



Knightsbridge
Wealth

update

Dear friends and colleagues,

Knightsbridge Wealth launched in April of this year and it has been an exhilarating experience in a fast changing global market.

We have worked with some of the leading players in financial marketing to establishing our brand identity, which has been well received. We have already personally visited the Gulf, North Africa, the Far East and numerous European countries. We are reaching out to professionals in all these markets, learning more about their requirements and the issues that affect them.

More and more, the large banks are unable to advise international clients, citing concerns over regulation. Against that background, Knightsbridge Wealth is establishing itself as a leading player, with a true understanding of the reasons why people - from all over the world - want financial advice regulated in the UK. Our team understands the issues that affect these clients and the countries they come from. Through that unique local knowledge, we work with the best fund managers in the market, satisfying their account opening requirements and working with them to ensure the best standard of advice and ongoing fund management.

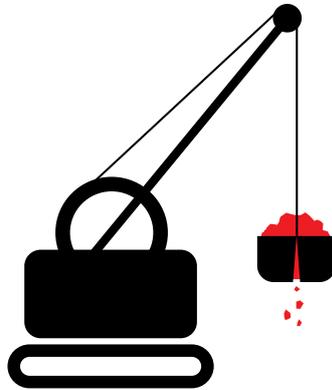
At the same time, many clients value the security that comes from a large, international brand. Our strategic partnership with UBS (Union Bank of Switzerland) gives the best of both worlds - personal service and the ability to react in a way that only a small firm can, partnered by one of the world's most prestigious brands.

When Britain decided not to adopt the Euro, many people felt that the UK was no longer relevant as a global, financial centre. On the contrary, London's relevance is growing - not diminishing. During recent global volatility, clients from countries as diverse as Italy and Syria are increasingly drawn to the 'safe haven' offered by the UK. Even those with stable and successful economies, such as China, are often drawn to the UK for reasons such as our excellent schools. The chance to gain UK residency is particularly attractive.

Knightsbridge Wealth will continue to grow - providing the best international wealth advice, by putting clients first. I hope we can continue to serve you and your families for generations to come.

Our strategic partnership with UBS (Union Bank of Switzerland) gives the best of both worlds - personal service and the ability to react in a way that only a small firm can, partnered by one of the world's most prestigious brands.

Market Report



All major banks and investment groups publish regular market reports, which make fascinating reading. However, it is important to always relate market intelligence to individual situations.

As our strategic partner, we use UBS as our primary source of market intelligence and will make appropriate bulletins available to all clients.

However, all clients like to hear the views of our leadership team so, Alexander Wade gives his quick view on five unloved asset classes and how they may fit in a client portfolio.

Commodities

Commodity prices have been drifting downwards since mid 2011. In the first half of this year alone, the Dow Jones/UBS Commodity Index fell more than 10%. China's slowdown, its emphasis on consumption rather than investment, and recent supply increases, all point to the end of the commodity super cycle. Whilst the latest data may show a recovery in Europe, it will be balanced by weakness in China.

However, sentiment towards raw materials is now so negative that the sector is worth revisiting. Everyone now realizes China will slow: In July, a Bank of America Merrill Lynch survey of global money managers showed that 65% expect the Chinese economy to weaken. Nine months ago, 67% expected it to strengthen! With the bad news for commodities seemingly largely factored in, some mining investments are now worth a look.

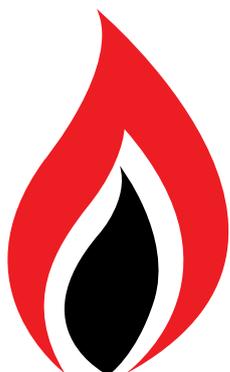
Conclusion: Time to Revisit Resources

Precious Metals

Since its peak in September 2011, the price of gold has dropped by more than a third. It is time to re-introduce a portion to portfolios (generally 5% and a maximum of 10%). Gold is a good hedge against inflation and worry.

The recovery remains slow. Governments could soon be increasingly tempted to ease the debt burden. Silver usually mimics gold's moves but magnifies them. As the market for silver is smaller, it is a riskier option.

Conclusion: Keep hold of gold



Energy

Sporadic worry about political upheaval in the Middle East continues to support the oil price. However, supply is ample and demand is lackluster.

As for natural gas, the price has fallen as the supply increase from shale continues to set the tone. Cheap gas is prompting more and more industries to switch to this clean-burning fuel and prices should rise over the long term.

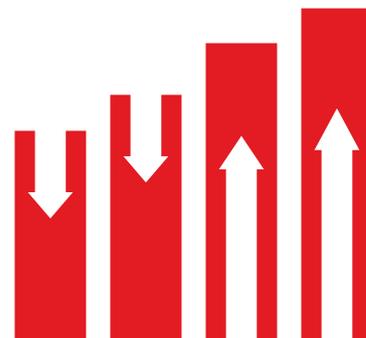
Conclusion: Stick with gas over oil



Bonds

Since the US Federal Reserve signaled that cheap money and their buying of Bonds would not go on forever, yields have risen, and, therefore, values have fallen. Government Bonds still look overpriced, after a 30 year bull run which has been turbocharged by money-printing in recent years. A possible future inflation burst is another reason to keep avoiding fixed interest assets.

Conclusion: Avoid debt



Equities

The world economy is still years away from a return to normal that would herald a sustainable bull market. Any momentum stems from investors hoping that raising interest rates can be put off for as long as possible. In these unpredictable times, the safest bet in the developed world is to gradually increase exposure to markets looking 'cheap,' namely Europe and Japan.

Meanwhile, emerging markets have taken a hammering. The benchmark MSCI Emerging Market Index is already down 10% this year. Valuations are now looking more reasonable and long term investors can start hunting for bargains.

Given the outlook, emerging markets with strong domestic sectors, and not dependent on raw material exports, are the more attractive. This means the Phillipines, Mexico, Indonesia and India are favourites.

Conclusion: Emerging markets are getting interesting.

UK Property review

When many international clients think of investments, they think of property.

In the year to July 2013 (the most up to date figures available) UK property was up 1.9%, and this was the best figure for three years. Hardly startling and significantly below returns from most other investments.

Prime Central London market continues to behave differently – up 13% a year for each of the previous three years. Prices in the rest of the UK are driven mainly by UK economic performance and the availability, and cost, of loans. This is less true in London, where significant demand comes from international investors looking for a safe haven asset, and often buying in cash.

Over the last year, average price per square foot has increased in both the less than £2m and the £2-£5m bracket. However, it is marginally down (-1.5%) in the £5m plus bracket.

An analysis by Strutt and Parker, the sole UK member of Christie's International Real Estate and one of the UK's most respected estate agents, shows that 37% of all buyers are now from outside the UK. That figure reaches 44% in Kensington and Notting Hill, 37% in Chelsea, South Kensington and Fulham. Interestingly, the percentage in Knightsbridge and Belgravia has fallen to 25%, compared to 53% the previous year.

The Pound's relative global weakness helps keep UK assets attractive internationally. The future for the market is closely associated with the pace of recovery in the UK, which is likely to remain subdued.

Given the global uncertainties and risks, Strutt & Parker forecast total growth in 2013 to be 4.5%, increasing to 5% in 2014.

When buying property, it is vital to take comprehensive advice from an independent property expert – not a commission hungry estate agent – as well as financial professionals experienced in the international market. Once a property is purchased in a personal name, for instance, it is very costly to change it. For tax efficiency, it is usually vital to arrange mortgage finance on purchase, and not in the future. Taking into account UK tax on capital growth, rental income and inheritance, tax planning is vital.

Although some buyers prefer to pay in cash, it is a fallacy that wealthy people don't need mortgages. If Facebook billionaire Mark Zuckerberg sees the need for a \$5.95m mortgage on his home in California (according to Bloomberg), those who are worth less than his \$15.7bn could also benefit – particularly in this low interest market.

The best loan arrangements are usually with private banks that offer better terms since they wish to attract the wealthiest. Lending is almost secondary – it is about the client and their appetite to do business – either now in the future.

UK property up

1.9%

Best figure in 3 years

Some of our wealthy clients need to raise finance because they are not in a position to purchase solely with cash, whilst others use borrowing to help with their financial planning and to protect against tax and currency risks

One of the specialists we work with is Anderson Harris. Director, Adrian Anderson, explains “Private banks don’t have a high-street presences so it is virtually impossible to access this finance without a specialist broker. Banks’ lending criteria vary considerably so a bank suitable for one client will not be to another. The broker who really understands the private banks will know not only the most suitable bank for a particular client but the right contact within it, to secure the best terms.”

Knightsbridge Wealth works with property advisers, a team of architects, as well as private banks and property finance specialists with a single objective – to put together the team of advisers appropriate to each of our client’s unique circumstances and requirements.

Knightsbridge Wealth working with UBS: The best of both worlds



When Knightsbridge Wealth was conceived, the senior partners were acutely aware that international clients want the reassurance of working with a well-established, renowned brand.

We wanted to work with a global name, but were also convinced of the importance of being fiercely independent – to be able to use other banks, and fund managers, depending on our client’s priorities.

Knightsbridge Wealth has formed such a partnership with UBS – the Union Bank of Switzerland. Management.

UBS is one of the world’s most prestigious wealth management and investment banks, and have chosen to partner with only a very small number of UK Regulated Financial Advisory businesses. And Knightsbridge Wealth is the only one that specifically focuses on the international market.

Alex Wilson of UBS says “Our partnership allows Knightsbridge Wealth clients full access to UBS products, services and solutions at specially discounted rates, together with our research and intelligence spanning the globe.

Both firms have undertaken extensive due diligence to ensure that this partnership offers clients the very best Wealth Management service available within the market.”

Stuart Poonawala, Founding Partner at Knightsbridge wealth added “We work closely with UBS’ Client Advisers and Product Specialists to ensure that our clients receive only the most appropriate and competitive products and solutions available. We believe that the combination of Knightsbridge Wealth’s advisory capability together with UBS’ investment products offers our clients an unrivalled investment service.”

Our partnership aims to provide clients with the best of both worlds – personal service and the ability to react in a way that only a small firm, like Knightsbridge, can, partnered by one of the world’s most prestigious brands.



Knightsbridge Wealth launches its Immigration Services

The world is increasingly volatile and many are trying to plan for their family's future in the event of continued volatility in their home country.

Many are looking at securing the right to live permanently in an attractive destination.

You can establish residency in Greece (albeit limited to five years) for a mere €250,000 investment in a property – at least €50,000 less than any other EU country. If the Caribbean appeals, you can become a citizen of St Kitts for only \$400,000 or a \$250,000 donation to the country's Sugar Industry Diversification Foundation!

Less than a year ago, Australia launched the 'significant investor' scheme, offering four years citizenship in exchange for an investment of AUD\$5m (just under \$4m) in stocks or bonds.

The UK Government has made it a priority to attract high value immigrants, citing its world-class education system, superb global communications and a well-regulated, flexible market as reasons that the UK is an attractive destination. Most importantly, perhaps, is the UK tax system that continues to offer favourable treatment to 'non domiciled individuals.' This means that those moving to the UK are unlikely to have to pay tax on their income and growth overseas for at least seven years and, with careful planning, indefinitely.

In addition, its scheme provides permanent residency – regardless of where applicants actually choose to live.

To secure permanent UK residency, one needs to invest £1m in the UK for a period of five years. This reduces to three years for those investing £5m and to two years for those investing £10m.

Knightsbridge Wealth is fast becoming the most respected advisor in this market and has established links with the most highly respected professionals to assist those moving to the UK. We have a robust investment process and have published guides in **English, Arabic, Chinese and Russian**. Please contact us if you would like a copy.



New appointment



Graeme Cowie has joined the team at Knightsbridge Wealth and is responsible for building our professional connections with international lawyers and accountants, as well as co-ordinating our relationship with key fund managers at a number of international Private Banks and Discretionary Fund Managers.

Graeme has spent over 20 years in financial services and investment management, most recently spending more than six years at UBS where he led the Strategic Partnership team.

In an introductory message, he said, "Knightsbridge Wealth continually researches the investment market to ensure that we are able to offer our clients the very best investment services, fund managers and solutions available in the market place."

Graeme is a superb addition to the senior team at Knightsbridge Wealth and its aim to establish itself as the pre-eminent advisers to international clients in London.

Knightsbridge Wealth is led by two key individuals who have worked together for over 15 years.



Alexander Wade

Alexander is one of the most experienced London advisers in the international market, specialising in this field over the last 17 years at HSBC, consistently recognised as one of its most accomplished advisers. He has over 21 years' experience in financial services. He is particularly interested in the Middle East market and understands the specific issues which are relevant there.



Stuart Poonawala

Stuart has worked in financial services since 1998. In 2003, he helped to found HSBC's specialist London arm advising international clients which quickly became one of the bank's most successful UK divisions. In 2009, he launched **Kubera Wealth** which now becomes our sister company, focussing on providing quality advice to the UK market. Stuart has worked in financial services since 1998.

Our four support staff have, between them, over 120 years experience in providing support to experienced bankers and financial advisers, at one of the UK's largest Banks:



Kelly Kular
Personal Assistant



David Barnard
Office Manager



Shana Patel
Client Relationship
Manager



Jane Cowie
Paraplanning Manager

UPDATE

Contact us

If you require further information about our services or would like to discuss your financial situation with us, then please call us on the number below, or send us an email about how and when we can contact you.

Knightsbridge Wealth Ltd,
45 Pont Street
London SW1X 0BD
United Kingdom

Contact us to make an appointment on

+44 (0)20 7407 3032

or send an email to:

info@knightsbridgewealth.co.uk

www.knightsbridgewealth.co.uk