

# INFORMATION LINE

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## Perspective

Welcome to the Year of the Horse — 2002. Many of us ring in the New Year by reviewing different aspects of our lives. We look at our health, our profession, our relationships and eventually at our financial well being. Money isn't everything, but it does make facets of our lives easier because it opens up options and opportunities.



Michael Checkan

As we begin our 20<sup>th</sup> year of publishing *Information Line*, we remain as committed today as we were two decades ago to assisting our readers on their journey to prosperity. With that in mind, we encourage you to keep a few considerations in mind as you begin your annual review of your financial affairs.

### ❖ Don't Neglect Retirement Planning

Whether your retirement plan includes IRAs, Pension Plans, 401(k)s, or combinations of all, there are many opportunities available to you outside of the traditional mutual fund strategies. You can hold precious metals in your retirement plans with either domestic or overseas storage. You can place foreign currency denominated instruments in your retirement program with a wide range of options: offshore annuities, overseas bank accounts, foreign securities and offshore asset management. Call ASI to discuss these alternative investment strategies.

### ❖ Don't Outlast Your Wealth

We are all living longer due to breakthroughs in medicine and science. The challenge is to plan for a longer life expectancy and not outlive your wealth. Longevity planning must be a part of your  
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## The European Markets Formula for 2002 Volatility = Opportunity

by Robert Vrijhof

Selling off equities in a depressed market initially brings a sense of relief. However, oftentimes, these sales occur at or near the bottom since the market has fully discounted the causes of the downturn into the share prices. Then, as the prices begin to recover, the seller is left watching the rise from the sidelines, only to enter the market again, too late. The difference versus staying invested can be as much as 25%!

The situation in European stock markets during the year under review has not been entirely different from what is described above. Currently, fresh macro-economic news, when bad, will not tend to exert much influence over the level of stock markets given that this bad news is what the markets have been discounting and predicting for the past year. As the markets in Europe begin to focus on the future and the effects of cheap money on the consumer and investor, stock markets are, inexplicably to some, rising.

We therefore believe strongly that despite enormous volatility which we expect in the months ahead, we will be in for a decent performance in European stock markets during 2002. We will stick to our conservative strategy and are looking at a stock exposure of 40 % which might be increased during the second half of 2002. The focus at the moment is on banks and insurance as well as pharmaceuticals and luxury goods. If we focus on the economic aspects we see that the terrorist attacks have caused a temporary slowdown in growth. This, however, is not the main point. The economic policy effects being undertaken may bring about a rapid and relatively vigorous recovery. We are thus confronted by two scenarios, though it is still not possible to choose which is the more likely: one is a V

shaped recovery and the other a U shaped rebound.

Specifically the V shaped scenario will take place if efforts to stimulate the economy will bode well with confidence among economic agents, who in this case will use the means of their disposal through monetary and budgetary policies. As we have already hinted, visibility remains poor. The only thing that is certain is that we are on the downleg of the trajectory. Given the scale of the economic policy measures taken and the favorable relations that they have had on some markets, we tend to believe in a V shaped scenario.

We feel that it is not too late yet to convert US Dollars into Euros and Swiss Francs. Do not forget that the USD is fundamentally overvalued and that the USA has to finance a current account deficit in the region of USD 400 billion and that the decline in productivity gains is reducing the attractiveness of US assets. There is thus a risk of a trend reversal with the weakening of the USD.

The readers of *Information Line* may recall that for the last two years we have been recommending the sale of U.S. Dollars and the purchase of Euros and Swiss Francs. Since the U.S. Dollar has declined from its peak by approximately 10%, we see this trend continuing in 2002 and even accelerating by an additional 10%.

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# Currency Corner

## The EURO — Heavy Weight or Light Weight?

by Dr. Erich Stoeger

On January 1, 2002, twelve European nations will introduce to its more than 300 million citizens and the world 14.5 billion new EURO banknotes and 50 million EURO coins. Never before has a group of countries agreed voluntarily to share one currency in an economic union while retaining their own diversity and nationhood. Never before has the introduction of a currency brought forth such fierce academic, practical and emotional debates.

Why is the EURO viewed by some as the path to long-term prosperity and peace and by others as the road to destruction? Here are some reasons on both sides of the issue.

### Pros:

1/ The single currency provides internal and external stability for the EURO countries. Externally, a large currency bloc enhances credibility. Producers and exporters conduct business with greater certainty. This increases trade significantly. Internally, inflation is kept under control with a stability pact (Dublin summit 1996), forcing fiscal responsibility on the member governments.

2/ A single currency results in lower interest rates due to a large competitive European capital market. Exports between the 12 EU countries are not burdened by exchange and hedging costs.

3/ There is no need to exchange money when traveling within Euroland. The EURO affords transparency of prices, wages, taxes and other costs. This means more competition, lower prices and ultimately it unifies commerce within Euroland, prompting economies of scale. This encourages more investments, jobs and the potential for increased growth and prosperity.

### Cons:

1/ The biggest disadvantage is the loss of national sovereignty due to the transfer of financial and fiscal competence from the state to the EU. The cost and inconvenience of introducing the EURO is significant.

2/ Member EU countries can be at different stages in their economic cycles. The Dublin stability pact reduces the sovereign state's ability to fight recession, cut taxes or devalue the currency. In 1986, Texas could not avoid a recession caused by lower oil prices, while England successfully allowed the pound to ease and escaped an economic down turn.

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	YEAR AGO	CURRENT	
Swiss Franc	.6162/Franc	.6062/Franc	➡
British Pound	\$1.4778/Pound	\$1.4405/Pound	➡
Japanese Yen	.0085/Yen	.0076/Yen	➡
Euro	.9514/Euro	.8997Euro	➡

# The Hard Stuff

## Hard Facts About the "Hard Stuff"

by Glen O. Kirsch

As we begin 2002, the natural tendency is to reflect on the previous year's investment performance.

If you were involved in the **tech wreck**, the aftermath isn't pretty. Much like the horrific 911 terrorist attacks, the carnage on Wall Street will have long lasting and far reaching implications. Never before in the history of mankind has so much wealth evaporated in such a short period of time.

The illusion that America is a bastion of safety, impervious to world problems, has forever been shattered.

The uncertainties of life must be accepted as a given but, we still do have the ability to influence our future and its outcome.

Those same uncertainties of life highlight the importance of precious metals in your portfolio. Precious metals can be viewed as your "financial insurance." Just as you would never cancel your health insurance even though healthy, precious metals should be your financial health insurance during good times and bad.

Unfortunately, many investors view precious metals like a stock investment...it must go up in value or why own it?! Another perspective is that stability of price is the insulation your portfolio **deserves** and **needs**. The key benefit precious metals provides is for the retention of purchasing power over a long period of time.

So as we enter 2002, plot a course for your investments that include precious metals. Many financial planners recommend between 5-15% of net worth.

Recent events also show the importance and merits of global diversification of assets. Similarly, diversification amongst the metals is not only prudent, but advisable.

Too often, the review of investment performance excludes retirement monies. For some reason, individuals have a tendency to feel the job is done by just setting aside the money. They neglect the management aspect of the process. Management neglect is the very reason why many people **cannot** retire.

Today, IRA's have a huge amount of money in them. By some estimates, it exceeds 4 trillion dollars. President Bush signed the 10-year \$1.35 billion tax package last year (Economic Growth and Tax Relief Reconciliation Act of 2001). The Act contains the most extensive changes to IRA's and Qualified Plans in almost 20 years. A number of

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	YEAR AGO	CURRENT	
Gold	\$263.80/oz.	\$277.80/oz.	➡
Silver	\$4.75/oz.	\$4.64/oz.	➡
Platinum	\$627.00/oz.	\$489.00/oz.	➡
Palladium	\$1,055.00/oz.	\$444.00/oz.	➡

# INSIDE STORY

## Paradise Found...The Turks & Caicos Islands

by Michael Checkan

It's not hard to fall in love with the Turks & Caicos Islands (T&CI). But, you first have to find them. I did and made my first visit to these beautiful Caribbean islands in October 2001. You too can find this paradise which is only 575 miles southeast of Florida, near the Bahamas Islands chain.

Many reasons draw the tourist, the investor and the retiree to this unspoiled tropical gem. Clearly, it starts with the beautiful weather with temperatures in the mid-70's in January and February to the low-90's in late summer. This jewel of a country offers clean and fresh tropical breezes throughout the year. There is a diversified landscape with exotic ecosystems of pristine cays and beautiful beaches. The T&CI are fast becoming the destination of choice for discerning travelers and those wishing to retire and reside offshore.

Yet, with all this natural beauty, the T&CI remains a sophisticated offshore investment haven. You will not find islands that are garish, costly, bureaucratic or over-developed. In sharp contrast, you will find islands that remain exclusive with "can-do" inhabitants and with one of the lowest crime rates in the Caribbean.

Of course, one of the biggest draws here for those looking for an offshore haven is taxes—more appropriately, the lack of them. There are no income taxes, no capital gains taxes and no property taxes or inheritance taxes. Furthermore, there are

no tax treaties with other countries that oblige disclosure of your financial information to other governments.

The T&CI government recently reduced one of its only forms of taxation, the stamp duty, a one time fee for the transfer of property from 9.75% to 5% to encourage and sustain investment in the islands. Consequently, this is an excellent time to buy your piece of paradise. Prime beach front and ocean view builder lots are readily available and investment lots can be had for under US\$ 20,000.

The T&CI are a politically stable country under the rule of Great Britain. This discreet and secure haven uses the US dollar as its currency of choice. The T&CI is not a string of sandbars in the middle of the ocean. Instead, it is a small group of beautiful islands with friendly people, a thriving civic life, several chambers of commerce and a high standard of living with stable costs.

The T&CI are a place to visit, to live, to invest and protect your assets including that most important asset of all...your peace of mind.

For more information about T&CI, I suggest that you contact Douglas Fenimore. Doug is a "Belonger", my "insider" who knows the who, what, where and how of the islands. Also, he can introduce you to Boogaloo, who can get you the freshest "conch" salad in the islands.

**Contact Doug at Landmark Realty Ltd., Caribbean Place, PO Box 539, Providenciales, Turks & Caicos Islands, Tel: 1-649-946-5118, Fax: 1-649-946-5197, Email: [dfenimore@tciway.tc](mailto:dfenimore@tciway.tc).**

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*overall financial plan. Call ASI and be introduced to Adriane Berg, of Wealthbuilder Financial, who is author of Relay Race Investing, an in-depth book that looks at the longevity phenomenon. Adriane can guide you through these uncharted waters.*

### ❖ **Don't Go It Alone**

*Although ASI can assist you with your precious metals and foreign exchange needs, we do not offer domestic stocks or bonds. With ever-changing tax laws, stock market volatility, and plummeting interest rates, there is a very real need today for expert domestic portfolio management. We found the qualified duo of Ken Greenblatt and Brad Spitz of Time Capital to help you.*

*This straight-shooting team can simplify complex financial issues and help you avoid common and some not so common pitfalls. Call ASI to arrange a free consultation with Ken and Brad.*

*Keep these three points in mind as you review your financial health. Call ASI at 800-831-0007 to discuss your financial needs or to learn how you can meet us in person along with our associates at an upcoming Winter/Spring Seminar series in New York City and Washington, D.C.*

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Adding the exchange rate appreciation to an already anticipated robust market, we project 2002 to be a strong year for portfolio performance.

### **Attention IRA Holder**

We are very proud to announce, for the first time, that WHVP can assist you with management of your IRA assets. American Church Trust Company (ACT) in Houston, Texas will be the U.S. Custodian/Trustee for the IRA. ACT administrates the account, assuring IRA regulation compliance and files annual IRS valuation reports. ACT will maintain an overseas account, for the benefit of the IRA holder, with a private bank in Zurich, Switzerland. The bank holds the assets and executes the buy and sell transactions. We, at WHVP, can be engaged as your money manager. We provide the expertise to participate in the international investments markets. We invite you to contact us for more information about this unique service.

**Weber Hartmann Vrijhof & Partners Ltd., Zurichstrasse 110b, CH-8134, Adliswil, Switzerland, Tel: 011 41 1 709 1115, Fax: 011 41 1 709 1113, Email: [whvp@dial.uunet.ch](mailto:whvp@dial.uunet.ch) or [whvp@active.ch](mailto:whvp@active.ch).**

# BITS & PIECES

## *The Constant is Change*

We are constantly looking for ways to keep you better informed about the dynamic international foreign currency, precious metals and wealth protection markets. Also, we want to provide you with the very best personalized international services.

Therefore, we wish to bring to you two new positive changes:

**Information Line** is now available by email. Just send your email address to [assetsi@assetstrategies.com](mailto:assetsi@assetstrategies.com) in order to receive faster delivery of information.

Our local bank has been acquired by a larger regional bank which will help us better serve you. You should now wire funds to United Bank, 1185 Main Street, Fairfax, Virginia 22030-5008, (ABA# 056-004-445), Beneficiary: Asset Strategies International, Inc., Beneficiary Account: 10-077-85, Remitter: **Your name or your company name.**

These positive changes are in addition to our website, [www.assetstrategies.com](http://www.assetstrategies.com) introduced in 2001. Our constant goal during the past 20 years has been to find ways to better inform and serve you.□

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3/ The European Central Bank can not set interest rates that satisfy every member country. Economically strong countries must co-ordinate economic policy with weaker countries. The labor market is not mobile due in part to different languages, which could mean pockets of depressed areas while others flourish and have wage increases.

### **Conclusion:**

The final verdict on the EURO is still out and the currency markets have not given the EURO a vote of confidence. There are still just French, Germans, Italians, Irish...but no Europeans.

The EURO should remain volatile versus the dollar well into 2002 although potential exists for appreciation fundamentally. Those who diversify out of the dollar should consider also the Swiss franc and/or the British pound in their strategies. If the EURO does appreciate, all should move in tandem. If the EURO depreciates, the British pound and particularly the Swiss franc, could outperform the EURO.

*Dr. Erich Stoeger is Chairman of EurAxxess, an international financial services company in Zurich, Switzerland, providing easy access to diversified investment strategies for safety and growth. EurAxxess tel. 800 331 0996 and [info@euraxxess.com](mailto:info@euraxxess.com). Website [www.euraxxess.com](http://www.euraxxess.com).□*

## *Seminar Series*

Asset Strategies International, Inc. (ASI) is now associated with TimeCapital (TC) in New York, a money management firm that specializes in longevity planning. The medical strides that give many of us an extra 30 years of life is the very thing that requires a need for professional asset management.

ASI and TC will present an outstanding seminar series in 2002.

- ❖ January 16 — The Friar's Club in New York City
- ❖ January 23 — The George Washington University Club in Washington, DC

Stay tuned for future dates....

If you would like to attend the seminar or have a complimentary telephone consultation, call 888-419-5566.□

“When we have gold we are in fear,  
when we have none,  
we are in danger.”

Proverb□

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these changes are positive.

Two positive changes which take effect in 2002 are: Roth & Regular IRA annual contribution limits have been increased and individuals 50 years and older may make additional contributions as a “catch-up” feature. American Church Trust has produced a single page spreadsheet, which illustrates how the changes of contributions will take effect from 2001-2010 from IRA's and Qualified Plans. If you are interested, call us and we can email or fax you a copy.

Recently, we announced in [Information Line](#) that Perth Mint Certificates can be placed in IRA's. The account opening minimums have been reduced to \$10,000 and \$25,000 for coin and bullion certificates respectively. To our knowledge, this is the **only** way you can have precious metals in your IRA with storage overseas and with a government guarantee!

In conclusion, reflect on all your previous year's investment performance. Consider adding precious metals to your investment allocation. Take action to implement your decision. **Call ASI if you have questions — 800-831-0007.□**

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