

Grandview

廣訊

GRANDTAG NEWS

Managing Director's Message

K.C. Lau

The impact of chilly breezes during Chinese New Year heralded the beginning of a challenging year. Nevertheless, as spring approaches, we are pleased to share with our readers some exciting news stories that were left out of the 4th Quarter issue of Grandview due to time and space constraints.

Over 300 esteemed guests gathered on January 15 to celebrate the grand opening of Grandtag Financial Consultancy (Chongqing) Company Limited (重慶國達投資諮詢有限公司), the joint-venture company of Grandtag and Chongqing Guo Ping Group. A remarkable number of transactions were booked that day as many prestigious local clients joined our business presentation session after attending the opening ceremony. Furthermore, our land banking program also performed well and posted good results.



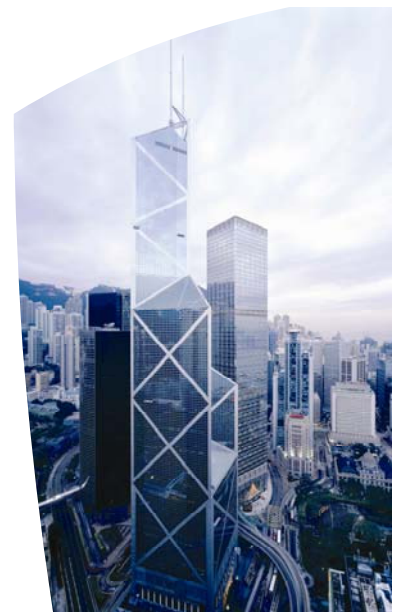
Left: Mr. Jameson Leung, Mr. & Mrs. Peng hosting the Opening Ceremony
Right: (From left to right) Mr. Peng Yong, Mr. Jameson Leung, Mr. KC Lau, Mr. Peng Yuguo, The Emcee, Mrs. Peng (Ou Xiaoping) & Ms. Catherine Kum

Despite the volatility of the post-financial crisis period, our overall performance was quite satisfactory in 2009. The distribution of generous year-end bonuses was also a good start for our staff members during Chinese New Year. On behalf of my fellow directors, I would like to take this opportunity to thank all our colleagues for their dedication and support during the past year.

Adding laurels to last year's success, more exciting news is forthcoming. Grandtag is venturing into the Taiwan market, vigorously preparing for the establishment of Grandtag Development Company Limited (廣達不動產開發有限公司), a company specializing in land banking, which is expected to start operations in the middle of the second quarter. The setting up of a subsidiary in Taiwan is a significant milestone for all our hard work over there.

Furthermore, to improve the standard of our services, we have planned to expand considerably the support team at Grandtag's headquarters in Hong Kong. Besides adding extra manpower, there will be more spacious working areas in which to offer quality services that best fit your needs!

The Year of the Tiger has arrived, bringing with it vigor and opportunity. With commitment and professionalism, Grandtag is well prepared to take advantage of the abundant opportunities ahead and to assume another rewarding year!



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Inspired Driving Forces behind My Job

Jameson Leung

Two weeks ago I accepted an assignment from our Grandview publication editor to write an article for this coming publication. As most of you are already on my mailing list going back years, and I have made it a habit to share with you my work experience, the company development plan, new product introductions and etc, I had trouble finding a subject to write about that I had not already shared with you. Until today that was. During my transit time while flying from Indonesia to Korea, I found inspiration while reading a book.

The intention of this article is to share my work philosophy, my thoughts on the future of Grandtag, and my ideas when it comes to taking the company to the next level. I hope you will find it interesting, and perhaps be inspired in turn.

Throughout my lifetime I have been influenced and inspired by many great people, among others my own mother who is still healthy and active at the age of 88. She had a hard time during the civil war in the late 1940's, which led her and my father to leave their hometown and start new lives in Hong Kong. Starting out with only her bare hands, she managed to make a living and raise me and my sister. She retired 30 years ago, but that has not slowed her down one bit as she is now involved in various social and church activities. One thing I truly admire in her is how she is constantly learning still. She has her own blog as well as a Facebook page. I am not ashamed to confess that her computer skills are on level 4, while I still find myself on level 1.

The second person to really inspire me is my former boss, Mr. Robert E. Lee, an American gentleman at the age of 83, who is still travelling all over the world and is as healthy as ever, with his personal wealth at this point surpassing the USD100 million mark. His talent in creating life insurance products catering to the needs of the Asian market enables him to get ahead of peers and gain the support of life insurance companies. He was a pioneer when it came to inventing insurance products that could tap into the high net worth individuals market, and although there have been many copycats to follow in his footsteps; he still owns majority shares in that market segment.

Blessed that I have been over the years; there are many successful people who have inspired me one way or another shaping my career path, instilling in me a balanced business sense and enabling me and the company to deliver what really matters to clients.

Noteworthy, Grandtag has become the sole distributor of the Children's Education Fund in the Asia region besides Japan because of an inspiration; I am forever indebted to those who have enlightened me.

I am privileged to be associated with these winning people. The influence and inspiration I can draw from them are their diligence, positive attitudes, their self confidence and their ability to set up goals and live life to the fullest.

Since the founding of Grandtag we have brought about many remarkable achievements upon ourselves and taken part in a great deal of activities, and they are well worth sharing. We were the first IFA firm in Hong Kong to sponsor the Macau Grand Prix in 2002.

Also, we are the first IFA firm to expand our business to Korea, Japan, China, Brunei and the Philippines, and we were the first IFA firm to celebrate its anniversary at the Four Seasons hotel. More relevantly, through our expertise in developing innovative financial solutions, we have created, under our own Grandtag Branding, a series of financial products geared to facilitating generational wealth transfer free of inheritance tax burdens, providing an emergency funds facility when other sources are exhausted, making available alternative investments that "buy low- sell high" strategy can be realistically accomplishable and the likes, to serve the best interest of our clients. In other words, Grandtag is committed itself going to where the action is, and expanding its reach to markets by diversifying into potentially lucrative sectors.

Over the time we also suffered two major recessions, from which we have come back stronger and in a better shape than before; we have learnt good lessons from our past mistakes and are able to focus more effectively on what we do best. All in all, Grandtag would not have the position we enjoy today without the support of JV partners, coworkers, associates and producers.

I have always tried to find ways of doing things that are beneficial to the growth of the company as a whole, and once found I do my best to accomplish them. One such incident worth sharing is our participation as exhibitors in this year's MDRT event hosted by the Korean MDRT association.

We enrolled in the last minute and it turned out that all the booths were already booked. As I believed this would be a golden opportunity for us to meet with MDRT members from all over Asia joining the event and who might become our future business associates, I decided to take a trip to Korea and meet with some of the exhibitors in hopes of sharing a booth with one of them with the incentive that this may minimize the cost as sole exhibitor. As I decided to go, one member of the board of directors contacted me and we had a discussion regarding whether or not it was worth the risk of going to Korea without any promise from any of the exhibitors, especially as we only had three weeks left to prepare materials for the event. I know many of the members in the Grandtag family would say no if the situation is not absolutely favorable, but in doing so they may be overcautious, or perhaps suspicious of new ideas and unproven concepts. I am not saying this is always the case, but without taking the occasional risk there can be no development. As you are reading this article, we have finished our exhibition at the event in Korea. We managed to convince a publishing company to share their booth with us.

I am an adventurer. If I find something to be a good idea I say "yes, let's do it". I tend to see the positive version of things. If I see a chance I take it. If I don't try I will miss the opportunity, just like I would have missed the chance of meeting over 2,500 MDRT members in the booth.

In short, what I want to say is that sometimes we have to think outside the box or step off the expected path in order to succeed.

I spent most of my time in the booth promoting who we are and what we do, hoping that many of them will join us and be proud of becoming a part of the Grandtag family.

Our aim is to expand our network as much as possible. As of today, we have 800 consultants and referrers, but our coverage is not as wide-reaching as anticipated. There is definitely room for improvement in that area.

My belief is that today most clients realize there are many international financial products that are far better than any domestic ones, and I trust that we have a full range of financial products available for our consultants and referrers to introduce to their clients.

The Asian market is huge, and we need a good partner to tap that market. I will continue to do watering of those newly joined associates and partners, giving them as much support as we possibly can in order to help them reach their goals and be successful, as our servicing motto is "your success is our success".

On another note we need to spend more resources on support systems, both electronic and personal. As we grow bigger and stronger the demand from all areas grows with us, especially the need for after sales service. With service excellence in mind, we have expanded our back office service from occupying a half to a whole floor, with Operations, Accounts, Marketing and Administration sharing the entire 9th floor as of May 2010. Additional head counts have been budgeted to cope with the expansion, such as a new IT manager who will help upgrading our IT services, and an additional investment analyst will be employed to further improve the service of our EAM clients. Finally, Bloomberg will be installed to cope with the demands of our investment department.

I feel it is important to say that together we form a wonderful team here in the Grandtag family. If we all just take the time to water our clients and channels, I am certain that Grandtag will be in safe hands no matter what awaits us in the future. And that will give me, and you, more time to think about our own future and truly enjoy life to the fullest.



Jameson Leung
Chief Executive Officer

NEW SERVICE

Grandtag Wealth Management (GWM) – Part II – Client Profiles
Rene Leung & James Cheng

In Part 1, we introduced you to, Grandtag Wealth Management (GWM), our new full service wealth management platform for high net worth clients. In the following section, we are pleased to showcase two client profiles which illustrate the types of individuals with various needs that have benefited from our wealth management expertise so that you and your clients can have a deeper understanding on how GWM can serve you.

Case 1
Ms. Jennifer Chen
Age 35

Ms. Chen is the Director of Operations for her family’s consumer electronics business in Taiwan. As a successful modern businesswoman married to a doctor, Ms. Chen also manages the family finances and is responsible for looking after its financial assets in addition to taking care of her 6 years old daughter.

In the past, Ms. Chen was used to stockpiling cash in the bank, but after working closely with the GWM team, she understands that investing by means of asset diversification is instrumental to yield better returns as well as to ensure a steady portfolio growth. To Ms. Chen, asset diversification means more than investing in different stock markets; it is because the stock markets of developed and emerging economies alike might go down simultaneously at times of a severe economic downturn as what we witnessed during the 2008 financial tsunami; effective diversification means strategic allocations of asset in different asset classes of low correlation with one another. Ms. Chen has thus diversified her portfolio into equities, securities, bonds, investment funds and alternative assets; she is now able to manage her wealth effectively on advice of her GWM Relationship Manager.

Since Ms. Chen seeks real growth of wealth and is willing to bear a higher degree of volatility in order to achieve greater returns on investment, GWM collaborated with her to work out a more aggressive portfolio allocation plan befitting her investment objectives:

- Equity allocation----- 30%
- Investment fund allocation----- 20%
- Fixed income structured notes allocation----- 25%
- Alternative assets allocation----- 25%

Following this asset allocation strategy, Ms. Chen has apportioned investments across various asset classes to make up her balanced portfolio:

1. U.S. blue chip pharmaceutical stocks at P/E 14 entry level. For reason that these stocks command a historical average P/E of 20 plus; the investment is aiming at attaining a upside potential over 50%.
2. Investment funds holding crude oil, commodities and high growth emerging markets (BRIC) stocks, targeting a growth rate of 10% per annum.
3. Leveraged investment on Fixed Income Structured Notes, which is a principal guaranteed callable note bearing a coupon about 5%. On a leverage ratio of 200%, the note is able to generate an annual return of 7-8%, taking into account of the financing cost for the leverage.
4. Syndicated Land Banking- the alternative asset investment that promises investors “to buy low and sell high” At the same time, generating an annual return of 15%, doubling the original investment in 5 years.

Case 2
Mr. Jason Kusuma
Age 58

Mr. Kusuma is a prominent commercial real estate developer in Indonesia. He has focused his career on building his property business in the South East Asia region. He is happily married with three children, two of them are helping him run his real estate business. He also has four young grandchildren. His goal is to build a legacy that lasts generations rather than simply have his wealth accumulated.

Mr. Kusuma has always been a prudent investor and inclined to take a more conservative approach to personal wealth management. Understanding his risk profile, the GWM team has tailor made a portfolio that seeks maximum long-term capital growth for Mr. Kusuma.

Below is a snapshot of his current portfolio:

- Cash allocation----- 20%
- Insurance policy allocation----- 30%
- Fixed Income Structured Notes Allocation----- 50%

1. A single premium jumbo insurance policy with the premium financed by a bank, and the insured is only responsible to pay a small fraction of the insurance cost; the benefits of the policy shall become payable upon the passing on of the insured; this policy allows the benefactor to fulfill whatever legacy is intended.

2. Investment on principal guaranteed Callable Range Accrual Note, which is 100% capital guaranteed by the issuer upon maturity or call date, the note carries a coupon above 6%, which the investor is entitled to receiving quarterly.



Note: As a matter of privacy, fictitious names and photos are used instead of real names of the clients.

LAND BANKING UPDATES

Raining Gold
David Po

"It is exciting to know the value of the land near our parcel has gone up by leaps and bounds!" said an email from one of my clients, a 71 years young experienced Real Estate investor Jose Tam. He and his 64 years young and beautiful wife, with no kids, bought a 10 acre parcel in Victorville last year from Pro-land. He went on to mention that they should have started land banking years ago instead of investing in various locations in Southern California more than 80 residential apartment units, which require a lot of hard work to maintain.

Many clients and associates around the globe are very excited about the Pro-land research data on sales, which shows the return on investment is highly favorable and satisfactory. Please see below some of the land parcels' exit track records:

Land Sales Track Record

Table with 5 columns: City, Size (Acres), Purchase Date & Price (US), Sale Date & Price (US), Percentage of Return. Rows include Adelanto, Hesperia, and Victorville with their respective purchase and sale details.

Source: Professional Land Corporation

There is no better feeling for a land banking consultant to hear such high commendation on our land parcels. Is this what others call job satisfaction? Yes, I am in paradise! However, experienced land bankers, like many of my colleagues in Pro-land, interpret the data with a slightly different point of view, which I would like to share with all of you.

Then, why did they sell so early? In my opinion, most sellers are not used to the reality of gaining two- fold or sometimes four-fold in just a few years' time. That normally does not happen to their stock portfolios in such a short time frame, making it easy for Land Banking owners to accept an offer from a real estate agent, or simply from another land banker.

In sum, I like to share with you a direct quote from Warren Buffett, "When it's raining gold, reach for a bucket, not a thimble." It is raining gold now, and it is time to acquire as much land as one possibly can afford.

FEATURE ON INVESTMENTS

Addressing Concern over the USD Denominated Funds
James Cheng

“Since the fund that I have invested is denominated in U.S. dollar, am I going to suffer a loss if the dollar devalues?”

This is a question frequently asked across the Asian region these days by investors who have witnessed the deterioration of USD versus most Asian currencies over the recent years. Indeed, investors are worried about their investment in USD denominated funds being adversely impacted if U.S. dollar continues to lose its value; they are afraid they may get back less than what they put into the fund by the time of redemption.

But the truth is that the USD denominated fund does not affect the performance of the fund at all; a fund's performance is solely hinged on the underlying assets in which it is invested. In other words, the performance of a fund has nothing to do with whichever currency it is denominated; be it denominated in Euro, Sterling Pound or Japanese Yen, the investment result will end up the same as long as the underlying asset is the same.

We all know that USD is a reserve currency for every country, and an internationally recognized currency of trade and of choice; it provides unlimited liquidity second to none, and is easily exchangeable into other currencies anytime. A vast majority of funds are denominated in USD with ample justifications over and above the reasons aforementioned: A USD fund provides clients with easy and quick reference to its price; a case in point being that if the Latin American fund price is quoted in terms of Brazilian Real, Mexican Peso and Argentinean Peso for the value of the assets it owns, how could an ordinary investor get to know the fund valuation without going through the tedious process of exchanges computation. Besides, it facilitates the fund manager to buy and to liquidate assets in different markets more efficiently. All in all, the USD denominated fund counts more pros than cons.

An illustration shows that the denomination currency of funds is unrelated to fund performance

A Chinese client pays for a Lump Sum Plan USD100,000 equivalent to RMB680,000.

2010 Mar rate: USD/RMB: 6.8



Fund manager invests the client's USD100,000 into Australian assets worth A\$110,000.

2010 Mar rate: USD/A\$: \$1.10



After 10 years, the Australian asset grows to A\$330,000.
Growth in A\$ term: A\$330,000/A\$110,000=300%



The investor redeems the plan upon policy maturity in Mar 2020; the USD drops 50% of value against A\$ and RMB meantime
2020 Mar rates: USD/RMB = 6.8 X 50% = 3.4
USD/A\$ = 1.10 X 50% = 0.55



A\$330,000 exchanged to USD600,000 to be returned to the client
2020 Mar rate: USD/A\$0.55
Growth in USD term: USD600,000/ USD100,000=600%



USD600,000 exchanged to RMB2,040,000 by the client
2020 Mar rate: USD/RMB = 3.4
Growth in RMB term: RMB2,040,000/ RMB 680,000 = 300%

Note: The growth rate computed from the original investing currency is same as the growth rate of the underlying assets.

ECONOMICS DATA

Global Government Bonds					Interest Rates			Main Economic Forecasts				
Country	Maturity in years	YIELD (%)			Country	Current Interest Rate	Last Change	Real GDP, % chg, YOY				
		Latest	Month Ago	Year Ago				2007	2008	2009	2010▲	
US	2	0.915	0.834	1.036	US Fed funds	0 - 0.25	Dec 16 2008	USA	1.1	-2.5	3.1	2.9
	10	3.661	3.697	3.013	European Central Bank	1	May 07 2009		Japan	-0.6	-5.4	1.7
UK	2	1.024	1.164	1.464	Bank of England	0.5	Mar 05 2009	Euroland	0.7	-3.8	1.2	1.4
	10	4.017	4.04	3.069	Reserve Bank of Australia	4	Mar 02 2010	Australia	2.1	0.8	2.9	3.4
Germany	2	0.895	0.999	1.379	Swiss National Bank	0.25	Mar 12 2009	China	9.0	8.2	9.6	8.1
	10	3.129	3.198	3.173	Bank of Canada	0.25	Apr 21 2009	India	6.7	5.5	7.7	8.0
Japan	2	0.15	0.165	0.405	New Zealand Bank	2.5	Apr 29 2009	Hong Kong	2.5	-3.2	4.7	3.6
	10	1.355	1.333	1.303	Bank of Korea	2	Feb 16 2009	South Korea	2.5	-1.0	5.1	4.0
Australia	2	4.85	4.627	2.933	Central Bank of Brazil	8.75	Jul 31 2009	Brazil	5.1	-1.0	5.0	4.5
	10	5.63	5.579	4.55	People Bank of China	5.31	Dec 22 2008	Russia	5.6	-4.6	3.5	4.3
Hong Kong	2	0.761	0.702	0.864	Bank of Japan	0.1	Dec 19 2008					
	10	2.907	3.015	2.115								

Source: www.fxstreet.com/fundamental/interest-rates-table as on 18 Mar 2010

▲ The Economist Intelligence Unit estimate/forecast
Source: The Economist as on 13 Mar 2010

Source : Thomson Reuters as on 18 Mar 2010

GRANDTAG EMPLOYEE IN THE SPOT LIGHT – ALEX LEE
John Leung

When Alex Lee walked through the Grandtag office six months ago, our colleagues had to raise their heads to look him up from below. At an extraordinary height measuring 1.9 meters, Alex stands head and shoulders above the rest, literally. Had he not been dressed impeccably in business attire at the time, many of us would have mistaken him as a professional basket ball player visiting the company. Indeed, Alex used to play basket ball during his college days, but not any more as of late. His fondness for sport never goes away; Alex turns his love to horse racing instead.

Alex studied in Australia for his tertiary education. He has since become a Certified Practicing Accountant (CPA) after passing the professional qualification examination in the late 90's. He returned to Hong Kong and entered the insurance brokerage industry a decade ago, earning in particular a seven year experience in an IFA firm similar in business nature and in size as that of Grandtag.



Alex Lee
Financial Controller

Joining this company as Financial Controller in September 2009, Alex found himself easily adapted to his job and the culture of our organization in no time; he has counted a series of outstanding performances to his credit. His balanced experience and exposure both on sales production and logistics management aside, Alex's personality goes a long way to help: he is as much easy going as he is outgoing, soft spoken and outspoken at the same time; moreover, he is always on an even keel, never to have lost his grace under stress. Yet, what is really remarkable is his communication skill; he bested all but one of the contestants in a presentation contest during our Management Staffers meeting, no small feat for an accountant to beat seasoned sales managers and directors in terms of communication. Alex is a good communicator thanks to his eloquence, which serves him well to make complicated issues become simple to understand. Without the shadow of a doubt, Alex's natural talents, in conjunction with his experience, will be fully put to use to elevate Grandtag "Service Excellence" to a new level.

The company is proud of having Alex on board to keep scores; I think Alex is proud of himself being able to measure up to the tall task that the company expects him to perform.



Alex studied in Australia 17 years ago

LIFESTYLE COLUMN
Give your Eyes a Break
Katherine Ho

Do you realize how much time you spend in front of the screen of your TV, computer monitor or blackberry everyday? After checking up on or sending out hundreds of e-mails to follow up on clients, do you feel headache or dizzy sometimes? You may not realize how much pressure it would cause to your eyes after constantly staring at a fixed point on the screens, which eventually result in poor vision and intense headache.

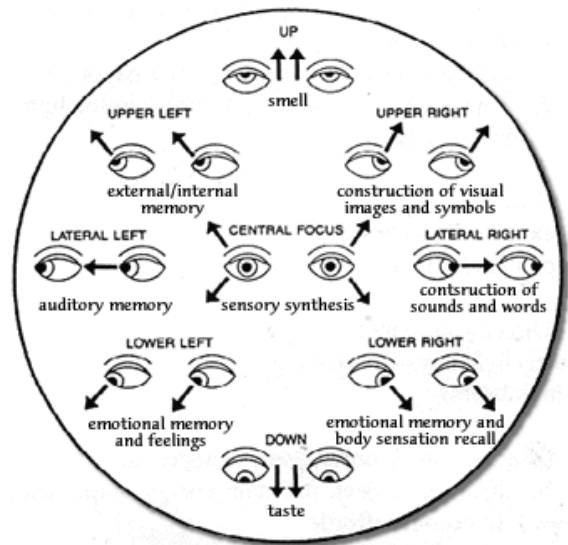
To keep your eyes healthy and to relieve your headache brought about by the pressure on your eyes, all you need to do is to give your eyes a short break and practice the below eye relaxation techniques!

A. Ocular Development

Ocular development is a simple exercise which strengthens your eyes' muscles by controlling the vertical and horizontal movement of your eyes. One remark is that when you are doing this exercise, make sure your head is in a fixed position and only your eye balls follow the direction.

1. Move your eyes up and down
2. Move your eyes from left to right
3. Move your eyes diagonally from top-left to bottom-right and vice versa.

You may also vary your speed in doing this exercise. This simple technique takes only a minute, so you can do it while your computer is loading the data!



B. 10-10-10 Rule

Focusing on a close object for too long will cause long-term damage to the eye muscles, this exercise will give you the chances to relax before focusing back on the nearby object. For every 10 minutes after focusing on your screen, simply look at an object 10 feet away for 10 seconds. After that you can go on with your work and repeat the process again after ten minutes.

These eye relaxation techniques are easy to do and will only take you less than a minute to keep your eyes healthy or even improve your eyesight. If you can make it a habit, it will surely benefit your eyes in the long run!

Source: www.relaxationhaven.com/exercises/eye-relaxation-exercises
www.holisticu.org/whatsnew/exercise.html