BLACKTOWER magazine

Issue 4 Spring 2011

Celebrating 25 years

2011 sees Blacktower celebrate 25 years in business

Gibraltar Financial Services Centre

A well regulated jurisdiction within the EU

Tax planning in France

With Assurance Vie

UK pensions Q&A

Pension changes explained

Editor's notes

Welcome to this the 4th edition of the Blacktower Magazine. This year sees Blacktower celebrate its 25th year and also my 25th year with the business.

When I look back over this time it's hard to comprehend just how much both the Financial Services industry and Blacktower has changed. From small beginnings in the UK the company is now truly a Pan European business and is currently considering further expansion into the middle and far east. Within the international markets we have continued to specialise in serving the needs of the expatriate investor wherever they may be.

We also again welcome our colleagues at Vale Do Lobo in Portugal's Algarve as contributors and we look forward to continuing our professional relationship working with them to assist residents and clients of this luxury resort within their financial planning requirements.

Our UK business is also undergoing considerable change and with the acquisition of Ritchie Salkeld & Co LLP, means it has also grown in size. I would like to take this opportunity to welcome Ritchie to the UK Board of Directors and know that his vast experience in the UK Financial Services industry and business skills will bring valuable benefits to our company as a whole.

Within the Magazine we have included articles such as Tax planning in France, where we are experiencing a considerable increase in demand for Blacktower services from within the expatriate community and articles on UK Tax and Pension Planning. Areas of interest that are undergoing considerable change.

Also we are introducing some new members of our team (page 6) and also take this opportunity to warmly welcome Patricia, Gary, Ed and Paul to Blacktower.

As always I hope you enjoy this issue of our magazine and find the articles contained within of interest. Also please do let us have your comments or feedback so please feel free to email me at info@blacktowerfm.com.

May I wish all our readers an enjoyable summer.

John C Westwood | Group Managing Director

For & On Behalf of Blacktower Financial Management Ltd & Blacktower Financial Management (International) Ltd

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What's happening at Blacktower

I can honestly say that there is never a dull moment here at Blacktower. I can't believe that almost six months have passed since our previous update to you all, and in this time we have seen so much happen. We have all been working hard on further improving our service and infrastructure to benefit you all.

Blacktower celebrates 25 years!

First off I would like to ask that you join us in celebrating 2011 as we enter our 25th year of business. It's our silver jubilee and a very proud moment for all of us here at Blacktower.

With RDR on the horizon in the UK, a great deal of time and effort has been spent to ensure that Blacktower is in a strong position to embrace these changes. With this in mind we welcome the appointment of Ritchie Salkeld to the team. Ritchie brings to the table a wealth of experience and knowledge and we are pleased to have had the opportunity to bring him onto our Board of Directors.

Other events are in the pipeline with Blacktower UK that will further enhance our position and strength. I look forward to bringing you further commentary on this in our next magazine.

Costa del Sol

On the International front we continue to grow and adapt to changes in our markets. Our Regional Manager (Costa del Sol), Ally Kerr, has been successful in building and maintaining a great team – he is now looking into expanding our services across to the Balearic Islands of Mallorca, Menorca and Ibiza. David Rogers continues to build a strong relationship with the British Chamber of Commerce in Spain and other important professional organisations – all of his hard work has now paid off by him being awarded 'Business Person of the Year' from Business 1st in December 2010.

Costa Blanca

On the Costa Blanca we have seen a number of changes. This is an important region for us and one that we aim to strongly support going forward. To this end, we welcome to the team both Ed Cook and Gary Kane.

A number of Seminars will be taking place during May both on the Costa del Sol and Costa Blanca, and we look forward on providing you all with an update to their content.

Our MD 25 years ago

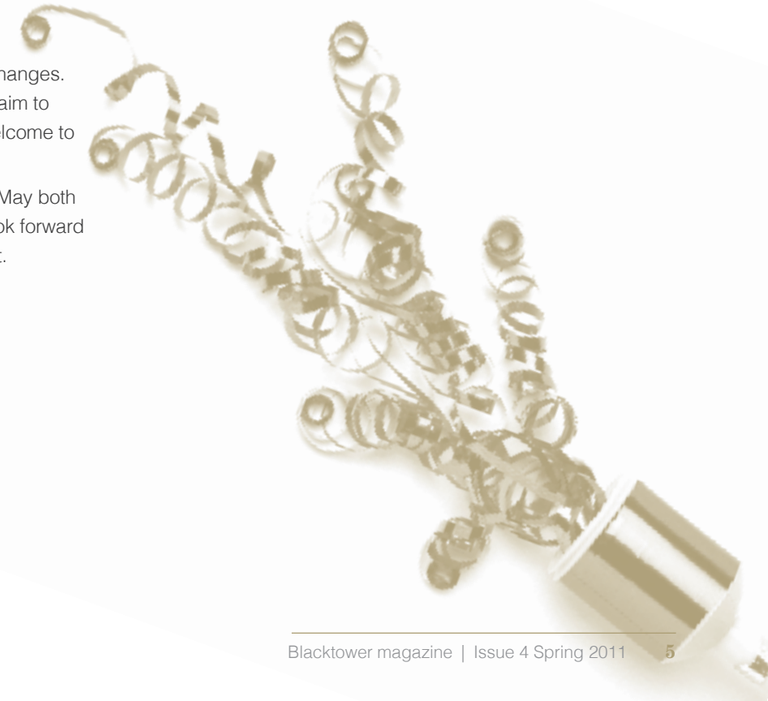
The Algarve welcomes Paul Beckwith

Over on the Algarve, we welcome to the team Paul Beckwith. Paul has been an IFA for many years in the UK. He has had close ties to Portugal and the Algarve in particular for many years.

Also on the Algarve we continue to work closely with and support the Vale do Lobo area. May again will see Blacktower commence a series of seminars/roadshows with a view to providing our current and future clients with important information on how best to structure investments in a tax efficient manner. We will be inviting along a number of speakers from some important companies. Again we look forward to updating you all on how they turn out in our next edition.

Head office of the International Company in Gibraltar

And last but not least BFMI's Head Office in Gibraltar. This is the hub of all our efforts/work to ensure that everything we do is done in a compliant manner and ensure that the advice being given to you all is done with your best interests at heart. From here we work closely with our regulator on an almost day to day basis. We believe it is imperative to be on hand to support them especially when we are seeing so much change in legislation within the EU zone.



Meet the team

Here are some of the latest members to join the Blacktower group

Gary Kane – International Financial Adviser – Costa Blanca

Gary joined the Costa Blanca team at the end of 2010. He has been in the Financial Services Industry for 14 years, offering advice in Pensions, Investments and Mortgages in both branch and field based positions including a Client Manager position with Abbey. During the last 5 years he was a Director/Consultant of a successful Financial Services business in the UK.

Gary is happily married with 1 son aged 9, and enjoys hill walking and does guided walks in Costa Blanca at the weekends. He is also a member of a golf society in Costa Blanca and also enjoys playing tennis and is a keen cook.

Ed Cook – International Financial Adviser – Costa Blanca

Ed began his career in Financial Services in 1988 in the UK with Norwich Union, before moving to Jersey, Channel Islands in 1994 where he developed his knowledge of offshore Financial Services for the expatriate community. In 1999 he joined Zurich Financial Services in Jersey where he specialised in the provision of pension advisory services both in the Channel Islands and Internationally.

In 2004 Ed joined the Private Banking Division of Close Brothers plc in Jersey, where he was responsible for the development of Pension and Investment services designed for the needs of international expatriate clients in Europe, with a detailed knowledge of the particular requirements of residents of Iberia, along with an understanding of both UK and Spanish taxation matters.

In recent years Ed has been a regular visitor to Spain, and now lives in the Costa Blanca area.

Patricia Risso – Compliance Consultant, Gibraltar Office

Patricia has been working in the Financial Services Industry since 1996. After graduating she relocated to Gibraltar and joined the Financial Services Commission [FSC], Gibraltar in 1998.

Since then she has held a number of senior compliance positions such as Head of Regulatory Risk for RBS/NatWest and the Head of Regulatory Risk in Close Wealth Management. Patricia brings a wealth of experience and knowledge in the Compliance sphere.

She was appointed as Compliance Consultant to BFMI in October 2010 and her main role will be in ensuring that the company complies with Gibraltar local legislation and FSC Regulatory Requirements. She will also be responsible in ensuring that our offices located in different parts of the EU comply with the home jurisdictional legal and regulatory requirements.

Paul Beckwith – International Financial Adviser – Portugal

Paul started his Financial Services career with the Prudential Assurance Company in 1985 where he looked after the financial needs of many clients. In 1988 he became an Independent Financial Adviser and Mortgage Broker, still catering for his clients' financial needs.

In 1988 Paul had his first taste of Portugal where he instantly decided that one day he would like to live and work there. After moving to Dorset he decided in 1994 to take a career break and studied taxation and law, graduating with a BA (Hons) degree in 1997.

After graduating, Paul worked as a Tax Adviser with a leading firm of Accountants, he soon realised that he missed the more personal and holistic approach of being a financial adviser so after taking further exams relaunched his career as an Independent Financial Adviser and Mortgage Broker. In 2008 he went to join a firm of Stockbrokers and Financial Advisers, where he passed the Stock Broking, Financial and Long Term Care exams.

At last Paul has been given the opportunity to realise his family's dreams to live and work in Portugal as an Independent Financial Adviser with Blacktower Financial Management (International) Ltd.

Ritchie Salkeld – Compliance Director – UK

Ritchie Salkeld has vast experience within Financial Services having already completed 38 years; during which time he held a number of very senior positions with what are now called product providers. About 27 years ago he was one of the earliest IFA members of NASDIM, who ultimately became FIMBRA, the PIA and then the FSA.

For the past 17 years, he has very successfully run Ritchie Salkeld & Co (now LLP) and brings with him a wealth of experience and very established and loyal clientele.

He has joined Blacktower Financial Management Ltd in the UK as a Director and also has responsibility for Compliance and Money Laundering, as well as assisting the other members of the Board in running the UK operation and making sure Blacktower are ready and prepared for RDR. Ritchie has known Blacktower pretty well since it was first formed and has a close association with the Westwood family and Paula Smith.

Ritchie has been married to Philippa for 32 years and they have 2 grown up children, Hannah and Peter. They have recently become grandparents.

VALE DO LOBO
ALGARVE

Real Estate Royalty in Europe's most sought after location

The Royal Golf Development – Vale do Lobo

ADVERTORIAL

It's a known fact that most golf enthusiasts rank the Algarve as one of their top golfing destinations; its climate, flight proximity and exceptional greens ensuring this interest grows year on year. The luxury resort of Vale do Lobo, the longest established and largest in Portugal, certainly falls into that category, offering two spectacular championship courses, a host of golfing facilities, and making it a dream destination for the sport.

Of course not just golfers have seen the merit of this beautiful region and it remains one of the highest ranking in popularity of all European family holiday and second home destinations, with again the climate a major player, but the safety, friendliness of the locals, endless attractions and culture all factoring highly. Here, Vale do Lobo and its exclusive facilities and services come into their own, providing a reliable and continuously innovative option for holiday makers visiting the Algarve, and indeed for those who are considering purchasing a second home, either for rental or personal use – some even making the move full-time!
The resort boasts an exclusive location and solid community combined with outstanding sports and leisure facilities, an unrivalled line-up of events and round-the-clock security and medical services, giving it the advantage over other resorts in the region.

For families there are countless recreational opportunities, including year-round activities, 2km of beautiful beach, children's facilities, boutiques, entertainment and over 15 restaurants and bars. This is a place that caters to every whim, and successfully. The Royal Spa and Fitness Centre are particularly popular for health and relaxation whilst the Art Gallery is always a stopping point for cultural lovers. It is also a huge sporting reference, hosting the largest tennis academy in Portugal and accommodating to the most famous football teams in the world for special training camps. The golfing community here, too, is prestigious yet welcoming, with a lively clubhouse, plenty of activities and large-scale tournaments every year.

For those who really fall in love with the region, Vale do Lobo offers one of the safest, most welcoming and eventful destinations to set up a second home residence and over 1500 luxury homes in all styles and sizes nestle here within the resort, flanked by golf courses, beach and a nature reserve.

The Vale do Lobo Real Estate Office offer informed guidance and a number of solutions for your real estate investment, working closely with leading financial providers, including Blacktower Financial Management (International) Ltd. Whether you are looking for plots to then custom build your own property, an apartment or a ready-to-move-into villa, the choice is endless, and all with the help of Vale do Lobo's architects, interior designers and year-round maintenance services, if required.

Real Estate at Vale do Lobo is made up of a number of developments and areas, each boasting their own location attractions, views and styles. For those looking for a particularly peaceful retreat in a prime real estate location, the Royal Golf Development is always a favourite – an exclusive cluster of properties located along the greens of the Royal Golf Course, hence its name.

This fabulous new development boasts breathtaking views of the 12th fairway and a number of attractive services designed with the discerning golfer in mind. Two specific property types are available here; the Royal Golf Villas and the Margarida Apartments, both modernly designed to be noticed, and built to the highest standards in keeping with the resort's luxury philosophy of 'treasuring life'.

These seamlessly blend tradition with the latest in contemporary elements, displaying fine attention to detail. Graceful overflow pools lined with mosaic tiling, stone-clad walls, exposed beams and modern glass and stainless steel staircases are just some of the features to expect, not to mention all the latest mod-cons, exquisite decoration and of course those enviable views of the spectacular Royal Golf Course.

Privacy too plays a key role in creating the perfect ambience, ensuring that residents are enveloped in exceptional peace and tranquillity, perfect for golfers, in particular, to unwind after a strenuous day on the greens.

Needless to say, the Royal Golf Development has attracted great interest since its release and there are already only a limited number of units available at the location, making it fair to say it is fast becoming the place to live in the Algarve.

Worth noting also that Vale do Lobo's reputation for excellence has ensured that property values have demonstrated impressive capital appreciation, continuing to rise every year and achieving average rates of return, above 10%, making this another attraction for families and golfers looking to strike the balance of a superb recreational location and team this with a solid investment.

So book a flight and experience for yourself the unique Vale do Lobo lifestyle and the true meaning of 'treasuring life'.

Find out more:

Further details on the fabulous new Royal Golf Development investment opportunity can be obtained from the Vale do Lobo Real Estate Office. Tel: **+ 351 289 353 301** Email: **realestate@vdl.pt**

Golf reservations can be made through the Vale do Lobo Golf Club, which also offers details of year-round golfing events and major tournaments at the resort.
Tel: **+ 351 289 353 462** Email: **golf@vdl.pt**

Holiday bookings for one of Vale do Lobo's great rental properties can be made through the main Resort Reception.
Tel: **+ 351 289 353 322** Email: **reception@vdl.pt**

www.valedolobo.com

Quoting Blacktower

Ask the experts

AUTHOR **MIKE KEW** ASHCOURT ROWAN ASSET MANAGEMENT

ASHCOURT ROWAN
ASSET MANAGEMENT

Q. Why should I invest and place my funds at risk? Why not just leave it in the bank?

It is important that if you choose to invest spare cash that you do it for the right reasons. The two things you need to consider are your willingness to take risk and your ability to take risk. These are different far more often than you might imagine. If you have a very low tolerance for risk you are probably better off leaving it in the bank rather than trying to make a slightly higher return and then worrying about it all the time; peace of mind is a valuable commodity. Any investment should really be looked at as a multi-year commitment and the longer the better, consequently should you require part or all of the money in the near future; you are probably better off leaving it in the bank. However by historic standards, cash returns are likely to remain low for some time and probably below inflation which means your spending power is likely to be eroded over time. Holding large amounts of cash over long periods of time isn't usually a great idea so it may be worth considering investing spare cash that you do not need in the foreseeable future. What exactly you do with the money you invest very much depends on your goals; you may be building savings or merely looking to plan a comfortable retirement. If earning low returns in the bank is sufficient to meet your goals then there is little point in putting your capital at risk. If however, you need to earn higher returns then you should obtain some quality financial advice on how best to meet your goals as well as appointing a dependable investment manager who can frame a suitable investment portfolio on your behalf.

Q. I am a low risk investor with concerns about inflation and the lack of return from my cash deposits. Where could I invest my money?

If you value greater certainty of outcome, even if it comes at the expense of lower returns, you should certainly consider an investment strategy that contains a sizeable bond allocation. Most bonds have fixed income payments each year as well as a certain point when the principal is repaid. Therefore, apart from the possibility of default, this varies depending on who has issued the bond, if you hold the bonds until maturity then the returns are known in advance. Whilst the value of the bond may go up and down in the meantime if you resolve to ignore this and hold until maturity, the only thing you need to worry about is the potential for default; in a 'low risk' portfolio, this risk should be fairly limited. However, given your concerns about inflation, the major stumbling block of having a 'pure' bond portfolio is the 'fixed income' nature of it. The very factors that serve to provide the greater certainty also prove their undoing in an environment of increasing inflation. Therefore, it would be advisable to consider some element of exposure to assets that can be expected to 'benefit' from higher inflation. The most obvious examples of this are things like index-linked Gilts (which are issued by the UK Government but whose payments are linked to Retail Price Index), stocks and shares (whose dividend payments may rise in a more inflationary environment) and quality commercial property (where you would expect higher rents).

Q. I have read that investing in the 'developing' markets is likely to provide better returns over the next five years. Do you think this is likely?

'Developing' markets have been of increasing interest for many investors for some time, at least in part because they have generally delivered strong performance during most of the last 5–10 years. In the majority of cases they also do not have the debt problems, whether consumer or government-related, of many so-called 'developed' economies. With very reasonable expectations that the major developing economies are going to grow quicker than the US, Europe or Japan for the foreseeable future it appears something of an 'open-and-shut' case. There is however a but! Firstly, there is evidence to suggest that not only do strong stock markets and strong economic growth not go hand-in-hand but additionally that economies that have experienced the weakest growth of late may well see their stock markets perform best going forward. Whilst emerging markets do not face the well publicised budgetary challenges of the West, they have different problems to tackle. It may be a question of increasing inflation or it may be increased social unrest because too many citizens are not benefiting from the economy's development; the current troubles in the Middle East and North Africa should be a timely reminder of this. In our view developing markets simply have different risks to more familiar markets but arguably these risks are less factored into prices. Developing markets may continue to outperform their more developed brethren but we would certainly not be surprised if they didn't and we would certainly caution investors about getting too carried away with the latest 'flavour of the month'.

Q. Do you think it is too late to invest in gold and other commodities?

Commodities are inherently a speculative investment. Because they generate no income, the only way you make money is if their price goes up. Much of the current inflationary pressures are in some shape or form commodity-related though ultimately these pressures can probably be laid at the door of the world's major central banks which are pursuing policies of having very low interest rates. In isolation, commodities are a relatively risky proposition, partly because of their day-to-day movements but also because it is difficult to establish a 'true' value for them and their actual price can differ significantly, both higher and lower, from this value. As part of a broader, multi-asset portfolio they probably have their place but you should never feel compelled to invest in something simply for fear of 'missing out' if you don't own it. It is usually a better bet to invest in commodities when they are unpopular, often because of short-term excess supply, because the price often assumes that this will always be the case. Was it better to invest in oil at $150/bbl in summer 2008 when we were supposedly running out of oil or barely six months later when it was $35/bbl and investors fretted that oil demand would never recover? We think that gold is substantially overvalued but that does not mean it can remain so or go even higher. Make no mistake though; it is a gamble and you can lose money in gold just the same as anywhere else. Unlike gold, which tends to be hoarded, most commodities are produced, consumed and then the whole cycle starts anew. It is possible to have exposure to funds that invest in the commodities themselves or those that invest in the stock market and buy the miner of the metal or the oil company etc. The fortunes of commodities markets are not that dissimilar to those of developing markets so you need to be sure that you don't get carried away with what, superficially at least, appears very attractive.

Q. What do you understand by the term 'risk'?

Ask this question to many different investors and you are likely to get very different answers. In the sense that it is most commonly used, risk is synonymous with volatility. That is, the more the value of an investment fluctuates in the short-term, the riskier it is. In our view, this is not the case. Short-term volatility is a risk but it is not in itself risk. If you worry about short-term movements or you may need to sell the investment in the short-term then volatility is likely to be a major concern and perhaps your greatest source of risk. However, if you are able to take the emotion out of investing and take a long-term view then volatility can be your friend; it throws up opportunities to either buy at extraordinarily low levels or to sell when prices are way too high.

Volatility presents an opportunity for significant temporary loss of capital but we believe an investor should concern themselves primarily with the possibility of permanent loss of capital. The greater the chance of this happening, the riskier the investment and thus this is what intrinsically links the riskiness of an investment to the price you pay for it. It should therefore be apparent that you cannot have a static view of the riskiness of a particular type of investment, though the industry generally does, and that a 'high-risk' investment if bought at a price a long way below 'fair value' can then become 'low risk' simply because the risk of permanent impairment is so much lower. Clearly, the same maxim applies in reverse as well.

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Investors should seek independent financial advice based on their own personal circumstances, financial objectives, financial resources and attitude to risk. It should be noted that investments carry a risk of capital loss and that the value of investments and the income from them can fall as well as rise and you may not get back what you invested.

Welcome to Gibraltar!

AUTHOR **MIKE NICHOLLS**

Chesterton Corporate Services in Gibraltar is reporting an increasing number of companies and individuals relocating to the low tax jurisdiction. We asked their MD, Mike Nicholls, a chartered accountant previously with KPMG, what makes Gibraltar so attractive. Here's his summary.

1 Economy

Gibraltar is a British Overseas Territory, is in the EU, has sterling as its currency, English Law as the basis of its legal system and the Queen as head of state. Its economy has grown year on year for the last 10 years and continues to grow. Last year it reached record employment levels. Public sector net debt levels are around just 15% of GDP compared to around 60% in the UK and higher elsewhere.

2 Pension income

Pension income is taxed where the individual is resident. The tax rate in Gibraltar for the over 60's receiving qualifying pension income is 0%. Pension planning is complex. However, if well advised, Gibraltar can be one of the best places to retire in order to take advantage of tax free pension income.

3 Corporation tax

Corporation tax is just 10%. That is why many companies relocate. When companies relocate, their staff relocate. The requirements of each company, family or person relocating are different. We are sourcing offices for the company, family properties and penthouses for the bosses and flats in both Gibraltar and nearby Spain for the staff. We support the softer issues such as residency cards, schools, healthcare etc. Strange as it may seem, there is a shortage of office space in Gibraltar and prices are rising as a result.

4 Other taxes

No capital gains tax, no VAT, no inheritance tax and a top rate of income tax of 29% (which then reduces to 5% on higher earnings) is enough for many individuals to relocate. Many choose to do so before selling their businesses elsewhere to save on capital gains tax. High earners are shopping around for a quality low tax jurisdiction. Inheritance tax planning alone can be the motivation behind the relocation.

5 Other

Decent education, an effective healthcare service, low crime, a thriving clubs and society environment, good sports' facilities, 300 sunny days each year, easy access to Spain's golf courses and beaches, and its own airport, all ensure Gibraltar has more to offer than just low tax. But paradoxically, it's the low tax that is driving the economy.

Protecting the public from financial loss

AUTHOR **MARCUS KILLICK** CEO GIBRALTAR FINANCIAL SERVICES COMMISSION

The above phrase comes from the Commission's Mission Statement. It is at the heart of why, as a regulator, we exist. You may have read in the press about the panoply of new requirements coming from the European Union, the Solvency II Directive, the Markets in Financial Instruments Directive II, the Capital Requirements Directive IV and the Payment Services Directive (to name but a few) but all of them come down to these few words.

So what do we mean by "protecting the public from financial loss"? Firstly no regulator can (or should) protect from all types of loss. Market or currency fluctuations may cause a loss but that is part of the risk of investing. However where the customer has not been told of the risks of such an investment or has been advised to invest in something not suitable for them, then a regulatory breach is likely to have occurred.

However, protecting the public is not simply to do with misselling or poor advice, it is about ensuring the financial institutions you entrust your money to are financially sound, ensuring criminals are prevented from controlling them and ensuring that those who try and operate without proper authorisation are effectively stopped.

The Financial Services Commission (FSC) celebrated its twentieth year in operation this year. From comparatively small roots it has grown into a sophisticated European Union regulator applying the same standards as others, whether in the UK, Spain, Italy or anywhere else in the EU. We authorise and supervise everything from insurance companies to auditors, from investment managers to bureaux de change.

In those twenty years we have seen the financial services industry in Gibraltar grow, both in size and sophistication. We have had to grow with it. In doing so we have sought not only to apply EU requirements but also the requirements of the international standard setting bodies. We are members of both the International Organisation of Securities Commissions (based in Madrid) and the International Association of Insurance Supervisors (to which the FSC's Head of Insurance was recently elected a member of its Executive Committee). We apply the Financial Action Task Force's recommendations on anti money laundering and preventing the financing of terrorism. In doing all these we are subject, like other financial centres, to independent assessments by the IMF.

So what does this mean to an investor or depositor considering using Gibraltar based financial institutions. Firstly, it means that the institutions have been subject to a detailed assessment before they are authorised. It also means they are subject to regular visits and other assessments by us. Firms are subject to financial and conduct of business requirements. Those who fail to comply can be subject to disciplinary action which could ultimately include a revocation of their license.

Any firm operating in Gibraltar without the necessary authorisation is committing a criminal offence and the FSC has not hesitated in taking action against such firms in the past.

By virtue of Gibraltar being part of the EU, Gibraltar firms are able to operate in other parts of the EU either by setting up a branch or by simply offering their services. This process, known as 'passporting', forms a key element of the drive to create a single market within Europe and to break down national barriers to competition. Because of the international nature of many of our firms we work closely with the regulators in other jurisdictions, sharing information and, where appropriate exercising joint day to day supervision. Such cooperation, not only helps protect the public, it also helps enforcement action to be taken when necessary.

There are no certainties in investing, no regulatory system is foolproof, but the Gibraltar system has proved itself internationally as one of the best in the world. That is a strong base from which to develop still further.

AG2R LA MONDIALE

What have the French ever done for us?

ASSURANCE VIE – LA MONDIALE

Whilst the French are better known for their magnificent cuisine and fine wines, their expertise in the life assurance savings market is worth a closer look.

Over 22 million people in France use life assurance investment bonds (Assurance Vie) for their savings. The total size of this savings market exceeds €1.4 trillion with around €100 billion invested each year. To draw a contrast, this makes their life assurance savings over 10 times the size of the Offshore Bonds UK Market.

Most of these savings are invested into one type of Assets, referred to as 'fonds en euro' in France or the Euro Guaranteed Fund, they represent the insurance company's main fund.

The objective of these Assets is to provide a consistent secure return to the policyholder. The provider guarantees that the amount invested will not fall in value and returns, once added cannot be taken away, and policyholders may make withdrawals at any time.

A leading provider is AG2R-La Mondiale, one of the largest and longest established (1905) French mutual insurance companies. Their Luxembourg based international division, La Mondiale Europartner, offer access to the Euro Guaranteed Fund for UK nationals residing in Spain, Portugal, France, Italy, UK and Belgium via the Offshore Investment Bond: Bond 4 European Mobility. All documentation is provided in English, and the solution is locally compliant /approved in client's country of residence.

In 2010 their Euro Guaranteed Fund returned 4.20% gross to policyholders, and over a 5 year period the average return has been 4.57% pa gross. An option to invest in Sterling is also available and the Sterling Guaranteed Fund returned 3.40% gross in 2010 with an average return over 5 years of 4.53% pa gross.

The AG2R-La Mondiale fund was valued at €33,504 billion at the end of 2010.

Underlying assets making up the fund are as follows:

Bonds = 77.3 %

The bond portfolio has been built up over many years and consists of a mixture of corporate and government bonds.

Analysing the ratings attributed to their bond portfolio by the 3 main ratings agencies - Standard & Poors, Moody's and Fitch. By choosing the lowest rating for each bond holding to calculate the average rating, the bond portfolio has an average rating of AA+.

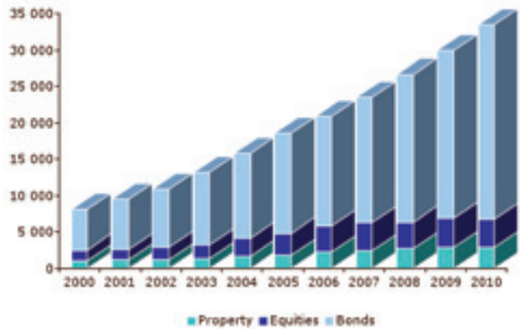
Equities = 11.8 %

Investment is into the shares of selected, household name, French and European companies. In 2010 when compared against the DJ Stoxx 50 index (the 50 largest European quoted companies). The AG2R-La Mondiale equity portfolio returned 8.28% and the DJ Stoxx 50 index 3.13%. **Property = 8.2%**

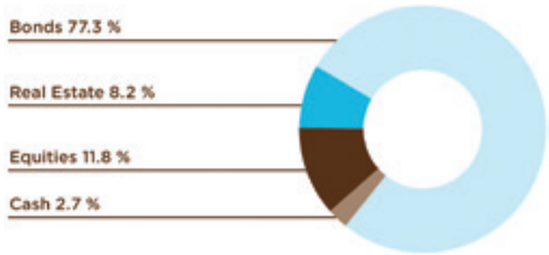
The property portfolio is made up of commercial property in the Paris area, the rental income from these holdings was 6.50% in 2010. The return has exceeded 5% in each of the previous 10 years.

In summary, clients seeking a low cost, secure, consistent return, with the option to access their savings at any time, may wish to consider this popular French savings option.

€ 33,504 Billion @ 31.12.2010



Breakdown by Asset Class @ 31 December 2010



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Managing your risk with currency brokers

AUTHOR **DEBORAH VERITY** WORLD FIRST

World First Foreign Exchange

The main players in the currency market are the banks who trade the vast majority of the $4trn every day at the 'interbank' rate – literally a rate between the banks.

Brokers such as World First can get the interbank rate as well, and by taking smaller profits, they will in turn be able to pass this advantage on to their clients.

The difference between banks and brokers

- Foreign exchange brokers specialise in transferring funds internationally for clients, therefore they focus on getting clients rates as close to the interbank rate as possible. Brokers provide clients with heavily reduced or no transfer fees, and give clients access to products that protect them from negative exchange rate movements in the future.
- Brokers quote exchange rates based on the live interbank rate at the time you call them, whereas banks set their rate in the morning and hold this rate for a certain amount of time. Banks set rates far enough away from the interbank rate to cover potential fluctuations throughout the day. The closer you get to the interbank rate the better.

Key benefits of a foreign exchange broker

- Regularly savings of between 0.5% and 4% on the amount you transact
- Faster international payments (same-day)
- Forward contracts – fix the rate for a date in the future
- Currency Options – Protection from negative rate moves with access to improvements in the rates
- No commission and heavily reduced transfer fees
- Bespoke and professional service with your own dedicated consultant
- Free rate alert service and currency market updates
- Regular transfer system and online payments

Foreign exchange products available

Spot contracts

This is simply the exchange of one currency for another at the current market price where the settlement happens within two working days.

Forward contracts

This allows you to fix a rate for up to 2 years ahead. The rate is fixed regardless of exchange rate movements, thereby protecting you if the exchange rate moves against you.

Currency options

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Private health insurance for individuals and their families

PRODUCT PORTFOLIO

Globality CoGenio®

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Blending funds

AUTHOR **ANDY PARKES –**
ASSETMASTER FUND MANAGER

Portfolio construction has become more complicated with investors now looking for better returns, achieved with greater consistency. Fund selection has therefore evolved; moving to a new more scientific art form where the old quantitative measures, overlaid with qualitative values, have been improved to include further evaluation such as style analysis, which enables a more refined blending of funds to be undertaken.

Funds can be defined by the style orientation adopted by the fund manager and performance can often be attributed to the style that has been utilised. Style describes the fundamental investment approach being applied by the managers of the underlying funds. Style categories can be split between market capitalisations, generally large cap, mid cap and small cap and between growth and value. But there is much more to Style than simply Large Cap Value, or Large Cap Growth. In addition to Sector and Geographical Exposure, we can look at Beta, measuring the degree to which an individual fund moves in the same way as its benchmark, Momentum which highlights a tendency for funds following a particular performance trend to continue in that same trend be it underperformance or outperformance, or Gearing within the underlying companies detailing the level of a company's debt compared to its equity capital.

Investment funds from management companies offer a wide range of objectives such as income, focus, index tracking and thematic to name a few. The objective will often dictate the style in which a fund is managed. Being wedded to a style can mean the fund manager can be restricted, and does not have the freedom to manage the fund and to maximise opportunities throughout the economic cycle.

The art of blending funds, therefore, ensures that the overall portfolio exposure achieved is not biased to any one particular investment style but has a complementary blend of styles. It is important when blending funds to allow the portfolio manager to express their views, whilst gaining exposure through a diversified approach. When adding a new fund to a portfolio, we are looking to enhance the diversification of the portfolio, such that we are not merely duplicating existing holdings. At the same time we need to ensure that what we purchase is not the exact opposite of what is held, thus cancelling out the performance achieved from the existing portfolio. For the addition of a new fund, there are a number of factors which are measured, including country, sector and active stock positions for each individual fund and for the portfolio as a whole. A composite report is therefore a useful check to ensure that the blend of funds does not result in undesired active positions in segments of the markets.

Fund selection within the research process identifies different funds with different attributes and then tests to see whether combining these funds will produce the same overall benefit with greater diversification and lower risk. By using style analysis we can identify where the portfolio is positioned, where the returns have been achieved and where the risks have been taken.

When blending funds we can see that the optimal result is to maximise returns whilst minimising risk within the relevant parameters for the portfolio. Risk can be analysed to identify whether it is being taken from the market, sector, style or stock exposure selected by the individual fund manager. The interaction of these factors also needs to be considered. Take, for example, an investment within a global fund, where the manager is investing in Barclays, the risk being taken can be split between the decision to invest in Sterling (currency), in the UK (market), to purchase a financials company (sector), large cap (size) or the specific company chosen (stock).

To conclude, there are a multitude of factors that can be taken into account when selecting funds to create a portfolio, and a full and objective assessment of the structure of funds and how complementary they are is undertaken by the Assetmaster team when selecting funds for the Assetmaster products.

Putting your affairs in order

AUTHOR **ALVIN DAVID** PEARSON MADDIN

Putting your affairs in order will greatly assist your family and loved ones. Many people go about their daily lives without considering who would manage their affairs if they were to suddenly become mentally incapable or wind up their affairs if they should pass away without leaving a Will.

Perhaps the two most important arrangements an individual should make whilst alive are Lasting Power of Attorneys and a Will.

Lasting Powers of Attorneys

Lasting Power of Attorneys are invaluable if you were to become mentally incapacitated due to an illness or an accident rendering you incapable to deal with your affairs. These legal documents allow persons whom you trust, usually family members, friends or professionals such as solicitors and accountants to manage your affairs on your behalf.

Property and Financial Affairs Lasting Powers of Attorney grant your attorneys authority to make decisions and deal with matters on your behalf ranging from operating you bank account, tax affairs, making benefit claims and also important decisions such as selling your home. The authority you give to your chosen attorneys can be considerable. However, you could include restrictions to ensure that your attorneys act in a particular way in certain circumstances.

Health and Welfare Lasting Powers of Attorney allow your attorney to make decisions regarding your living accommodation and care needs, medical treatment which also includes life sustaining treatment, and day-to-day matters concerning your general welfare. Under this type of Lasting Power of Attorney your Attorneys may only act when you lose the ability to make these decisions yourself.

A Lasting Power of Attorney prevents the need to make an application to the Court of Protection for the appointment of a deputy to manage your affairs should you become mentally incapacitated. Such an application to the Court of Protection is cumbersome, expensive and time-consuming.

Wills

The making of Wills has been well publicised in recent times. A Will not only deals with who inherits your property but also dictates how your affairs are to be dealt with after your death.

It is very important to get professional legal advice when considering your Will. If a Will is not properly written, the people whom you want to inherit your property and assets may not do so.

If you die without making a Will, you die 'intestate' meaning legal rules set out who can legally deal with your affairs and who can inherit from your estate. Therefore, the future well being of your family may be jeopardised without having a legally valid Will, appointing Executors to carry out your Wishes and Guardians to look after the interest of your children if they are under 18.

You probably would not want your beneficiaries to pay any more tax than that required. A properly written Will may help with Tax Planning and save your family a considerable amount of Inheritance Tax. Tax laws are forever changing and it is important you use a professional with knowledge of property, trust and tax law to help you anticipate the different scenarios that may arise and prepare your Will in a way that ensures that your wishes will be carried out in a tax efficient way.

A well prepared Will, would give you peace of mind and greatly assist your Executors in carrying out your wishes.

Find out more at:

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Quoting Blacktower

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Questions & Answers Pensions

AUTHOR **ANDREW HAMMOND**

There have been many articles in the national press over the last few months relating to pension issues as a result of the emergency budget and spending review published by the newly formed Conservative-LibDem coalition. A series of significant changes have resulted together with a number of reviews and consultations as part of a generic Pension Reform. In this article, we have answered some of the questions we most frequently receive from our clients.

> What happens to my pension when I die?

Do I have to buy an annuity when I retire?

One of the major changes introduced by the Pension Reform was removing the requirement to purchase an annuity at any given age. That being said, the annuity option is likely to be the route the majority of people will still take, as the main alternative to this, pension 'drawdown', requires a significantly larger pension fund to make this choice cost effective. There are various advantages and disadvantage to either route so it is essential to consider your options carefully.

What is pension 'drawdown'?

This type of pension gives the flexibility to take some benefits from your personal plan fund e.g. the tax-free cash element, and leave the balance of the fund invested with the potential to have further investment growth. It is possible to 'drawdown' pension income from this plan at a level you choose, between £0 and a limit imposed by the Government Actuarial Department (GAD). This limit would equate to approximately the same value provided by a standard annuity.

From 6 April 2011, there will be two types of 'drawdown' arrangement available – capped, where the maximum income is restricted to 100% of the GAD table valuation and flexible drawdown, which would only be available to people who also have other pension arrangements providing a minimum of £20,000 per annum. These arrangements must be of an 'income' certain nature e.g. scheme pension, annuity or state pension, rather than another drawdown arrangement.

There are many benefits to the 'drawdown' arrangement but there is also greater risk compared with a traditional annuity. Pension drawdown will not be suitable for everyone, so it is essential to take professional pension advice when considering this type of flexible pension benefit.

What happens to my pension when I die?

This will depend on the stage you are at with your pension fund and the type of pension arrangement you have e.g. personal pension or a company scheme arrangement. If you are in the savings phase and have not yet taken your pension benefits then the full fund value can usually be passed to your spouse or dependants without incurring any tax liability.

What happens once you have taken any of your pension benefits from your pension fund e.g. tax-free cash and/or income, will depend on the type of pension you have taken:

1 Secured pension – an annuity. This will be determined by the type of annuity you choose but will typically include a guaranteed period (5–10 years) that the pension will be paid or an actual spouse/dependent pension at a reduced level.

2 Unsecured pension – income drawdown. A pension income can continue to be taken with an income tax charge based on the recipients circumstances. However, if a lump sum is taken this will attract a tax recovery charge of 35% (changing to 55% from 6 April 2011).

Is it true that there are advantages to moving your pension funds 'offshore'?

If you are resident in the UK and do not have a clear intention to leave the UK permanently there is unlikely to be any advantage in moving your pension out of a qualifying UK pension arrangement.

However, if you plan to leave the UK permanently, or indeed have already left the UK, there could be benefits in transferring your UK scheme into a Qualifying Recognised Overseas Pension Scheme (QROPS), particularly once you have been away from the UK for 5 years. The actual benefits applicable will depend upon the jurisdiction of both the QROPS and the individual (they do not have to be the same) These benefits can include, income being paid gross rather than being taxed at source, more flexible investment choice and on death, being able to pass the full fund to your dependants without any tax charge.

What is the earliest I can retire and get my state pension?

This will depend on your age and gender. For some time now the Government has put in place arrangements to equalise the date at which men and women are able to claim the State Pension. This is currently at age 65 but is increasing to age 66 by 2020 with a commitment to increase this even further.

The calculation required to establish your exact state retirement date is quite complicated, however there is a very useful 'state pension calculator' available at **www.pensionadvisoryservice.org.uk**

Your Move...

AUTHOR **PAULA SMITH**

It's been a difficult couple of years and the picture for this year may be no clearer.

For many, the issues for 2011 are 'how interest rates will play out' and should they remortgage now to secure a new deal, to reflect a property move or to raise additional funds.

The advice for some in 2010 was to stay with your current mortgage deal, and it may be the same again this year. However, a number of new factors have come into play, which may influence that view.

Impact of inflation

At the time of writing, the Base Rate has stayed at 0.5% since March 2009 – yet, in recent months the tide may be turning. The impact of Quantitative Easing and other factors affecting the inflation figure may mean the Bank of England need to consider raising rates sooner than many commentators had initially expected.

Better product offerings

The products on offer have recently become more competitive. For example, the average 5-year fixed rate stands at 5.33%, against 6.09% a year earlier. And as that's the average, there are obviously products on offer at a markedly lower rate than this. Even if they don't beat what you're on at the moment, you should consider where you think interest rates will be across the next five years.

Alternatively, we could look at some of the shorter-term fixes and variable tracker rates on offer, as you may be pleasantly surprised.

Across the board, there has been a noticeable improvement in the total number of products on offer and a rise within the 80–90% Loan-to-Value (LTV) range, but it's still the 60% (or less) LTVs that will deliver the best deals.

House Prices

In 2010, house prices started to drop slightly across the latter part of the year. If we see a continued decline across 2011, then this may affect your ability to access those better deals.

For example, if you are an existing homeowner and prices (or valuations) fall, this may reduce your equity in the property. You may then find yourself in the 75% LTV bracket to secure the funding you need, when 60% LTV may have been feasible prior to any price (or valuation) drop.

Regulatory proposals

Additionally, there's a big regulatory review in process (the Mortgage Market Review), which may further tighten the criteria for lending into the future when the proposals are finally implemented.

Act now?

If you do decide to act you need to consider if a variable tracker rate is the best route for you – where you may enjoy an initial low interest rate, but it could increase over the term of the deal if, for example, it was linked to the Base Rate and that rose.

Alternatively, you could go for a fixed rate – which would give you the confidence of knowing what you'd be paying across a fixed period – but is likely to come in at a higher rate at the outset than a variable.

There are even a few products out there that will allow you to 'hedge your bets' – by starting you off on a variable tracker, but allowing you to jump onto a fixed rate – should you so desire.

Don't Act now?

No action at all may still best suit your needs. But if you don't act until the interest rates rise, then fixed and variable tracker rates are likely to be higher than they are now.

In short, those who are in a position to remortgage, because they believe they can meet the LTV criteria and the Lenders' stricter requirements, should at least start thinking about it.

Your home may be repossessed if you do not keep up repayments on your mortgage.

If you elect to pay a fee, this will normally be 1% of the loan amount with a minimum of £750.

Buy to Let Returns!

AUTHOR **PAULA SMITH**

In any recessionary period there are always opportunities out there. One of which may be for Buy-to-Let Landlords.

Much is conspiring to benefit this marketplace. For example, many first-time buyers (and others) have opted for rental accommodation due to the lack of access to mortgage funding.

This has fuelled demand, so it's no wonder that many Landlords are currently enjoying decent rental incomes and facing low levels of voids (where the property isn't being rented out). According to RICS – the surveyor trade body – rents were pushed up over the three months to October 2010. Looking ahead, the outlook for rents over the next three months remains very firm, with 34% more of those surveyed nationally expecting rents to rise, rather than fall. (Source: RICS, December 2010 release)

With a solid market to rent to, it may encourage existing Landlords to expand their current portfolios, and may even bring new entrants into the marketplace, who could be looking at ways to deliver a better return for their money.

Do your homework

Over recent months, there has also been a greater desire to start lending again within the Buy-to-Let marketplace, with some new Lenders entering the sector, and others returning.

But, as Lenders have markedly differing criteria as to whom they'll lend to – be it professional Landlords (sometimes limiting the numbers of properties in a portfolio), and/or the part-time Landlord, it makes sense to take advice.

And you'll still have to do your homework. For example, you'll need to consider how interest rate and house price moves may impact upon you, and whether changes in Local Housing Allowance, following the Spending Review, could affect the rental market in your area. And remember that if you consider offloading a property, Capital Gains Tax stands at 28% for higher rate and 18% for basic rate taxpayers.

Additionally, Lenders are generally looking for a deposit of 25% or more and around a 125% rental return against the mortgage payments – to help cover any additional costs or voids. Albeit a few more 80% LTV deals have been launched over recent months. (Source: Moneyfacts, January 2011)

It remains a complex market in which to secure funding and operate within, so do get in touch to find out how we can help.

The Financial Services Authority does not regulate most Buy-to-Let mortgages. There is no guarantee that it will be possible to arrange continuous letting of the property, nor that the rental income will be sufficient to meet the costs of the mortgage.

The value of property investments and income from them can go down as well as up and investors may not get back the amount originally invested.

You may also require advice on the legal and tax issues.

Your property may be repossessed if you do not keep up repayments on your mortgage.

Protect what you have

AUTHOR **JOANNA DELLOW**

We all have aspirations to improve our lifestyle, but generally the strongest motivation is to ensure that we hold onto what we already have.

That's where Protection cover can help provide the necessary 'peace of mind'. This can be taken out to meet a whole host of needs. Understandably, you can't plan for every possible outcome, but you should prioritise.

In the same way that you'll insure your home, pet and mobile, why not apply the same principles to you and your immediate family.

Protection Checklist

Life cover

Probably an essential piece of cover, as there's no coming back to repair any income loss.

Income Protection

If you qualify, this pays out if you are unable to work for a number of reasons, such as illness, accident, or, in some cases, unemployment. And unlike ASU this could pay out for a long period – in extreme cases it could be up to your normal retirement date.

Critical Illness cover

If you didn't die, but were severely incapacitated by a heart attack, cancer, stroke, or other range of serious illnesses, then this could pay out a lump sum (if the condition was specified in your policy), thereby easing a lot of the immediate financial worries.

Mortgage interest payments cover

You can take out an insurance policy to ensure that your payments on your existing mortgage deal do not rise above a certain interest rate level. You decide on the length of term you want the insurance to be in place, normally the options are from 12–24 months.

Business protection

If you own/part-own a business, then there are numerous products you should consider to protect the business and its key individuals.

Trusts

Placing your policies in trust is also something to consider, as it may ensure that the proceeds are paid out speedily to the beneficiaries. Or, it may enable you to ring-fence any payouts to help reduce a future Inheritance Tax liability.

As with all insurance policies, terms, conditions and exclusions will apply. The Financial Services Authority does not regulate Taxation or Trust advice.

Can you afford protection cover?

If you cut out just one unit each week of the items below, then you could save around £125 across a month.

Treats	£Cost/unit (est)
Soft drink	.60
Snack	1.00
Magazine	1.95
Coffee	2.30
Pint of beer or lager	2.80
Glass of wine	3.00
Cigarettes (pack of 20)	5.50
Take-away meal	7.00

We don't expect you to give up all of life's little luxuries. However, you can see that just by keeping an eye on your spending, you could afford to set aside a little extra to improve your financial security.

Inheritance Tax and Investments

AUTHOR **JOHN WESTWOOD**

Most offshore life companies go to some lengths to highlight that their products are not totally tax free. For example, most life offices will point out the issue of 'withholding tax' that may apply to certain assets. This is most commonly seen on UK equities where dividends suffer advanced corporation tax (ACT), something that can never be reclaimed.

They also go some way to make clear that even though a non-UK resident client may not be subject to tax in the UK at the time of a chargeable event (this being a withdrawal, surrender, part-surrender etc.) there is still the likelihood of them being taxed locally in their country of residence. It is due to these comments that offshore life products are sometimes discounted as suitable solutions by both Independent Financial Advisers and clients alike.

How many UK expats are still holding onto a portfolio of Individual Savings Accounts (ISAs) and/or Personal Equity Plans (PEPs)?

It is interesting to contrast these with UK tax-favoured products especially ISAs. Often we see articles written claiming that ISAs are tax-free when they should properly be described as 'free of income and capital gains tax'. Perhaps there should also be references to withholding tax, since ISAs are not able to reclaim ACT and suffer this in the same way as offshore life companies.

UK based-IFAs compliance 'processes' will usually insist on an adviser ensuring that ISA allowances are fully utilised, before capital can be invested into other products. If not doing so, the IFA has to jump through a lot of hoops to justify why not. So before they can consider the multitude of investment options out there, they are required to maximise these so called 'tax-free' allowances.

There is perhaps an even bigger issue for Advisers who fail to point out to their clients that ISAs are as IHT planning unfriendly as you can get!

But what about the effects of Inheritance Tax?

Most important is the inheritance tax (IHT) issue facing an increasing number of investors and particularly those who have been assiduously funding their ISAs and PEPs for many years. There are a surprising number of people who have, or very soon will have, more than the £325,000 nil-rate band held in these products. In that situation, and when included in the total value of an estate, the ISAs (or PEPs) are almost certain to give rise to a liability to inheritance tax at 40%.

Inheritance Tax Planning with ISAs and PEPs

Unlike other investment products, ISAs cannot be held in trust or given away, so they are unsuited to IHT planning. In fact for some unlucky investors, the amount of IHT that could be payable as a result of these holdings could be higher than the income and capital gains tax that they have saved.

What options are open to me?

To counter this, investors need to be critically aware of their situation and plan appropriately, avoiding the seduction of inaccurate claims of 'tax-free' status. A 'bigger' financial picture is required to take into consideration all aspects of financial planning with a big emphasis on 'Taxation' in your place of residence as well as 'Inheritance Tax Planning'.

Remember being not resident in the UK does not necessarily exempt you from your UK domicile and therefore a liability to UK IHT.

This facility is not suitable for all expatriates and we recommend that specialist advice should always be sought to examine any financial planning requirements you may consider.
As an Independent Financial Adviser, Blacktower seeks to ensure that our clients receive the advice suitable for their specific circumstances.

The Financial Services Authority and Financial Services Commission do not regulate tax and trust advice.

Taxing times – do they mean good times for Gibraltar?

AUTHOR **DARREN WHITLEY** SOVEREIGN TRUST (GIBRALTAR) LIMITED

Gibraltar's much anticipated new corporate tax law finally came into effect on 1 January 2011. There has been considerable discussion about the changes in the financial press, but what does it actually mean for Gibraltar and why should a simple thing such as a new tax rate be heralded as such good news?

The changes have resulted from much discussion between the Gibraltar government and various international bodies actually going back 15 years – so we are at the end of a very long road. In common with other jurisdictions labelled as 'offshore' or 'tax havens', Gibraltar has had to come to terms with the new realities imposed by such bodies as the European Union and the OECD. Although much of the debate was initiated by political policy in the United States the pressure exerted by the EU on Gibraltar and other financial centres in Europe – the Channel Islands, the Isle of Man, Monaco et al – has been much more significant. Here in Gibraltar, we depend on good relations with the EU. A large number of firms within our financial services sector – banks, insurance companies and investment managers – are able to 'passport' their services into the EU from Gibraltar, so it was vital that we addressed the concerns raised across Europe about our previous 'tax exempt' company regime.

So what has actually happened? Simply put, the new Income Tax Act, including the key provisions relating to company taxation, came into force on 1 January 2011. As the Gibraltar Chronicle put it on New Year's Eve, "it ends all distinction between 'onshore' and 'offshore' business". In his New Year address, Chief Minister Peter Caruana went even further, saying: "We are no longer a tax haven. We have become a mainstream, respected and reputable international finance centre and business location."

Of course Gibraltar cannot be compared with the likes of London in terms of size, but it can rightfully claim to have made the step up from 'tax haven' to a fully-fledged European financial services centre. All Gibraltar companies doing business here will now pay corporation tax on profits at the uniform rate of 10%. This is an extremely attractive rate – and it is imposed across the board. It cannot therefore be considered as a concession designed specifically to unduly affect the location of business activity in the EU.

A longer version of this article appeared in the January 2011 edition of the Gibraltar Magazine.

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Quoting Blacktower

Cautious French manage to ride economic downturn

AUTHOR **JOANNA LEGGETT** LEGGETTS ESTATE AGENTS

According to the latest figures from the Notaires de France the average price of a French property is just €186,800. The three areas outside of Paris with the highest average property values are:
Provence-Alpes-Cote D'Azur with an average price of €368,400 Corsica with an average price of €287,000 Rhone Alpes with an average price of €246,500.

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Clearly there are some exceptional investments to be made and not just in these regions. As in the UK, the three most important factors to consider are location, location and location and it pays to get the advice of a good agent with local knowledge.

Leggett Immobilier are currently marketing this country estate in the Loire Atlantique. Available for €461,100 it has a traditional French farmhouse with three bedrooms and three bathrooms, two 3 bed gites, outbuildings ripe for further conversion a swimming pool and 8 hectares of agricultural land.
The estate is situated in Loire-Atlantique, on the border of the Morbihan, the Southern most department of Brittany.

This is just one of over 5,800 properties available to see on the Leggett Immobilier website **www.frenchestateagents.com**

It should be clear to regular readers of Blacktower Magazine that France has ridden the economic downturn as well as any of the EU countries and that international buyers are, once again, a force to be reckoned with.

The answer as to 'why' lies in the cautious nature of the French psyche. French banks are incredibly careful about whom they lend money to and, to limit risks, they spread their investments much more widely than their counterparts in the USA or UK.

Over here, you'll find that just a quarter of banking activity is related to investment banking and dealer-broker activity – the rest is all to do with retail banking.

This meant that, when the merde hit the fan, the French banks were hit a lot less hard than those in many other countries.

When this is allied to the fact that the country boasts a historically robust property market we can see why property here is so popular with overseas investors.

A recent report from the FNAIM (the French national real estate federation) says that prices rose last quarter and that they are predicting a single digit rise in overall prices throughout 2011.

Of course, by working closely with an experienced estate agent that you can trust you should be able to identify certain 'hot spots' throughout the country – we would be delighted to advise on this.

Leggett Immobilier have been trading in France for over two decades now. We have seen our business grow from a small office in the Dordogne to becoming the biggest international player in the market. We have representatives in 58 departments marketing a portfolio of over 5,000 properties, ranging from dilapidated ruins which are ripe for renovation, all the way through to some of the most prestigious chateaux and luxurious villas that France has to offer.

If buying in France do make sure you work with a reputable agent. It's not just the language that is different on this side of the channel – although we learnt from the start that it pays to employ both French and English personnel who understand some of the more subtle nuances. We also have people who can speak Dutch, Italian, German, Russian and other languages.

Our agents are already making appointments for international visitors during Spring and Summer. These golden months of long, warm and sunny days are a popular time for both buyers and sellers.

You will find that our agents are available to undertake viewings seven days a week. You'll also see that they live & work in their area and have an unrivalled knowledge of both property issues (average prices, what's available, planned TGV routes) and general issues (local schooling, healthcare, where the best markets are, sporting activities).

Feel free to contact us to discover why we think Leggett Immobilier should be your first port of call when looking for French property.

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