

INFORMATION LINE

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Perspective

As we enter the new Millennium, let's take a quick glance back at Y2K. At press time, it seems that while a few problems surfaced, they were resolved quickly with relatively minor disruptions.

We received a few calls from readers wondering why the "sky didn't fall" and if the precautions they took were unnecessary. Of course, no one likes thinking they were wrong, but isn't it better to error on the side of caution?



Michael Checkan

After all, we didn't stockpile food hoping we'd get a chance to eat it, but hoping, rather, that we would never need to eat out of cans. Would we be happier if there had been social collapse? No, we bought it "just in case."

Doesn't the same rationale apply to "core holdings" of precious metals? Just because Y2K has proven so far to be a mere speed bump in the road of history doesn't mean our asset allocation to include precious metals was unwise. Quite the contrary! It actually reinforces the philosophy by highlighting the instability of the world we live in and therefore, the need for asset protection.

We have seen estimates that over 500 billion Dollars were spent worldwide on Y2K readiness. In all likelihood, Y2K was no big deal because those monies were spent on preventive measures.

This close brush with possible disaster should be viewed as a wake-up call and should reinforce our commitment to reduce risk and enhance profitability of our investment portfolios. Modern portfolio theory states that asset allocation is 90% of the profitability equation and

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Is An Offshore Bank Account Still A Good Idea?

by Mark Nestmann

Once again, the politicians and media are bashing offshore bank accounts.

Recent Congressional hearings have highlighted "abuses" in offshore accounts set up by U.S. banks for their larger clients. One prosecutor has even suggested that there is "no legitimate reason" for any American to bank offshore.

But nothing could be further from the truth. Let's look at the facts.

1. A foreign bank account provides access to investments that are simply not available in the U.S. These include offshore funds, securities traded on foreign exchanges and many other opportunities. Most offshore hedge funds are closed to U.S. citizens. But an offshore bank can buy the shares in its name and hold them for you.

2. A foreign bank account provides practical privacy and asset protection advantages. Not so here. Banks in at least five states routinely sell account records, Social Security Numbers and telephone numbers of their depositors to telemarketing companies.

Privacy abuse is about to get worse. A new federal law allows banks, insurance companies, securities brokers and direct marketing companies, for the first time ever, to offer all these services under one roof. And if the data is maintained within a "corporate group," there are no limits to it being shared. You have no right to restrict disclosure of this information!

Contrast this to the strict bank secrecy laws in many countries where information about your account can be released to anyone **only** by court order. In these countries, your assets are off the U.S. "radar screen."

But you still have complete control over these assets.

3. A foreign bank account is an easy avenue to currency diversification. The U.S. Dollar is currently one of the world's strongest currencies. But currency values move in cycles, and many investment analysts now predict a weaker Dollar in

years to come. A foreign bank account offers you a convenient way to hold your assets in different interest-bearing currencies and securities — with much greater flexibility and lower fees than the same services generally cost in the United States.

To open an offshore bank account usually requires an introduction and substantial opening balance, often in the six-figure range. And then...how do you choose which offshore bank to use?

One organization — for which I serve as editorial director — **The Sovereign Society**, has introduced a program called the **Offshore Convenient Account** for its membership.

Here's how it works: When you become a member of **The Sovereign Society**, an introduction to an offshore bank will be ready for you. No fees or charges apply.

The three banks involved in this program are all ultra-safe, well-established institutions with professional English-speaking staffs. All of them are located in bank secrecy havens — Switzerland, Austria and Luxembourg — in which information about your account cannot be released to anyone, except by court order.

Your **Offshore Convenient Account** gives you unlimited access to the global marketplace. With whatever amount you have to invest — one of the banks has no minimum deposit requirements — you can begin to build a diversified international investment portfolio, in any currency, in some of the world's safest asset havens.

Your **Convenient Account** banker can buy any investment for you, including stocks, bonds, mutual funds, commodities

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Currency Corner

The Coming Rebound Offshore

by Robert Vrijhof

Here in Europe, we're glad to see 1999 behind us. We ended the century with a whimper! Most European markets underperformed both the American and Far Eastern stock markets. On top of that, we saw the US Dollar increase from 1.38 to 1.60 Swiss Francs per Dollar — a 16% rise.

So, does it really make sense for a US investor to have funds abroad?

You bet! No matter who is in front at the moment, the greatest long-term safety always lies in an internationally diversified portfolio. Americans concentrated in domestic markets made big gains, but those gains could not be more vulnerable.

Plus, Europe is poised for a break out. We expect moderate growth and low inflation for this year while it is hard to imagine that the US Dollar can maintain its current strength.

We at **Weber Hartmann Vrijhof & Partners** anticipate a correction of at least 10% in the US Dollar. That is, we expect to see the Swiss Franc strengthen to around 1.45 before the year end.

Volatility will no doubt remain high in the stock markets, but prudent investors with a long term horizon will be invested in the Euro, the Swiss Franc, and the European stock market. Certain blue chips — Swiss Re Insurance and Novartis for example — fell 20% last year. The same thing happened to Ahold and Unilever.

On the other hand, Swiss stocks like ABB (power plant and automation) and Swatch (Switzerland's largest producer of watches) nearly doubled. And Nokia, Finland, the world's largest producer of cell phones is up over 300% for the year.

Interest rates may climb, but they are not going to skyrocket. This means that Swiss or German stocks should be added to defensive portfolios. Takeovers or takeover speculation could add to the volatility of financial stocks. European high tech stocks such as Mannesmann, SAP, Philips and Nokia are worth a closer look.

The big eye-opener in foreign markets has been the Far East surprise. Markets like Thailand and South Korea were pronounced dead in the summer of 1997. But the growth demonstrated during the last year shows them very much alive. Thailand's GDP is growing at 7 1/2% a year. The big question for that part of the world is if the profound underlying problems of 2 years ago have been solved or just been papered over.

We have to conclude that European and Asian stocks show exciting promise. Particularly in the Far East, you would need to monitor your investments closely. To intelligently spread the risks, we focus on well-managed stock mutual funds where we

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	<u>Year Ago</u>	<u>Current</u>	
Swiss Franc	\$.7010/Franc	\$.6213/Franc	▼
German Mark	\$.5726/Mark	\$.5122/Mark	▼
Japanese Yen	\$.0084/Yen	\$.0094/Yen	▲
Euro	\$1.1266/ECU	\$1.0018/Euro	▼

The Hard Stuff

Global Investing for the Truly Diversified Portfolio

by Glen O. Kirsch

Is your portfolio overweighted with U.S. stocks and bonds? Are you keeping all your eggs in one U.S. Dollar basket here in the United States?

If you are, you should consider participating in an upcoming live Internet audio broadcast. A group of investment specialists will discuss alternatives to traditional investing. **This two hour online forum, "LiveInvestorsForum.com" will take place on Thursday evening, February 24th at 9:30 PM EST/6:30 PM PST.**

LiveInvestorsForum.com is a website that provides live (and pre-recorded) financial webcasts that fully explore many investment areas to help you maximize your returns. Forum guests are selected on the basis of being respected analysts and industry "insiders" who can give you the edge you need to make well informed financial choices.

The key to successful long-term investing is to balance your assets with a strategic global approach. With a world of opportunity out there, you should not be victimized by a sharp downward correction in the U.S. Dollar or in high tech stocks.

With the advent of instant communications, global financial services are now at your fingertips with unprecedented ease. The **LiveInvestorsForum.com** broadcast will feature financial specialists who will share with you powerful investment strategies in many non-traditional areas. These include investments in offshore individual stocks and funds, foreign currency certificates of deposit, offshore storage of precious metals and direct overseas real estate investments.

All of the markets and assets listed below represent overseas opportunities that are within the reach of the informed global investor whether living in the U.S. or elsewhere in the world. These examples represent a sampling of 1999 returns.

- Nokia shares (ADR)...up 292%
- Fidelity Japan smaller companies...up 193%
- Platinum bullion coins stored in Switzerland or Australia...up 22%
- Netherlands shares (EOE Index)...up 17%

Each of the distinguished interactive forum specialists publishes or contributes to an active financial newsletter. As a participant, you can submit your global investment questions during the live broadcast. If you do not receive an answer during the show, a response will be forthcoming within one week via email.

The forum specialists are:

Adriane Berg...A financial writer and publisher of the

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	<u>Year Ago</u>	<u>Current</u>	
Gold	\$285.60/oz.	\$286.00/oz.	▲
Silver	\$5.49/oz.	\$5.28/oz.	▼
Platinum	\$366.00/oz.	\$456.00/oz.	▲
Palladium	\$352.00/oz.	\$479.00/oz.	▲

INSIDE STORY

Where in the world should you put your money now?

By Adrian Day

Recent years have seen stunning performance by the U.S. stock market. And the Dollar has flexed its muscles, making Wall Street the place to be.

But the party is about over. Fewer stocks are actually making gains. Last year, while the S&P 500 climbed 21%, *half of the individual stocks* making up the index fell.

While the U.S. economy remains strong, with no real risk of inflation and no sign of a slowdown in sight, it simply cannot continue growing at the same unprecedented pace. It has a huge financial deficit — huge debt and little savings — that spells real danger. These astronomical deficits are made possible only by massive global inflows, but with the deficit at 6% of GDP, this simply cannot be sustained.

There are some better opportunities overseas. European economies and markets offer better value with better near-term prospects than Japan. The recovery is taking hold and there are still reasonably good values in Europe. We are looking to buy, particularly if there is a merger kicker. In Japan the recovery looks uncertain and the stocks are expensive.

Nor are emerging markets cheap, particularly in Asia, following strong recoveries there which have already pushed stocks ahead of fundamentals. The best part of that recovery is over.

As for Latin America, stocks are less expensive, and a recovery is underway. However, this market is more sensitive to the U.S. than the Asian markets, hence more vulnerable to a U.S. decline.

The Dollar is Peaking

There is a strong possibility that the Dollar is near its zenith. Much of the Dollar's recent strength has been the result of portfolio flows into U.S. financial assets. Should that falter — let alone reverse — other currencies must rise. The American Investment Services put it well when it recently called the Dollar, "the world's tallest dwarf."

Avoid the yen. It is highly overvalued given Japan's economic cycle. Nor are we bullish on the Euro, given the fragility of the economic recoveries in much of Europe and the lack of support by governments there. However, the Euro may be struggling to find a floor. Certainly, continued steady economic recovery on the continent and any turn in the U.S. financial markets would support the Euro.

If you want to buy foreign equities just because you believe they will perform well in the period ahead — consider one of the solid U.S. based global mutual funds.

But if you want to diversify your *assets* as well as your *investments*, then it makes real sense to undertake your investments from a foreign base. A European bank offers the traditional benefits of safety, and perhaps privacy, as well as access to global markets. For many years, I have dealt with **Camafin Trust** in Zurich, and I have found them to be very helpful and efficient. **Contact Bruno Brodbeck, Box 1625, 8801 Thalwil, Switzerland, Tel: 011-41-1-720-3131.**

Adrian Day is President of Global Strategic Management, a discretionary manager specializing in global and resource accounts. Accounts can be based both domestically or internationally. Contact Global Strategic, Box 6643, Annapolis, MD 21401, Tel: 410-224-2037; account minimum is typically \$300,000. □

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on any market anywhere. He can buy and store precious metals for you. He can even act as your investment manager.

Once you have transferred sufficient funds to your account, you receive a VISA or MasterCard, which you can use to obtain instant access to your funds at tens of thousands of ATM machines all over the world.

Become a member of **The Sovereign Society**, and you'll receive full details on these three banks, activation kits for them and a free report on how to use an offshore bank account legally and efficiently.

To find out more about membership in **The Sovereign Society**, log on to <http://www.sovereignsociety.com> or contact **The Sovereign Society** at — St. Catherine's Hall, First Floor, Catherine Street, Waterford, Ireland, Telephone #: 353-51-844-068, Fax #: 353-51-304-561 or contact our U.S. representative office toll-free at (888) 358-8125.

Mark Nestmann is the editorial director for The Sovereign Society. He is a journalist, legal researcher and author of many books and reports dealing with privacy, surveillance, asset protection, offshore investing, alternative passports and citizenship, including Asset Protection 2000, Privacy 2000 and How to Achieve Personal and Financial Privacy in a Public Age. E-mail: assetpro@nestmann.com. Internet: <http://www.nestmann.com>. □

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Wealthbuilder newsletter. Adriane has written 22 investment oriented books and broadcasts weekly from New York via her very popular radio program.

Michael Checkan... A financial writer and co-publisher of Information Line. Michael specializes in assisting North Americans to internationalize assets utilizing the precious metals and foreign exchange markets.

Steve Sjoggerud... A financial writer and investment director of The Oxford Club Communiqué. Steve has extensive knowledge of the global stock, bond and real estate markets.

The moderator of the program is Jacques Luben who is Executive Director of LiveInvestorsForum.com. Jacques is a widely quoted investment expert who developed precious metals programs at Morgan Stanley Dean Witter and Merrill Lynch. He recently completed a 14-year tenure as President of Platinum Guild International, a mining trade association supported by major platinum production and fabrication firms throughout the world.

For more information and to pre-register for the FREE live Internet audio broadcast, contact "LiveInvestorsForum.com". Written transcripts are available upon request. □

BITS & PIECES

Better Than Gold...

Michael Checkan is a member of the Board of Governors of the United Kingdom based ZURICH CLUB. As a member of their Wealth Protection Panel, he was asked to write an article about how to purchase gold without the hassle of taking delivery.

With the permission of the ZURICH CLUB, find a reprint of the original article that appeared in the CLUB's September 1999 "Communiqué" The CLUB recommends that their members keep 5% of their net worth in gold as a protection against financial crisis. However, some people find it difficult to store gold and are uncertain about how best to own it.

The Perth Mint, owned and guaranteed by the government of Western Australia, introduced in 1999 the best and safest way to buy and hold gold. You buy the gold through an Approved Dealer and receive a certificate of ownership. Selling couldn't be easier...any Approved Dealer would purchase the certificate back when you wish to sell it. This is the **only** government guaranteed precious metals program in the world!

UK Based readers of [Information Line](#) interested in joining the ZURICH CLUB should contact **Suzanne Philips, Club Executive** at Tel: 020 7447 4000, Fax: 020 7447 4041, Email: thezurichclub@f-s-p.co.uk. □

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that only 10% is the actual selection of specific investments. Investment diversification actually reduces risk and enhances profitability.

So, what should we expect for investments in 2000? Well, the stock market continues to defy both gravity and reason. Be cautious and extremely defensive.

We have seen figures that say there are ten times the number of investors in the stock market today than there were in 1987. Do you remember how difficult it was to reach your broker on Black Monday? Predetermine how much you keep in this market by how much you're willing to lose.

What should you do with the profits from liquidated stock market positions? Investment planning over the next few years should focus on keeping what you've got! Many financial advisors suggest 10% of the investor's net worth be placed in "core holdings." This asset allocation requires monitoring and revaluation, and now, should be globally diversified as well.

The world is getting smaller, and our investment perspective must be global. Much of the new found wealth of the '90's is in retirement monies, most of which have not been globalized. Our focus this year will be to assist our readers in that globalization process by identifying or developing investment strategies to help accomplish those goals. □

Faster PMCP Transaction Executions

As we mentioned in the January *Perspective*, we are concentrating our efforts this year on developing new products for globalization as well as *enhancing* existing services. We would like to bring to your attention an enhancement to the **Perth Mint Certificate Program (PMCP)**.

Until recently, PMCP purchases and liquidations were executed using either the London AM or PM Fix due to the time differences between the U.S. and Australia. Your choice of price execution has now been expanded to include The Perth Mint's opening Spot price. This enhancement enables ASI to fix a price according to execution instructions about 7 hours earlier than the London AM Fix and about 15 hours earlier than the London PM Fix. The benefit to you is considerably less exposure, in a volatile market, between the issuance of instructions and the execution of the purchase or liquidation by The Perth Mint.

For more information on how to safely store precious metals overseas using the government guaranteed PMCP, call Glen or Rich at (800) 831-0007. □

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know both the philosophy and the people.

If you have any questions regarding European or Far Eastern holdings, call me or our newest Senior Partner, Rene Schatt. Call us collect in Zurich or send us an email to whvp@active.ch with your telephone number. Or write Weber Hartmann Vrijhof & Partners Ltd., Zurichstrasse 110b, CH-8134 Adliswil-Zurich, Switzerland, Tel #: 011 411 709 1115, Fax #: 011 411 709 1113. □

Quote of the Month

*"By common consent of the nations, gold and silver are the only true measure of value. They are the necessary regulators of trade. I have myself no more doubt that these metals were prepared by the Almighty for this very purpose, than I have that iron and coal were prepared for the purposes in which they are being used."
Hugh McColoch (1808-1895)*

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