

NEWSLETTER No. 138 – APRIL 2013

NEW ARGENTUM / CENTAUR ISSUE RELEASED TODAY FOR THE RETAIL MARKET – See final item.

WORLD MARKETS The past few weeks have seen a strong bull run with new highs being achieved by the Dow and S&P. There have been a couple of retreats from the highs however as concerns over the European debt situation recur. Nevertheless most investors who have a good spread of investments should be seeing better valuations now than at the turn of the year.

GOLD SINKS FROM LAST YEAR'S HIGHS Barely a few months ago analysts were predicting that with all the money-printing going on and the low interest environment the price of gold could hit \$2,000 an ounce. Instead it sunk over 20% this year. Why the reversal? After the event there is no shortage of explanations. These include an expectation that monetary easing may be slowing down, the price of oil (which often moves in line with gold) is falling and fears that the announced sell-off of gold reserves by Cyprus to meet its debts could be copied by other European governments.

While such falls often lead to panic selling there are contrarian views that believe gold could rise sharply again. Among these are many Japanese who feel that gold is still a good hedge against a Yen which pays no interest and is at risk of falling due to their government's new economic policies. Other investors and the jewelry trade are taking advantage of the current low prices. For anyone who does not hold gold in any form in their portfolios this could be a good buying opportunity. There is still a risk the price could fall further but what we do know for a fact is that gold is at least 20% cheaper now than it was at the beginning of the year. You can access gold via a bullion or mining fund or can buy coins or bars through dealers, including a facility in London which will also insure and store the gold.

LOW COST PENSION TRANSFERS Since the principle of pension transfers for expatriates was established by the British government in 2006 thousands of pensions have been transferred from the UK into QROPS. The main benefit is that a fixed UK pension that dies with the holder can be converted to one that the holder can control and which becomes part of one's estate upon death. One of the problems however is that schemes have tended to be fairly expensive since they need a trust arrangement in addition to an investment vehicle. But now a couple of companies have come up with relatively inexpensive schemes suitable for pensions valued as low as GBP40,000. Details on request.

LATEST STATUS OF AXIOM AND LM In the case of Axiom, receivers Grant Thornton are well into the process of evaluating the state of the fund and the supposed 37,000 loans to law firms.

They have cautioned that the process could be a slow one but have also indicated that they are looking at a wide range of options. They have also confirmed that as part of their remit they would be free to seek redress from third parties where appropriate. A first meeting of shareholders will be held in London in May to appoint an Investment Committee which will basically monitor the progress of the receivers.

LM Investment Management Limited abruptly announced recently that it was going into Voluntary Administration due to potential liquidity issues. They appointed FTI Consulting to take over the reins of all eight of its funds. Since then the Supreme Court of Queensland has transferred control of the largest fund, the Managed Performance Fund and its assets, to KordaMentha and Calibre Capital, a real estate funds management firm with offices in Sydney and Melbourne.

We will continue to monitor both situations closely.

MEDICAL INSURANCE – BEWARE OF SHORT CUTS There is no question that international medical insurance is expensive. The companies themselves have been struggling with profit margins and one company has pulled out entirely from Bali. Recently, offers have been circulating from new companies offering cut-price and fixed premiums. While they may be genuine, I would advise caution. It is very easy for insurance companies to collect premiums; what is critical is whether they have the financial strength to respond to claims. Best to stick with familiar companies who have been a long time in the business.

NEW ISSUE OF STANDARD BANK QUANTUM PLUS While no investment or even bank deposit is free of risk, there are some products that provide a high degree of protection with the potential also of an upside. The quid-pro-quo of such investments is a commitment to tie up your cash for a given time. However if you have idle cash, 50% of which you can lock up for one year and the remaining 50% for a further four and a half years then it is worth looking at Standard Bank's Quantum Plus Series 11. This pays 3% on USD and GBP or 10% on AUD in the first year and a payment on maturity linked to the respective stock market index on the second half of the deposit. Should the index fall over the period the capital is still protected. You also have the protection of the Isle of Man Depositors Compensation Scheme.

If you already have an account with Standard it requires just a simple transfer. Otherwise it will be necessary to open an account.

HARWELL VENTURE CAPITAL ISSUES CLOSE SHORTLY While unforeseen risks have emerged in many investments and even bank accounts over the years, particularly since the 2008 financial meltdown, there is one investment product which we can state up front has the potential to lose 100% of investors' money and that is Harwell Capital. The company promotes projects on behalf of Midven, an established group that invests in projects that have links with British

government research and top universities. Such investments are normally open only to institutional investors but Harwell has made them available to retail investors. The targets that Harwell have to reach are usually achieved in six to eight weeks so we expect the current projects to be closed off shortly. A minimum investment of GBP30,000 will give access to all three of the current projects which include an innovative gas-detection device, a real time microbial testing system and a revolutionary and economic form of lighting which has already been introduced at Manchester Airport. Some of Midven's previous projects have returned in excess of ten times the investment over five years whilst one project failed and returned zero. Not suitable for widows or orphans but an interesting diversion for risk-takers. Details on request.

ARGENTUM / BUTTONWOOD / CENTAUR - NEW RETAIL ISSUE LAUNCHES TODAY The Argentum series of litigation funds have provided outstanding investment returns to clients over the past three years, with everyone receiving a minimum of 12% to 15% per annum in either USD, AUD or GBP. Some also received major uplifts of their original investment resulting in even higher returns and some have also received the odd win bonus or two. We understand there is a good prospect of the very large APPS case coming to a favourable settlement in the coming months which could lead to a win bonus for holders of the earlier Notes and Units.

The latest issue launched today will be for a three-year term and will pay an annual interest rate of 12.95%. There could be a further dividend payment on maturity reflecting any increase in the share price. Should the share price fall the capital is still protected 100%. The minimum investment is GBP20,000 or USD and AUD 30,000. This is much lower than the \$100,000 minimum with the previous series.

To ensure ample funds are raised to invest in a potential list of cases the Issue will only be declared open subject to receiving pre-registered subscriptions equivalent to USD 10 million by 10 May 2013. Once the target is reached funds may then be transferred.

All existing investors will receive a notice from Buttonwood / Orion inviting them to register their interest.

If you are not an existing investor and would like to register you can do so via the following link:

www.buttonwoodlegalcapital.com/centaur/accelerator/preregistration.

Alternatively we can do so for you based on an e-mailed instruction. You should however before pre-registering read the full documentation per the following links:

http://www.buttonwoodlegalcapital.com/centaur/CENTAUR_LITIGATION_SPC_MASTER_MEMORANDUM_DATED_18TH_FEBRUARY_2013.pdf

http://www.buttonwoodlegalcapital.com/centaur/CENTAUR_INCOME_ACCELERATOR_SERIES_III_SUP_OFFERING_MEMORANDUM.pdf

http://www.buttonwoodlegalcapital.com/centaur/CENTAUR_INCOME_ACCELERATOR_SERIES_III_EXECUTIVE_SUMMARY.pdf

Investors in the Quantum IV Series which matures shortly should have an opportunity to roll over into the new series without having to go through an encashment process.

Many clients ask me if the investment is risky. I have to say that all investments have risks, and generally speaking the higher the return the higher the risk. I am personally comfortable with the risk /return element of this investment however and continue to be invested personally in six different series. But I do so with full acceptance of the risk factor. However it is still important to diversify and not place all or most of your eggs in one basket.

Failing to invest and take risks is a risk in itself as there is no long-term value in paper money!

Colin Bloodworth, BA MCSI*

Director

PT PPI Indonesia

Mayapada Tower, 11th Floor

Jl. Jend Sudirman Kav 28, Jakarta 12920, Indonesia

Tel +62 21 5289 7365, **Fax** +62 21 5289 7366

Mobile +62 816 921258

www.ppi-advisory.com

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