



The newsletter for clients of Fairbairn Private Bank

# New Year Success for Fairbairn Private Bank



Welcome to the first issue of Reflections for 2007, written as we see the first long-awaited signs of spring across Britain. The season is always associated with strong growth and so I am delighted to report on an equally strong growth in performance from our Strategic Asset Allocation Service (SAAS) since its launch just over two years ago. SAAS was designed to target real returns above risk free cash rates over a three to five year period and looks well on its way to achieving this. Awarded a maximum 4 diamond rating from Asset Risk Consultants, on page 2 we review the first two years of SAAS and some of the benefits it can offer.

Spring also marks the start of this year's round of award events and it is with great pride that I can report we have retained two of the accolades we achieved last year. In fact, in both cases we have actually exceeded our previous achievements.

The Best Companies Accreditation, with its Michelin style star system, was announced in February and we were thrilled to discover we

have now been awarded a prestigious two star rating, one up from last year. Following on from this, we also attended the 'Sunday Times Best 100 Small Companies to Work For' ceremony in March and are very proud to be placed in the top 50 for the first time. Reports from both events can be found on pages 2 and 3.

It is particularly rewarding to receive both these awards as they reflect the opinions and feelings of our employees. We never underestimate the key role our staff play in our business success and are deeply committed to retaining a genuinely happy and motivated workforce.

Following on from your comments on internet usage in our client survey last summer, we revisit the Fairbairn Private Bank website on page 3 and introduce the latest facilities available for accessing your account.

In our now regular feature on private banking, I am delighted to welcome three new individuals to the team and we introduce Ben, Gordon and Allie on page 4. Also on this page, we report on the latest news on the forthcoming Jersey office move

On page 5 of this issue, we focus on the Isle of Man. Already widely recognised as a leading international finance centre and a respected and highly regulated jurisdiction, we take a look at the Government's latest tax incentives to attract more investment and business to the Island. Remaining on the Island for a moment longer, we take the opportunity to introduce the striking new image we have recently commissioned for the reception of the Isle of Man office.

Last but not least, we round up on page 6 with a short feature on the new staff charities we have chosen to support for the next two years.

I hope you enjoy the various articles in this issue. We always welcome your feedback, so please do not hesitate to let us know what you think about Reflections or any other aspect of our banking and investment services.

**Greg Horton**  
 Managing Director,  
 Fairbairn Private Bank



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Double Star Accreditation

SAAS: Target a real return from your investments

## Double star treatment

For the second year running, we have been granted 'Star Status' in the Best Companies business accreditation system. Launched last year, Best Companies Accreditation has been established to acknowledge corporate excellence in the workplace. This elite accreditation takes the format of a Michelin style star system with company performance awarded one star for first class, two stars for outstanding and three stars for extraordinary.

Last year we were awarded a one star rating but this year went one better and became

one of only 107 companies across the entire UK to receive the highly prestigious two star rating, reflecting outstanding workplace and workforce support and development.

Greg, who accepted the award from Jonathan Austin, Chief Executive Officer of Best Companies Limited, explained: "The accreditation focuses on workplace engagement and aims to show the level to which employees feel personally involved with their organisation. The eight key factors measured are wellbeing; personal growth;

fair dealing; company leadership; employees' feelings towards their managers, team and company; and what the company gives back to society. It compares companies of all sizes and sectors, right across the spectrum of UK corporate life."

We were the first offshore island based financial services organisation to be awarded star status and the only one to receive a prestigious two star rating for outstanding performance this year.

## SAAS turns in strong two year performance

Our Strategic Asset Allocation Service "SAAS" recently completed its second successful year with a superb cumulative performance of 24.00%\* since inception on its US dollar based model portfolio and 21.85%\*\* on its sterling hedged model portfolio.

Our SAAS investment service has been created to offer a low to medium risk approach to market exposure and targets returns by investing in multi-asset classes rather than individual stocks.

As the objective of the portfolio is to achieve a real return in excess of risk-free cash interest rates over a three to five year period, this performance shows that the service is well on its way to meeting its objective. Investment is made in all the major asset classes, including cash, bonds, property, equities and alternative investments, and the asset allocation is

reviewed regularly to reflect changing market conditions.

SAAS was specifically designed as a core investment approach that aims to deliver performance at a highly competitive cost. As such, it offers an extremely cost effective and flexible solution worthy of featuring at the heart of any client's investments. It is also ideal as a core holding for professional trustees and pension planners, and can be supplemented with additional investments to provide a highly bespoke arrangement specifically reflecting any client's individual financial requirements.

SAAS offers excellent diversification of risk and value for money compared to traditional, actively managed funds and this has led to both the US dollar and sterling hedged models receiving a top "4 diamond" rating from Guernsey based Asset Risk Consultants

"ARC". The ARC Diamond Rating provides a performance assessment that places a manager's return into context by examining benchmark, risk level, style and trend. This maximum ARC rating indicates, "the performance of both SAAS models has significantly exceeded reasonable expectations and the manager has added tangible value through the investment process".

\* US dollar model performance since inception as at 31 December 2006 (based on income reinvested). US dollar model inception date: 29 December 2004.

\*\* Sterling hedged model performance since inception as at 31 December 2006 (based on income reinvested). Sterling hedged model inception date: 1 December 2004.

Past performance is not necessarily a guide to future performance. The value of investments and the income from them can fall as well as rise and you may not get back the original amount invested. Exchange rate changes may affect the value of investments.



Sunday Times top 50 ranking

# Sunday Times Top 50 ranking

If you are a regular Sunday Times reader, you may have already spotted that we made the listing of the 2007 Sunday Times 100 Best Small Companies to Work For, published last month.

We have been included in the Top 100 listing for the last three years and during this time we have moved from 85th to 73rd and now up to an impressive 45th. The bank is one of only four companies to retain and continually

improve its position over a three year period and we remain the first and only British offshore island financial services business to feature in this highly coveted listing.

This is a spectacular achievement for the bank and we are all delighted at having moved up for the third successive year and into the Top 50. To move up the listing year on year is a real achievement, especially

when over half the companies fell off the listing both this year and last.

The award was presented by John Waples, Business Editor of The Sunday Times, but the picture above shows Hon. David Cretney, Isle of Man Minister for Trade and Industry, holding the award, together with a number of the Fairbairn Private Bank staff who are obviously avid readers!

## www.fairbairnpb.com

Our latest client research survey, carried out last year, revealed that 85% of our respondents now use the internet regularly either at home, work or both. Whilst not setting out to be an "internet bank", our site does offer a real time "view only" function enabling our clients to view all their account details online from anywhere in the world, at any time of the day. An "Online demo" option illustrates how your statements would appear online, if you were to sign up for this service.

Last year we took this one step further for clients of our integrated banking and investment platform, Focus. Clients of this unique service, who are sent a monthly consolidated statement detailing all their financial affairs with the bank, now have the option to track the history of their investment portfolio on line. Investment clients with internet access can simply log on to the website in the usual way and by selecting the 'Historic Positions' drop down menu and

choosing a month end date, can display a freeze-shot of their complete portfolio at that point in time, consequently removing any need to receive printed copies of their Focus report.

If you do not already have online access and wish to take up the option, instead of receiving printed statements, you need only complete and sign a short Internet Application Form, and forward it to our Customer Services Team. Copies of this form can be downloaded from the 'Information and Literature' section of our website at [www.fairbairnpb.com](http://www.fairbairnpb.com).

Once access has been activated, you will be able to view all your accounts and the accompanying transactions by entering your secure password and security details. If you hold investments as well as bank accounts, you can click on a line of individual stock and view the supporting contract note and transaction settlement details.

In addition, if you would like to find out more about our complete range of wealth management products and services, our website can provide a valuable starting point. It offers the opportunity to download copies of our brochures with the relevant terms and conditions and if any particular service is of interest, application forms can also be downloaded directly from the site.

We understand that many of our clients still have concerns about the internet, but to ensure complete security we use industry standard security techniques to protect the integrity of our site, and the security is independently assessed and approved by external security consultants.

So why not visit us at [www.fairbairnpb.com](http://www.fairbairnpb.com) and find out for yourself how informative and useful our website can be.



Ben Stott



Gordon Crowe



Allie Kirk

## More recruits for Private Banking Team

It doesn't seem like an issue can go by without further news of our expanding private banking team and this one is no exception. Ben Stott has recently joined the Jersey office, whilst Allie Kirk and Gordon Crowe are the latest recruits to the Isle of Man team.

### Ben Stott

Ben has seven years of banking and investment experience, starting with the graduate programme at Coutts & Co in London in 2000 and from there moving to Prague with De Vere & Partners, as Senior Financial Consultant. Most recently, Ben was employed as Senior Manager for Investor Services with Equity Trust in Jersey.

Ben is a CFA Charter holder after successfully completing the Chartered Financial Analyst (CFA) program in 2004, in

addition to having already attained several professional qualifications including the Investment Management Certificate and Investment Advice Certificate.

### Gordon Crowe

Gordon is not strictly a new face in the business, having been with the bank for 10 years. He has recently moved into the private banking team from the securities dealing desk, so you may have spoken to him before. Prior to joining us in 1997, Gordon worked for Rea Brothers heading up a small investment administration team and spent five years with Coutts & Co involved primarily in fund administration.

Gordon became an Associate of the Securities Institute (ASI) in 2001 and last year passed the Securities Institute Certificate in Investment Management (Cert IM).

### Allie Kirk

Allie joins us from Barclays Private Clients International where she worked most recently as a Senior Relationship Manager. This role involved dealing with high net worth clients and Allie is looking forward to working more closely with a smaller portfolio of clients. This will allow her to dedicate more time to understanding each individual client's requirements and ensuring their financial needs are appropriately managed. Allie comments: "The biggest difference I've noticed in moving from a large clearing bank to a private bank is the attitude towards customer service, Fairbairn Private Bank make this their top priority."

Born and raised on the Isle of Man, Allie achieved her Financial Planning Certificate in 1998 and a Certificate in Mortgage Advice and Practice in 2005.

## Jersey office to move to new premises in the summer

Not to be outdone by any office move in the Isle of Man, our Jersey staff are looking forward to their own move to brand new offices later in the year. The relocation will happen this summer and the new building is located in the developing business district on the Waterfront in St. Helier. Currently undergoing a £2.5 million refurbishment, the building should be ready for occupation in July.

The bank has occupied its current offices in New Street since 1998 and the move will provide valuable additional space to accommodate our continued expansion.

Steve Fox, our internal project manager, commented: "There is a very short lead-in time until we make the move. It is an exciting but nerve-racking process ensuring

that all aspects of the project are considered and the right decisions made. We are very keen to closely engage the staff at all stages and we have set up a sub-committee to ensure their involvement. The new offices should be ready to occupy this summer and will be finished to a very high standard, offering a very modern feel."



An Isle of Man tourist attraction the Laxey Wheel

## Island attraction

Many of you may already have read articles in the press on the Isle of Man and the latest steps the Government is taking to attract a new generation of economically active entrepreneurs to the Island. A package of measures to stimulate the inflow of investment and business to the Island was announced in the 2006 Budget and came into effect from 5 April 2006.

A key component of these changes is the introduction of a 0% corporate tax as standard. The new zero rate tax strategy has been implemented two years ahead of other UK Crown Dependencies and aims to provide a consistent treatment across all sectors of the economy as part of the Island's commitment to a diversified economy. The Treasury anticipates this new incentive, coupled with the Island's state of the art communications, business infrastructure and general high quality of life, will prove a powerful attraction to entrepreneurs.

The Island also offers a very strong proposition for high net worth individuals, with a particularly generous set of personal tax allowances, including a cap on personal income tax at a maximum level of £100,000 per annum, irrespective of earnings. The Island's commitment to personal wealth creation is also reflected in the fact it has no capital gains or inheritance taxes, and no intention of introducing them. The highest rate of tax is currently just 18% and applies above an individual income threshold of £19,170 or £38,340 for a married couple.

To illustrate the financial benefits of Island living, a married couple with an income of £570,000 or over would have a maximum tax liability of £100,000 on the Island, whilst in the UK a couple with this level of income would face a tax liability of approximately £220,000. In addition, unlike the UK, the Income Tax Division still allows for locally

paid mortgage and loan interest to be claimed as a tax deduction at the individual's highest rate of tax, up to a limit of £15,000 per person (£30,000 per couple) per annum from April 2008.

By creating a tax system that is easy to understand and available to all, the Treasury Minister is seeking to provide a competitive advantage for the Island and to consolidate its reputation as a quality business centre of international standing. The Island already boasts one of the most successful economies in Europe, and recently celebrated its 21st year of unbroken growth.

The Island's continuing success is dependent on sustaining this diverse economy and the Government's latest innovative measures are designed specifically to attract new businesses and investment.

## The view from the top

The reception area in the Isle of Man office has recently benefited from the addition of a striking photographic image from local landscape photographer, Richard Kinley.

The main image (pictured right) is a panoramic view over Douglas Bay. Taken early in the morning from the office's roof garden, the view is captured in the glow of a pink sunrise – providing a refreshing change from some of the more extreme weather conditions we sometimes experience on the Island!



## New charities line up

It doesn't seem like two years since we first set up our staff charity committee and announced four nominated charities we intended to support. However, the time has flown by and the fervent fundraising efforts of the staff have culminated in over £9,000 being raised.

Coming to the end of the first two years, the staff were asked to nominate four charities they would like to support over the next two year period. Put out to an open vote, the staff in the Jersey office decided to extend their support for the Jersey Hospice, whilst the Isle of Man office selected two new Manx registered charities. A new international charity was voted for by staff from both offices and is also a Manx registered charity.

The nominated charities we will be supporting until March 2009 are:

### Jersey Hospice Care

Jersey Hospice Care is a specialist palliative nursing service which provides holistic care, free of charge, for cancer and motor neurone disease patients. The charity aims to offer a comprehensive nurse led service providing home care, a dedicated day hospice, in-patient care and bereavement support. There is also an adjoining in-patient wing with six bedrooms with en suite facilities and accommodation for relatives.

### Oskar's Dreams

Oskar's Dreams is a charity set up in the memory of Oskar Craig, a little boy who suffered with a devastating condition called Malignant Migrating Partial Epilepsy. This rare form of epilepsy is currently untreatable and Oskar required constant 24-hour care up until his death in February this year. At present, there is no respite care available for

children on the Isle of Man and so the charity's aim is to raise money to name and equip a room in the new Hospice Children's Unit in Oskar's memory.

### Manx Society for Prevention of Cruelty to Animals (MSPCA)

For over a hundred years the MSPCA has been helping injured, abandoned and unwanted animals on the Isle of Man. Sadly the need for the Society is as great as ever. Nearly 1,400 animals and birds are cared for each year. These include domestic pets, wild animals and birds.

### Abandoned Children of Romania (ACORN)

ACORN is a Manx registered charity that aims to raise finance for an orphanage in Tutova, Romania. The money raised is used to supply the most basic needs, such as food, clothing and nappies, for about 40 babies.

For further information please contact our Customer Services Team on **0800 289 936** or visit [www.fairbairnpb.com](http://www.fairbairnpb.com)  
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The value of your investments and income from them can fall as well as rise and you may not get back the original amount invested. Exchange rate changes may affect the value of investments. The opinions in Reflections are those held by the authors at the time of printing.

For further information, please complete your details, tick the appropriate boxes and either fax this to +44 (0) 1624 627218 or send to: Customer Services Team, Fairbairn Private Bank, St Mary's Court, 20 Hill St, Douglas, Isle of Man, British Isles, IM1 1EU.

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Telephone number \_\_\_\_\_  
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Email address (if applicable) \_\_\_\_\_  
\_\_\_\_\_

Your account number with us (if applicable) \_\_\_\_\_  
\_\_\_\_\_

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- Insurance Bond Wrapper
- Old Mutual Funds
- Strategic Asset Allocation Service
- Alternative Investments
- Discretionary – Choice of Strategies
- Discretionary – Bespoke Portfolio
- Trust and Corporate Services
- Via email**     **Via post**

Please complete overleaf for further information on any of the Fairbairn Private Bank services.