



Reflections

Spring 2010

The newsletter for clients of Fairbairn Private Bank



Fairbairn Private Bank makes the Top Ten

As you are probably aware, we are immensely proud of our consistent award performance over the years and this year is certainly no exception. On page 6 we report on our top 10 ranking in The Sunday Times 100 Best Small Companies to Work For 2010 – our highest ever position in the listing.

In 2009 we were awarded the prestigious title of Best International Wealth Manager at the International Investment Fund and Product Awards, and in our first article on page 2 we take a look at our discretionary investment management service and its evolution over the last four years.

On page 3, we reveal what you actually think about us with the results of our latest client survey, and we outline our plan of action in response. We were pleased to discover that our speed of response to your enquiries achieved a score of over 9 out of 10, setting a new record in the UK. Our thanks to all of you who took part in this independent research.

Taking a look at what is going on around our offices, we visit the Isle of Man, on page 3, and report on a hardy team of staff and their families who succeeded in clearing a local beauty spot of accumulated rubbish.

On page 4, we go to Durrell Wildlife Conservation Trust in Jersey for some news on the new breeding programme for our sponsored ring-tailed lemurs. We are very proud to announce that the programme has got off to a great start and are delighted to introduce our first new arrival.

In previous issues we have reported on the successes of our South African cycling team, but this year the squad has been expanded to form a dynamic new multisport team. With additional corporate sponsorship, the team aims to support local charities while actively nurturing young up-and-coming talent in the region. On page 5, we cover some of the team's recent events and its plans for the year ahead.

Also on page 5, I would like to give a huge thank you to all who nominated us for the Financial Times and Investors Chronicle Wealth Management Awards. We were delighted to be one of only four banks shortlisted for the Best Private Bank award in 2010. We are a highly motivated team with a strong commitment to our clients so this independent acknowledgement by the readers of such highly-regarded publications is a strong endorsement that we are making good progress.

Warmest regards to you all,

Greg Horton
 Managing Director,
 Fairbairn Private Bank



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The long and winding road

A string of industry accolades, from Best Offshore Bank to Best International Private Bank, to our current title of Best International Wealth Manager, charts the route we have taken in our progress to becoming a fully-fledged international wealth manager.

The title of Best International Wealth Manager acknowledges our innovative discretionary investment management service and the award at the International Investment Fund and Product Awards in May 2009 marked a four-year milestone for the service.

The success of our discretionary investment management service is particularly remarkable in the shadow of some of the most challenging economic conditions ever experienced. The global financial crisis and subsequent recession have had a devastating effect on investment markets. Wealth preservation has become an overriding priority for many investors and their advisers, and there is a growing recognition managing assets and consistently delivering benchmark returns, or better, is an extremely demanding task. Inevitably, investors are looking for proven investment advisers that can offer increased transparency and credibility.

With our discretionary investment management service, we aim to develop a close relationship with our clients making us ideally placed to adapt to their changing demands and the ever-increasing sophistication of the asset management arena. Combining experience and understanding of your needs with our own investment philosophy allows us to construct innovative wealth management services which are highly adaptable and competitively positioned.

The three fundamental investment principles we adopt are:

- Multi-asset class investing diversifies risk and maximises the opportunities to deliver attractive risk-adjusted returns
- Asset allocation is the key driver of investment performance
- Passive or index tracking funds will commonly outperform actively managed funds in developed markets.

Our portfolios are based on three major risk models and performance is monitored and calibrated against peer group portfolios, as measured by ARC Private Client Indices*. Since their inception, our portfolio models have shown robust performance against their peer group and this culminated in our discretionary investment management service being shortlisted for the 2010 Private Asset Managers 'PAM' Awards.

The PAM Awards are highly regarded in the UK wealth management sector and the aim is to gather market data on the relative performance of the leading private asset management firms, including private banks, fund managers and stockbrokers. A record number of firms entered this year and the 20 firms that made the shortlist were subjected to an in-depth evaluation by the judging panel, which is made up of the leading exponents of private client investment management.

We understand that our investors' overriding expectation is the delivery of investment performance. To help demonstrate the successful performance of our discretionary investment management service, our sterling low to medium risk portfolio achieved a net return of 4.25% over the last three years (January 2007 to December 2009), as

compared to the ARC sterling balanced benchmark of 4.61%, over the same time frame. The net return of our sterling medium to high risk portfolio over the same three year period was an impressive 7.67% against ARC's benchmark of 1.90% and our sterling high risk portfolio returned 17.14% net against ARC's benchmark of 0.83% over the same period. (Source: Financial Express Analytics).

By minimising fees and closely controlling a portfolio's volatility, we aim to optimise the performance of our discretionary investment management service and add real value when measured against each client's specific risk tolerance.

Following some signs of an economic recovery at the end of last year, 2010 is again proving a challenging investment environment. Sovereign risk, dollar strength, inflationary forces and increased volatility are all developing themes. Navigating these uncertain times will necessitate on-going economic analysis, careful investment selection, active asset allocation and professional risk management. However, with these challenges in mind and a now established track record, we are well equipped to take on the current investment landscape.

If you would like to find out more about our discretionary investment management service, please do not hesitate to contact your relationship manager or our client services team on **+44 (0)1624 645000**.

* The ARC Private Client Indices are a series of indices calculated by Asset Risk Consultants. More information can be found at www.assetrisk.com



Staff clear rubbish from the shore

Spring cleaning can be a beach

This month a team from the Isle of Man office joined forces with the Manx Wildlife Trust for a beach clean at The Scarlett nature reserve on the island. An enthusiastic crowd of staff, children and dogs took time out of their busy weekend to learn more about the area and clear it of litter. During the course of the afternoon the volunteers managed to fill two industrial-sized wheelie bins full of rubbish that had been washed up on the shore.

Janet Taylor, our senior marketing executive, commented, "We have supported the Manx Wildlife Trust for many years and our staff enjoy the opportunity to play a part in protecting the island's scenery and wildlife.

This initiative is particularly worthwhile when we read so much about the harm that discarded plastics can do to the environment. Helping out the wardens, while learning more about this unique area, made for a very lively and interesting afternoon."

Although any rubbish is an eyesore on land, plastic items on the shoreline can be lethal to marine life if they are washed back out to sea. According to the United Nations Environmental Programme (UNEP), more than one million seabirds and one hundred thousand marine mammals are killed annually by plastics in the seas.

Armed with gloves and rubbish sacks, our volunteers worked hard to clear the rocky shoreline of accumulated flotsam and jetsam. One of the worst offenders is the notorious plastic bag. According to DEFRA, the Department for Environment, Food and Rural Affairs, the average plastic carrier bag is used for five minutes, but takes around 500 years to decompose!

Scarlett is a unique landscape of spectacular geographical formations and is home to an abundance of wildlife and plants. It is particularly renowned for its display of coastal flowers in the spring so the task for the afternoon was to clear the area so it looks its best when the flowers come through.

A record-breaking response rate to our clients

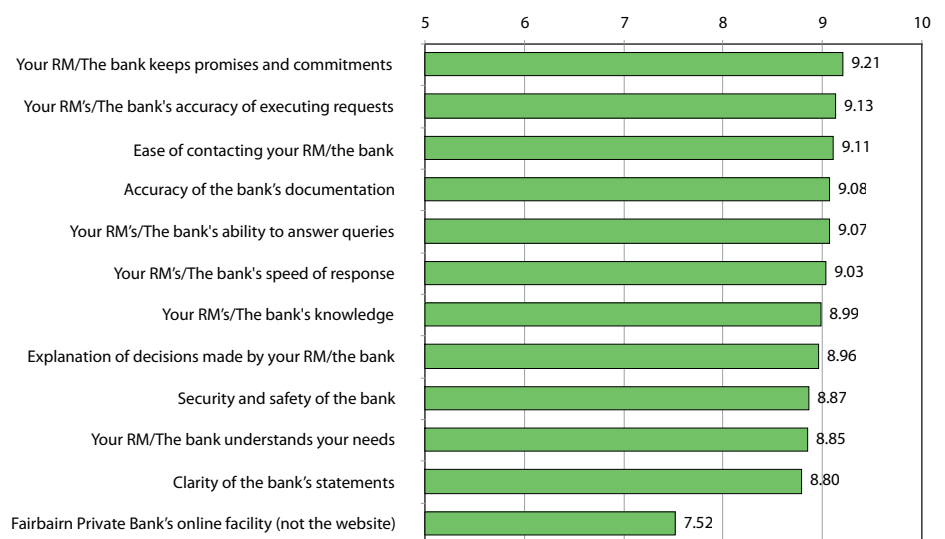
In the last edition of Reflections, we promised to provide further details on the results of our latest client survey and our plan of action to be implemented across the bank.

The research found that our speed of client response has set the highest score on record in the UK, achieving over 9 out of 10. We also achieved an impressive client satisfaction score of 89.2%, using the Leadership Factor's Satisfaction Index™ to measure our success in satisfying your needs. The score places us in the top 9% of all companies on the Satisfaction Index™ and is considerably higher than the national UK Customer Satisfaction Index (UKCSI) of 75%*.

What you said

The survey found that you are the most satisfied with the personal skills of our staff, such as keeping promises and commitments, accuracy of executing requests, ease of contact, speed of response and ability to answer queries. The vast majority of areas received scores higher than 8 out of 10.

Client satisfaction scores:



Key: RM – relationship manager



Muriel and her new baby

New arrival at Durrell

As spring is in the air, we are pleased to announce the birth of a healthy ring-tailed lemur at Durrell Wildlife Conservation Trust on Sunday 21st March. This is the first infant for the four year old mother Muriel, one of Durrell's two female ring-tailed lemurs, and is also the first ring-tailed lemur to be born at Durrell for 17 years.

We originally sponsored a bachelor group of ring-tailed lemurs who have lived at the Trust in Jersey for many years. Last year, however, we made a donation which enabled Durrell to introduce two female ring-tailed

lemurs and start a new breeding programme. David Stearn, our head of business development, commented, "Congratulations to Muriel on her new arrival. We are delighted to support the new lemur breeding programme and it is good to see it off to such a successful start. We hope this will be the first of many ring-tailed lemurs to be born at the Trust."

This species first came to Jersey in 1964 and thirty five infants were bred between 1974 and 1993, after which the Trust maintained a male bachelor group. The two new females

arrived at Durrell last May to form part of a new breeding group within the recently opened 'Kirindy Forest' exhibit.

Although relatively numerous in zoos, ring-tailed lemurs are declining in the wild and are currently officially classified as 'near threatened'. More information about our ring-tailed lemurs and Durrell Wildlife Conservation Trust can be found at www.durrell.org

Of most importance to you is the security and safety of the bank, which may be a direct result of the recent financial crisis and global recession. In response to this, we can assure you that our secure operations resulted in the bank being untouched by the recent economic downturn. We hold a Moody's independent credit rating of A3/P2 and pledge to preserve your sole interests at all times.

Over 75% of you believe we perform 'better' than other banks you have experienced, and many of you would approach us for your next financial product or service. The survey also found that, due to the high levels of satisfaction, a large proportion of you has recommended the bank to your friends and almost half of you had heard about the bank through a financial adviser or friends and colleagues.

Greg Horton, our managing director, said, "We regard this survey as an extremely important indicator of the bank's ability to consistently achieve its stated objective of outstanding levels of client service. It is particularly pleasing to note the strong levels of satisfaction and professionalism that our clients are experiencing right across our

client-facing support teams. To get such positive feedback is particularly rewarding given the recent difficulties faced by the banking industry worldwide."

What are we going to do?

In the last edition of Reflections we outlined our plans to make some immediate changes to the online password facility and the layout of Focus account valuations. As a reminder of the changes, you asked that your online passwords are not changed as frequently and that your reports are clearer and easier to understand.

We're pleased to report that all Focus account valuations have just been updated with a new layout and headings to make it simpler for you to find your way around, starting with a table of contents and corresponding page numbers throughout the valuation. You should see the new-style Focus valuations in the post very soon. And we will shortly be changing the online password renewal process so it is no longer mandatory to change your online password at fixed intervals.

In addition, we are investigating the feasibility of introducing transactional online banking.

Many of you asked for this in the survey and we understand that providing an online banking service would make many of your lives simpler. Until an online facility is introduced, we have developed some options to help make your life a little bit easier. You could use our fax indemnity mandate or email indemnity mandate if you want to change your contact details, arrange third party transfers and amend your account details. These mandates allow you to send instructions either by fax or email. Or if you are making regular withdrawals, you can complete a special withdrawal mandate to give instructions via telephone, fax or email without the need for further identity checks. Plus you can continue to view all of your accounts online with our current internet viewing facility, available wherever you are in the world.

If you did not take part in the client survey but have any comments or issues that you would like to bring to our attention, please do not hesitate to contact your relationship manager or our client services team on **+44 (0)1624 645000**. We welcome your feedback at any time.

* www.ukcsi.com, January 2010



The FPB Multisport Team

Fairbairn Private Bank sponsors new elite South African multisport team

We have recently announced our sponsorship in South Africa of the Fairbairn Private Bank Multisport Team ("Team FPB") for 2010. Team FPB has been developed as an extension of the very successful Fairbairn Private Bank Cycling Team which was launched at the start of 2009, but will now encompass a full elite team. Team members include previous national triathlon champions Raoul de Jongh and Brett Chilcott, plus highly-ranked mountain-bikers Cornelius "CM" Muller, Craig Boyes and Louis Bresler-Knipe.

The new Team FPB made its first appearance in January at the extreme Lighthouse to Lighthouse Challenge, where the competition was left in awe as Team FPB took four of the top five positions, including the overall win for this two-day event. They also finished among the top teams at the Subaru Sani2c, South Africa's largest stage race, and the Absa Cape Epic, the largest and most televised mountain bike stage race in the world. For the remainder of the year, Team

FPB will race in all the major multisport and mountain biking events, including Ironman South Africa and the national mountain bike cross-country and track cycling circuit.

Team FPB will also encompass a charity aspect for the Cape Epic through a venture known as Rok This in Cape Town. Rok This is a philanthropic venture which generates clothing and food for the homeless people of South Africa, and the team members will raise money for the venture with every kilometre they race. In addition, Team FPB also supports the Durbanville Children's Home. Team FPB is particularly focused on youth development and actively seeks young up-and-coming talent that can be nurtured within the team structure. This program has already shown value as a 2009 team member recently secured a professional contract. The team is also affiliated to ATC Multisport, the largest multisport club in South Africa.

We are joined by numerous other supporting sponsors, including Sport-X Supplements,

Whaspgel, Rockets Compression Garments and Sludge Sealants. Team FPB will ride the newly released 2010 Morewood bikes, manufactured locally in Pietermaritzburg. Well-known biokineticist, Liné Griffiths, who has also worked with The Bulls and Specialized teams, will manage Team FPB and work closely with the younger members of the team.

"We believe that the profile of multisport and the rapid growth of the sport provide excellent synergies with our client base, and are excited about these opportunities and the community involvement that this sponsorship brings to Fairbairn Private Bank," commented local bank representative, Guy Veysey.

Team FPB has already made a big impact on the South African multisport fraternity, and you can keep up to date on their activities through a dedicated web blog www.teamfpb.com.

Shortlisting for UK Wealth Management Award

In April, we were delighted to hear that we were one of only four banks to be shortlisted for Best Private Bank in the Financial Times and Investors Chronicle Wealth Management Awards 2010.

The readers of these two well-respected publications were invited to complete a detailed

questionnaire about their wealth managers and this resulted in the awards shortlist. We would like to thank all of you who took the time to nominate us. Assessments were based on a range of criteria, including financial performance, fees, the range of investment options and tax solutions, trustworthiness and general competence.

To be recognised for this national award is particularly encouraging following so soon on the launch of our London office and our recent shortlisting for asset management performance in the Private Asset Managers "PAM" awards earlier this year.



Greg accepting The Sunday Times award from Richard Caseby

Top 10 ranking for 2010 in Sunday Times Best 100

For the sixth consecutive year we have been listed as one of the best small companies to work for and ranked very impressively at number 8 in the Sunday Times 100 Best Small Companies to Work For 2010, published in March.

Greg Horton, our managing director, received the award from Richard Caseby, managing editor of The Sunday Times, and commented, "I am immensely proud of our team. This award is particularly pleasing as it is a result of the largest employee survey of its kind with over 964 organisations involved and 230,000 employees completing the survey this year."

We are the only company to have remained on the small companies list for this length of time

and continually moved up the ranking, having originally joined in 2005 at number 93. We are also the highest ranking of the six companies that have remained within the top 100 listing for the last five consecutive years. In addition, 92%

of our staff feel the bank is run on a sound moral basis and 90% state that the leadership inspires them, both top 10 scores. We also ranked 3rd for wellbeing and 13th for giving something back to the community.



Staff at The Sunday Times Awards Dinner

For further information please contact our client services team on **0800 289 936** or visit **www.fairbairnpb.com**

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. Past performance is not necessarily a guide to future performance.

The opinions in Reflections are those held by the authors at the time of printing. Should you no longer wish to receive this publication or any information about Fairbairn Private Bank's products and services, please advise us in writing. Also, should you no longer wish to receive information about our group companies' products and services, please advise us in writing.

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The ultimate parent of Fairbairn Private Bank is Old Mutual plc, which is incorporated in England and Wales and regulated by the UK Financial Services Authority. Fairbairn Private Bank places limited funds with other parts of its group and thus its financial standing is linked to, albeit not wholly dependent upon, that of the group. Fairbairn Private Bank has its own independent credit rating from the international credit rating agency, Moody's. Depositors may wish to form their own view of the financial standing of Fairbairn Private Bank and the group based on publicly available information. The latest report and accounts, and details of the credit rating are available at www.fairbairnpb.com

Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office: St Mary's Court 20 Hill Street Douglas Isle of Man.

The London office is authorised and regulated in the UK by the Financial Services Authority.

Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office: Fairbairn House 31 The Esplanade St Helier Jersey. Latest audited accounts are available on request.

Authorised and regulated in the UK by the Financial Services Authority in respect of regulated mortgage contracts only.

UK Financial Services Authority registration numbers:

Fairbairn Private Bank (IOM) Limited 313189

Fairbairn Private Bank Limited 313187

South African representative office established in terms of Section 34 of the Bank's Act 94 of 1990.

The value of your investments and the income from them can fall as well as rise and you may not get back the original amount invested. Exchange rates may affect the value of investments.

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Fairbairn Private Bank Limited is covered by the Jersey Depositors' Compensation Scheme. For full details, please see www.gov.je

Fairbairn Private Bank is a member of the UK Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. More information can be found at www.fscs.org.uk

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

Title _____

Surname _____

Forename(s) _____

Address for correspondence _____

Telephone number _____

Email address (if applicable) _____

Your account number with us (if applicable) _____

I would like further information on the following Fairbairn Private Bank services:

- Accumulation account
- Gold status Visa card
- Fixed term deposit service
- Foreign exchange service
- Structured deposit service
- Lending
- Focus – integrated banking and investment service
- Self-managed pension
- Insurance bond wrapper
- Old Mutual funds
- Discretionary investment management service
- Alternative investments
- Discretionary – bespoke portfolio
- Trust and corporate services
- SIPPs
- Corporate Bonds
- Foundations
- Via email Via post

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