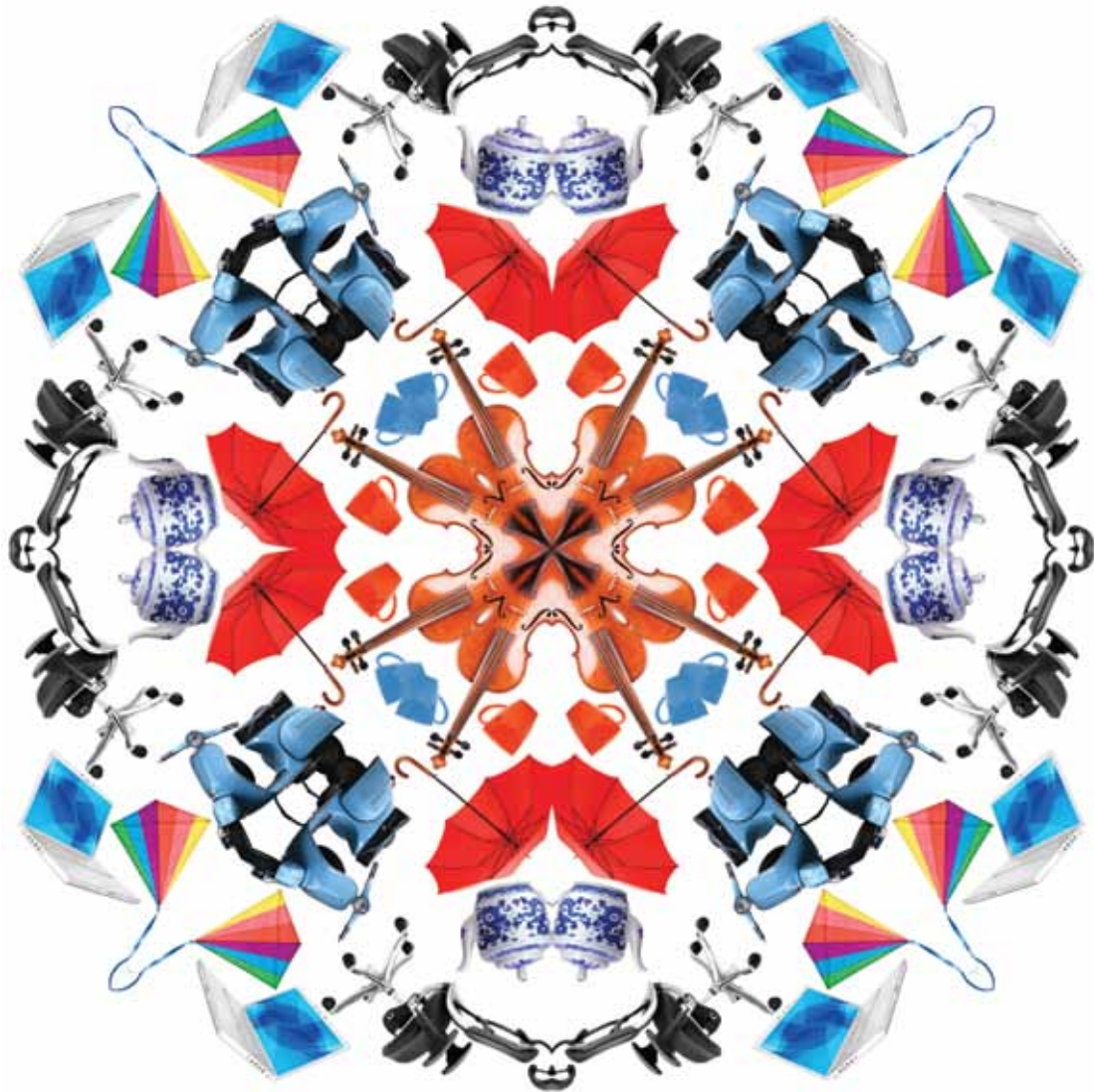


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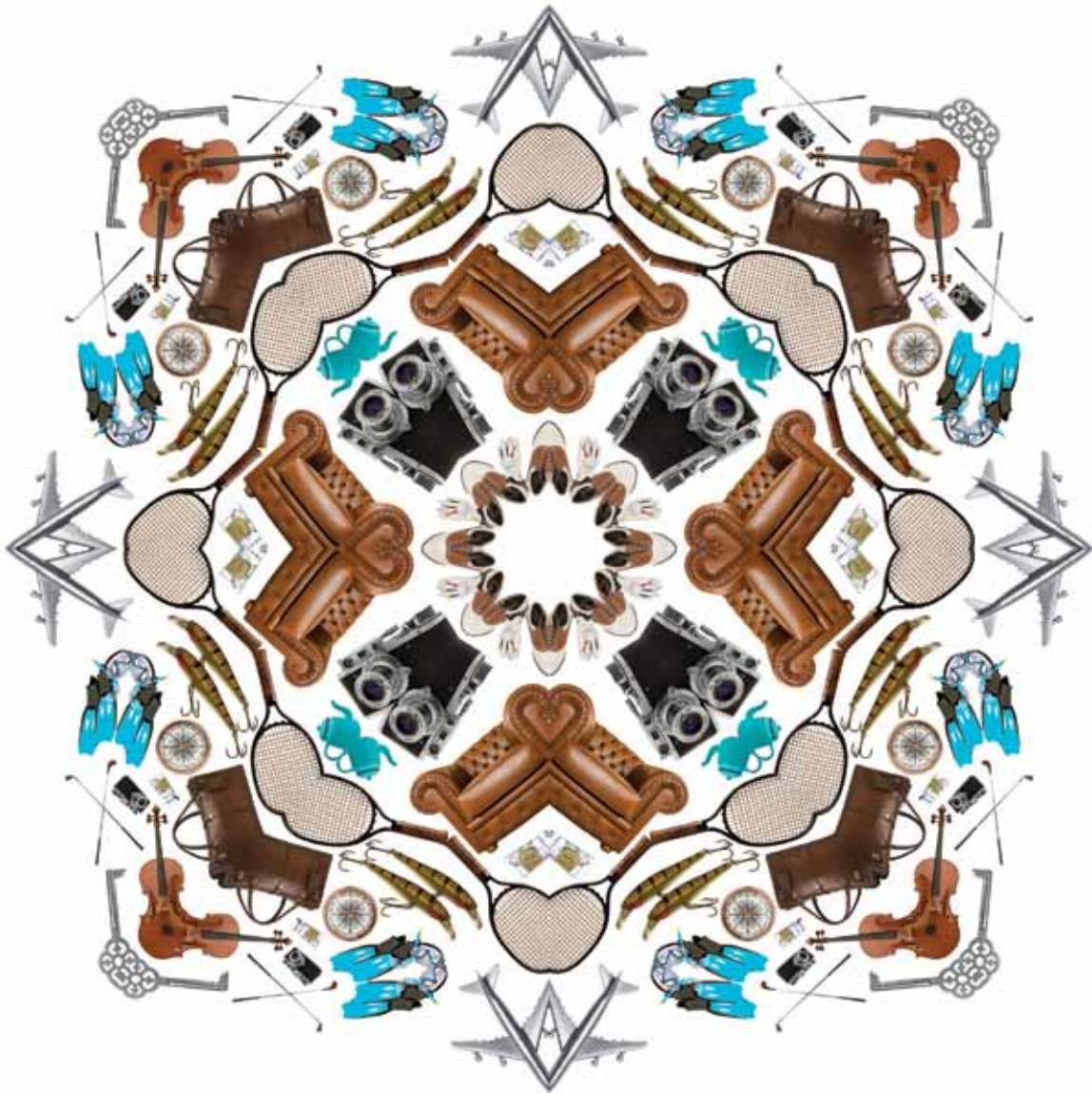
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Dear Friends,

Perhaps it's a reflection of our entering a brave new decade together, but this issue of *&Beyond* has a distinctively progressive slant. We cover all sorts of new developments on the horizons of technology, finance...and beyond!

Starting off the issue, our tech reporter Oliver Benjamin takes a look at an emerging technology that's near and dear to all of our hearts — alternative-energy vehicles (*Driving Into the Future*, p 4). Given what's going on in our world politically, economically and ecologically, this is a subject sure to remain in the spotlight for years to come.

The future of automobiles may affect many of us, but the future of medicine is surely even more far-reaching. Ironically it seems that new developments in medicine may draw on the oldest healing process in the world — the one delivered by our own minds. In *Placebo, Please* (p 5), Oliver explains how the placebo effect has proven so powerful that scientists are now harnessing it to develop new ways of treating patients, even as it causes problems in the development and marketing of 'real' medicine.

Infinity prides itself on being at the forefront when it comes to market strategy, but we're surely no laggard in style either; in reviewing and redesigning our brand, we've made sure that our outward appearance accurately reflects our cutting-edge attitude. Learn more about it in *A Bright New Look* on page 6.

At times, moving into the future entails not a grand leap forward, but the taking of a few steps back. A series of articles on investment strategies take a look at a brave new world that will require as much bravery as it will novelty to become fully realised.

In *Hot Properties* Jim Algie looks at new developments in the global real estate market (p 7) and provides a measured and consolidated view of expert opinion on the matter. Forward-thinking strategies are just as important when considering investment funds. In *Using Structured Products in Wealth Management* (p 8), Oliver Spoor tackles the intriguing hybrid solution of structured products. Next up, Man Investments' article, *A Brave New World* (p 10) examines global macro futures and compares them with more traditional investments, finding their performance superior in both times of safety as well as duress. Finally, Peter Fitzgerald takes a broad look at the market in his *Market Report* (p 11), finding a mixed bag of indicators and outcomes and providing plenty of tips for the savvy investor.

To help us unwind after all this futurism, Cameron Cooper takes a look at the current state of an admittedly retro-style of travel — by train. Cameron helps to remind us that the future need not be fast and unfamiliar (*Training Days*, p 12). By unwinding on one of the fascinating train journeys we can truly learn to enjoy the ride and enjoy the viewpoints, no matter how many twists and turns it has in store for us up ahead.

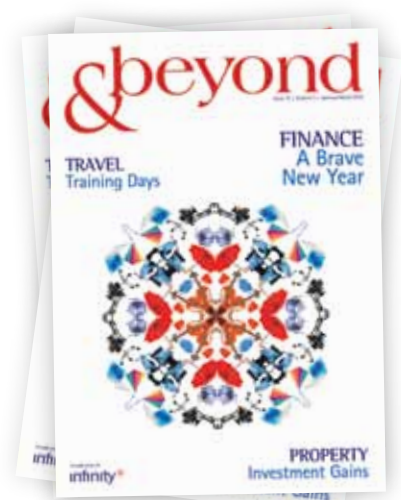
As always, we look forward to hearing from you and are always eager to answer any questions or concerns you may have.

We all wish you all great health, happiness and success for 2010!

Until next time,

Ben *Judy* *TREVOR*

Ben Bennett, Judy Blair and Trevor Keidan



Driving Into The Future

The Hybrid State of Automotive Ecology

By Oliver Benjamin

In the shadow of the Copenhagen Summit on climate change in December, many of us are ruminating outwardly about our role in curing our planet from what appears to be a runaway fever. For those of us who aren't captains of industry, political activists, or documentary filmmakers, the easiest way to do that is to cut back on our use of energy; and for most of us, the greatest and most obvious energy sinkhole seems to come from our cars.

This is a trend that has not been opaque to the market, and consequently the automotive industry has been steadily gearing up for a rapid increase in the consumption of 'environmentally-friendly' automobiles. Several new technologies (and even variations on old ones) are being touted. Innovation is moving at a clip unseen in the industry since Japan put their R&D pedal to the metal in the 1980s.

We've only recently witnessed the exploding popularity of 'hybrid' cars (which employ both gas engine and battery) but today all eyes are on an emerging raft of purely-electric cars that will overcome the limitations of earlier models — most importantly, limited driving range.

Despite improved technology and increasing consumer demand, generous estimates put electric car consumption at only a measly 10% of the market by 2010 (according to a vice-president at Nissan). Conspiracy theories aside, the principal problem is one of expense — alternative energy cars are sure to remain beyond the budget of most consumers until the technology fully matures, and that won't likely be until the middle of the century.



As it tends to do, however, the pressure of market demand has stimulated some unexpected developments. It came as somewhat of a surprise at December's Los Angeles Auto Show that several highly-efficient petrol-powered cars upstaged the bolder electric models, offering dramatically improved eco-friendliness at far lower prices. This seems to suggest that it was only an extended lack of incentive and pressure which prevented petrol engines from being made far more clean and efficient, rather than an innate limitation of its technology. Several of the new models even promised 40 miles per gallon and more without sacrificing much in the way of horsepower — neatly nipping on the heels of current hybrid cars but, again, at much-lower prices. If this rapid about-face continues, efficiency in this sector should only get better in the years to come.

Still, the reduction of fossil-fuel use is an imperative on several fronts — environmental, political, and economic — so even though petrol engines aren't going anywhere soon, progress depends desperately upon 'early adopters' to help move the industry into brand new spheres of technology. Thus, some might argue

that increased efficiency in traditional power-plants is in fact, in the long run, a bad thing. However, barring any government intervention, the market will arrive at its own decisions and technology will lope along behind it.

Yet, all the hoopla surrounding the new breeds of car intentionally obscures a rarely-mentioned fact: earnest eco-consumers looking to help our beleaguered planet should know that if they really want to do the ecologically-sound thing, they shouldn't buy a new car at all. The 'greenest' new car you can buy is actually an old one — second-hand, that is. The reason is that the resources and waste products associated with the manufacture, distribution, and sale of a new car in most cases significantly outweigh the advantages of the higher gas mileage you'd get and lesser amount of greenhouse gases you'd emit from your flashy new hybrid or electric car. Going one step further, many ecologists say, the best thing you can do is just stay with the clunker you've already got. Then again, if everyone did this the auto industry would collapse, entire economies with them, and new technologies would take that much longer to develop. It is something to consider, especially if you subscribe to

Placebo, Please

The Increasing Effect of Placebo

By Oliver Benjamin

What if there was a pill available which healed not only one specific disease but hundreds, even thousands of stubborn maladies? And what if that pill was almost as effective as expensive pharmaceutical drugs, only it was totally safe, free of side-effects, and you didn't need a prescription? Furthermore, what if that pill was so cheap that it was practically free, and simple enough to make that you could manufacture enough in one afternoon to last you and your family an entire lifetime?

Some might call it magic. And in many ways, they'd be right. Only, the magic would not be in the pill, but in the mind of the person who takes it. That's because what's in these pills — called 'placebos' — is only ordinary sugar; yet what's in our minds is the incredible, barely-understood power of the unconscious.

Every year thousands of scientific research experiments are conducted in which chemical elixirs developed by huge pharmaceutical corporations are tested to see if they actually work or not. However, due to the tricky nature of the human mind and standard scientific protocol, it's not enough to just test them alone. As it turns out, the human mind is so susceptible to suggestion that just the act of taking any medicine at all is enough to 'fool' a person into getting better — even if that medicine doesn't actually contain any medicine at all. Thus, any pill which doesn't perform significantly better than an inert replica is surely destined for the scrap bin.

Of course, the truly remarkable aspect of all this is not how poorly most medicines perform against placebos, but how effective placebos are at treating diseases of all sorts. The word itself means *I shall please* in Latin, and it seems that the 'I' in the phrase refers not to the pill, but the patient.

Though this sounds like bad news for pharmaceutical companies, it might be very good news for the future of health treatment. The problem is this: How do we harness the healing power of the unconscious mind, and do it in a way that doesn't land the medical community in an ethical conundrum? For many doctors, the pragmatic effects clearly outweigh the ethical concerns: In recent research studies up to half of the physicians interviewed admitted to prescribing placebo pills to their patients. Moreover, since they don't contain any actual medicine, convincing-looking placebos can even be purchased over the internet, and are commonly used by parents to treat their own children — which saves having to bother with expensive visits to the family doctor! One wonders if the placebo effect might not turn out to be the greatest form of 'self-help' ever known?

It's not just pills that allow us to 'please' ourselves — according to a recent study, 'fake' acupuncture is just as effective as 'real' acupuncture. Thus the ancient Chinese practice of sticking tiny needles into the skin to kill pain and cure disease may be all due to the placebo effect and nothing more [<http://archinte.ama-assn.org/cgi/content/abstract/167/17/1892>]. Certainly this explains why many alternative therapies fail to stand

the more dire predictions about the fate of our ecosphere.

If there's one thing to be learned from the complexities implicit in ecology, it's that no one knows what the future will hold. Development of new automotive technology may turn out to be either a significant factor in reversing global warming, or it might turn out to be inconsequential — and for various reasons. Even as current climate-change orthodoxy is under fire by the revelation that dissenting opinion has systematically been quashed, the spectre of 'peak oil' is claimed by some to herald the collapse of civilisation as we know it, and with it our concerns about greenhouse gases and the like. The truth is surely between the extremes.

What is the poor car-coveting consumer to do?

Taking all of the above into account, one imagines that the following will happen: those who can afford the new technologies will play the role they've always played and pony up the dough to move the engine of progress forward; those who can't afford to buy flash new technology or even new petrol technology will help the planet by not consuming more stuff; and those stuck in the middle will hopefully make adequately-informed decisions after reading several magazine and newspaper articles. Then, unless the worst climate-change scenarios or peak oil theories are true, things should slowly get better.

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up to scientific scrutiny even as their practitioners and patients swear by the positive effects.

Of course, no one would expect the massive pharmaceutical industry to sit idly by and let patients heal themselves. So it should come as no surprise that researchers have tried to discover exactly how the placebo effect works both for the sake of science and also in order to profit off of it. After studying subjects with magnetic resonance imaging they believe they've unlocked the mystery, at

least when it comes to the analgesic properties of placebo: The brain basically beats the medicine to the punch, sending signals down the spinal cord to block pain messages before they arrive. Armed with this knowledge, medicine can develop new and better drugs and procedures to target specific areas in the spinal



cord and mimic this effect at will.

But it stands to be an uphill battle for Big Pharma. A comprehensive article in the August issue of *Wired Magazine* delved deeply into the emerging science surrounding

placebo and found that the placebo effect is more complex than anyone had ever presumed. First of all, it turns out that for some mysterious reason, placebos are becoming more and more effective — making it harder and harder for drugs to show significant positive effects in their

testing phases. The article ironically suggests that the pill industry might be a victim of its own hype; after the massive flood of advertising these companies have spent over the last decade, the average Joe appears far more susceptible than before to the promises made by pharmaceutical companies, and so that much more

easily duped by his own credulity. Secondly, the appearance of a placebo has a great deal of effect on its power — colour, shape, design and the presence of a logo all dramatically impact the results of any experiment. It might not be enough anymore to just run an experiment with one model of placebo, but rather a whole rainbow.

Despite this incredible innate power of humans to heal themselves, it's noteworthy that more research isn't being channeled into developing low-cost methods of harnessing the placebo effect at will. In other words, instead of studying little coloured pills, researchers might opt to take a closer look at self-hypnosis, various types of meditation and auto-suggestive techniques. But that would effectively cut out the middlemen, the same folks who are funding the experiments.

Nevertheless, no therapy is easier than swallowing a capsule, and few products are as profitable for those who purvey them. Things aren't likely to change anytime soon, yet armed with the power of placebo, it's nice to know that we are all potentially free to heal ourselves as we please.

INFINITY

A Bright New Look

Last summer, Infinity Financial Solutions decided to undertake a review of the Infinity brand. Although the original identity has served the business very well over the first five years, the directors recognised the need to stand out more effectively in what can be a very crowded marketplace.

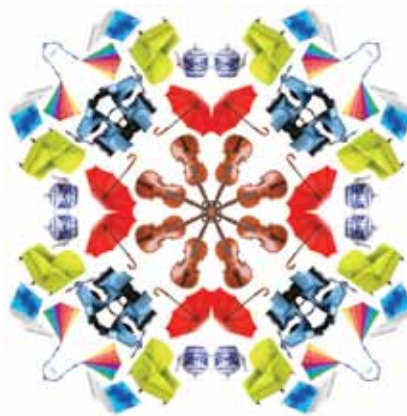
In July, Infinity asked financial sector design and marketing consultants, Bond Financial Marketing, to take a fresh look at the brand. As you probably know, Infinity is not a typical run-of-the-mill financial adviser, so they gave Bond a challenge — to let clients (old and new) know that the company is, well, a bit different!

Bond started by introducing a new 'strap line' which we think sums up Infinity Financial Solutions perfectly — 'the possibilities are endless.' This

tells people what Infinity truly believes — that the right financial decisions can make life better, and can help clients and their families achieve their goals.

From this idea, Bond developed distinctive new 'kaleidoscope' images, which are made from lots of photographs of normal, everyday objects, and that together create seemingly-endless, colourful, original images that shout for attention. Together with the new Infinity logo, they bring a fresh, positive look to all material. And it will certainly ensure that Infinity gets noticed!

Over the coming months the new design will be applied to all material, from the website, to literature and stationery. So look out for the new look of Infinity!



infinity*

Hot Properties

By Jim Algie

The Chinese character for the word 'crisis' is an amalgamation of 'danger' and 'opportunity'. In times like these, that's a watchword. It's certainly true of the real estate market. From residential properties — homes, high-rises and townhouses — to the commercial sector (malls, office towers and warehouses) the risks go hand in hand with some attractive gains.

Real estate has always been one of the safer investments. The first historical evidence was supplied by the first tax roll, written up at the behest of William the Conqueror in 1066. The value of that farm house outside London went up by a steady five percent a year. Compare that to a recent look at the Consumer Price Index figures from 2005 to 2009, when real estate only trailed behind gold and oil, appreciating at around five percent a year. Over a millennium, that's remarkable consistency. Compared with the volatility of the stock market, it certainly can be a surer bet.

True, the aftershocks of the economic recession are still being felt throughout the real estate market, but some pundits think the worst is over, and of course others disagree. But there are some signs of a positive turnaround. Evidence of this comes from the S&P Case-Shiller home-price index, which rose 1.2 percent over a month in the middle of 2009 in the United States. These were the biggest gains posted in four years.

With home values increasing again, let's look at some of the positives of real estate investments. First and foremost is the significant potential for capital appreciation. That rise in property value comes down to factors like inflation, supply and demand, capital improvements, and other variables. While the price of the land goes up the same cannot be said of the house or building.

That said it's certainly possible to upgrade lighting fixtures, put in appliances, carpeting and add other decorative and functional attributes

to boost the price. If you are renting out a house, modifying structural attributes, will provide a more drastic appreciation of the house, and allow you to charge more for rent.

The latter point underscores another benefit: collecting rent on that commercial or residential asset. That form of income is a hedge against riskier bets, providing something of a safety net, but only if you're not neck-deep in mortgage payments. (Addressing the all-important quandary of cash flow will come later.)

Owning such a physical asset provides as many psychological benefits as financial ones. Just knowing that you have something to fall back on in times of woe, fiscal shortfalls, illness or unemployment is a potent form of stress relief.

Another main benefit of investing in real estate is the ability to leverage relatively small amounts of money to acquire large assets. Individuals can create their own leverage by borrowing money personally. In fact, most people use such leverage to buy residential or commercial properties.

In 2009, and for the foreseeable future, a lack of liquidity will continue to put the brakes on the wheels of the commercial real estate industry. These aftershocks are the fallout from the economic earthquake still rippling across the globe. In recent news, the Remington Financial Group, a capital services company based in Scottsdale, Arizona sees some resounding repercussions on the way.

The chairman and founder of the company, Andy Bogdanoff, recently told the press, "With US banks in a deep and continuing liquidity

crisis and with USD 1.2 trillion in commercial debt due to mature by 2012, thousands of real estate owners and developers across the country will soon find themselves between a rock and a hard place when their loans mature."

But the constipated liquidity of banks is not the only threat to the business. The Remington Financial Group has also pointed out that up to two-thirds of the securitized loans and half of the whole loans due to mature between 2010 and 2013



would not qualify for refinancing because of the more rigorous banking standards employed by the industry, after the sub-prime mortgage debacle torpedoed the economy back in 2008.

With unemployment still on the rise and the number of company bankruptcies over the last 18 months,

continues on next page...

the fear of tenants defaulting on the rent is still valid.

Maintenance costs and solicitor's fees are two expenses that need to be factored in to the equation. In addition, many websites will help you to assess the stamp duty and other statutory fees you should expect to pay on property purchases and mortgages. In Australia's New South Wales, for example, on a property worth AUD140,000 you would pay a mortgage registration fee of AUD95 dollars, a transfer fee of AUD190, but a stamp duty on the property of around AUD3,400. From country to country these fees can vary quite a bit.

Documenting the ins and outs of capital gains tax laws in different countries would take this entire magazine. In nations like Argentina, Egypt, and Barbados, there are no such taxes. In other countries there are loopholes you could drive an SUV through.

However, on an Australian investment property acquired on or after October 1, 1999, and held for at least a year, the capital gain is taxed at only half the rate otherwise. This means a maximum rate of 24.25 percent if you're in the highest tax bracket. Basically, the capital gain is the profit made over and above the cost base, the purchase price, plus capital expenses, such as the renovations carried out. Keep good records and get some expert advice about how these capital gains taxes apply to your individual circumstances.

One way of cashing in on the pros of the investment property market without succumbing to the cons that come with liquidity dilemmas is funneling your money into funds that invest in Real Estate Investment Trust, or REIT. In effect, it's a tax designation for a corporation investing in real estate which substantially diminishes or abolishes altogether corporate income taxes. They are to real estate investments what mutual funds are to stocks.

With the new year bringing with it yet more times of crisis in the form of danger and opportunity, it's a good time to get in on the ground floor of the investment property market.

Using Structured Products in Wealth Management

by Olivier Spoor, Head of Research,
Exane Derivatives Singapore



Looking back, 2009 was a rich year for investment opportunities. At the start of the year, corporate bonds showed historically high yields, driven (wrongly as it turns out) by the expectation of more defaults. In the second quarter, stock valuations hit almost unprecedented lows. These great opportunities are now drying up as risk is now better discriminated. Bond yields are declining and the equity market rally has wiped out the great deals.

Market confidence has risen, boosted by countercyclical monetary policies, economic stimulus packages and the end of downward revisions of corporate earnings. Investments offering quick high returns are gone. Although massive public spending has fuelled concern about huge government deficits, the high risk aversion that underpinned the extreme financial situation in the first half of 2009 has nonetheless abated. Now investors are looking

for long-term investments that better meet wealth management constraints of good returns and capital protection. Derivatives such as short-dated equity options are seen (sometimes wrongly) as highly speculative and best suited to experienced investors. But derivatives are an excellent tool for wealth management under ordinary market conditions and especially structured products. The latter use a bond to protect the capital invested and an equity or index derivative as an underlying to generate returns. Their different risk/return profiles to other investment products make them an excellent tool for wealth management. Structured products have increasingly been perceived as a distinct asset class that contributes diversification. But these products also provide investors with solutions that standard asset classes such as stocks and bonds cannot.

Investors are facing a Gordian knot. How can investors reconcile

the impact of an ageing population that requires generating returns with the lessons of financial history that stipulate stocks for long term investments? The returns of standard asset classes, such as bonds and real estate, underperform stocks over long cycles of interest rate increases, a highly likely scenario now. Stocks offer high returns over the long run but suffer from much higher volatility than bonds, as shown by the recent market crisis which affected the stocks of financially-sound companies more than their bonds. Moreover unlike bonds, stocks do not offer any protection and have low income (dividends) visibility. Portfolio investment constraints may impose investing in stocks but at a lower risk level, using instruments that take advantage of a stock's rise to generate higher returns than the risk-free rate. Structured products can meet these objectives under certain conditions.

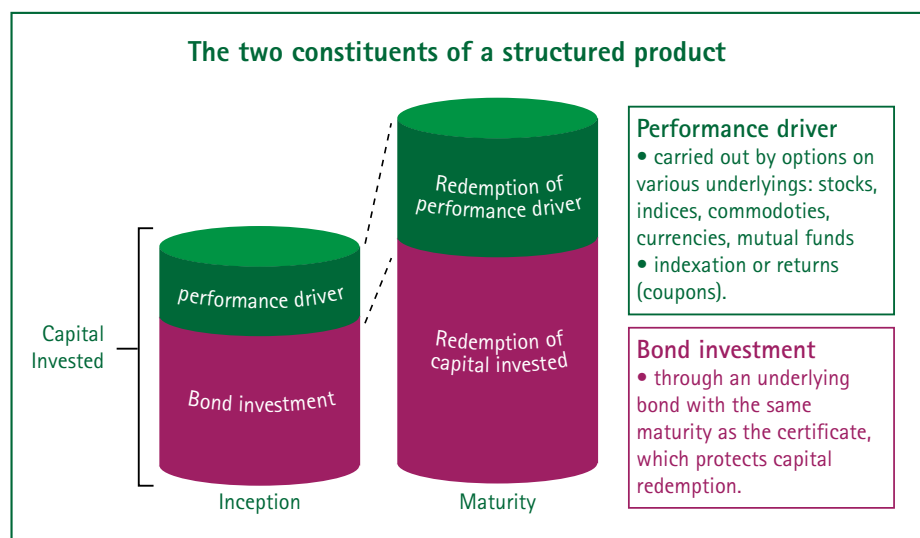
There are structured products for every market scenario. For bull, bear and flat markets, there is a structured product that can generate returns and protect the capital invested. Take for example one of the most basic structured products that combines a bond investment (a zero coupon bond) with a performance driver (a "call" option). Of the initial 100 dollars of capital, 80 dollars are used to buy a zero coupon bond, which will be worth 100 when the product matures in 5 years. The remaining 20 dollars are used to buy a call option that provides indexation to any rise of an underlying stock or index. When the product matures, investors receive any rise of the stock and all of the capital invested whatever the behaviour of the underlying stock or index. And if the underlying collapses, the investor is sure to recover 100% of the capital invested thanks to the matured zero coupon bonds. Another example is a product with full capital protection and 120% of any rise (as a yearly average) over 4 years of a basket of underlyings made up of Chinese,

Taiwanese, Singaporean and Korean equity indices. Any kind of underlying is possible: stocks, baskets of stocks, indices, and even investment funds, currencies and commodities. The main idea is to optimise the risk/return profile of these underlying assets to meet investor needs.

The "zero coupon bond + call" structured product modifies the risk/income profile of the underlying to make it more defensive. But in this case, the structured product is still correlated with the underlying. Any rise of the underlying benefits the structured product and any fall of the underlying is detrimental to the structured product to the limit of the capital protection. Other structured products however behave

of the underlying. The Crescendo will outperform the underlying if it neither rises excessively (above the coupon yield) nor falls too much (below the protection barrier).

Although the Crescendo is somewhat complex, it highlights one of the strengths of structured products. They are powerful tools that increase portfolio efficiency and are the only investment that fares well amid flat markets. A suitable underlying has to be chosen. Stocks of leading companies in highly defensive sectors, such as healthcare, oil, utilities and telecoms make good underlyings for Crescendos (e.g. Novartis and Total in Europe). This type of stock shows little downside risk and if the equity market rally



in a different way to the underlying, providing investors with a strong diversification vehicle. This is true of the Crescendo. The Crescendo is a type of structured product that, like bonds, distributes coupons. It is built around sophisticated mechanisms, but nonetheless offer excellent protection and take full advantage of current market conditions. Crescendos sell volatility. Instead of buying options like the zero coupon bond and call combination, these products sell options. Crescendos take advantage of the premium of the option sold. The premium amount is directly linked to the expected market volatility. The higher the volatility, the higher the coupons paid by the Crescendo and the bigger the protection barrier against a fall

continues they will not rise as much as cyclical shares. Right now even highly defensive stocks have relatively high volatilities, a legacy of the recent crisis. So a Crescendo with a highly defensive underlying can easily pay coupons twice that of the underlying's dividend yield and protect all of an investor's capital even in the unlikely event the underlying drops.

The Crescendo range shows how structured products can boost stock resistance and return more than the underlying stock's dividend yield. More generally, the crisis reveals how structured products that are designed intelligently and with wealth management in mind can be considered a separate asset class in portfolios alongside stocks, bonds and real estate.

A Brave NEW World

by Man Investments

The financial landscape has changed immeasurably over the last two years. Although the sub-prime debacle came to light in mid 2007, stock markets soon recovered from an initial wobble and continued to defy gravity until late October of that year. Indeed, it was the summer of 2008 before equity valuations truly began to reflect the severity of the credit crisis.

Despite a background characterised by unprecedented central bank intervention and continued economic uncertainty, investors regained their appetite for risk in March and have subsequently been rewarded by a steep rebound in equity prices. Whether such 'bravery' will continue to pay off in the months ahead remains a matter of considerable conjecture, while those that suffered 'burnt fingers' at the peak of the crisis may be reluctant to leave themselves vulnerable to a further sharp downturn.

In a spirit of both courage and prudence, investors should be willing to venture beyond traditional asset classes and to sacrifice some of the upside potential of an aggressive portfolio in order to preserve capital in times of declining asset prices. Capital markets are often driven by human emotion, making it impossible to predict market movements or to define accurate return expectations.

Over the past 19 years, global macro and managed futures strategies have demonstrated an ability to generate long-term profits through the market cycle and to capitalise on short-term dislocations in asset prices triggered by unanticipated events. Although these strategies are not seen to best effect during periods characterised by sideways markets or low volatility, their positive attributes again came to the fore during 2008.

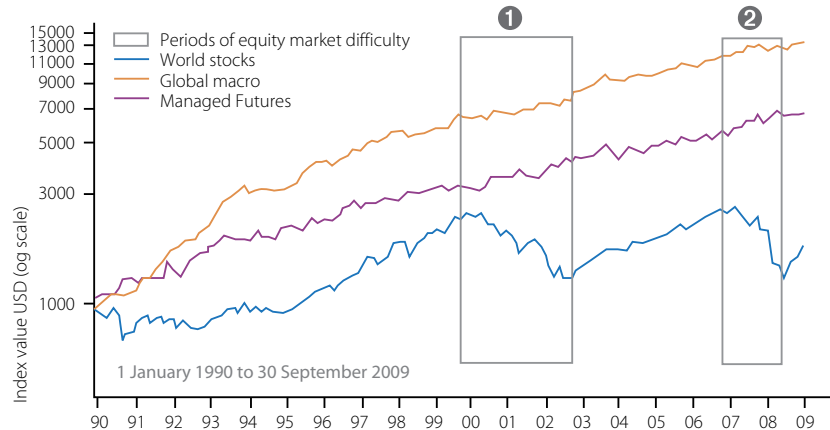
At that time, both managed futures (in particular) and global macro funds generated positive investment returns in the most difficult market conditions.

In reflection of the prevailing uncertainty and of evolving investor needs, Man investments launched its Man Compass portfolio in the second quarter of 2009. Man Compass is a fund-of-funds portfolio which allocates to a complementary

transparency provided by managed accounts, Man Investments, on behalf of its clients, is better able to ensure that the underlying fund managers are fulfilling their contractual obligations and operating within specified risk parameters.

Whatever the future has in store, Man Compass constitutes an attractive investment proposition. It offers both the potential to generate sound

Global Macro and Managed Futures Demonstrated Long-Term Outperformance



	Total return over the period	World stocks	Global macro	Managed futures
1	Equity bear market 1 Apr 00 to 31 Mar 03	-47.8%	16.7%	30.2%
2	Financial crisis 1 Jul 07 to 28 Feb 09	-51.0%	10.1%	21.8%

selection of managed futures and global macro managers. Allocations are reviewed on a monthly basis and are determined by an experienced investment team in accordance with strategic economic analysis, qualitative assessment of the investment universe and changing risk/reward expectations.

Asset allocation to selected managers is predominantly achieved through Man Investments independent managed account capabilities. This confers significant benefits to investors, including the independent pricing of assets. Meanwhile, by virtue of the increased

	World stocks	Global macro	Managed futures
Total return	76.5%	1249.8%	559.6%
Annualised return	2.9%	14.1%	10%
Annualised volatility	14.7%	7.8%	9.4%
2008 return	-39.9%	4.8%	17.8%
Worst drawdown	-51.9%	-10.7%	-10.7%
Sharpe ratio ²	n/a	1.17%	0.60
Correlation to world stocks	1.00	0.39	-0.14

Source: Man Investments

investment returns over the medium-to-long term and the unusual ability to produce positive performance during periods of extreme market stress. Most traditional 'diversified' portfolios lack the downside protection of Man Compass, which is potentially invaluable at times of financial crisis or extended bear markets.

Market Report

by Peter Fitzgerald

I am writing this update while sitting in Heathrow surrounded by a deep fog with no real idea of when I will depart (if at all). The information available publicly on the screens is quite useless, as it is not updated quickly enough to reflect the changing conditions. As a seasoned traveller I know when I'm in trouble.

It struck me that this is a little like the investment markets at the moment. As investors, we are in a deep fog and it is not clear where the next move on the markets will take us or indeed when it will happen. Much of the information, which is publicly available, is misleading and in any case there is so much of it that it actually becomes useless. You can find pretty much any expert opinion you want, to agree with your own views.

If you believe inflation is a problem, you can find some expert who will confirm it for you. If you are convinced that deflation is a larger risk, you will also find an opinion to satisfy you. There are conflicting reports on the strength of the current recovery, the possibility of a double dip recession, the outlook for government bonds, the stock market and just about everything. But if we step back from these individual arguments, most rational people will probably agree that there is evidence that the global economy faces some

serious challenges and it is difficult to know what will happen in the near future.

My view is that a portfolio should be structured, so that if your outlook is incorrect you do not lose too much money, and if your view is proven correct, you make some. This sounds easy but it is not as most investors are over confident about their ability to forecast. This means that you may end up holding assets in your portfolio that perform poorly at certain points. This is not a bad thing and the time to be really worried is when everything in your portfolio goes up at the same time. The key is to focus on the bigger picture and monitor overall portfolio performance and maintain balance.

Markets. Many of the external equity managers we use are switching or have switched from more cyclical areas to defensive ones given the strong rally that we have seen. You can also see this to some extent when you look at emerging market equity performance. Year to date the MSCI Emerging Market Index is up over 50% in GBP terms compared to the S&P 500 return of less than 10%.

In November, however, the S&P returned more than both emerging markets and Asia ex-Japan. There would appear to be a move to more defensive areas of the equity market. This is understandable. Over

the longer term the outlook for Emerging markets would certainly appear to be more favourable than that for developed markets but we should not lose sight of the fact that emerging markets have significantly outperformed this year already. Do not be surprised to see developed markets do better, especially over the near term.

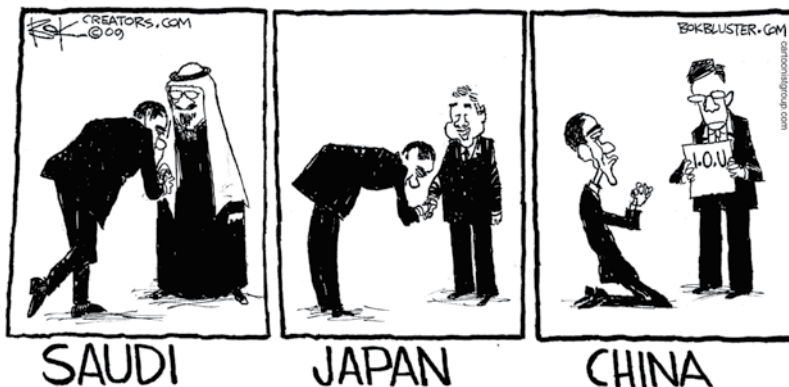
Dividend yields are substantially higher than cash and even higher than the yields on some corporate bonds; this should help support the equity market.

Currency. Making money from currencies is very difficult but losing it can be quite easy. We do not take active or aggressive currency bets but it can (and should) form part of an investment decision. For example as a GBP investor, it is very difficult to bring oneself to invest into Euros at the moment. Very simply, when the Spanish, despite their economic mess, travel to London to go shopping, you know something is wrong. There is a risk of a crisis in the Euro zone as Ireland, Spain and Greece head into troubled waters. However if you were a Euro based investor, investing in UK property or equities would appear a sensible move given the possibility for gains on the currency (over the longer term) as well as on the underlying assets.

Portfolios. We have made very few changes to our portfolios recently and our broad strategy is to 'buy on the dips'. If we see a correction on the equity markets, we believe, for the moment, it will be a buying rather than a selling opportunity. The main risks to the equity market could actually come from the bond market and this will need to be monitored. I was discussing corporate bonds recently with the manager of a European Corporate Bond fund. His fund has grown from about 200m in January to 5 billion today. This large allocation of capital always worries me.

While I was writing this note, my delayed flight actually departed without me. The screens in the BA lounge weren't working... you always need to double-check the information being made available to you.

HOW TO GREET FOREIGN LEADERS





Training Days

by Cameron Cooper

Too many of us see the act of travelling can as a tedious affair. When most people go on holiday, their intention is to cover the distance to their destination as quickly as possible, put their feet up and forget about their jobs and the stresses of daily life. So they stuff themselves into a metal tube and hurtle through space at unfathomable speeds, their only connection with the landscape being a live facsimile of Google Earth.

Flying may be the quickest, most convenient and most popular way to get the journey over with quickly, but it is a bit like cheating, being beamed in a torpor from one airport to another as if the space between does not exist, like changing the channel on a television. Proper travel demands that we actually traverse the landscape, experience every inch of what separates us from the exotic locale we are heading towards — taking a close up first-hand look at the diversity that makes travel

so worthwhile. For this experience, the train is the hands down winner and with the best train journeys, a destination in itself.

Most of us recall lying in bed as children and hearing the distant mournful horn of a passing train, wondering where it was going and wanting to be on it. In Johnny Cash's hit "Folsom Prison Blues," a convict hears a train passing near the prison and fantasises: "I bet there's rich folk eatin' in a fancy dining car. They're prob'ly drinkin' coffee and smokin' big cigars..." In this song and in real life, trains are the ultimate metaphor for freedom.

On a train, you have the interior self-contained small town that sees to your basic needs as the scenery steadily unfurls on the other side of the window, providing a blanket of passive security. And the inside is intimately connected with the world outside. Whatever country you are rolling through is also reflected here. If you are on an Indian, Japanese,

European or Russian train you know this without having to look out the window. Not only are you surrounded by locals, but the menu, the style of service and the design of the cars also reflect the local culture. Once you step on a train, you have in a sense already arrived at your destination — the journey has become the goal.

And though automobiles and airplanes nearly killed off the train as everyone's preferred form of transport, it is still possible to travel most of the earth's surface by rail — with a growing selection of ultra luxury services that hearken back to another era when time wasn't so tight, and travel was to be savoured. Here follows a taste of some of the best train journeys the world has to offer — but there are many more.

THE TRANS SIBERIAN

Built in the late 19th century, the Trans Siberian Moscow to Beijing, or Vladivostock is famous amongst world travelers as seven days and 10,000km

of adventurous torture with several days of tundra as a backdrop. But with the launch of the privately-built Golden Eagle luxury train, you needn't suffer cold showers and boiled cabbage anymore.

THE BLUE TRAIN: SOUTH AFRICA

In its time, this rolling five-star hotel has hosted presidents and kings and provided a setting for an Agatha Christie novel. Bask in lavish suites, high tea, cocktails, cigars, fine dining and 1,600km of diverse South African countryside, traveling at the leisurely pace of 90km/h.

VENICE SIMPLON ORIENT EXPRESS

More of a train than a route per se, with Venice to Rome and London to Paris (and onward to Istanbul if you like) amongst its many offerings, it is famous as the yardstick with which to measure rolling stock luxury, with ornate carriages and elegant meals with real silverware and all the other luxuries you need for another Agatha Christie novel.

EASTERN AND ORIENTAL EXPRESS

An Orient express that is actually in the Orient made sense when they opened this line about 15 years ago. This takes you on a 2,000km jaunt between Singapore and Bangkok, with a couple of nights' stay in a lavish

little suite and all the rice paddies, swaying palms, karsts, greenery you can handle, plus the world's spiciest gourmet food.

HEJAZ JORDAN RAILWAY

Built over a century ago to connect Saudi Arabia and Damascus in Syria, this line is no longer regularly attacked by Lawrence of Arabia, but only travels between Damascus and Amman in Jordan. This line is cheap, requires no reservations, has no food on board (be sure to bring a few falafels) and clickety clacks you through tunnels and mountains for 12 hours of historically-charged adventure.



Palace on Wheels

PALACE ON WHEELS

The star of India's new lavish train travel sets, with 19th century style interiors — back when the aristocracy really knew how to lord luxury over the peasants. The tour takes you from Delhi to Delhi on a loop through the deserts and towns of Rajasthan for eight days, stopping along the way for a camel safari and to visit "The Taj" — so it is more like a giant tour bus with fantastic food and service.

GLACIER EXPRESS: SWITZERLAND

Slow and scenic, taking nearly eight hours to travel 300km, winds through the Swiss Alps across amazing bridges, through unfeasible tunnels (nearly 400 of both) and as high as 2,200 metres, amongst spectacular snowy mountains, sparkling rivers and if you are lucky, past beautiful blonde women in pigtails.

JAMBO KENYA DELUXE

A more ordinary train that actually takes people to places they really need to go, the Jambo travels between Nairobi and Mombasa, this overnight journey (breakfast included!) puffs away through the Kenyan countryside. If you pay attention, you can spot giraffes, ostriches, impalas and the like, but be warned that you are no longer allowed to shoot them from the train windows.



Venice Simplon Orient Express

Personnel View:

Get to know the people who help keep Infinity growing



CARL TURNER

From Sheffield, England, studied Accounting and Business Finance at De Montfort Business University. He holds a UK certificate in Financial Planning with advanced qualifications in tax, trusts and investments.

With 5 years experience in the financial services industry, Carl joined Infinity as an Offshore financial consultant. He helps clients achieve financial independence by planning and securing their financial future. Part of his role is to educate and give advice and solutions that will best suit each client's individual situation.

For Carl, the best thing about working for Infinity is the reputation and professionalism. "It's a good working environment, very friendly and open."

In his free time, Carl plays football in the Bangkok Premier League and the British Chamber of Commerce Thailand football team. He likes to keep fit and goes to the gym regularly. Whenever he can he also enjoys lake fishing.



KOKAMOL KANJANASIRIKUL (TOON)

Khun Toon is a Client Servicing Executive at Infinity's Bangkok office. Born and raised in Bangkok, Toon holds a B.Ed in English from Silpakorn University. She started her career with Infinity in 2006 as an administrative officer.

In her current role at Infinity, Toon is responsible for processing fund switch requests, fund dealing instructions, change of address, updating client's portfolios and other administrative tasks.

The best part about working with Infinity is working together as a team. Toon says "Infinity is like a close friend. We can trust and rely on each other."

Her best day on the job was the day she passed her probation. "I was very nervous and worried about whether I would do well as everything was new for me. But it was never a bad experience because I always received assistance and positive suggestions from my coworkers."

In her spare time, Toon enjoys reading, listening to music and watching movies.



VICTORIA FILIMONOVA

Based in Kuala Lumpur, Victoria is originally from Moscow.

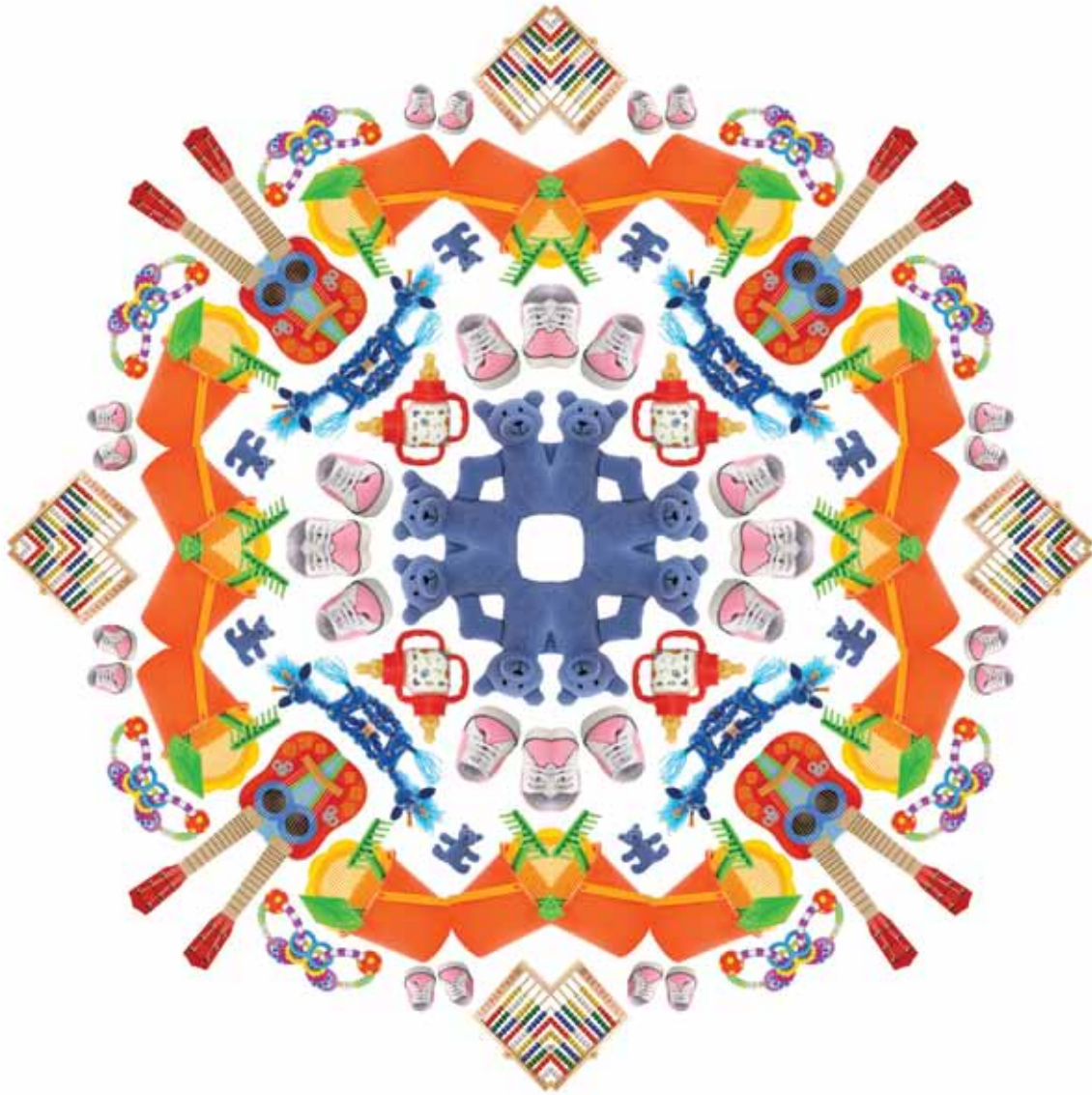
Having completed a BA in Economics and an MSc in Management at Moscow State University, Victoria transferred to City University Business School in London where she obtained her MSc in Finance. She has a blue-chip background in banking and finance with over 12 years experience working with Citigroup and Renaissance Capital as an analyst specialising in portfolio assessment, business planning and emerging markets.

At Infinity, Victoria provides clients with on-going advice on offshore investments, portfolio management, retirement planning, education savings planning, lump sum investments and investment protection.

For Victoria, it is very gratifying to be able to help clients reconstruct their portfolio with greater diversification to give an all round stronger portfolio and hedge market risk. "It felt really good to call my clients 3 months later to report the immediate positive effects."

In her spare time Victoria loves to travel and explore new cultures. She is constantly thriving to expand her global view and gain new experiences.

SAVING FOR EDUCATION FEES



It's never too early to start investing in your child's future.

The only thing growing faster than your children, is the cost of higher education. And for many parents, establishing a regular monthly savings plan is the best way to ensure they have sufficient funds to cover their children's university or college fees.

Infinity's experienced consultants can provide the impartial advice that you need, and can develop a tailor-made financial plan which starts now – but will help you to provide for your family's needs in the future.

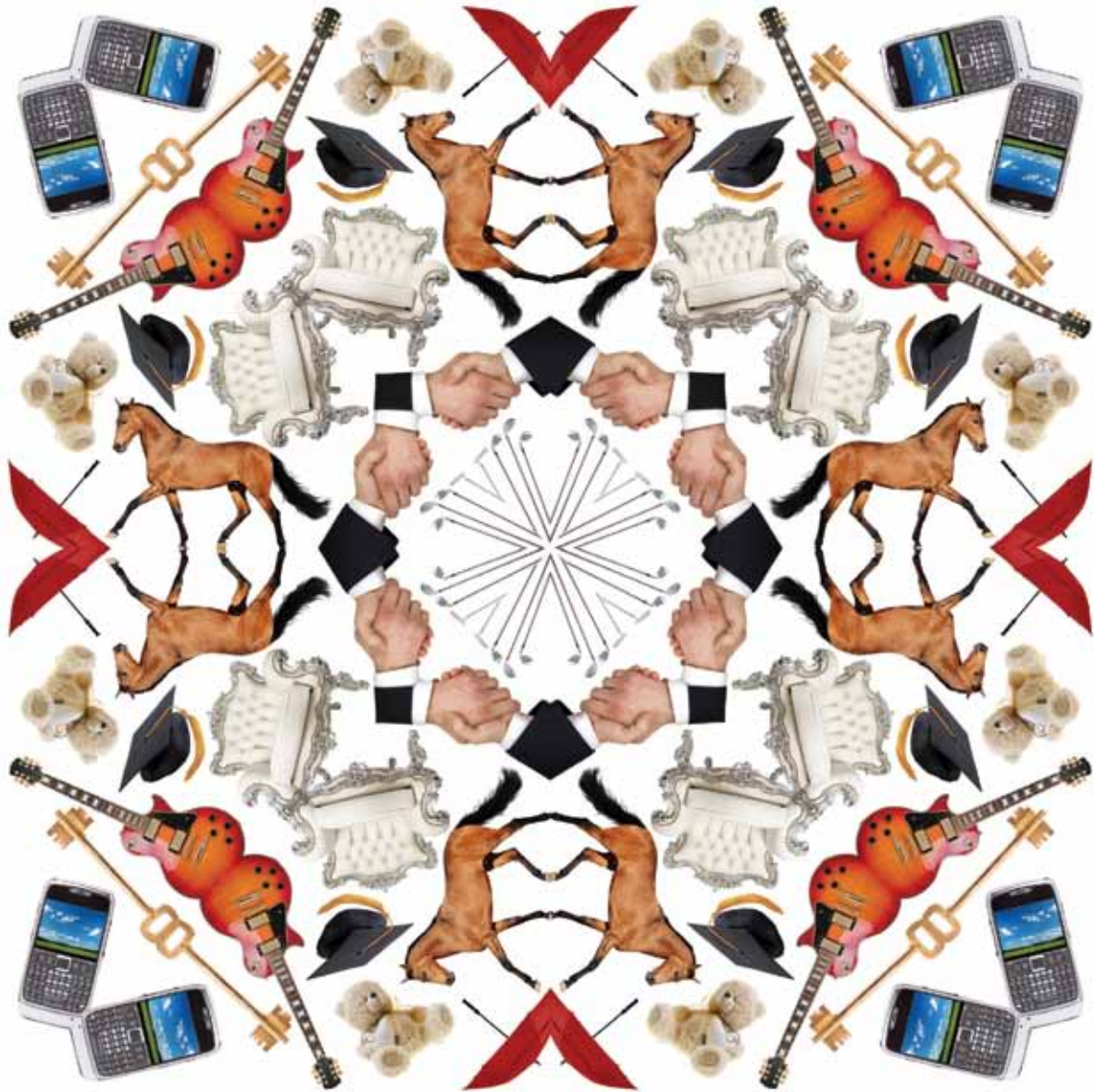
Get in touch today.

infinity*

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*The possibilities are endless

INTRODUCING INFINITY FINANCIAL SOLUTIONS



Why financial planning matters

Financial planning – it may not sound that exciting, but when it's done properly, it can help you to achieve your goals in life ...whatever they may be. It's what Infinity is here for.

As one of the leading financial services companies in Asia, we have all of the skills and experience needed to help you to protect and increase your wealth for the future security of you and your family.

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