



INVESTMENTS FROM SOLID FOUNDATIONS

*Financial
Foundations
Plc*

Financial Foundations

- Dollar and Euro international fund
- Sound investment strategy
- Expert management
- Simple to understand
- On-line valuations
- Highly respected international finance centre
- Solid credentials
- Two ways to invest
 - Lump Sum
 - Regular savings over 10 years

DOLLAR AND EURO BASED INTERNATIONAL FUND

Financial Foundations is an Isle of Man Experienced Investor Fund designed to give you solid growth potential over the long-term. The fund is denominated in US dollars and euros to appeal to expatriates as these are the generally accepted currencies of choice for the international business community.

SOUND INVESTMENT STRATEGY

In order to make an investment grow in real terms over time we have to beat the inflation rate. To do this we need to invest in areas of real growth. Actually choosing which types of assets grow in value over time however is quite simple, there are basically four.

PROPERTY

Everywhere you look there seems to be a growing demand for property. Property investment is one of the most powerful types of investment for building wealth. Many of the world's millionaires got there by owning property. Property tends to grow in value because of contributing factors such as inflation and location. Investors in property however also benefit from another major factor, which is the ever increasing rent that can also be achieved.

STOCKS

A stock is a piece of a company, an equal stake in the ownership of an enterprise that exists to create wealth. Of course it also supplies goods and services and that is very important. But if they are not good enough, or another company supplies them better, faster, or in greater quantity, then it is in trouble. So a company is always under pressure to deliver better quality products and services, this is the way wealth is created. The stock-market provides excellent growth potential over time. Stocks are generally valued highly because of their potential for income. As the company's profit increases so does its dividend and its share price. Stocks are sometimes referred to as shares or equities

BONDS AND CASH

Bonds and cash don't generally have the same growth potential as property and shares but they can and do, provide safe havens in times of market turmoil. Government bonds issued by a government in its own currency are one of the lowest risk investments available. This is why government securities are sometimes referred to as gilts - an abbreviation of gilt edged. Because the interest rate on a bond is usually fixed at the time it is issued, the value of a bond will generally fall if interest rates rise and rise if interest rates fall. Cash deposits on the other hand are usually fixed with reference to prevailing interests rates.

ALTERNATIVE INVESTMENTS

We consider the inclusion of Alternative Investments as a useful tool for diversifying risk and enhancing returns particularly during periods of uncertainty and high volatility in global markets.

Typically, we invest with managers whom we believe will offer steady and consistent capital appreciation, in line with global equity returns over the long term, whilst having little dependence on the direction of underlying equity or bond markets for their returns.

Our policy is to invest predominantly with fund of funds to gain exposure to alternative investment funds within our client portfolios (as opposed to funds or specific hedge fund mandates where we buy single strategy funds). This is to ensure that manager risk is appropriately diversified and also so that we can invest for new clients in funds that have capacity, thus ensuring a consistent approach across all mandates.

A key concept is diversification: simply the principle of not putting all your eggs in one basket. To minimize risk it is important to spread your savings across different investments. This means different types of investments (property, bonds, shares, traded endowment and life policy funds, hedge funds etc) as well as having different shares or bonds within a portfolio.

Investing money to balance risk takes expertise and time and we don't all have it, it makes sense therefore to employ people that do. That is why Financial Foundations uses the expertise of Collins Stewart to manage the portfolio.

EXPERT MANAGEMENT

The Financial Foundations Fund uses the expertise of Collins Stewart Isle of Man to manage the investment on your behalf.

Collins Stewart Tullett Plc is a global financial services group listed on the London Stock Exchange and a constituent of the FTSE 250 index. The Group comprises the world's second largest inter-dealer broker and the leading independent UK stock broking and investment management business. The Group has approximately 3,300 staff and over 50 offices worldwide covering all the significant financial markets.

The stockbroking and investment management business, which trades as Collins Stewart, was established in 1991 as a partnership with Singer & Friedlander until a management buyout in May 2000 after which Collins Stewart floated on the main market of the London Stock Exchange. Since its formation Collins Stewart has grown rapidly and the firm has established itself as one of London's leading independent financial services groups.

The offshore division of Collins Stewart has offices in the Isle of Man, Guernsey and Jersey. With approximately 180 staff they are the largest stockbroking and investment management business in the three Islands. There is a high level of staff ownership within the business, which helps them to attract, retain and motivate key staff. In this respect they have a relatively low level of staff turnover.

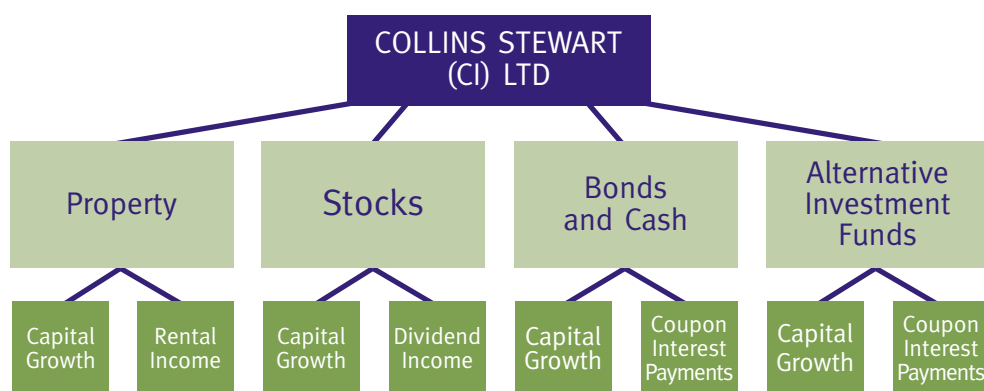
The offshore activities of Collins Stewart are regulated by the Isle of Man Financial Supervision Commission and the Financial Services Commissions in Guernsey and Jersey. They are members of the London Stock Exchange, the Channel Islands Stock Exchange and ICMA (the International Capital Markets Association).

Collins Stewart specialise in providing stockbroking and investment management services to institutions, intermediaries and wealthy private clients. Their offshore client base consists of charities, insurance funds, investment trusts, offshore funds, pension funds and high net worth private individuals.

Collins Stewart has assets under management of approximately \$5.3 / E4.4 billion of which the offshore division currently manages circa \$3.5/E2.9 billion.

SIMPLE TO UNDERSTAND

On a day today basis we all know that property, stocks, bonds and hedge funds are the best place to achieve real growth in the long-term. But markets are vulnerable to sentiment and prices go down as well as up in the short-term. To balance the portfolio properly depending on market conditions Collins Stewart manage your money over the markets as indicated in the diagram below.



So if the property market is looking better in terms of growth potential over the medium-term, the portfolio will be balanced in favour of a higher percentage of the fund assets in property. The same goes for shares if the stock-market is looking undervalued. If however both markets are looking vulnerable then it may be prudent to balance the portfolio towards hedge funds and/or bonds and cash. All the time whilst the markets are growing the fund also benefits from the rent, dividends and coupon and interest payments derived from the assets it is investing in.

ON-LINE VALUATIONS

Of course you will also want to know how well your investment is performing. You don't however have to wait for communication from us to find out. Financial Foundations is supported by state of the art technology allowing you to log into our website at any time of day or night to find out how well you are doing. The web site address is www.financialfoundationsplc.com and here you can see a personal account statement showing the value of your investment at any time. Copies of your contract notes are also kept here for you to download as well as regular investment reports from Collins-Stewart.

HIGHLY RESPECTED INTERNATIONAL FINANCE CENTRE

We have selected the Isle of Man for the domicile of Financial Foundations Plc. The Isle of Man is situated in the heart of the British Isles. The country is an internally self-governing dependent territory of the British Crown. It is not part of the United Kingdom but is a member of the British Commonwealth.

Tynwald, the Island's 1,000 year old Parliament, makes its own laws and oversees all internal administration, fiscal and social policies. External issues, such as foreign representation and defence, are administered on the Island's behalf by the U.K. Government. The Island makes an annual payment for these services.

As a Crown dependency, the ultimate responsibility for the government of the Island is vested in the Crown. By long standing convention, the U.K. Government does not legislate for the Island except with the specific consent of the Island's Government.

The Island has its own Income Tax and Customs and Excise services and is an established low tax area enjoying total independence from the UK on matters of direct taxation. There is low corporate and personal tax and no capital transfer or inheritance tax. Consequently, the Island has developed into a flourishing and internationally respected offshore business centre.

SOLID CREDENTIALS

BLUE SEA INTERNATIONAL LIMITED. – ADMINISTRATOR

- Holder of a category 3(b) investment business licence issued under Section 3 of the Investment Business Act 1991 of the Isle of Man and as such is authorised to act as Manager of the Fund.
- Its principal activity is the provision of a range of mutual fund administration services.
- Blue Sea International Limited employs state of the art valuation software to bring your valuations to you on-line.

COLLINS-STEWART - INVESTMENT MANAGER & CUSTODIAN

The Investment Manager's principal business activity is the provision of stock broking and investment management services. It is a holder of a category 5 (b) investment business licence under the Investment Business Act 1991 of the Isle of Man, a member of the London Stock Exchange, the Channel Islands Stock Exchange, OFEX and the International Capital Market Association.

RBSI CUSTODY BANK LIMITED. ISLE OF MAN BRANCH - BANKERS

- As at 31st. December 2000 RBSI Custody Bank Group had in excess of £20 billion of funds under administration.

TWO WAYS TO INVEST

There are basically two ways to invest in Financial Foundations Plc. You can invest a lump sum or structure your investment by making regular contributions over 10 years.

LUMP SUM

Investing money using the professional expertise of others always has its costs but the Financial Foundations Plc keeps expenses to a minimum. For example 100% of your contribution is allocated to your investment. Over the first 5 years of the investment the company levies a deferred establishment charge on a monthly basis. Full details of the charging structure are available in the Scheme Particulars.

WITHDRAWALS

You can withdraw money at anytime from the fund after 5 years have lapsed with no exit charges. If you withdraw money from the fund within the first 5 years the amount withdrawn will receive an exit charge equivalent to 1.6% for every year or part thereof between the number of years that the shares have been held and the 5 years from when the shares are exit charge free.

REGULAR SAVINGS OVER 10 YEARS

The Financial Foundations 10 Year Plan is the perfect regular monthly investment plan for the international investor. The product is designed to help you to structure your investment over the course of 10 years with view to helping you to achieve financial security. Consider the main features.

The plan is designed to generate long term capital growth by investing monthly subscriptions into the Financial Foundations Fund.

The first 8 months contributions represent the product fee. After 10 years contributions have been made this fee is returned by way of a bonus at the end. This bonus guarantees a return of 160% of the first 8 month payments. This guarantee provides a substantial investment platform to build upon.

All other contributions are invested into the Financial Foundations Fund.

Financial Foundations is the perfect platform for those seeking a simple and effective exposure to international markets.

Designed to build up substantial capital over one decade, so it must be remembered that this is a medium to long-term investment designed to run for 10 years. (See the Scheme Particulars for full details).

Frequently asked questions

FREQUENTLY ASKED QUESTIONS

HOW WILL I BE INFORMED REGARDING THE PERFORMANCE OF MY FINANCIAL FOUNDATIONS?

Online Valuations are available at anytime subject to you applying for the free service. Details can be obtained from your financial advisor. Of course you can have statements by post if you prefer however please note that these will always be less accurate because of the time it will take for you to receive them through the post.

AM I ELIGIBLE?

This product is not available to:

- Individuals under the age of 18
- Isle of Man residents
- US citizens

HOW DO I GET MORE INFORMATION?

Further information is available at www.financialfoundationsplc.com or from your financial advisor.

HOW DO I APPLY?

Please refer to the Application Procedure Notes enclosed with this brochure and to the Scheme Particulars for the fund.

WHAT ABOUT TAX?

The Financial Foundations will be managed so that it is exempt from all Isle of Man taxation. Taxation rules are under governmental control and therefore the fund does not and cannot guarantee in any way the tax position outlined above as it could be subject to change in legislation and interpretation.

The tax you pay if any on the increase in the value of your shares, will depend upon your own tax position and jurisdiction. If you require advice on this matter you should contact a tax advisor.

WHAT ARE THE MINIMUM AND MAXIMUM INVESTMENTS?

For lump sums the minimum investment into the fund is just \$7,500 or E7,500 open your account. There is no maximum investment amount.

For the ten year monthly investment plan contributions are just \$500 or E500. To open your account you will need to make 3 contributions.

HOW IS MY INVESTMENT DEFINED IN THE SCHEME PARTICULARS?

For a lump sum you will be investing in the **Financial Foundations Plc Direct Classes**.
For the ten year regular monthly investment plan you will be investing in the **Financial Foundations Plc Ten Year Classes**.

FINANCIAL FOUNDATIONS PLC

31-37 North Quay Douglas Isle of Man IM1 4LB

Tel: +44 1624 627247 Fax: +44 1624 627248

Email: info@financialfoundations.com Website: www.financialfoundationsplc.com