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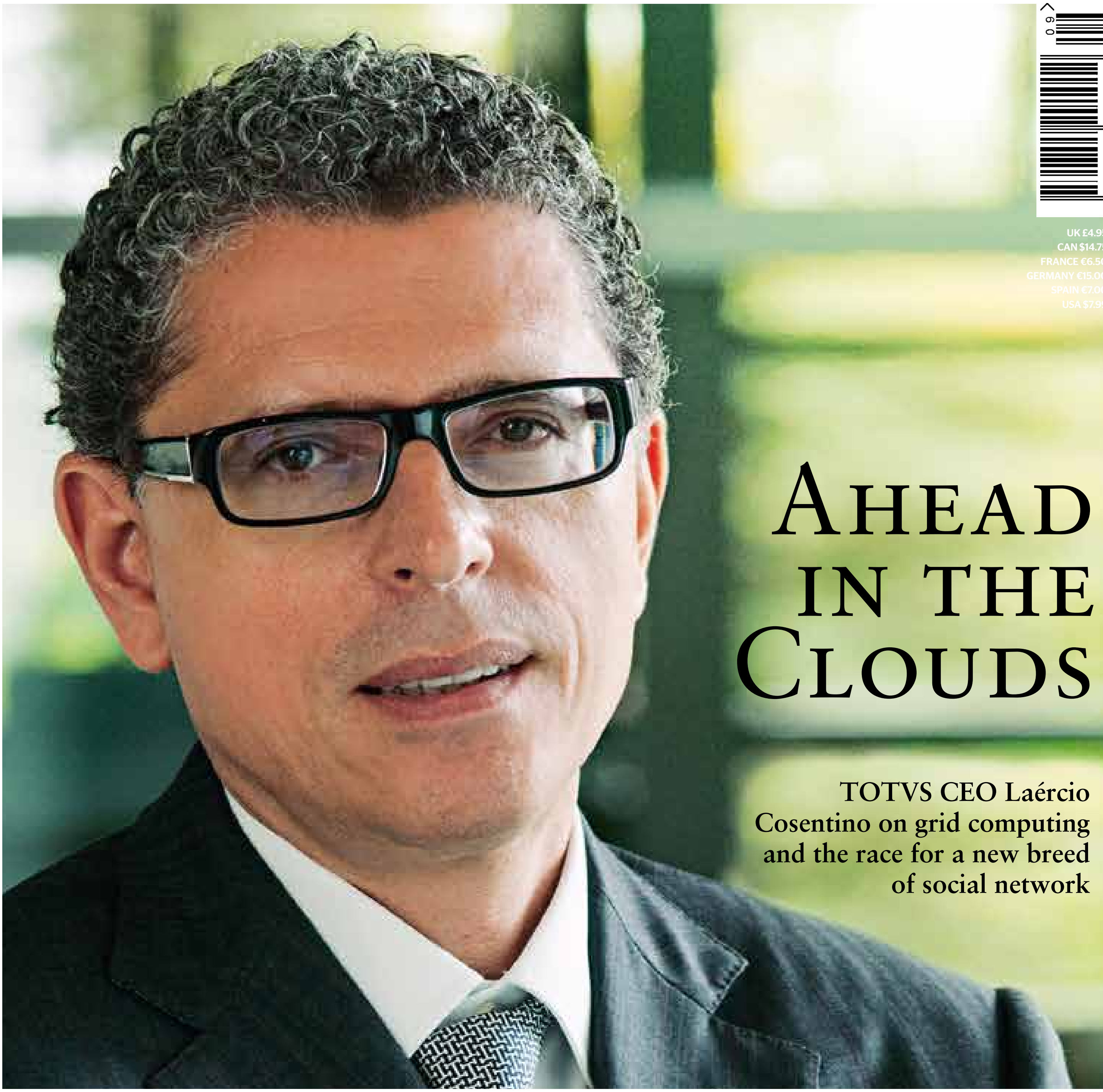

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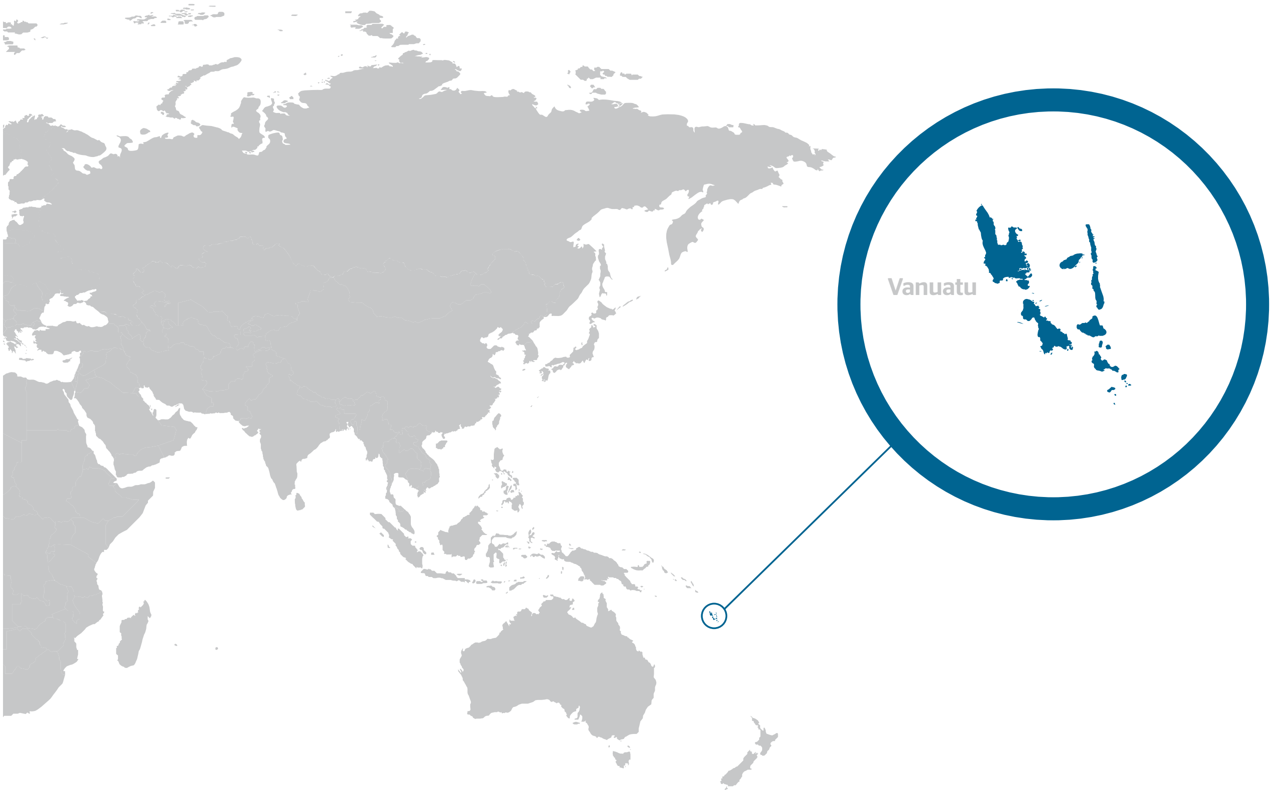

FTM wins Best Fixed Income Fund

***Endre Dobozy** explains why his Vanuatu-based fund is a safe harbour for investors*

Most major market indices have, at best, gone sideways for the past decade. In fact since 1998 investors really haven't stood a chance. There was the Russian bond default in 1998, tech wreck in 1999, at least two recessions, subprime mortgage mess in the US and, of course, the global financial crisis, which clearly illustrated that asset classes were far more correlated than most investors had otherwise suspected. In reality, the more uncertain things became the more correlated asset classes became.

After the dramatic falls in global markets, it was clear that traditional asset classes such as equities could not be counted on for diversification simply by means of geographical location. Mainstream markets and emerging markets alike experienced large falls as did commodities and bonds.

Strangely, this period also coincided with highs in many markets so, by rights, investors should have made money. Unfortunately, the reality is that burying your money in the back yard, or holding cash in the bank would have out performed most markets and investment strategies.

Even now, three years on from the crisis, we have sovereign debt issues in Europe, where they believe that throwing money at a problem like Greece, while imposing draconian austerity measures, is somehow going to end well.

The truth is, there has never been a more dangerous time to be an investor and if you rely on a rising market for your financial future then you are in serious trouble.

So what we did was create something that has provided safety and a remarkable return.

At FTM, we looked at all these uncertain market conditions and created an investment that would have been able to profit in all of these situations and, in fact going back as far as 1997, the investments that underpin FTM never ever had a negative year. Actually, this strategy would have resulted in a gain of over

468 percent during some of the most uncertain economic times in living memory.

Launched in March 2010 and based on a measurable investment strategy going back to 1997 FTM enables investors to target a return of 12 percent a year, while keeping 90 percent of the portfolio secured and keeping risk to a maximum of 3.5 percent of the overall portfolio.

The secret to FTM's success is the use of Medical Accounts receivables, which make up 75 percent – 85 percent of the portfolio and are secured at a rate of $3 for every $1 invested.

Basically, the Medical Accounts Receivables company works like an insurance company. For example, if there is a car accident where someone is hurt and either they or the other party has insurance, then (assuming a strict set of guidelines and due diligence has been met) the receivables company funds the operation and any subsequent expenses. They then take a lien against a portion of the payout from the actual insurance policy and are paid out upon settlement of the claim.

The thing to understand is that these operations would have taken place with or without the intervention of the receivables company. It's just that by providing the funding the operation happens sooner and the injured party can resume a normal life much faster. The hospitals also provide the surgery at a discount, because they get paid sooner instead of having to wait for the settlement of the claim.

However, unlike factoring, where a company buys a pool of debt and simply hopes enough will be good to enable a profit to be made, in our case, the Medical Accounts Receivables Company pick and choose the cases they wish to fund and, on average, three out of every four cases reviewed are rejected, as investor safety is paramount.

Furthermore, exposure to each individual insurance company is limited to 10 percent so that in the event of bankruptcy investors remain protected, as over half of the insurance companies could fold and still enable FTM to receive their principal back.

The risks surrounding insurance companies tends to be misunderstood because in the event of a massive bear market it would ravage the balance sheet of the insurance company, as their liabilities would be unchanged but their assets substantially lower. But in general, insurance companies have liabilities that are years or decades in the future.

The remainder of the portfolio is split with five percent – 15 percent held in cash and a maximum of 10 percent in FX trading, set with a maximum stop loss of 35 percent. In this way, FTM has created a portfolio that is perfect for retail, institutional investors or pension funds alike, while knowing in advance that the maximum downside is 3.5 percent of the total portfolio and the upside is far better than the long term average of most markets, with far less volatility.

I know it's easy to assume that FTM only works because it's in a lax jurisdiction, or cuts corners, but nothing could be further from the truth. FTM utilises an administration company to calculate the NAV values each month, then every quarter these figures are given to an independent accounting firm for verification and, of course, FTM is audited annually.

But if that isn't enough, I wanted to say a few words about Vanuatu and the strict laws and guidelines its financial services industry operates under.

INTRODUCING VANUATU

Located in the South Pacific, Vanuatu is a hidden jewel, a prominent international finance centre wrapped around a relaxed friendly atmosphere, what many would call "paradise" and ranked as the happiest place on earth in 2006 and again in 2010 in the Happy Planet Index.

Vanuatu is a member of the British Commonwealth and has a legal system based upon British Common law. Vanuatu is also on the OECD's white list of countries and is a member of the French League of Nations, the United Nations, The Secretariat to the Pacific Community, the World Bank, the Asian Development Bank and the Melanesian Spear Head Group.

Vanuatu's financial service industry is regulated by the Vanuatu Financial Services Commission (VFSC) whose mission is to effectively and efficiently regulate and supervise Vanuatu's finance industry in accordance with government legislation and international standards so that Vanuatu is recognised as having an internationally reputable and commercially attractive finance centre.

The VFSC is responsible for the regulation of Mutual Funds, Securities Dealers, Public and Private Companies, International Companies, Offshore Limited Partnerships, Registration of Patents, Registration of Trade Marks, Unit Trusts, Trust Companies and a range of other services.

The VFSC was formally established in 1993 and, although only 18 years old, it prides itself on being proactive, continuously looking to strengthen its regulatory regime and taking the lead from jurisdictions with the best regulations in their particular fields, while updating and changing outdated and outmoded regulations that no longer work.

In this respect, the VFSC is similar in nature to the SEC in the US or FSA in the UK or even ASIC in Australia. However, the major difference is that, because of their relative youth, the VFSC operates in a more streamlined manner, as it does not have decades of outdated laws to contend with. Vanuatu is compliant with world standard best practices and has passed inspection by the IMF and FATF to name a few. In fact, is it easier to open a bank account in most western jurisdictions than it is in Vanuatu.

The more uncertain things became the more correlated asset classes became

The VFSC prides itself on adopting best practices within the financial service industry, with its new companies act based on New Zealand legislation, the service providers act based on Isle of Man legislation and the International Companies act based on the British Virgin Islands.

Vanuatu remains a great place to live and conduct business in, while its financial services industry offers far more competitive prices than other jurisdictions that provide similar services.

Vanuatu is not only paradise for the eyes, but businesses also find it to be paradise, as there are no income taxes or direct taxes levied.

So, now that you know that FTM can generate returns irrespective of market conditions and direction and that it operates with strict oversight and regulatory supervision. You owe it to yourself, your family and your future to take a closer look at FTM. ◇

Endre Dobozy is Managing Director of FTM, a licensed securities dealer and master certified member of the H.S Dent Advisors network. For more information www.ftmmutual.com