University Fees

Perhaps many of you have had children depart for university in the past, or expect to do so in the future. Back in the 'good old days', we did not pay for tuition, and received a 'grant' dependent upon family income, which covered the majority of the routine expenses. Needless to say, most students ended their student days with an over-draft, but I would suggest few finished with the levels of debt that students end up with now.

Going to university will cost more than £10,000 a year when you take into account tuition fees, accommodation, food, transport and socialising. For many expatriates, there will be little opportunity for student loans, so the students have to look for assistance from Mum and Dad.

What will it cost to send a child to university for a year?

- Tuition fees approximately £3,290 per annum;
- Accommodation varies by location - but let's say, £5,000;
- The cost of books and incidentals - say £1,000;
- Food - £1,500;
- Call it £12,000 a year for three years;
- This assumes the student is not deemed an 'Overseas Student'.

Far be it for us to procrastinate as to whether little Jimmy should complete his degree in bag pipe playing. Our position is to look at the finances, and the simple fact is this: As expatriates, we frequently advantage our children by virtue of having to put them through private education, and hinder them by virtue of them having been expatriates, they have to pay for more at university than a child who has been brought up in the UK system.

Our recommendation: Think the worst; plan for the worst - that your child wishes to conduct a six-year medical course at an expensive university, and they are deemed as Overseas Students, and thus full tuition fees are payable. Make your plans. Perhaps things will work out differently and you will have some money left over!!!

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Northern Rock: An Investment for the Future?

Nationalised bank Northern Rock has recorded a statutory loss of £257.5 million for the year to December 31, 2009, compared to a loss of £1.4 billion in 2008.

The bank, which had made a name for itself as a lender that frequently advanced above and beyond 120% of the purchase price of a property, surprisingly fell on hard times. Many have questioned the role of the regulator in the failure of the business; however, the UK Government (i.e. the tax payer) has lent the bank £22.8 billion.

As an investment, it really leaves a lot to be desired, with an investment of almost £23 billion. And, since that investment, the bank has made losses of almost £1.7 billion. It looks like it will be a very long time before there is any return on that investment.

Spanish Recession

Spain could face decades of recession according to some analyses.

According to some, including Wolfgang Munchau, an eminent expert, a Director of *Eurointelligence ASBL* and an Associate Editor of *The Financial Times*, Spain is likely to follow Greece into an economic abyss.

The belief is that the eurozone could fragment into two divisions, those with the stable economies and those without. Countries such as Greece, Ireland, Spain, perhaps Portugal - and even the UK - could fall into the wrong side of the equation.

Iceland Votes No

Iceland voted 'no' to repaying £3.4 billion owed to the UK and Holland by an overwhelming majority of 93% in a weekend referendum over the costs of bailing out collapsed bank Icesave.

When the internet bank failed in October 2008, governments in London and The Hague stepped in and reimbursed savers.

Iceland maintains it will meet its obligations, but has baulked at paying what it claims are punitive interest rates - despite the fact The Treasury has offered to halve the interest rate on the loan. Until a deal is reached, Iceland will not receive the next trance of an IMF loan, nor will its bid for EU membership be likely to succeed.

Alistair Darling admitted it will be "many, many years" before Britain is repaid the £2.3 billion it is owed, saying, "We've tried to be reasonable, the fundamental point for us is that we get our money back - but on the terms and conditions and so on, we're prepared to be flexible."

Officials from Reykjavik were flying to London to continue talks with the Treasury over debt repayment terms, after Reykjavik indicated that it was anxious for a quick deal. Steingrímur J. Sigfússon, Iceland's Finance Minister, said the country wanted to reach an agreement before the British and Dutch went to the polls. The Netherlands holds elections on June 9.

Has the UK Recession Really Ended?

As so often is the case with economics, you don't know the answer until well after the event. As the UK fell into recession, it was not established for six months that there was a technical recession. Similarly, the same issue occurred on the way out. Perhaps the figures for Q4 2009 indicated the UK had crawled out of the recession by the smallest of margins. Has it really?

Well, to an extent, it depends on your definition. If it's the return of growth over one quarter (as many economists consider) then, yes, Q4 2009 was the end of the recession. Official figures showed that the economy grew 0.1% in the fourth quarter - October to December 2009. This was later revised slightly upwards.

But there was little celebration, given that economists had expected a growth of 0.4%. GDP figures are usually tweaked months after the event as a truer picture emerges. So 0.1% growth could easily be revised into a minus figure and, therefore, means no end to the recession.

The recession was the longest since records began and saw a 6.2% fall in output. The full year of 2009 saw the economy shrink 4.8% - the biggest fall since 1921.

Whilst Prime Minister Gordon Brown made a now famous speech that his belief was that the UK of all EU countries was best placed to weather the coming storm, it seems that the UK was one of the first into recession. It had the deepest recession, and was one of the last to come out. The UK was left behind by France, Germany and - in particular - the US, with those economies back in growth in the summer.

So, if the recession has ended, the big question is: What next?

Some analysts warn the UK could be in for a very tough 2010. Even Bank of England boss Mervyn King warned in February that the recovery would be slower than expected.

Some economists believe Britain's debts are actually worse than those of Greece and perceive a coming sterling crisis; certainly, the last few weeks may have borne out that prophecy.

And, it's state debts that have begun the next stage of the crisis: the prospect of a major economy defaulting on debts. Greece already has a debt crisis looming and Spain and Portugal are close behind. It's not unimaginable that the UK, with its massive public and private sector debt, could be added to that list. January was notable as being the first on record when the government had to borrow money to fund itself (it usually has tax sloshing in).

Perhaps as we get older we become more cynical, but are we the only ones who think that we have supposedly the brightest people around to run the country? Even if the PM had only achieved one O-Level, he has access to the foremost authorities. Then how can we be in such a mess? Heaven help us if the people in power did not know what they were doing!

Reasons for Optimism

- House prices rose for eight months in 2009.
- A weak pound made British products cheaper, helping exporters.
- A powerful stock market rally boosted confidence.
- Unemployment rises have been smaller than forecast.
- The effects of QE take nine months to work. QE began in March 2009.
- The Libor rate (a measure of bank trust) has fallen back to pre-crunch levels.
- All G7 countries are not out of recession (for now).

Reasons for Pessimism

- Lower than expected GDP in the fourth quarter of 2009.
- Unemployment could top four million - worse than the post-war peak in 1984.
- It's the worse global recession since the 1930s; the UK economy has shrunk 6%.
- The recovery may be 'W-shaped'; the recent improvement may give way to further declines.
- The QE impact is unknown. It could stoke inflation, forcing rate rises to control it.
- British house prices remain over-valued against average wages, despite the crash.
- Western governments and consumers have built up colossal debts that could take more than a decade to clear.
- Western economies face a demographic time bomb, which could erode the wealth of nations for a generation, with the aging nation.

World Stock Market Updates

A record rise in industrial production and positive US retail data led Wall Street to a 17 month high on Friday (12th March).

The S&P 500 gained 0.22% to 1,152.75 and the Dow Jones Industrial Average gained 0.24% to 10,637.54. The FTSE All-World index rose 0.5% and commodities jumped as the dollar slid as hopes for global growth were boosted.

In Japan the Nikkei closed at the highest level for 7 weeks, boosted by rumours that the Bank of Japan will act on monetary policy which is anticipated will weaken the yen, helping exporters. The index gained 0.8% to 10,751.26 with Hitachi the biggest gainer, rising nearly 2%.

Gold rose 0.2% to $1,111 an ounce and oil climbed 1% to $82.96 a barrel, just below 17-month highs on the softer dollar but also hopes for improved global demand.

FTSE Update

Positive data coming out of the eurozone and from the US boosted the FTSE on Friday (12th March) reversing early mining losses.

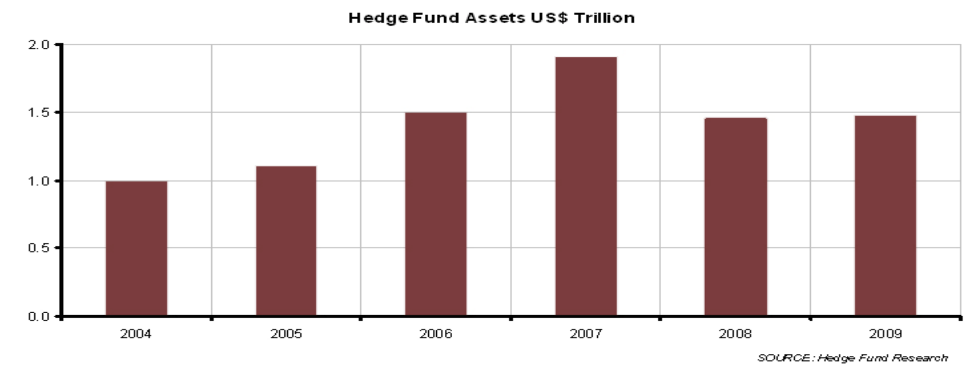
The data boosted the FTSE back above 18 month highs seen during the week, the highest levels since the collapse of Lehman Brothers in September 2008.

Financial and insurance stocks were the big gainers on the index with Lloyds Banking Group gaining 3.8% and the Royal bank of Scotland rallying 5%. The mid-cap FTSE 250 added 98 points or 0.9% to 9,952.68.

At 15.49 GMT the FTSE was up 0.21% to 5,629.11.

Why We Like Fund of Hedge Funds

Prestige Legends posted a solid return around +9% during 2009 with around 1.7% downside volatility, without the use of leverage. A survey by Hedge Fund Research (HFR) found that hedge fund assets have risen by US$100 billion in the second quarter of 2009, the first quarterly increase in a year.



In our opinion, an allocation to a quality fund of hedge funds should remain an essential part of everyone's portfolio for a number of reasons:

The top 100 biggest hedge fund managers remain the same, are open for business and none have closed down during the past year.

Almost all of the biggest pension funds in the UK, USA, Europe and Asia continue to maintain (and in some cases increase) their asset allocation to fund of hedge funds.

Almost all of the biggest hedge funds in the USA receive "ERISA" money (the largest US public pension funds with the most extensive level of due diligence, often taking several years and limited to just 25% of any funds net asset value) and continue to manage these highly regulated pools of assets. This means that many of the largest funds remain large, stable and steady.

Many of the largest funds are also moving back to their original traditional skill-based market trading strategies – which are more liquid and transparent – because they can pick up talent that has recently been made redundant from bank proprietary trading desk closures.
Much of the excessive "leverage" and "hot money" has now left the market and the hedge fund industry.

All hedge funds in the UK and USA are now becoming extensively regulated and will be required to post even higher levels of tier 1 capital adequacy with both their regulator and prime brokers.

Funds of hedge funds continue to produce positive results over the medium-term and long-term and continue to maintain low correlation to traditional equity markets and with lower volatility.

Many of the largest hedge fund owners remain actively involved in their businesses and Hedge Fund Management remains the Formula 1 of the industry. The very brightest and best minds in money management continue to work for the top 100 Hedge Funds.

Hedge Funds continue to play a key role in keeping asset prices realistically lower and more stable whilst providing essential and substantial levels of liquidity, volume and open interest in many markets they operate in.

The temporary "short selling" ban on equity trading in certain countries did not materially affect major hedge funds.

None of the largest Hedge Funds recieved any form of "State Bailout" or Government gaurantee / asset protections unlike many of the largest Bank and Insurance Groups.

2000 – 2010 The lost decade!

Dec-31st 1999 S&P 500 Index = <u>1469</u>
Dec-31st 2009 S&P 500 Index = <u>1115</u>
<u>-24%</u> + 10 years of Inflation!
SOURCE: Bloomberg / Standard & Poors

Prestige Legends Fund:

10 YEAR RETURN = 134.2%
5 YEAR RETURN = 60.36%
3 YEAR RETURN = 28.41%
1 YEAR RETURN = 9.01%

With specific reference to Prestige Legends:

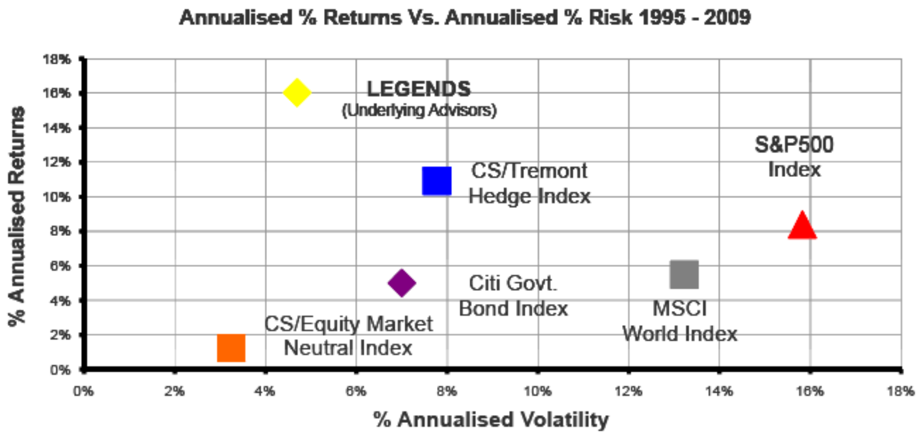
None of the Prestige Legends portfolio of funds "blew up" during the recent financial crisis.

None of the Prestige Legends portfolio of funds were "frauds" (Maddoff / Stanford / Petters etc.).

Prestige Legends produced steady, consistent, positive results during 2009, including in January and February when the MSCI World Index fell -19.3% during the same time period.

Prestige Legends is currently running approximately 1.7% downside volatility vs. 10.1% for MSCI World Index.

The underlying funds within the Prestige Legends portfolio continue to have an average assets under management of approximately US$12 billion dollars each.



	MSCI World Index	S&P 500 Index	CS/ Termont Hedge Index	Prestige Legends
MSCI World Index		95%	79%	50%
S&P 500 Index	95%		68%	39%
CS/ Termont Hedge Index	79%	68%		86%
Prestige Legends	50%	39%	86%	

International Private Medical Insurance

Healthy Options in Medical Care

ALC GLOBAL HEALTH INSURANCE

You can be fairly confident that in the event that you require urgent medical care, the local Accident and Emergency center will treat you when help is needed and in most European countries, so long as you have the right documents your treatment will be free.

But this is not always the case and we often hear of incidents where the paramedics demand payment for their services even in life threatening situations and where hospitals will not admit a patient unless they are able to present a credit card for pre-payment of their medical bills.

So what is the answer?

Just a quick look through the internet brings up a whole range of options to choose from with the majority of the offerings being of the “take it or leave it” variety which may or may not suit you. Some are designed simply to provide you with cover in your adopted country, whilst others offer the option to seek medical treatment both at home and aboard.

But which is best for you and how do you find your way around what can often seem to be a minefield of options?

Inter-Alliance WorldNet have partnered with ALC Health, a leading international medical insurer and who have been protecting the financial health of expatriates for many years and are now delighted to be able to offer you a choice of international medical insurance products designed to take the worry out of seeking what can often be expensive medical care.

What does international health insurance cover?

International health insurance is designed to cover the cost of treatment for curable, short-term illness or injury for which you are not suffering at the time of taking out your cover and which also allows you to seek treatment not only in your adopted country, but elsewhere including the country where you now live.

Typically, an international medical insurance plan, such as ALC Health’s Prima Classic plan, will cover those charges you might otherwise face were you to be hospitalized, in addition to out-patient specialist treatment fees, GP consultations charges and the cost of prescription drugs. Other options you might wish to add to your policy can usually be accommodated, including routine dental treatment (including regular check-ups), pregnancy & childbirth and even things like optical care and an annual health check.

What do I do next?

ALC Health has long been seen as the preferred choice when looking for a more personalised approached to international medical insurance and whether you are living in a new country, a frequent traveller or simply someone that demands access to the very best medical care, ALC Health's internationally recognised health insurance plans are designed to protect you and your family.

With many of ALC Health’s staff having worked overseas, we understand what it is like to be living away from home and have experienced firsthand the difficulties that have to be faced as part of everyday life as an expatriate.

Contact us and we will help you choose the medical insurance cover that is right for you.