

Reflections

A Fresh Look at Investments For Winter

Welcome to our winter issue, which has a distinct focus on the investment side of our business. Our first article on **page 2** enters the debate on active versus passive equity investments. This is then developed further when we feature our Global Equity Tracker, which offers low cost, globally diversified exposure to world equity markets and has demonstrated a highly effective performance since its launch in 2003.

All our investment products and services are developed and approved by our experienced investment committee. The committee is made up from senior members of the private banking, treasury and business development teams. The day-to-day administration of your investments, however, is handled by our asset management support team, who ensure the purchase and sale of your stocks and shares go smoothly. The asset management support

team and the full range of their services are introduced on **page 3**.

This summer saw a number of key appointments, most significantly our new company Chairman, Hasan Askari, who joined the Board on August 31. We are delighted to welcome Mr Askari, his wealth of experience will add greatly to our development efforts within the Group. We introduce Mr Askari on **page 4**. We have also expanded our private banking team with two new appointments, and on **page 5** we introduce Richard Spacey and Andrew Halsall.

It was only the beginning of this year that you received your new Chip and PIN card and you are probably very familiar with them by now. Although the new technology has gone a long way in reducing card fraud, there are still many things you can do to ensure you don't

fall prey to fraudsters. We outline a few simple steps to keep your cards and accounts safe on **page 4**.

On **page 5**, we feature our new look website and explain how you can apply for online access to your accounts, and we close on **page 6** with an article on our newly formed Fairbairn Private Bank Charity Committee and profile the four charities chosen by our staff.

Finally, please keep your comments flowing; it is not only wonderful to hear from you, but knowing what you are most interested in helps us to shape future issues.

Very best wishes from all the team, we hope you have a wonderful Christmas and a happy and successful 2006.

Greg Horton
Managing Director,
Fairbairn Private Bank



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Some of the investment committee, from left to right: Barry

Take it easy with a Passive Investment Approach

The prevailing market environment can have a tremendous impact on investors and their attitude to investing. The three year equity bear market of 2000 – 2002, coupled with constant media criticism of traditional investments, has led many investors to be wary of equity markets and search out alternative ways of investing their wealth - but are their fears well-founded?

Market performance figures over the longer term reveal that, despite the much-reported volatility of the stock market, equity investments have actually out performed returns available from both bank and building society accounts, so they do not deserve to be overlooked so readily.

However, in addition to the risks of investing in the stock market, there can also be a distinct lack of confidence in investment managers, who charge management fees and then fail to deliver meaningful, if any, net gains. This active investment approach, which seeks to out perform market benchmarks, is heavily reliant on the skill of an individual fund manager.

In major equity markets it is difficult for traditional active managers to consistently out perform the benchmark and, in fact, research published in July 2004 by The WM Company, one of the world's leading performance evaluation consultancies, showed that over the past twenty years more than 80% of actively managed funds failed to beat the benchmark FTSE All-Share Index. By adopting a passive investment approach, this

uncertainty of performance compared to the benchmark can be considerably reduced.

The aim of a passively managed investment is to remove manager risk and achieve a return that remains as close as possible to a particular market. With passive investment, the subjective element of deciding what investment types and what individual stocks to invest in is removed.

A passive portfolio ideally invests in the same stocks as a market index and in the same proportions, resulting in returns that closely reflect the chosen index. This provides the investor with a degree of certainty of achieving the benchmark. In addition, a passive approach can offer lower investment management costs.

Investor confidence towards equity markets has now rekindled and increasingly investors are returning to this traditional asset class as part of their investment solution. Clearly, a low cost equity investment product that gives comprehensive exposure to the world's major stock markets, and allows speed of investment and disinvestment, is an attractive option for many. The Fairbairn Private Bank Global Equity Tracker has been developed to meet this need and we review its recent performance in the next article.

Global Equity Tracker on track

Since its launch in March 2003, the Fairbairn Private Bank Global Equity Tracker has returned an impressive performance of 62.95%*, accurately reflecting the growth in world market indices as measured in US dollars. Our experienced investment team designed this product to offer a portfolio of cost effective index tracker funds that would track an established global equity index.

The Global Equity Tracker takes a passive investment approach and achieves risk diffusion and global diversification by tracking both the geographical content and performance of the world's leading investment markets. The tracker service covers companies within the UK FTSE 100, European DJ EuroStoxx, USA S & P 500, Japanese Nikkei 225, and also provides emerging markets exposure.

The advantage of this approach is that it provides a highly effective means of entering and exiting markets quickly, allowing you to react to market changes at minimal cost. The geographical allocation is actively monitored and the portfolio realigned quarterly, as required, to keep in line with its global index. All quarterly charges for this service, including dealing, custody movement, administration, realignment and reporting are contained within a single annual fee of just 0.25% per annum. In addition, any market related charges, such as brokerage, will be passed on.

The Global Equity Tracker offers an ideal core equity investment that can be held



Besnard, Tim Cretney, David Stearn, Greg Horton, Jon Evans



Asset Management Support Team, from left to right:
Julie Creer, Johanne Gawne, David Wiseman, Helen Gaines, Alex Kennedy, Gordon Crowe, Shirley Wadman, Tracy Vaughan

Tracker back at 62.95%*

within our fully integrated Focus banking and investment service. Regular savings can be made by standing order and can be invested (free of commission) at any quarterly review date. In Focus, you are also free to add further investments, perhaps in specific companies or other asset classes such as cash, bonds, property or alternative investments as you choose.

Although the Global Equity Tracker is a US dollar denominated investment, a sterling hedged version is also available. To find out more about the Global Equity Tracker, please call our Customer Services Team or complete the reply slip at the back of this issue.

In the next issue of Reflections, we will feature another product that adopts a largely passive investment approach. Our Strategic Asset Allocation Service introduces significant risk diversification and seeks to produce a positive return over risk free cash rates, irrespective of market direction, through dynamic asset allocation across all of the major asset classes. If you would like to discuss your individual investment requirements, please call our Customer Services Team.

Please note:

*Return information shown above is the US Dollar Global Equity Tracker performance as at 30 September 2005 (based on income re-invested). Past performance is not necessarily a guide to future performance. 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 rate changes may affect the value of investments.

A great deal going on

As you are probably already aware, Fairbairn Private Bank offers a comprehensive range of investment services, ranging from full execution only services, for those who prefer to take control of their own portfolio management, through to discretionary managed investment portfolios where either the bank or your chosen professional adviser will take responsibility for the management of your wealth.

Whether you require income or capital growth, domestic or global investment, and irrespective of your country of origin, our services can be tailored around your personal circumstances to meet your specific financial needs.

Through our experienced asset management support team based in the Isle of Man office, we can buy and sell stocks and shares traded on any of the major international markets. Our dealing service covers equities, bonds and collectives such as unit trusts and investment trusts. In addition, our status and reputation in the markets often enables us to negotiate preferential terms when buying funds and securities on your behalf.

By calling your designated private or personal banker, you or your professional adviser can relay instructions to our qualified dealers, making investment dealing extremely quick and easy. Our unique integrated approach to investment and banking means your investment can then be settled automatically from your interest bearing current account, avoiding the need for costly transfers from banker to broker and, most importantly, expensive market failure risks are significantly reduced.

As an integral feature of the investment dealing service, the asset management support team

utilises its considerable administrative experience to offer a full range of offshore custodian services. Security of assets is assured through our nominee registration facility.

The team also administers our innovative range of core investment products, which includes the Strategic Asset Allocation Service that we featured in the spring issue of Reflections and the Global Equity Tracker introduced in the previous article in this issue.

The full range of investment products and services offered by Fairbairn Private Bank can be held and reported within your integrated Focus account. As part of this service you, or your professional adviser, will receive a comprehensive report detailing your entire net worth with Fairbairn Private Bank. The cost, current market price, investment amount and current investment value of each investment held is shown, alongside any purchases, sales and corporate actions, with any resultant profit or loss arising from the sales.

The real benefit of the Focus platform is that it integrates your investment and banking services in one combined report, so removes the need to reconcile different bank statements and transaction reports from different suppliers at different times. It also offers the facility to view your account online giving you the freedom to track your finances from anywhere in the world at any time of the day, saving you both time and money.

So, whether you are looking for execution only investment services, full discretionary management or elements of both, we can support all your investment needs.



Fairbairn Private Bank's new Chairman, Hasan Askari

A new Chairman at Fairbairn Private Bank

We are delighted to announce the appointment of our new company Chairman, Hasan Askari, on August 31. Mr Askari has been a Director of Old Mutual Financial Services (UK) plc, the holding company for Old Mutual's activities in the United Kingdom and Europe, since its inception and is Vice-Chairman of OM Kotak Mahindra Life Insurance Company Limited, Old Mutual's

associate company in India. Old Mutual is a FTSE 100 and Fortune 500 Company listed on the UK Stock Exchange, and is the ultimate parent company of Fairbairn Private Bank.

Mr Askari started his career in the City of London in 1975 with SG Warburg & Co Ltd. (now UBS Warburg) and has since worked for

JP Morgan Chase in Hong Kong and BZW (now Barclays Capital) in Tokyo and London. He retired as Managing Director of Barclays Capital in 1999. Married with a son and a daughter, Mr Askari is also a Trustee of the British Museum and of the Great Ormond Street Hospital for Children.

Take care with your cards

You are probably now well accustomed to using your PIN number when paying with your VISA card, but although the Chip and PIN cards have significantly reduced counterfeit and stolen card fraud they cannot eradicate the problem completely.

There are still a number of things that you can do to ensure you are adequately protected from fraud:

- When choosing your PIN avoid popular number sequences or numbers that can be easily associated with you, such as the year of your birth, part of your telephone number or your house number
- Never allow anyone to use your card or disclose your PIN or security information to them
- Never give your PIN when making purchases by telephone, by mail order or over the internet
- Never reveal your PIN or full security details to anyone, either by phone or email, not even to the bank or the police
- Always memorise your PIN and destroy the notification as soon as you receive it.

If your PIN is difficult to remember, why not change it to something more memorable

- Never write down or record your PIN or other security information
- Always take reasonable steps to keep your card safe and your PIN secret
- Take care when entering your PIN at the point of sale that no-one can see over your shoulder
- Never leave your card unattended whether in your bag, car, office or gym
- Never keep your card and cheque book together
- If you think your card is stolen or lost, always notify the bank immediately
- Programme the bank's lost and stolen numbers into your mobile.
If reporting a loss within our office hours (8.00am - 8.00pm UK time), call the bank on +44 (0)1624 645000. Outside of these hours, call VISA International on 001 410 581 3836. If reporting a loss within the USA, call 1-800-8472911

- Any stolen card should also be reported to the police who will supply a crime reference number
- If you are going on holiday or travelling extensively, please advise the bank so we can be aware of any unusual overseas transactions
- Check your statement carefully as soon as you receive it and query any irregular transactions immediately
- If you have internet access to your account, you should regularly examine your statement on-line and report any errors immediately
- When paying for goods or services, try not to let your card out of your sight and always check it is your card that is returned. Most restaurants will now, for example, bring the PIN machine to your table
- When using an ATM, if you have any doubts about it or there are any suspicious persons in the vicinity, do not use it and report your concerns immediately to the relevant bank

If you have any concerns about security when using your VISA card, please call our Customer Services Team for advice.



New look for website

As you may have read in the summer issue of Reflections, this year we were presented with the award for 'Best Internet Service' at the International Investment Fund and Product Awards. Whilst this accolade is largely in recognition of our online services for intermediaries, it is a strong endorsement of our website, which was redesigned as part of our re-branding programme. The award recognises financial service providers that offer comprehensive yet easy to use website services.

Our new internet site at www.fairbairnpb.com has been designed with a sharp, contemporary look and offers clearly presented information on our complete range of products and services. Our most recent client research indicated that 79% of you use the internet site at some time, so we recognise its increasing importance for communicating with both yourselves and potential new clients.

Visitors to the site can view our complete range of wealth management solutions online or can download copies of our three brochures: 'Banking for the Future', 'Private Banking for the Future' and 'Trustee and Corporate Services', each of which contains the relevant Terms and Conditions. If any particular service is of interest, an application form can be downloaded immediately.

Whilst we are not setting out to be an "internet bank", the site does offer a real time "view only" function enabling you to view all your account details online from anywhere in the world, at any time of the day. An "Online demo" option illustrates how your statements will appear online.

If you do not already have online access and wish to give it a try, you can simply download and complete an Internet Application Form,

and send it through to our Customer Services Team. 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.

To ensure complete security, we use industry standard security techniques to protect the integrity of the site, and the security has been independently assessed and approved by external security consultants.

So why not visit us at www.fairbairnpb.com and find out how informative and easy to use our website can be.

Two new Private Bankers join the team

Over the summer, we strengthened our private banking team with the recruitment of two new private bankers, Richard Spacey and Andrew Halsall. These key appointments are in line with our continued expansion programme and reflect our significant business growth over the last twelve months.

Richard Spacey joins the bank's Jersey team, and has relocated from Lloyds TSB Offshore Limited in Miami. Richard brings with him extensive international banking experience,

working as a financial adviser to private clients in Latin America, The Caribbean and Australia.

Andrew Halsall has not had to travel quite so far to join the Isle of Man team; he was previously based in the Isle of Man office of Lloyds TSB Offshore Limited. Andrew's responsibilities included private banking clients in the British Offshore Islands and the Middle East.

Richard and Andrew each have over sixteen years of experience in the offshore and private banking sectors, and will focus on

developing our asset management business and building relationships with professional intermediaries and private clients.

Commenting on the appointments, Greg Horton said, "The bank is currently experiencing a dynamic period of expansion and development. Despite the numerous challenges faced in the offshore market, our growth remains extremely strong and, with plans for significant future expansion, I have no doubt that Richard and Andrew's considerable financial experience will play an integral part in our continuing success."



Children from Koru



Some of the charity committee, from left to right:
Louisa Harvey, Janet Taylor, Abigail Burns,
Lynn Kelly, Andrew Bates, Erica Robinson,
Ann Andrade, Rebecca Patterson

Working hard for good causes

With so many of our staff working hard for various different charities, it was recently decided to pool our resources and form a Fairbairn Private Bank Charity Committee.

Six willing volunteers and three helpers stepped forward and the first task on the agenda was to designate the chosen charities. This was a difficult decision to make with so many deserving causes, but, following a staff vote, four charities were selected for the next two year period.

The charity committee has already initiated a wide range of fund raising schemes, including a monthly staff draw, book sales, cake sales and dress down days. The most recent project was a lavish Halloween themed fundraising event for staff and friends, which raised almost £1,300.

The four chosen charities are:

The Koru Hospital Fund, Kenya

The Koru Hospital Fund is a charity the bank has supported for a number of years. It was started in 1991 with an initial aim of raising funds to help the people of Koru, a village 70km from Lake Victoria and a six hour drive from Nairobi. The fund has helped to make life much easier in the village by sinking a borehole to provide fresh water, supplying electricity for a neighbouring mission, medical supplies for the clinic, an extension to the school and a 4x4

truck to transport both goods and people.

In 1999 they were able to lay the foundations for a 200-bed hospital, and The Koru Hospital was finally completed and opened in August 2003. The next step for the charity is to raise funds to enable the various wards to be properly equipped and to pay for essential running costs, such as doctors' fees. By establishing a going concern at the hospital, the committee hopes that the Kenyan Government will then take on the responsibility for supporting the hospital financially.

Jersey Hospice Care

Jersey Hospice Care is the charity chosen by the Jersey office. It is a nurse led, palliative care service providing home care, a day hospice, in-patient care and a bereavement service, all run from an adapted building called Clarkson House. There is also an adjoining in-patient wing containing six bedrooms with en-suite facilities and accommodation for relatives.

The charity's costs are £2,200 per day in order to offer this range of services. The hospice receives no state funding and is the only hospice on the island of Jersey, serving a population of some 85,000.

St. Bridget's MacMillan Nurses

Based in the Isle of Man, St. Bridget's MacMillan Nurses support patients at home

and in the community. They are specialist nurses who offer expert advice on treatments, pain and symptom control, and psychological support for patients suffering from cancer and other life threatening conditions.

The support offered also extends to the patients' families, close friends and carers. The entire service is provided at no cost to the patient or their family. The charity needs ongoing funding to maintain five full-time nurses in the Isle of Man and also to keep them up to date with all the latest developments in patient care.

The Neonatal Unit, Nobles Hospital, Isle of Man

Finally, the Neonatal Unit at Nobles Hospital on the Isle of Man provides care for pre-term and newborn babies requiring medical support. Babies who have conditions requiring surgery have to be transferred to specialist units in Liverpool. One in ten babies needs special care and one in fifty babies needs the optimum degree of intensive care that modern science can offer.

The Neonatal Unit is currently raising funds to purchase a transport incubator, which is to be funded solely by charitable donations. This has been the focus for the last two years, because, as you can imagine, this sort of specialist equipment is very expensive.

For further information please contact our Customer Services Team on **0800 289 936** or visit **www.fairbairnpb.com**
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Fairbairn Private Bank Limited 28 New Street, St Helier, Jersey JE2 3TE Tel +44 (0)1534 887889

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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.

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 Visa Card
- ☐ Fixed Term Deposit Service
- ☐ Foreign Exchange Service
- ☐ Structured Deposit Service
- ☐ Lending
- ☐ Focus Service
(Integrated Banking and Investment)
- ☐ Global Equity Tracker
- ☐ Self-Managed Pension
- ☐ Insurance Bond Wrapper
- ☐ Old Mutual Funds
- ☐ Strategic Asset Allocation Service
- ☐ Alternative Investments
- ☐ Discretionary – Choice of Strategies
- ☐ Discretionary – Bespoke Portfolio
- ☐ Trust Services
- ☐ Via email ☐ Via post

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