

CRA magazine

Canada's Expat Quarterly

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Cruising is the fastest-growing sector of the travel business in many parts of the world. With the market for cruising becoming more experienced and affluent, the industry is responding with more variety than ever. Paul Stanway paints an enticing picture of life on shipboard - a picture that now includes some of the world's great golf courses!

Moving Home to Canada

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Opportunities & Obligations. Any move is a chore, fraught with decisions, details and plain hard work. With so much to cope with, it's easy to get distracted from the big picture. If your next move is back to Canada, read on. John Wright and Leslie Mezei present a helpful check list to make sure your financial and tax planning don't get left behind.

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More Canadians are venturing abroad than ever before, sometimes into locales and situations that present a heightened degree of risk. Nationality can't guarantee immunity from certain threats. Herbert Fraser explains why personal safety should be in your list of concerns, and some steps you should take to ensure you and yours are protected.

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Doing it Right! Barbados-based Bayshore Bank & Trust is the offshore legacy of a 35-year-old Canadian consortium focused on financial services and leading edge technologies for some of the world's major financial institutions. Founded in 1996, Bayshore is today enjoying outstanding success by harnessing that technological expertise with "A philosophy of understanding the client, their objectives and their goals in life."



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FROM THE

Editor



After almost five years of uncertainty, changing drafts and transitional accounting practices, Canada's revised departure tax legislation received Royal Assent on June 14, 2001. These measures, first proposed in the Federal Budget of October 1996, will govern deemed dispositions on departure and confirm a requirement that emigrants provide the government with a listing of worldwide assets. While the new rules broaden the categories of assets which are deemed to be disposed on departure, they also provide relief by allowing deferral of tax in some circumstances, and the ability to reverse deemed dispositions if you return to Canada at any time in the future. As with most things today, the new system adds a further degree of complexity to the departure process, making professional advice all the more valuable for anyone contemplating an extended time abroad. And — an important reminder to our readers — these rules are retroactive and will apply to anyone who left Canada after October 1, 1996 (some provisions even extend back to December 31, 1995). So, if you are uncertain as to whether you dotted all the i's and crossed all the t's when you left Canada, this would be a good time to make sure everything is in order.

Our cover story takes us on what may be the ideal vacation combination, the luxurious and varied world of the golf cruise. Having just come through a gruelling winter and a very wet spring, it struck me as soon as I read Paul Stanway's account of his adventures that a little planning for next winter would be a great idea.

In the financial arena, we offer a profile of Barbados-based Bayshore Bank & Trust which offers customized global private banking with all the enhancements of technology. Gordon Laight peeks inside the twilight world of scams and scammers. Maurice Fortier analyzes the latest in investor psychology, while our Portfolio department looks at some alternative investment vehicles. Finally, Leslie Mezei and John Wright of Canadian Investment Consultants offer some advice on repatriation to Canada, a sometimes neglected phase of expat life which can offer unique financial planning opportunities.

In this issue, we also examine a number of facets of the expat lifestyle. Louisa Nedkov helps ensure your cross-cultural dining skills are up to the challenge. Long-time diplomat and security consultant Herbert Fraser takes a look at some personal security issues for expats, and Dr. Mark Wise discusses health concerns inherent in air travel. Finally, Lalescka Schreiber of AMJ Campbell International recounts her unique experience of being "counted in" during Turkey's recent national census.

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Golf



By Paul Stanway

It was one of those unexpected and priceless travel moments you always hope for but so rarely enjoy. An early morning sun sparkling on the blue Adriatic as our ship passed through a gap in the long bank of the *litorale* which protects Venice from the sea.

I had imagined that we would dock somewhere on the outskirts of the city, at an isolated berth reserved for cruise ships, but instead the GTS Millennium made an elegant and very tight left turn and sailed into the *Canale di San Marco*.

So there we are, still dressed in our bathrobes and enjoying a coffee on the verandah of our stateroom — and suddenly we find ourselves cruising through the centre of one of the world's most beautiful and unique cities. I grab my camera just in time to record Saint Mark's Square gliding by, with the entrance to the Grand Canal and its traffic

jam of gondolas coming up rapidly.

Below us, tourists who have made an early start to their day of exploration stop taking photos of St. Mark's Basilica and instead start snapping away at us, awed by the sight of the 965-foot-long, 11-storey-high ship making a graceful promenade through St. Mark's Basin and into the Giudecca Canal.

Now that, folks, is a grand entrance and a perfect introduction to Venice — *La Serenissima*. And all before breakfast!

This sort of experience is, no doubt, why cruising has developed into the fastest growing segment of the huge \$3.7 trillion U.S. global travel industry. There are cruises for every taste and every budget, and the North American appetite for them appears to know no bounds. But this trip had to be special, to celebrate our 25th wedding anniversary. I was looking for something different, but what exactly? From the enormous selection now available, how do you find a cruise to suit your budget and lifestyle, or the perfect cruise to mark a special occasion?

Classic Cruising

Anthony Webber is president of Edmonton-based Caribbean Cruise

Lines, which over the past decade has claimed the title as the world's number one online cruise agency. He suggested a 12-night, "Classical Mediterranean" cruise aboard the Millennium, a new 5-star ship launched by Celebrity Cruises in the summer of 2000 (hence the name).

It seems we weren't the only people looking for something a little different. With the market for cruising becoming more experienced, more affluent and a little older, Webber says the industry is responding with more variety than ever before.

"Typically, people cut their teeth on Caribbean cruises, which account for about 60 per cent of the market," says Webber, a former airline executive who has been in the cruise business since 1988. "The number two destination would be Alaska, with the Mediterranean number three."

The more people cruise, the more they want: "The market seems insatiable, and the result is more ships, more cruises and an almost infinite variety of destinations and activities," explains Webber.

Cruising the Mediterranean had an inescapable logic to it. Since ancient times it's been the high road of European culture, with successive civilizations relying on the sea for trade

Ahoy!

and colonization. Sure, you can drive from Rome to Naples, to Venice and Athens, even to Istanbul, or you could fly. But there's something unique about approaching these cities from the sea like countless generations of traders and sailors. Even for the seasoned European traveller, it puts the continent into a new perspective.

And that's before you even consider the convenience of touring Europe by cruise ship. No crowded airports, no days on the road fighting traffic congestion and cutthroat European driving habits. No packing and repacking after every stop. You check in once and from then on the ship is a floating hotel, a place of refuge. While you have a leisurely dinner, a cocktail or two and perhaps take in a show before getting a good night's sleep, you are magically transported to your next port of call.

"The more people travel, the less they like the hassles and inconveniences," says Webber. "Cruising eliminates a lot of that. You're moving, but you're not constantly on the move — and the amount of activity is up to you. Combine that with the level of service and pampering provided, and it's not surprising cruising is addictive."

My wife and I took Webber's advice and opted for Celebrity's 12-

night "Classical Mediterranean" cruise aboard the Millennium. Celebrity has a great reputation among regular cruisers and we weren't disappointed. The voyage provided five-star service and great food from Barcelona to Istanbul, with stops in Villefranche (a delightful resort town on the French Riviera between Monte Carlo and Nice), Rome, Naples, Venice (two days), Katakolon (for tours of nearby Olympia, Greece), Athens, and Kusadasi (for tours of ancient Ephesus, Turkey).

It's a modern version of the 19th

century "Grand Tour" of European cities, without the organizational headaches. Your toughest decision will be whether to eat ashore or aboard ship - and in a port like Venice you'd be silly not to sample the food and ambiance of a great city.

For those with experience cruising the Caribbean, Europe demands a little adjustment. Montego Bay and Castries are not Rome and Athens — which is a good thing in many ways because these larger cities can comfortably swallow up boatloads of tourists without seeming as if they might burst. But there is so



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VENICE FROM SHIPBOARD

much to see that it's best to accept that you can't do it in a day, or even two. The ship's shore excursion desk will keep you going from 8 a.m. until the ship leaves port, if that's what you would like, but unless you're planning to take another vacation when you get home you are well advised to pick a few must-see highlights and remember you're there to relax.

Or maybe to golf?

If you're looking for a different cruise experience and you're an avid golfer, Webber says working a little golf into your cruise is the hottest new cruise vacation idea. Although the combination of cruising and golfing is anything but new to Caribbean Cruise Lines, which organized its first cruise and golf vacation almost 15 years ago.

"If you give it some thought, it's a natural," says Webber. "It's a combination of the world's number one industry, travel and leisure, with the world's fastest-growing sport. You have all the luxury and convenience of a cruise, and all your golfing is pre-booked and pre-arranged. The ship becomes your clubhouse."

Caribbean Cruise Lines began

offering golf cruises in 1988, after the company organized a cruise for members of a Florida golf club and found it had an instant hit on its hands. Since then it has pioneered its way to a position as the travel industry's acknowledged leader in this specialist market in North America. Webber's company has a relationship with the major cruise lines and can arrange a round of golf in most ports of call.

On our Med cruise, for example, you can enjoy 18 holes at the par 72 El Prat course in Barcelona before the ship sails. This lovely coastal course, which has played host to the Spanish Open and Amateur championships, is dotted with umbrella pines and has breathtaking views of the ocean. On the French Riviera you can golf the Sainte-Maxime course in St. Tropez, set on a plateau above the town with the Esterel Mountains as a backdrop, or rub shoulders with the rich and famous at the prestigious Monte Carlo Golf and Country Club.

As you might expect, Italy offers some memorable golf experiences. A number of cruise ships call at the port of Livorno for shore excursions to

Florence and Pisa, but you can also take the opportunity to golf the Circolo course at Ugolino. Set in the heart of Tuscan wine country, Circolo is one of Italy's most venerable and famous courses. There's not a sand trap in sight, but the hilly terrain and ferocious rough make for a challenging and memorable experience. Take lots of balls.

Caribbean Cruise Lines Web site, <CaribbeanCruiseLinesOnline.com>, is a useful tool if you're planning a cruise. It's Canada's leading discount cruise database, complete with customer cruise reviews and a search engine which allows registered guests to search for specific destinations and dates (and receive e-mail on cruises and deals as they become available). If you want to combine your cruise with some golf, the company launched the <golfahoy.com> Web site in 1998 and it has rapidly become the number one golf/cruise site on Yahoo, with more than half a million visits a month.

"The Web site's success surprised even us," says Webber, adding that the company's online availability 24-hours-a-day, seven-days-a-week, is



NASSAU BAHAMAS

attractive to Canadians and Americans living overseas who want to deal with a North American agency. He sees the worldwide demand for golf cruises going nowhere but up. "Golf cruise revenues accounted for about \$72 million (U.S.) in 2000, but the golf cruise industry is expected to grow to \$215 million (U.S.) annually by 2005."

Caribbean Cruise Lines offers a mind-boggling range of golf cruises from companies including Royal Caribbean, Celebrity and Silversea. Destinations range from the Bahamas, Bermuda, the Caribbean, the British Isles, Hawaii, the Mexican Riviera, Australia and New Zealand, to Scandinavia, Canada and New England. If you can get there on a cruise ship and there's a golf course in the vicinity, Webber's company likely knows who to call for a tee time.

Not all Webber's golf packages are expensive, but he says the biggest demand is from golf club members who can afford to combine their passion for golf with their love of cruising. For more than a decade his company's most popular holiday has been a 10-day southern Caribbean golf and spa cruise which has an "Early Birdie" price tag of \$4,777 per person. That includes round-trip airfare from most North American gateway cities, two nights and two rounds of golf at the luxurious El Conquistador Resort in Puerto Rico, a deluxe ocean-view stateroom with verandah, and golf on five different Caribbean islands

(including transfers, green fees and cart rentals).

And the courses? In the U.S. Virgin Islands it's the Carambola Golf Club: a Golf Magazine gold medal winner designed by Robert Trent-Jones Sr. On St. Lucia there's a choice between the Cap Estate Golf Club or a challenging nine-hole course at the Sandals Resort. In Barbados it's the Sandy Lane Golf Club or, new for 2002, there's the reconstructed Barbados Golf Club — the island's first championship course, already approved for a PGA Senior Tour event. Antigua offers the rugged Cedar Valley Golf Club, while the final course, in St. Thomas, U.S. Virgin Islands, is the famously tough Mahogany Run.

And if you feel the need to tune up your game, Caribbean Cruise Lines has a Golf Academy at Sea, with on-board clinics and seminars hosted by a PGA pro. "The Golf Academy is aimed at everyone, including the beginner," says Webber. "It's been tremendously popular, and something we will be developing in the near future."

Since 1998 Webber's company has also developed a relationship with Silversea Cruises, an up-market cruise

line with smaller ships and a level of pampering which would satisfy royalty. Silversea's exotic itineraries feature some of the most prestigious golf courses in the world, including the Walton Heath Golf Club outside London, the Raffles Golf Club in Singapore, Ko'olina Golf Club in Hawaii and Valderrama in Malaga, Spain.

The traditional Caribbean cruise will, no doubt, continue to dominate the North American market, but there's a growing number of people looking for something different — whether it be a new destination, like the Mediterranean, or the opportunity to combine cruising with a passion for golf.

"The combinations are endless," says Webber. "And I think it's that variety which satisfies the desire to experience something a little different, something unique."

Paul Stanway is the former Editor in Chief of the Edmonton Sun, a former foreign correspondent and a journalist in Canada and Europe for more than three decades. Caribbean Cruise Lines international reservations centre may be contacted toll free in North America at: 1-877-415-5442, from elsewhere in the world at: 01-780-415-5442, online 7-days-a-week, 24-hours-a-day at: <www.golfahoy.com> or <www.CaribbeanCruiseLinesOnline.com>.



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Portfolio

MUTUAL FUNDS

Not very long ago it was a fairly easy job deciding on a mutual fund to invest in. Today, not only are there thousands of “plain vanilla” funds available, there are now multiple variations on the original theme - “multi-manager,” “sector,” “hedge,” “index” and “exchange traded” to name just a few. While Canadian Investment Consultants is committed to assisting our clients achieve investment success through a portfolio of carefully selected, professionally managed mutual funds, from time to time people ask us about some of the variations on the original theme.

What does it all mean and which choices are right for you?

People who buy mutual funds are buying professional money management for their investments and are committing to a longer term horizon. Mutual funds are not meant to be actively traded and do in fact provide the non-resident with a good way to participate in the growth of the world’s best economies and companies. That said, many people still desire greater short-term control over a portion of their investments, without the risks of buying individual stocks directly. Short-term control is more akin to speculating than to investing – speculating that the security price will move up in short order, as opposed to investing, which is buying into a longer term investment philosophy.

Not to be outdone by the stock market, the mutual fund industry has invented a number of products that satisfy the need to speculate without having to pick individual stocks. Although not entirely new, these products have now made it into mass marketing, and articles about them appear almost daily in the newspapers. Index funds and now exchange traded funds (ETFs) - index funds with an added twist - are two popular products. Although some of their growth has been fuelled initially by short-term traders, index funds can also be held for long periods of time, but human nature will have to be especially tough to weather the down times.

Index funds, as the name suggests, comprise a basket of stocks that emulate any given index (the S & P, for example); they move in sync with the market. They can even be designed to mirror commodity-based sub-indices.

There are some distinct differences between index-type funds and mutual funds. The most obvious difference is that because index investing is passive, management fees are lower than actively managed funds. You are along for the ride because you have bought all the stocks in that index, the ones with good prospects as well as the ones with poor prospects; you don’t get to pick and choose just the ones you like as an active money manager would. The volatility measure of the index funds is virtually the same as the underlying index, whereas most mutual funds have a volatility factor that is just a fraction of the corresponding index. The price of the fund unit is determined at the close of business each day, and units can be bought or redeemed through the fund on a daily basis.

Exchange traded funds go a couple of steps further. They are bought and sold throughout the day on the stock exchange and like index funds offer lower fees, but they can also be sold short. There is a commission paid each time an ETF is traded. They allow you to make a call on a given market without having to buy or sell individual stocks. This reduces risk through diversification but is still likely to represent a more volatile profile than a traditional fund.

Do they belong in your portfolio?

Mutual fund portfolio managers are always trying to earn a good return for their investors by choosing companies with good growth prospects, by buying into promising sectors, and by looking for momentum plays. They are often measured against certain market indices which generally reflect a broader market performance measure. Sometimes this works well and the managers outperform the index, other times, not so well and they underperform. The key is, how are they doing year-in, year-out in absolute terms? And how is their peer ranking?

Consultation with your independent Investment Representative is important when you are choosing your mutual fund investments and, in effect, when you purchase a mutual fund you are employing professionals to manage your money. Their only job is to make you money and they focus on the opportunities every day. The portfolio managers are some of the best and brightest people in the industry, equipped to understand not only an

Portfolio, continued on page 13



BY MAURICE FORTIER

Running with the Bulls

INVESTOR PSYCHOLOGY

Can Expats Avoid the Pitfalls?

It's been a little over a year since the technology house of cards started to crumble: "Dot Com" quickly became "Dot Gone" when it came to investor's money.

What can account for such exuberance gone awry? Perhaps the answer lies in part in "behavioural finance," a relatively new and developing field of academic study that concentrates on irrational behaviours that can affect investment decisions and market prices.

First of all, let's look at how investor behaviour can be irrational, and then analyze why.

On March 23, 2000, Cisco Systems was trading at \$77.8125 a share. Its market capitalization was \$566.2 billion (U.S.), with revenues of \$15 billion and earnings of \$2.54 billion in 1999.

On the exact same day the market capitalization of the following companies, *combined*, was equal to that of Cisco: Ford, Texaco, Merrill, Du Pont, Aetna, Intl Paper, Sara Lee, Raytheon, Caterpillar, AMR, FedEx, 3M, McDonalds, Archer Daniels, Goodyear, JP Morgan, Anheuser Busch, Lilly, Staples, FOX Entertainment, Con Ed, Apple Computer, Maytag, Hilton and Dow Jones.

Together, the combined revenues for these companies was \$534.99 billion and their earnings were \$36.52 billion. For what Cisco was worth you could own all these companies for \$541.24 billion, and still have almost \$25 billion left over to play with.

Looking back, it seems irrational. But at the time it made perfect sense for millions of investors. Many people thought Cisco was bound to continue increasing in value, despite the empirical evidence that pointed in the opposite direction. Why did they believe this?

One concept in behavioural finance is "anchoring." Quite simply, without other information, such as what I demonstrated above, investors assume the current price is correct, as in: "The market is never wrong." In the case of a stock such as Cisco, each new high is "anchored" by the last new high. Recent history becomes reality and distant history has no meaning. This is despite the fact that we should know that long-term historical measurements are much more accurate than recent short-term data.

For investors who made money on technology shares, or any other security that has had a large increase in value over a short period of time, another danger is "hindsight bias."

This is the tendency people have to believe that a decision they've made was based on hard evidence. For instance, in a case where they sold shares for no solid reasons, but to their advantage, in hindsight they lead themselves to believe that they knew what was going to happen, and therefore acted as they did. In fact they did not have any foresight at all: the sell was pure luck.

The danger of hindsight bias is that such investors now believe they can forecast the future, when in fact they cannot. When it comes to hindsight bias, people tend to forget their mistakes and over-emphasize their successes. This can lead to negative investment results.

Another aspect of behavioural finance that was at play during the run up and subsequent decline of tech stocks is "regret theory." Human as we are, we hate to feel bad — and we try to avoid it. Regret theory works hand in hand with hindsight bias when we look at events in the past and realize an opposite decision from one we've made was the correct one.

Regret theory manifests itself in people who hold on to an investment that has done extremely well (they would regret selling now, if the stock were to go higher), and people who won't sell an investment that has plummeted (if they sell now the loss would be realized; they would feel bad if it went back up).

I dealt personally with one individual last year who could not part with her Cisco shares. They were down slightly from their high but she would not liquidate them, even though what was once a meagre investment was now worth \$3 million. I asked the question: "What would make you feel worse: missing the opportunity to go from \$3 million to \$6 million, or going from \$3 million to \$1 million?" She agreed that the latter would make her feel worse, but in the end did nothing. Today her investment is worth about \$750,000.

This case illustrates an extremely important point about behavioural finance. Even if we are aware of it,

and know what it can do to our decision-making process, we still want to make these mistakes! Even if you can avoid these mistakes, others will likely still make them — which will affect values in the markets in which you invest!

For expatriates, behavioural finance can bring about new challenges but also new opportunities.

Being outside of major media centres in Europe and North America can, in my opinion, be a huge benefit for investors. The constant barrage of investment news and opinion has a direct affect on behavioural aspects such as regret, hindsight bias and anchoring. Being out of the “glare and din” can make the decision-making process that much easier.

Take, for example, the Dow Jones update on the nightly news: “Today the Dow increased/decreased by 35 points because of (insert your reason here).” This is really an example of media hindsight bias explaining why the market went up or down, market movement analysis which cannot, in reality, be boiled down to one sound bite. Investors are much better off when this type of unhelpful “background noise” is avoided.

Another positive when it comes to avoiding the pitfalls of behavioural finance is escaping comparison with the investment achievements of friends and colleagues. Regret can be tied to not achieving the same return as other people. When you are living and working with people from different places around the globe, I think less emphasis is put on comparisons. People are investing in different markets, have different cultural norms surrounding savings and risk, and have assets held in different currencies. Comparisons don't mean as much and thus regret doesn't have an opportunity to rear its ugly head as often.

However, being an expat does bring up behaviour potholes, such as currency exchange. Earning, spending and saving in one currency while all your other assets are in another brings up hindsight bias and, ultimately, regret. Should you convert some assets into the new currency? Are you paid in a local currency and need to convert to a hard currency? Do you want to invest in the currency of your home country? Decisions such as these are behavioural finance nightmares.

If by now you are starting to question all sorts of decisions — financial or otherwise — don't despair. Regret is transferable. If you have made a bad decision, you can blame your financial advisor!

Of course, if the financial advisor told you to sell in March 2000 — and you did — don't let hindsight bias kick in and attribute that good decision to yourself!

Maurice Fortier is Vice President, Investment Services, Bayshore Bank & Trust (Barbados) Corporation. He reports that training for his marathon is going slowly but he has discovered the BHL (Barbados Ball Hockey League). If you have any questions about this column, offshore investing or expatriate issues, Maurice may be contacted at: Tel. 246-430-8650, E-mail <mfortier@bayshore-international.com>.

Portfolio, continued from page 11

economy in the broad sense but how individual companies can benefit within that economy, and excel over the competition in their own sector.

Don't think of ETFs or index funds as an alternative to mutual funds but as a complement to them. There may be room in your portfolio for index funds or ETFs. This can be a great way to exercise a little more direct timing over the marketplace and give you the opportunity to more directly anticipate price moves. Index investments are for people who want the average and are happy to get the average.

Long-term investors seldom have much use for trading in the middle of the day, or for shorting or buying on margin. Their strategies normally revolve around automatic reinvestment of distributions, and dollar cost averaging through periodic additional investments. For these purposes the mutual fund format is ideal. The non-resident is probably best served by a longer term investment strategy.

Remember that for many people the price of lower volatility offered in most mutual funds pays for a good night's sleep.

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BY GORDON LAIGHT

The Laight Edition

SCAMS & SCAMMERS

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Nothing heralds the advance of a bear market environment more than the emergence or re-emergence of investment scams: "Tech stocks in the dumps? Mutual funds underperforming? Boy have I got a deal for you!"

The international financial community has not been without its fair share of controversy and headlines. In recent times we have had the implication of RBC Dominion Securities in an international insider trading scandal, the Bank of New York's revelation that billions of dollars have been laundered through their institution, and, some time ago, the BCCI scandal. All these institutions were essentially scammed.

Fortunately, the efforts of the world's largest jurisdictions to stem the flow of illicit funds and counter money laundering activities have been quite successful. Many other jurisdictions have adopted similar — sometimes even superior — initiatives to protect their legitimate clients and businesses. However, it is nearly impossible to regulate everyone most of the time, or someone all of the time.

Take the case of Nigeria, where "the scam" is estimated to be the third-largest employer in the entire country. Through this scam, individuals have been enticed into parting with huge amounts of money through well-written letters that make the recipients feel they are important enough to have been singled out for a substantial windfall. This scam is not an isolated incident, occurring only in

major metropolitan centres: the United States Secret Service, Interpol and the Royal Canadian Mounted Police all have information and examples of this scam on their Web sites.

The Nigerian Scam

This scam is also known as the "advanced fee" scam or, internationally, as the "4-1-9 fraud" after the relevant section of the Nigerian penal code that addresses fraud schemes. Nigerian scams are quite creative and constantly changing.

I first became aware of this one some years ago when a number of associates began receiving an unsolicited fax from a Dr. So & So who was Minister of "God Knows What" in the Nigerian government and a director of the Nigerian National Petroleum Company (NNPC). The fax asked for assistance in liberating funds that were "over invoiced" by NNPC. Funds would be transferred to the account of a foreign individual (you) and not reported to the government if you were able to help in liberating these funds. The amount of the funds in question is usually in the US \$10- \$60 million range, and the "commission" payable to the intended recipient of the fax is typically quoted in the 30 per cent range.

The catch of course is the "advance fee" requested in the very official-looking communication. The fee you are asked for is supposed to cover the administrative costs of establishing your accounts, completing the necessary paperwork and, possibly, taking care of bribes to government officials necessary to release the funds. The fee typically amounts to tens of thousands of dollars.

If you agree you are graciously thanked very quickly, and a short time

later contacted again, this time to say that the funds were considerably more than previously estimated, but that there had been complications and would you be so kind as to provide some additional financial assistance? If so, your reward will be that much greater. This of course is the scam within the scam; you will never see one red cent of the "commission," let alone the fees you advanced.

This is only one example of the now dozens of variations of the fax scams emanating from Nigeria. While they have similar mechanics, they have different profiles, the most common of which fall into six categories:

- disbursement of funds from wills (this profile has gained in popularity with the aging boomers);
- contract fraud (COD of goods or services);
- purchase of real estate;
- conversion of hard currency;
- transfer of funds from over invoiced contracts, other than oil;
- sale of crude oil at below market prices (very popular in the past 18 months).

In nearly all of these cases, there is a real sense of urgency in the way the "investor" communication is packaged: the documents are very official-looking, and the confidential nature of the transaction is emphasized again and again.

This is not a trivial matter. It is estimated that over \$5 billion, worldwide, has found its way to Nigeria since 1989, when the scam was first reported. (The \$5 billion figure is an estimate; it is surmised that a great number of victims do not report their losses for fear of embarrassment.)

Prime Bank Notes or Roll Programs

While the Nigerian scam complex makes for entertaining reading (unless you have been duped into the scam), the following scam is my personal favourite.

The “prime bank note” or “roll programs,” as they are commonly called, have been around for a long time. The premise behind this scam is that individuals who get involved are actually being asked to join an elite group of sophisticated international investors with access to information and financial instruments normally reserved for only the largest global financial institutions. By pooling assets to a substantial amount, these investors can then purchase a “prime bank note.” Returns are obviously quoted as being in the stratosphere and, as such, this exclusive group must maintain its secret and mysterious nature or else everyone would be doing it. It is now estimated that this fraud reaps \$10 million a day in the United States alone.

The financial principle behind these schemes is always the same. Very impressive-looking documents, supposedly issued by well-known international banks, describe how large global institutions lend each other money by issuing notes with a face value of \$100 million or more, known as prime bank notes. These same notes are then said to be traded at a discount to par, the differential between their current market value and their value at maturity being the gross margin or profit to the investor, just like treasury bills and other discount paper. The “profits” often quoted by these schemes have been around 30 per cent, although some have been seen as high as 200 per cent. The term of the investment can range from 30 days to one or two years.

How the story gains the confidence of the intended victims is a function of the names of the large banks supposedly involved, e.g., Barclays, Credit Suisse, etc. There is, of course, no backing for

the notes by any of the aforementioned financial institutions. The fraudsters then go on to describe the details of the investment process using sophisticated banking and investment terms designed to make the victim feel as if they are not experienced enough in the ways of international high finance to understand; therefore, few questions are asked.

These schemes are always presented in group settings with “exclusive” invitations. The reasoning behind the group presentation gambit is as described above: few individuals have the means to participate on their own, but a group of individuals who pool their assets under sophisticated guidance can have the same presence as a large international financial institution. All the fraudsters need in order to reap millions is for a few attendees of these “secret” meetings to bond together with visions of dollar signs dancing in

The Laight Edition, continued on page 26

Leaving or coming to Canada?

Beware

The tax man may want more than you think...

If you are planning on making a long term move, don't ignore your tax issues. Without proper planning, these tax liabilities can become an unwelcome surprise.

We deal with such questions as:

- ◆ Have you severed enough ties to become a non-resident?
- ◆ Do you have continued responsibility for Canadian tax as a non-resident?
- ◆ Do you know all the tax consequences of migrating to or from Canada?
- ◆ Will your tax returns be properly prepared?

Talk with **Garry Duncan**, Co-author of *Canadians Resident Abroad*, at **416-369-3062**.

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Moving home to Canada

OPPORTUNITIES & OBLIGATIONS

BY JOHN WRIGHT & LESLIE MEZEI



Like most Canadians currently living abroad, you may be planning to return to Canada some day to continue your career or to retire. There is a great deal of profitable financial planning that you can do before you return, and there are a number of things you *must* do on arriving back.

Each situation is unique and there are so many things to consider that we can only alert you to the main planning opportunities, and recommend that you consult advisors who are familiar with the issues of returning expatriates. Preferably, obtain the advice of someone like a financial planner, who can get a good grasp of your overall situation and who will consult specialists as needed.

To make our points more concrete and the reading less dry, we will use composite examples of actual clients we have helped.

Timing of Canadian Residence

Since there are a number of steps you can take only while still a non-resident, the first decision is the timing of the move. Canada's taxation authorities, the Canada Customs and Revenue Agency (CCRA – previously known as Revenue Canada), consider that for tax purposes you become a Canadian tax resident when the first partner moves back.

This can be a nasty shock for the other spouse, who may be left behind to finish a job assignment and complete termination arrangements with the overseas employer. The minute you become a Canadian tax resident again, you are liable for Canadian tax on your worldwide income of all types! You want to be sure that any settlement payments, pension plan payouts, etc., are made before that, because usually they are tax-free in the country where they are paid. It's true that double taxation would be avoided in countries with which Canada has a tax treaty, and you might be deemed to be a dual resident during that time, but this may not be much help.

Necessity can be the mother of pleasant invention. "John and Mary Smith" took a three-month around-the-world trip while waiting for everything to be settled. But don't forget that CCRA may view you as a resident of Canada by default if you do not retain full residential ties somewhere else during this period.

Asset and Income Splitting

The next major decision is how to divide the family assets. To minimize the income tax they will have to pay for the rest of their lives, John and Mary gave some investments to their

children and grandchildren (some of it in trust accounts), then organized the rest so that they will have approximately equal income in retirement in Canada. We have been advised by CCRA that the “attribution rules,” which generally prevent Canadian couples from saving tax by giving assets to each other, don’t apply to non-residents.

John has his pension plan, but Mary cashed in her spousal RRSPs at the cost of a 25 percent non-resident withholding tax since she will be in a higher tax bracket in Canada. They will hold their home jointly to avoid probate tax on the first death. They divided the rest of their investments in such a way that their total taxable income will be about equal. There is no tax on gains arising while they were non-residents, and a new tax base is established for each investment at the market value on the day they became resident again. Exceptions to these rules are real estate in Canada and other “Taxable Canadian Property.”

Immigration Trusts and Granny Trusts

“Jim Jones” is bringing “Olga Ivanovitch” home to Canada. Olga has never been a Canadian resident before. They should investigate the possibility of setting up an offshore “immigration trust.” There would be no Canadian tax to pay on this type of trust for the first five years. This is one of the few foreign tax shelters that appears to have survived the latest round of proposals from the Department of Finance, in its continuing battle to combat offshore tax avoidance.

The other trust is the “estate trust,” affectionately known as the “granny trust.” “Jane Lee” is single and her mother “May” remains in the old country. May made a new will which leaves everything to an offshore trust, with Jane as beneficiary. If May eventually dies as a non-resident of

Canada, the trust remains a non-resident trust with a non-resident donor. Even though it has a Canadian beneficiary, as long as only capital is transferred to Jane in Canada from time to time, there will be no taxation of the investment income by Canada.

The proposed new legislation, which is expected to become effective at the end of 2001, does not seem to abolish this opportunity. Once this is confirmed, all Canadians expecting a sizable inheritance from offshore

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should consider this option. Also, those expecting to stay away from Canada for long periods of time should arrange such estate trusts in their wills for their Canadian beneficiaries.

Offshore Investments

There is no limit to the amount of money that can be brought into or taken out of Canada, although financial institutions have to satisfy themselves that no money laundering is taking place. Also, Canadians are free to keep an unlimited amount of money and investments outside the country, as long as they are fully reported for tax purposes.

The Smiths had some offshore mutual funds. Some cannot be held

by Canadian residents and had to be sold or converted to Canadian mutual funds from the same fund family. Others allow you to continue to hold them as Canadian residents, but the investments have to be fully reported annually on the foreign asset reporting forms, and all interest, dividends and realized capital gains have to be included in income.

But, beware. The new legislation attacks the use by Canadian residents of offshore trusts, mutual funds and other investment vehicles which convert all income to capital gains and defer these gains until the investments are actually sold. Unless such investments follow the Canadian rules of distributing all income and realized gains each year to the unit-holders — which most don’t — they are proposed to be taxed at the full individual marginal tax rates on the difference between the market value from one year to the next! They would lose both the tax deferral and the inclusion of only 50 per cent of capital gains. These holdings will have to be reviewed by all Canadian tax residents before the new legislation (not yet finalized) becomes law.

A little-known point is that new residents have a year before they have to report their foreign holdings of over \$100,000, but returning Canadians must do so in their tax return for the first year of returning.

Marriage Breakdown

“Alice Brown” was returning to Canada, while her husband “Norman” remained offshore. We helped them negotiate a separation agreement. We were able to design arrangements which were most advantageous to both of them, taking into account the differing tax situations of the two parties, their Canadian and international pensions, RRSPs, etc. By coordinating the discussions, and helping them and their lawyers understand the financial implications, we reduced the time

and costs the agreement took.

This also included estate planning for each spouse, in order to safeguard some funds for the children and grandchildren of the marriage. Few people realize that a separation agreement can oblige both parties to always have a valid will which must include specific terms spelled out in the agreement. Of course, a “spousal trust,” from which the ex-spouse can only take the annual income, would provide even stronger security for the children, but is hard to get agreement on unless both parties put some of their assets into such a trust.

In fact, estate planning is important for everybody changing residence, and wills should be reviewed to take into account local family and other laws, and to make them tax-effective in a Canadian environment. Powers of Attorney should also be arranged to prepare for the future possibility of not being able to act for yourself, both for financial decisions and for personal care.

On Arrival in Canada

Applying for provincial health insurance comes first. Since there is a waiting period — three months in most Canadian jurisdictions — previous insurance should be continued if possible, or temporary insurance purchased. If you were paying extra premiums for life insurance because of the part of the world you lived in, you should apply to have the surcharge removed.

There are a number of organizations which specialize in health insurance coverage for retirees. If you are taking up employment in Canada, insurance coverage and other benefits should have been negotiated in advance; at the least, you should become familiar with the new benefit coverage, and supplement it with private insurance if necessary, especially life and disability income insurance.

All financial institutions and investment companies should be

immediately notified to treat you as residents and stop making non-resident withholding. It is now possible to reverse “departure tax” paid for your capital gains when you left, should you return to Canada to live at any time in the future. In that case, you would be responsible to Canada for any gains or losses during your absence, which could help you if the investments declined in value while you were abroad.

It is now also possible, in some

“ALL FINANCIAL INSTITUTIONS AND INVESTMENT COMPANIES SHOULD BE IMMEDIATELY NOTIFIED TO TREAT YOU AS RESIDENTS ”

situations, to defer this tax when you leave Canada. These are complex areas where professional guidance is essential. You should also review the asset mix of your investments: capital gains have become much more tax-efficient than all other forms of investment income for Canadian residents.

First Tax Return

You need not report to CCRA that you have returned. Your first tax return has to be filed by April 30 of the year after you reestablish residence or by June 15 if you or your spouse are self-employed. On this return you state the date of becoming a Canadian resident. There is a version of the NR74 form for new or returning residents: “Determination of Residency Status (Entering Canada).” As with the outbound one, we

recommend that you fill this out only if requested. It is much less likely that CCRA will question you; they will embrace your return to the Canadian tax regime. More challenging are the issues around dual residency, when you continue to be in both places, or part of the family living in each.

Your personal credits have to be prorated to the part of the year you were a Canadian resident. You may have to declare tax on any gain in the value of your home while it was not in “personal use,” unless you were able to avoid this change of use by an election when you rented it out.

You should find out whether you have any RRSP room carried over from the past, which you could begin to use effectively right away. Otherwise, you have to wait a year, even if you have earned income, because new RRSP room is based on the previous year’s income. You may have converted your RRSPs to RRIFs to draw income at the low withholding tax specified by the treaty with your country of residence. If you are still under age 69, you can convert them back to RRSPs again and stop the payments, which would be fully taxable at your “marginal tax rate” on top of all other income.

In Summary

In spite of our tax obligations, most of us feel that Canada is the best country to have our roots in and to retire to, while taking advantage of opportunities from time to time to visit other parts of the world. With proper planning and good advice, and keeping within the law, we can maximize the financial opportunities and minimize the hassles on returning to Canada.

John Wright P.Eng, CFP is an International Financial Planner and **Leslie Mezei** FCIA, CFP, RFP is a Personal Financial Coach with Canadian Investment Consultants (888) Inc. They help Canadians around the world with financial, retirement and estate planning, and with investments and insurance. They may be contacted at: Tel. 416-259-1450, Fax 416-259-1830, E-mail <john078@sympatico.ca>.

PERSONAL SAFETY

WHILE ABROAD

BY HERBERT FRASER



NO MATTER WHERE WE ARE, WE PUT OUT SIGNALS. Two examples. First, a casually-dressed, middle-aged couple — he carrying a camera, she wearing a fanny pack — stand on the Sparks Street Mall in Ottawa examining a map and discussing their itinerary. Second, an airport announcement warns passengers of the presence of pickpockets, which leads many travellers to immediately check the safety of their valuables.

Conclusions? The couple in Ottawa signal that they are tourists in an unfamiliar place (but are probably under no great threat standing virtually in the shadow of the Parliament Buildings). In the second case, the reaction of travellers to the airport announcement shows any potential thief the precise location of possible pickings.

We all send signals, but the reaction to these signals differs according to the location. Wherever you are, you should be aware of the signals you give, and how they might impact on your safety. Travellers and expatriates increase their risks substantially by sending signals that place them and their families in positions of greater but avoidable danger.

International travel and life abroad are very different now from even a few years ago. A cursory examination of the media underscores the fact that some political and religious groups use terrorist tactics such as kidnapping, bombings, extortion or murder to achieve their objectives. Aircraft hijackings still occur with alarming regularity. Crime, whether organized, politically-motivated or random, impacts on tourists and expatriates alike. Kidnapping for ransom is a growth industry in many parts of the world. Local fire and police organizations frequently provide minimal protection.

All of these factors and more can affect your personal safety. More Canadians are venturing abroad than ever before and finding themselves travelling or working in more dangerous environments. Nationality can't guarantee immunity. Personal safety should be a consideration in your

list of concerns. Fortunately, Canadians abroad have not been prime targets of hostage takings and bombings, although there are exceptions and it is frequently the innocent-bystander who is caught up in a terrorist incident.

For most Canadian expatriates, criminal acts such as theft are a far greater threat than terrorism. Examine your own situation. You are very possibly a member of a community that is tightly-knit and highly visible. Many expatriates live in upmarket areas that are attractive to thieves. Expats frequently socialize together in their homes, exclusive clubs or hotels. On weekends, many flock to local beaches or clubs where they can find isolation during their periods of relaxation. Often, personal safety considerations are cast aside as casually as work clothes.

Many large corporations recognize the possible dangers to their employees and the potential risk to their bottom line. They invest in risk and threat assessment, and have in place well-designed contingency procedures to protect all



their assets — including expatriate staff and their families. These organizations recognize that personal security is a prudent element of effective corporate management.

The fact that an expatriate is travelling alone, or is associated with a small venture, should not be a deterrent to personal security planning. Without doubt, the watchwords for personal safety are “common sense.” Does your dress make you stand out in a crowded market? Do you avoid day-to-day routines? Are security procedures followed in your home and office? Does your children’s school have a security plan? What would you do if you or a member of your family were kidnapped? Has your company addressed these issues? Do you know what the company policies are? Are you and your family prepared for emergencies?

Assessment of possible threat requires a detailed understanding of the local environment. Sometimes professional advice should be obtained in order to craft a contingency plan to meet your specific circumstances. A good place to start any security assessment is where you live. You may have little choice of housing, but you should definitely consider how your home can be made more safe and secure. The actions that you take will be determined by the risk involved, but even if the risk is relatively low, painful experience has shown that terrorists and criminals consider an expatriate’s home a tempting target.

Fortunately, there are a number of measures that can deter attack and enhance peace of mind, depending on your circumstances. Variables include the following: Do you live in a detached house, in a residence within a compound, or in an apartment building? Where is your residence located? Do you have neighbours? Who are they?

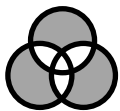
An apartment has the advantage of an instant community with close neighbours, but, even so, it should have controlled access 24-hours-a-day, seven-days-a-week. Determine whether the local fire department has equipment to reach your apartment floor, and if the building is equipped with generators and safety provisions.

If you live in a detached house, physical security standards followed in Canada may be inadequate. At a bare minimum the house or compound should be walled or fenced, have well-placed external lighting, and a garden groomed to eliminate blind spots that could conceal an intruder. Do external drainpipes provide access to upper storeys? If so, take measures to prevent such access. Consider an outside watchdog; an alert dog is often an effective alternative to poorly-trained and badly-paid local guards. For increased protection, obtain a watchdog for inside the house. A favourite trick of thieves is to throw poisoned meat over the wall to eliminate the outdoor watchdog. A house dog is an inexpensive additional safeguard.

Other safeguards include solid external doors, deadbolt locks, peep holes on the door, “noisy intrusion” devices, and iron bars and grills on all glass doors and windows that provide easy access from the outside. Patio and kitchen doors as well as small bathroom or storeroom windows are highly vulnerable. (But keep in mind that one padlocked grill in each room, with a lockbox nearby, should be available to allow quick exit in case of fire.) Always keep your doors locked, and restrict the number of keys in circulation. Follow a standard lockup procedure each evening. After dark, draw your curtains and keep your house well lit. Radios playing in several rooms, whether you’re at home or not, can give the impression of human activity.

There are many other safety procedures that can be designed to meet local circumstances. However, by following these suggestions and considering the advice of friends and colleagues and, if the situation warrants, by employing professionals, your enhanced personal safety can increase your peace of mind during your international sojourn.

Herbert Fraser is a retired Foreign Service Officer with extensive experience in security and intelligence matters. He may be reached at: Tel. 613-798-1858, E-mail <hpgfraser@yahoo.com>.



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BY DR. MARK WISE

Your Travel Meds

UP, UP AND... OY VEY!

I love to travel. Let me be a little bit more specific: I love to travel once I get to where I'm travelling. But for me, flying is not a joy.

While air travel is usually the fastest way to get somewhere, and at times the only way, it may not always be the most pleasant way, in my opinion. And from the health point of view, there are a few problems or concerns inherent in air travel of which you should be aware.

For reasons known only to those who studied (and still remember) high school physics, gases expand as the ambient pressure falls (Boyle's Law), as it does in an airline cabin as we cruise at 35,000 feet. This means that all of the gases trapped in our intestine and other body cavities expand during flight, and may cause bloating and discomfort out of proportion to the fact that well-meaning flight attendants are bringing you a new meal every three hours, regardless of the time of day. When dressing for your flight, it might be best to wear some loosely fitting clothing, or plan not to eat everything that touches your six-inch by twelve-inch tray.

We also have air trapped in our Eustachian tubes and middle ear. This is not usually a problem during flight, but as we descend this air starts to contract as the cabin pressure rises to ground level. This creates a sucking effect on our eardrum, which may be quite painful if we are unable to equalize the pressure. This can be done

by frequent swallowing, breastfeeding (if you are an infant), or by doing a Toynbee manoeuvre (pinching your nose, shutting your mouth, and blowing). If you are congested before flying, do your best to clear things up with steam, and oral or topical decongestants.

The air on board may leave a bit to be desired, but opening the window is just not an option. It is dry up there, really dry. In fact, not much different than the Sahara Desert. Air travellers need to drink plenty of fluids, with water, not alcohol or coffee, being the beverage of choice.

While the added bottles of water may provoke more trips down to the

“Not everyone is fit to fly ... it may be wise to discuss things with your doctor before booking a flight.”

lavatory, this is also a good thing. There is a condition known as “economy class syndrome,” usually suffered by people paying their own airfare and, hence, being relegated to the economy section where anyone over five-foot-six has to spend the flight choosing where to place their feet. The combination of dehydration and sitting like a yoga instructor for eight hours over the Atlantic may cause your blood to sludge in the veins of your legs. In rare instances, this can lead to a blood clot,

which is not a good thing. So again, drink lots of water, wear loose-fitting clothing, wiggle your feet, and stroll down to the lavatory as needed.

Until the airline industry finds a way to continuously infuse “fresh” air into the cabin, air travellers will be forced to inhale a little bit of each other's air. It would be incorrect to say that this does not pose a slight — make that very slight — risk to travellers. But, thankfully, most airline passengers are not sharing a flight with someone with tuberculosis, Ebola virus, meningitis, the plague, or even the flu. If you were, by the way, the likelihood of becoming infected depends upon your proximity to the ill person and the length of your flight. Thankfully, we have public health departments to help us deal with such exposures.

Not everyone is fit to fly. If you have a medical condition such as severe heart or lung disease or anemia, it may be wise to discuss things with your doctor before booking a flight. Supplemental oxygen on board may be necessary. A recent surgical procedure may have left you with some of that expandable gas in your abdomen, so at least three weeks should pass before contemplating a journey by air.

And what about pregnant women? The pressurized cabin at 35,000 feet simulates an altitude of about 8,000 feet above sea level. At that altitude, there is more than enough oxygen for mum and fetus. But while airplanes double as hotels, restaurants and meeting rooms, they do not function well as delivery suites. Hence, women more than

Your Travel Meds, continued on page 23



BY LOUISA NEDKOV

Business Class

DINE LIKE A DIPLOMAT

The scene is formal. The table setting is impeccable. The menu is flawless. And the dignitary next to you is happily devouring your dinner roll. Add to this the discomfort of discovering your napkin has, seemingly under its own volition, abandoned you for the lure of the other side of the table and you start to realize the practical importance of basic dining “management.”

You may be dressed in the most current fashions, wield conversation with the grace of a deft swordsman, and possess the charm to capture the hearts of an entire congregation. However, your professional image can easily be tarnished by imperfect dining skills.

Knowing how to eat is every bit as important as knowing what to eat, especially if you are in (or wish to be in) a position that commands respect. Many people forget that dining skills are as much a part of the business tool kit as negotiating skills. In fact, in the global scheme of things, more deals are solidified over the dinner table than the boardroom table.

The cross-cultural nature of business has made the question of what fork to use kid’s stuff when compared to the intricacies of chopstick handling, the subtleties of international toasting protocol and the understanding of local unwritten dining etiquette.

To avoid making an embarrassing *faux-pas* at your next business or social event abroad, consider the following tips.

The Significance of Seating

Knowing when and where to sit is an important cultural dining matter. In China, for example, seating patterns follow seniority. The guest of honour is seated at the head of the room facing the door. In Malaysia, however, the guest will be seated at the head of the table or to the host’s immediate right. Your host will most likely indicate your place at the table before sitting down. If no such clue is offered, take the seat nearest to where you find yourself.

Napkin Knowledge

As a rule, completely unfold your napkin and keep it on your lap throughout the meal. If you have to excuse yourself, put the napkin on your chair, never on the table. Other dinner guests would rather not be faced with a used napkin while they eat. Only when the meal is over, is it appropriate to put a soiled napkin on the table.

The First Bite

In general, wait for the host to take the first bite before following suit. In some countries – Laos and South Korea come to mind – the eldest or most respected table guest will often initiate the meal. If you happen to be older than the host, this honour may be offered to you.

Dinner Is Served

Western-style table settings are pretty easy to navigate. The flatware order for each dish is selected from the outside edge, with utensils for each subsequent dish being selected moving towards your plate.

Chopsticks — the dining implement of choice in many Asian countries — can,

however, pose a bit of a challenge.

Practising in the privacy of your own hotel room may be advisable. Improper handling can send food airborne, which can be potentially embarrassing, if not dangerous.

Keep these “choptips” in mind:

- When not in use, chopsticks should be left on the chopstick rests provided. Do not set them parallel on top of your bowl (considered bad luck) or stick them in the rice bowl so they stand straight up (a symbol associated with a funeral ritual and synonymous with death).
- Try not to drop your chopsticks or cross them when placing them on the table (again, bad luck).
- “You touch it, you take it.” Once you’ve touched a piece of food in the serving dish, it’s yours. Even if you can’t retrieve it easily, leaving it is akin to leaving your guests with a “tasted” piece of food. Bad form, and rude to boot!

But not all Asians are chopstick diners. In Thailand and Indonesia, the place setting will feature forks and spoons. Unlike western custom, the spoon is held in the right hand, the fork in the left. The fork is used to push food onto the spoon. Knives don’t usually factor in, as the food is usually served in bite-size pieces.

Clean the Plate?

In some countries, cleaning your plate is considered impolite. Leaving a small amount sends the message that you consider your host to be so generous that you couldn’t possibly finish the meal. In other regions, leaving food on the plate can be considered wasteful, inconsiderate or indicate you didn’t like

the food. Checking out the local protocol beforehand can spare you from committing a serious dining crime.

The Finishing Flourish

Placing western-style cutlery side by side on the rim of your plate in the “5:25” position (like the hands on a clock) tells a waiter you are through. The fork should be placed inside the knife (with the tines up or down) and the blade of the knife facing inward. Chopsticks should be retired to the chopstick stand. A fork and spoon combination requires you to place the fork (tines down) on the plate and the spoon (face down) across the fork.

Exiting In Style

When to leave the dinner table varies from country to country. In a country such as Pakistan, most socializing is done before the meal, with guests making an exit as soon as the meal is over. In Brazil, socializing is considered even more important than the food. Staying around for at least an hour after dessert is considered good form.

A final word of advice: You are going to make mistakes! It's human nature, and even more natural when dealing with cultural intricacies different from your own that span hundreds, if not thousands, of years. Keep your sense of humour and discretion. Don't get defensive. Admitting you have made a mistake and expressing a willingness to learn and “get it right” next time shows that you really do care and respect the ways of other cultures.

Sending the signal that you understand, respect and admire cultural subtleties — even in something as seemingly simple as eating — can assist you in bridging gaps which may have, at one time, seemed insurmountable.

Louisa Nedkov is President of Solo Sessions, based in Toronto, and author of the book *Raise Your Cultural IQ - Asia & the Pacific*, which can be obtained directly via her Web site or through Amazon.com. She may be contacted at: Tel. 416.441.0021, Fax 416.441.6801, E-mail <Louisa@SoloSessions.com>, Web site <www.solosessions.com>.

CULTURAL IQ QUIZ

Q: In Western culture, it is common to use a crooked index finger to beckon someone. In most parts of the world, however, this gesture is considered inappropriate and in some countries offensive. What gesture is more commonly used?

A: In most countries around the world, the appropriate way to beckon someone is by extending the hand out, palm down, and making a scratching motion towards the body. In Malaysia, for example, beckoning with the finger is only used for animals. Gestures are not universally understood will often carry completely different meanings depending upon the country. There are many stories of U.S. presidents who have forgotten this rule of protocol and caused offense resulting in considerable embarrassment. The best policy is to completely avoid using any kind of body language in your communications.

Q: In what culture would using your left hand for eating be considered disgusting.

A: In the Muslim culture the left hand is used for personal hygiene purposes and is therefore considered “unclean.” Always use the right hand instead of the left (unless you are handling something considered unclean). If you are left-handed, please be aware that in most countries this will not be accepted as an “exception to the rule.” Something to keep in mind the next time you go to shake someone's hand — same rule applies!

Q: In what country would a gift of a green baseball hat be considered inappropriate?

A: In the People's Republic of China wearing a green hat indicates that your wife or girlfriend has been unfaithful. Companies have made this error when designing baseball hats with their corporate logo to hand out at trade exhibitions.

Q: It is common for most North Americans to cross their legs when sitting. Where would this be considered inappropriate?

A: In many parts of the world, but particularly in the Middle East, it is considered offensive to show the bottom of your foot. In some countries (Malaysia, for example), you can cross your legs at the knee, but not place one ankle on your knee. I had the pleasure of conducting a series of seminars in the Middle East, and it was the one message I was repeatedly asked to bring back to Canadians. As a general rule, keep both feet on the ground.

Q: You have been invited to a dinner party in Brazil and arrive on time. The hostess is still in the shower. What's happening?

A: Although punctuality is expected in business in most countries of the world (and some are very stringent about this rule - Germany, for example), different rules often apply to social events. In most Latin American countries it is appropriate to arrive up to one hour late if there are several guests, and up to thirty minutes late if you are alone. At large parties, it is acceptable to arrive up to two hours late. It is important to check what the unwritten rules are regarding time for the country you are visiting.

Q: In what countries would wrapping a gift in black paper be considered extremely inappropriate?

A: It is important to be aware of the significance of colour for the different cultures in Asia. Some colours signify good fortune whereas others are associated with bad luck. The colour black should not be used for wrapping paper as it is associated with death in virtually all Asian countries. Colour is very important to consider when designing any kind of promotional materials as well as in product development (appliances, for example).

LN

Your Travel Meds, continued from page 21

36 weeks pregnant should keep their feet firmly on the ground.

Finally, there is the stress of air travel. Tie up all your loose ends at home and work. Fight the rush hour traffic out to the airport. Choose the correct terminal. Check in at your airline. Kiss your baggage goodbye. Sail through customs. Rummage through your pocket for your boarding pass. Elbow your way down to your seat. Wedge your hand baggage into the overhead compartment. Decide whether you'll eat chicken or beef. Choose a movie to watch. Overcome your phobia of planes. This is no walk in the park! It's the reality of air travel — the fastest way of getting there.

Mark Wise is a Family Doctor in Thornhill, Ontario. He is the Medical Advisor to Voluntary Service Overseas (VSO), a Canadian non-government organization sending volunteers to lesser-developed countries. He runs The Travel Clinic, and is the author of *Malaria, Montezuma and Me - A Medical Guide for Travellers*. For a copy of the book, please contact him at <markwise@home.com>.



BY LALESCKA SCHREIER

Moving Right Along...

as though all this was not enough — I got to be part of another historic moment in the making.

On October 22, 2000, Turkey was literally turned into a “ghost country” due to a general curfew meant to keep every one of its inhabitants indoors for

obtained permits (I got to keep mine as a souvenir) to leave the house, once we had been “counted in.” We were intrigued to explore a city that was completely deserted when its normal status is bumper to bumper traffic, constant noise, the streets filled with people, and vendors everywhere. Some comments were made about unpleasant memories of the curfews experienced following the military coups in 1960, 1971 and 1980.

This was a very unusual census indeed. All stores, businesses and government offices were ordered closed and public transportation was halted as the curfew took effect, running from dawn to dusk. Ferries and tankers were idle as marine pilots and traffic controllers stayed home. Only a few buses and taxis, as well as emergency services, were allowed to work.

“Our” census-taker arrived close to noon. He was a very polite and shy university student who filled in the individual questionnaires for the three members of the household, plus the “visitor.” I was amazed at the size of the form, which contained at least 50 questions, some of them extremely

“We stopped the car in the middle of a main highway and took pictures. There wasn’t another car in sight.”

fourteen hours while more than 950,000 census-takers went door to door to complete the forms for the “National Population Registration System” — the 2000 national census.

As the friends with whom I was staying in Istanbul were diplomats, we

COUNT ME IN!

A Turkish Experience

How does a Venezuelan-born Canadian, married to a German and residing in Toronto get to be registered in the National Census of Turkey? Being in the right place at the right time, I guess.

Last fall, I travelled to Turkey on a business trip that took me to Istanbul and Ankara, where I visited AMJ Campbell agents and clients. I was fortunate to be invited to stay at the home of very dear friends (also former clients whom we moved from Montreal to Istanbul). The business part was short and I decided to take a week touring around and then spend three days seeing the sites in Istanbul.

This was an exotic experience in many ways. Turkey’s people, its culture, religion, history, ancient ruins and geology were deeply impressive. So were the underground cities in Cappadocia, the Topkapi Palace, the Hagia Sophia, the Blue Mosque, the Suleymaniye Mosque, and the sea of minarets (best be seen from the Galata Tower). Then there was the Bosphorus, the Bogazi, the Bozdogan-Valens Aqueduct and the Golden Horn, the Fortresses of Rumeli and Anadolu Hisari, the Great Bazaar and the famous Turkish Baths! But —



EMPTY PEDESTRIAN MALL IN OLD DOWNTOWN ISTANBUL PHOTO: Lalescka Schreier



THE "PERMIT" TO ROAM

personal such as (for us women over 12 years of age): "How many miscarriages have you had?"

We tried to get him to simplify the form for us, I being a tourist and they being diplomats on a temporary assignment. But, as he told us, his instructions were to fill in all the questions, no exceptions made. The whole exercise took more than an hour. During the procedure we took pictures of ourselves and the census-taker and, as we were using a digital camera, he gave us his e-mail address so that we could send him his photo!

Having done our duty and with permits in hand, we jumped in the car at 2 p.m. and went to visit the ghost town. The highways, usually packed at all hours, were empty. The great bridge that crosses the mighty Bosphorus — empty. The route from the house to downtown that had taken us two hours the night before we did in 10 minutes. We stopped the car in the middle of a main highway and took pictures. There wasn't another car in sight.

A very strange feeling was also caused by the lack of noise, as the Turks are very animated — driving and blowing horns go together and the mufflers of most cars are extremely loud.

We then visited the "Taksim," a huge plaza in the middle of the city where most demonstrations and protests take place and which on an ordinary day is packed with tourists and locals. It looked so desolate it was scary. I must confess that we felt a childish giddiness being in huge



AT THE HAGIA SOPHIA MUSEUM

public places that were absolutely empty. It was a momentarily liberating experience that led to a few frivolous acts of exuberant self-expression, some of them too silly to mention!

Next day, we read in the papers that several people were detained as security officers took the opportunity to raid houses of wanted criminals. In the resort of Kusadasi more than 2,000 tourists were not allowed to get off their cruise ships for a day at the beach. In other cities, the police tried in vain to send home dozens of children who poured into the empty streets to play.

In one town the citizens had to be bribed with promises of water bill discounts to get them to return to their homes. Those not found at home when the census-taker came to call will see their municipal water bill go up. In another town the mayor sponsored a



HIGHWAY LEADING TO THE BOSPHORUS PHOTO: Lalescka Schreier

free concert on Saturday night to keep people close to home. In the town of Denizli every person counted in the census was automatically entered into a lottery for a shot at one of 1,000 gold coins.

The one consolation for many people was that it turned out to be such a dull, grey and rainy day that staying at home was not such a bad idea anyway. Turkish officials said that this will be the last count before a computerized system is introduced. The last census was in 1997, at which time the population was calculated at close to 63 million.

I consider myself extremely fortunate to have been part of something as special as this. You cannot help making comparisons (without making judgments), but we do live in very different worlds and that is what makes moving or travelling to other countries so interesting and rewarding, as I am sure most of you know better than I do.

In case you have not noticed by now, I was fascinated by this visit and I plan to go back to Turkey and, together with my husband, Peter, take the time to explore many more of its magnificent treasures. As it has been said, with a great deal of truth, Turkey is the cradle of civilization.

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LOTS OF REGIONS, NO PEOPLE!

The Laight Edition, continued from page 15

their heads every night for a week or so. They also keep the dream alive for a considerable time by advising the individuals via telephone, fax or letter that their proceeds are invested and/or reinvested at a better rate than was originally anticipated, that there is even a possibility that the powers-that-be can be persuaded to allow additional contributions.

This scam has worked so well that even some legal and financial professionals have been duped. The Securities and Exchange Commission (SEC) in the United States has issued several warnings on the prevalence of these schemes. One SEC alert stated: "...many of the illegal or dubious schemes appear to involve overly complex loan funding. In the eyes of the unsophisticated investor, this complexity may make a questionable investment appear worthwhile. The SEC warns investors and those who may advise them, particularly broker-dealers and investment advisors, of this possible hallmark of fraud and reminds them of a basic rule for avoiding securities fraud: If it looks too good to be true, it probably is."

The best all-round fraud information site is probably <www.quatloos.com> which contains extensive information on the Nigerian scam, prime bank note scams and many other global scams, as well as the names of the groups or companies perpetrating these schemes.

For more information, go to:

- The International Chamber of Commerce – www.iccwbo.org;
- Revenue Canada – www.ic.gc.ca;
- The SEC web site.

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Doing It Right!



BY WAYNE GRANT

Bayshore Private Banking

Technology was supposed increase leisure time and decrease work. Neither turned out to be true. So what happened?

Democratization of information is what happened. Information and services that were reserved in the past for those with the proper connections or, more importantly, the wealth, are now available, *en masse*.

This has created another problem. Now there is too much information.

Nowhere has this been more evident than in financial services. First-time investors right through to high-net-worth individuals now have access to the latest research into portfolio theory, tax minimization planning and investments from around the world. Today you can log on to the Internet and find the latest bid/ask on a stock you hold, read about a unique tax planning opportunity and then read the sections of the Income Tax Act it refers to.

So how do you find the time to sort all of this information, let alone put it to good use? Bayshore Bank & Trust is trying to solve that dilemma so clients can focus on more important issues such as family, work and even play.

“Bayshore was initially designed to provide uniquely tailored services for high-net-worth individuals while at the same time using technology to make those services available to expatriate clients as well,” says Penny Ettinger, Managing Director of Bayshore.

Indeed, it is rather ironic that Bayshore uses technology to help clients sort through the barrage of information – that was created by technology. But ability to use technology for this purpose is possible in large part because of Bayshore’s background.

Bayshore Bank & Trust, a Barbados chartered bank, is the offshore legacy of a 35-year-old Canadian firm. The Bayshore Group of Companies is a consortium of enterprises focused primarily on financial services and leading edge technologies for the world’s largest financial institutions.



BAYSHORE HEADQUARTERS,
LAURISTON HOUSE, BARBADOS

Expatriate Bank for Expatriates, Run by Expatriates

Currently, Bayshore Bank & Trust has 15 employees based in Barbados with a staff of several Canadian expatriates as well as local Barbadians. Including Wayne Grant, President, Investment Management, the senior management team in Barbados is almost entirely Canadian expatriates. Managing Director Penny Ettinger LLB, LL.M. practised tax law in Vancouver before moving to Barbados. Erin O'Neal, Chief Operating Officer, is a chartered accountant hailing from London, Ontario, while Maurice Fortier, Vice President, Investment Services, is originally from Calgary, Alberta. Bayshore's Chief Executive Officer is John Perry Bujouves. Together, the senior management has 75 years' experience in international tax, international investment management and corporate services. As well as their expertise in doing business in Barbados, they have also dealt with jurisdictions such as Canada, Hong Kong, Bermuda, Europe and other Caribbean financial centres.



**PENNY ETTINGER,
MANAGING DIRECTOR**



JOHN BUJOUVES, CEO

This includes Bayshore Bank & Trust (Barbados) Corporation, which was licensed in 1996. From the beginning Bayshore Bank & Trust has focused on using the technological expertise of the Bayshore Group of Companies to provide exclusive private banking and very personalized and expert service to sophisticated clients and expatriates around the world.

Bayshore employs what it calls "A philosophy of understanding the client, their objectives and their goals in life."

"Traditional banks, fund companies and trust companies create product and then push that product at their target market," says Maurice Fortier, Vice President, Investment Services, at Bayshore. "The latest example was the vast number of tech funds created in 1999 to take advantage of the tech craze. The focus is on creating a product that will sell. For Bayshore," Fortier, continues, "the focus is on the end goal of the client and subsequently on what needs to be done to achieve that goal. Do they need advice on residency issues? Do they need sophisticated tax planning? It is really more a process we take our clients through as opposed to selling a product."

This process includes a detailed profile of each client, designed to learn as much as possible about who the client is and what type of service is required.

Providing a service specific to each client also depends on a well established presence in the international tax and investment communities, says Ettinger. "With clients located around the globe we have to keep up to date with the

changes in tax, residency and immigration issues. As Bayshore has evolved, key contacts have been developed in other offshore jurisdictions around the world as well as in the Middle East, Europe and North and South America.”

To serve the investment needs of clients, Bayshore has teamed up with major financial institutions such as Salomon Smith Barney, Frank Russell and Julius Baer.

“Technology enables us to bring the best investment management services to our clients,” says Fortier. “We are able to bring our clients investment services based on the expertise and research capabilities of these world class providers.”

With these partnerships Bayshore is able to monitor more than 1,200 investment managers around the world, and actively tracks approximately 400 of them. Knowing the top performers has proven to be invaluable for Bayshore’s clientele.

While Bayshore does provide services that allow clients to manage their own portfolios, the focus is on privately managed money.

“Most of our expatriate clients are so busy juggling their jobs, the adaption to a new culture and the pressures of moving their families – investing their own portfolio is just not an option,” says Fortier.

The two main investment management services provided by Bayshore are the Segregated Investment accounts, available for clients with at least \$1 million (U.S.) to invest, and Integris Funds, a Cayman Islands-based family of private investment pools for clients with between \$50,000 and \$1 million.

The Segregated Investment program is designed to provide clients with a portfolio that best suits their particular investment style and risk profile. This is accomplished by constructing portfolios based on detailed investor profiles of the clients. Once the appropriate asset mix is chosen for a particular client, the next step is to find appropriate investment managers. Bayshore seeks out the best institutional investment managers from around the world for their particular skill in a specific asset class or investment style.

With this approach to investment management, Bayshore is able to provide clients with a completely objective portfolio. If one of the managers chosen by Bayshore for their expertise in a particular asset class happens to deviate from their style or has a significant change in personnel, they will be reviewed and likely replaced with another manager.

While the technology revolution has empowered investors by giving them more information than professional investors had only a generation ago, in reality, investors are unable to develop these type of portfolios on their own. To do so they would have to:

- Choose investment managers whose styles are most compatible with their personal investment philosophy.
- Periodically evaluate the investment managers’ performance and adherence to the styles for which they were selected.
- Keep abreast of any fundamental qualitative shifts in the investment management firm (i.e., changes in personnel or other key resources) and understand the potential impact on their portfolios.

Information at Your Fingertips

While Bayshore uses technology to bring sophisticated planning and investment services to all of its clients, it also plays an important role in communicating with clients.

“With people all over the globe and in different time zones it is extremely important to use the best technology can offer to enhance your communication,” says John Bujouves, CEO of Bayshore. “Right now our clients can have all of their statements and correspondence e-mailed directly to them and at the same time they can access their accounts, online, to keep track of their investments and to monitor account activity. It is an extremely effective system for expatriates.”

The Bayshore Web site, <www.bayshorebank.com>, and the Integris Web site, <www.integrisfunds.com>, also allow potential clients to access information.

“We want to make it as efficient as possible for people to become our clients,” says Bujouves. “We have everything from account applications to investor profiles and even sample asset allocation strategies on the sites. Everything is also downloadable, which makes it even simpler. We have

clients who have set up all of their Bayshore accounts through the Internet.”



These may seem to be relatively simple requirements, but to achieve them investors must surmount two challenges: the challenge of scale and the challenge of complexity.

The root of the scale problem lies in the fact that there are more than

22,000 registered Investment Advisors worldwide, a fourfold increase over the past ten years. The research required to identify the appropriate investment managers – let alone the proper asset allocation and style allocation – is usually beyond the capacity of individuals,

or even committees, who are not investment professionals.

Where clients do want to be more actively involved, Integris Funds may be the solution. Integris funds are not offered on a retail basis and thus avoid the constant client turnover that is endemic with retail funds and which affect their returns.

Bayshore employed the same criteria as in the Segregated Investment program to choose investment managers from around the world for each of the 22 different Integris Funds. The process is also similar in that a detailed profile is developed for the client and a customized asset allocation is created using Integris Funds. However, clients can also choose one of seven pre-determined asset allocation models if they choose not to go through the investment profiling process and want to make some of their own investment choices.

In all cases, whether clients choose Integris or Segregated Investment, a detailed portfolio proposal is constructed first for clients to scrutinize. This proposal becomes the road map that guides both Bayshore and the client. It is used to measure how the portfolio is performing, relative to the risk and return goals, and how it is performing relative to the stated timelines.

In the end, the road map Bayshore as a whole is trying to follow should lead to that elusive dream of more leisure time and less work.

“Just creating new technology does not necessarily enhance our lifestyles,” says Ettinger. “Using it to one’s best advantage is the key. Simply put, that is what we are doing at Bayshore”.

Wayne Grant is Vice President, Investment Management, Bayshore Bank & Trust (Barbados) Corporation. He may be contacted at: Tel. 246.430.8660, Fax 246.430.5335, E-mail <wgrant@bayshore-international.com>, Fund Web sites: <www.bayshorebank.com>, <www.integrifunds.com>.

Barbados – An International Financial Centre

Barbados is the most easterly island in the Caribbean chain, situated off the coast of South America. A former British colony and the world's second oldest parliamentary democracy, Barbados is an independent state within the British Commonwealth.

The island established its independence in 1966 and has enjoyed peaceful democratic government since that time. Long noted for its political stability and English common law traditions, Barbados is committed to the free enterprise system and to the maintenance of the island as a major offshore financial centre.

The domestic currency, the Barbadian dollar, is fixed to the U.S. dollar at a rate of two Barbados dollars to one U.S. dollar. Responsible government and prudent Central Bank management have allowed Barbados to maintain this relationship for the past 34 years. Barbados has successfully managed its fiscal responsibilities and kept inflation on par with the United States. As a result of this stability, Barbados holds the highest credit rating of all Caribbean countries.

Barbados has established a reputation as a low-tax, treaty-based jurisdiction with a well-regulated and clean business environment. Barbados possesses a wide range of legislation that is designed to promote international business and financial services, including foreign sales corporations, offshore banking, ship registrations, captive insurance and international trusts. This has long made it a choice home to major global banks and trust companies, investment and mutual fund managers, as well as leading international accounting, legal and consulting firms.

Over the last decade, Barbados has evolved into a world-class location for offshore investing although, in reality, Barbados has been a financial services centre since 1965, following the enactment of the International Business Companies Act. The foundation for Barbados' success as a global offshore financial centre is the Barbadian government's commitment to providing an environment conducive to high quality international commerce and investing. This commitment focuses on four major elements: the maintenance of dual taxation treaties with numerous countries including the U.K., U.S. and Canada; preservation of a low tax business and investment environment; strong corporate and trust legislation; and a regulatory framework that guards the integrity of Barbados as a business, banking and investment jurisdiction.



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Today's capital markets are crowded with new investment choices that are accompanied by varying degrees of complexity and risk. Integris provides access to the world's best-performing Money Managers to maximize your returns while moderating portfolio risk. Welcome to Integris Funds.

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Managing Risk, Maximizing Return

Be Enriched by the Experience

Let Bayshore Administer Your Assets

Bayshore Bank & Trust, a Barbados chartered bank, is the offshore legacy of a 35 year old Canadian firm. We provide private banking and comprehensive wealth management services to corporations and individual investors located around the world. Bayshore provides private clients with a unique, customized portfolio crafted by selecting from 1,200 institutional money managers around the world. These managers are available on a segregated basis or pooled with other investors through Integris Funds Limited, our Cayman Islands based mutual fund company.

Barbados is unique in the world. With the second oldest Parliament in the Western Hemisphere and a solid foundation in English common Law – Investors have been protected here for generations. In addition to our banking services, we feature trusts, corporate services and self-directed trading accounts. Call our management team at (246) 430-8650 or toll free from North America at (888) 324-5456 for a friendly, informal chat.

