price movement.

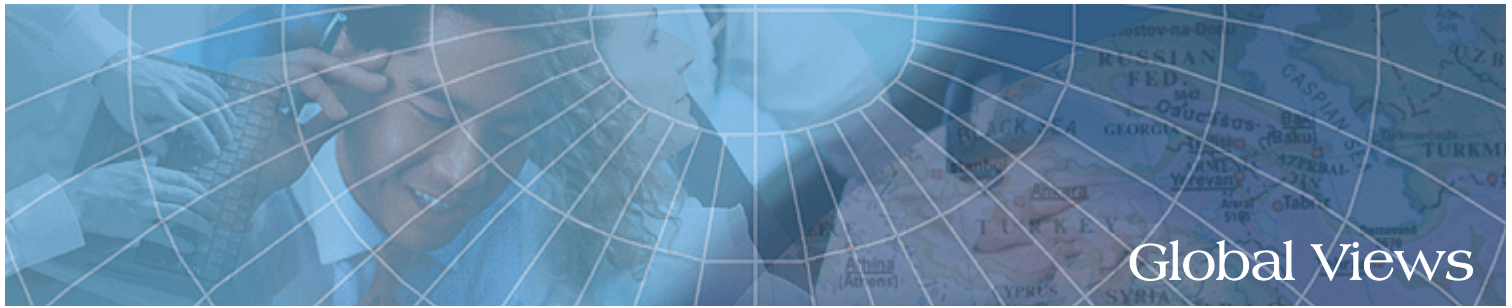
For example, Hugo Chavez of Venezuela has expelled the US Ambassador, and threatened the US with an oil embargo. As Venezuela is the one of the founding members of OPEC and is also one of the world's largest producers of oil, this could mean some ripples in the price. Thus oil, in particular, is extremely prone to significant price variations. There is some debate as to whether all the volatility of the prices is simply supply and demand, or whether speculators have contributed significantly to the volatility.

Whatever the factors behind the price volatility, oil, along with other commodities, has seen considerable price fluctuation. However, what is also clear is that the demand for virtually all commodities has increased significantly. Countries such as China, India, and many of the Emerging Markets in Asia, suddenly have an almost insatiable appetite for commodities to drive their new booming economies. The statistics behind the demand in China alone are totally compelling, with the economy now recognised to be the second largest in the world, a population well in excess of 1.0 billion, and massive expenditure on infrastructure, including the largest engineering project in the world - The Three Gorges Dam. Interestingly, the total cost of the dam is coming in well under budget. When was the last time we heard about an engineering project completing on time and under budget!

Thus, our belief is that, whilst we may see some significant volatility, there remains a compelling story. We have an excellent offering available through Deutsche Bank which will provide the upside growth with downside protection. The fund has returned in excess of 30% per annum since launch, and provides the investor with a capital guarantee.

For more information, please contact us.





UK Property

The Council of Mortgage Lenders has announced that it is futile to attempt to predict how far the market may fall. Most would suggest that prices are down at least 10%. Many have suggested that peak to trough will exceed 25%. How may this affect us all?



Well, provided you are not in a position of having to sell, we will not be affected. However, if you are selling to buy again, then the status quo will be achieved. Certainly there are many who will be more dramatically affected; there will be those in negative equity

who simply pass the keys back, thus further exacerbating the broad market situation. There will also be some significant increases in unemployment as a result of the decline housing market.

For buyers, it is almost a seventh heaven, although we would suggest waiting a little longer yet.

The reality is this, however. Whilst we listened to the pundits promoting property saying that prices had risen by 15% over a six-month period, did that really mean that the house valued at

200,000 six months ago was now worth 230,000? No, a property is only really worth what someone will pay for it.

Equally, we have all watched the numerous programmes on television on how to make a fortune on buy to let, or buying at auction, to spend six months refurbishing a property to make 25,000 - whilst at the same time not earning a salary, and proving excellent revenue to estate agents and lawyers. Interesting, those estate agents promoted a number of these programmes. Oh, but we are being cynical!

We continue to receive emails from various companies promoting the next "hot location". We have even just had a presentation from a company promoting properties in Cyprus, and they believe that an investment of just 29,500 Euros will grow to 3.2m Euros in just 10 years, with a modest return of 10% per annum on the property values. This, in spite of the fact that Cyprus is suffering with falling prices, water rationing, and the promised 11 golf courses not being built, as there is no water to water the courses.

Our view on property is that the bottom may be some way off. If you are intending to buy, you may be rewarded by delaying your purchase. But if buy now you must, drive a very hard bargain.

Time to Start Saving

People take out savings plans for a myriad of reasons. Perhaps due to:

- Spare monthly income;
- The need to provide education or university funding;
- The need to supplement a pension contribution or indeed the first steps of a pension plan;
- The need to get money out of your bank account before you spend it!

Whatever your reason for investing, one of the great benefits is what is known as dollar (or pound) cost averaging. Simply put, by investing

on a regular basis, you buy the units of the fund each time you invest. The price of the units will vary (as the stock market). Thus when the price is low you buy lots of units, when it is high you buy less.

In the example below the contribution is just 5000 per annum. So by the end of year 10, you would have bought units at prices varying from 60p to 160p. In total, over the period you would have invested 50,000, and your final value would have been £88,000. Whereas, if you had invested £50,000 from day one, your value would be £80,000. Plus, of course, you would have had use of the capital in that time as well.

Beginning of Year	Investment £	Unit Price p	No of Units Purchased
1	5,000	100	5,000
2	5,000	60	8,333
3	5,000	80	6,250
4	5,000	90	5,555
5	5,000	70	7,143
6	5,000	100	5,000
7	5,000	90	5,555
8	5,000	110	4,545
9	5,000	100	5,000
10	5,000	160	3,125
Total Units Purchased:			55,506

Total Unit Value = 55,506 x 160p = £88,810

We currently have a range of savings plans, which can be adjusted to suit most needs. In addition, we are also fortunate to have some special offers available whereby the provider pays either additional bonus units or, sometimes, the first month's contribution. For more information, contact us without delay.

Hedge Funds

Amongst the doom and gloom which surrounds the investment industry now you will, no doubt, have heard how Hedge Funds "have not performed". Well, as we all know, doom and gloom sells newspapers, so further investigation is warranted. The reality is quite simple; Hedge Funds generally have not provided very many positive returns this year. However, compare their performance against equity investment, and they have weathered the storm very well.

Over the last twelve months, as an example, the FTSE has fallen from 6303 to 5318, a drop of 1000 - or around 20%. Clearly, within that drop, there will be some significant variances. For example, Vodafone - once a darling of the market - has seen its share price fall from a high of 370 to 135. Arm Holdings has seen its share value fall around 90%, and Logica has been nursing a 95% loss.

Thus, whereas the average Hedge Fund has fallen by around 6%, in the cold light of day, one of the principle tenants as to why investors invest into Hedge Funds holds true - diversification will generally reduce losses. With a total lack of correlation to equity markets, Hedge Funds will protect investors.

We recommend a number of Hedge Funds, and we are pleased to point out we have remained in positive territory.

For more information about how exposure to Hedge Funds may increase your diversification, please contact us.

Market View

"There is a big market in caves at the moment."

Richard Dunbar of Scottish Widows Speaking on Radio 4's Today programme

