



A Guide to Personal Wealth Management



ALLIANCE
IN WEALTH
MANAGEMENT

AFFILIATE OF THE BENCHMARK GROUP OF COMPANIES



Table of Contents

| | |
|----|---|
| 3 | DEVELOPING PROPER INVESTMENT STRATEGIES |
| 4 | DEVELOPING PORTFOLIO OBJECTIVES |
| 5 | ACHIEVING THE OBJECTIVES |
| 7 | RISK |
| 8 | ALLIANCE INVESTMENT STRATEGIES |
| 11 | TIME HORIZON |
| 13 | MARKET INDICES PERFORMANCES |
| 14 | THE REDUCTION OF VOLATILITY IN THE U. S. FINANCIAL MARKET OVER TIME |



Developing Proper Investment Strategies

Developing the proper investment strategy requires that the investor clearly defines the long, short and medium term rational for the portfolio. Several critical questions that should be considered are:

- What are the investment objectives of the portfolio?
- What appropriate investment strategies achieves these objectives?
- What is the risk tolerance relative to the objectives?
- What is the time horizon for achieving the objectives?
- What is the investor's risk tolerance?

Defining the investor's objectives will provide a clear road map for developing the proper investment strategy, with the correct balance of risk.

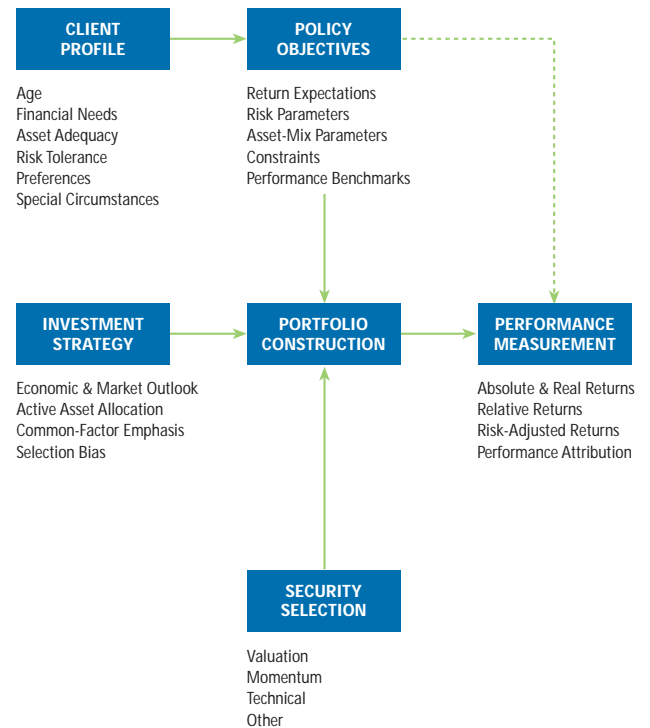
Developing Portfolio Objectives

It is important for the investor to establish the general purpose for creating the investment portfolio. Such analysis should be undertaken:

- For capital preservation;
- For capital growth;
- For capital growth and cash-flow;
- For cash-flow;
- For aggressive growth;
- For maximum liquidity without capital risk;
- For U.S. Dollar-based investments;
- For a diversified international portfolio;
- For wealth building.

A complete explanation of the portfolio's objectives will provide the foundation for building the optimum investment portfolio strategy, with the correct balance of the risk return trade-off.

THE PORTFOLIO MANAGEMENT PROCESS



Achieving the Objectives

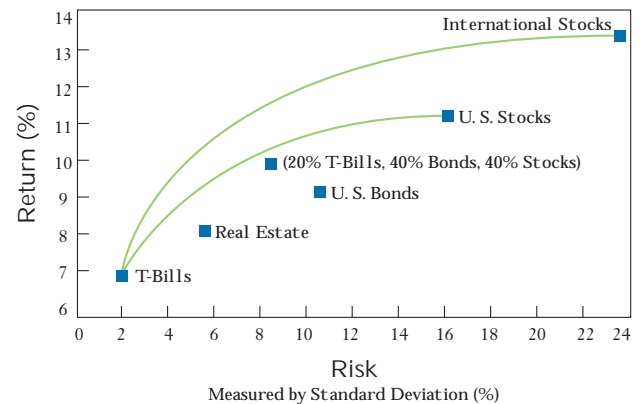
Through a balancing process of the potential risk return trade-off, the portfolio objectives can be achieved. All investment strategies used to achieve the objectives must focus on these two important portfolio elements, “Risk & Return.”



Risk

Risk means, the degree of volatility registered by an investment, how returns fluctuate over a given period of time, and the probability for loss of capital. It is accepted in the world of investments that the lowest form of risk is with assets held in very liquid instruments such as Government Treasury-Bills and fixed term deposits. From that level of risk all other investment classes are measured.

RISK-RETURN PROFILE OF A MODERATE GROWTH PORTFOLIO AND VARIOUS ASSET CLASSES OF THE EFFICIENT FRONTIER, 1970 - 2001



Source: Alliance Investment Management based on data bonds, bills & inflation: 2001 Year Book (Ibbotson Associates, 2001)

Alliance Investment Strategies

| Cash Flow (0-3 years) | Capital Preservation (3 - 5 years) | Moderate Growth (5 - 7 years) | Wealth Building (7 - 15 years) | Aggressive Growth (15 years) |
|--|---|--|--|---|
| Liquidity & income 100% short term 90% bonds 10% cash | Two-year Duration 30% cash 20% stocks 50% fixed income | Five-year Duration 20% cash 40% stocks 20% fixed income | Ten-Year Duration 5% cash 80% stocks 15% fixed income | Unlimited Horizon 45% equity 25% futures 10% commodities |

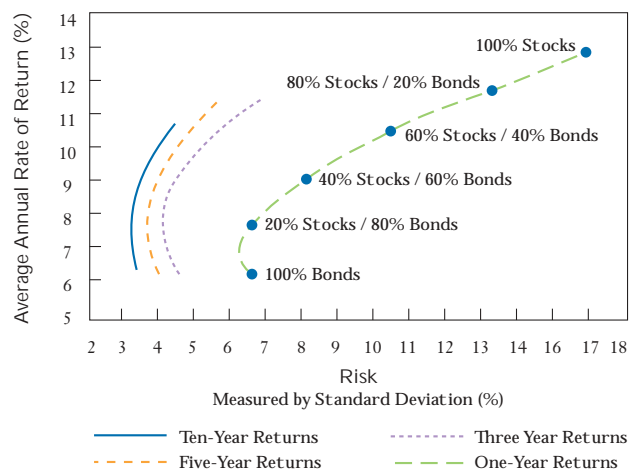
The best investment strategy is the one that achieves the investor's objectives with the correct balance of the risk return trade-off, viewed over the proper Duration/Time Horizon.

The asset class, which produces the best return over the long term risk adjusted, is Equities, followed by Bonds. Equities also contain the highest degree of risk (Volatility). However, the longer the investor's duration/time horizon for Equities, the lower the volatility.

Alliance Investment Management Ltd. believes in the concept of developing the best investment strategy for our clients through an asset allocation across various asset classes and strategies. Our investment products offers competitive returns at different levels of risk and offers the potential for competitive long-term real rates of growth risk adjusted.

A combination of strategies we believe can achieve the best investment returns for investors relative to their objectives.

TOTAL RETURN AND RISK OF ASSET ALLOCATIONS BY HOLDING PERIODS, 1950-2001



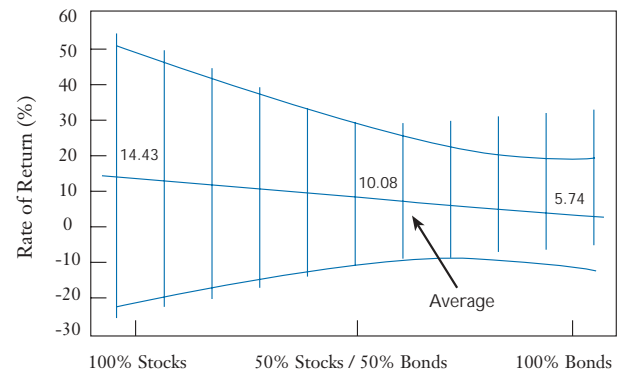
Source: Alliance Investment Management Services, based on data bonds, bills & inflation: 2001 Year Book (Ibbotson Associates, 2001)



Time Horizon

Because of market volatility, we advise investors to diversify their portfolios and look towards the longer-term strategy. This means using a time horizon that achieves the desired returns given the risk. Investors in our products must appreciate the time horizon risk and return potential. We advocate that the longer an investor can remain in the investment strategy, the better the chances of achieving the desired objective.

RANGE IN AVERAGE RATES OF RETURN OF VARIOUS ASSET MIXES, 1945 - 2001



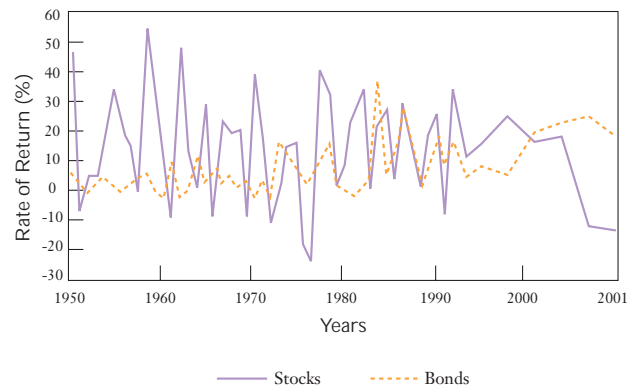
Source: Alliance Investment Management Ltd. based on data from stocks, bills, and inflations: 2001 Year Book (Ibbotson Associates, 2001)



Market Indices Performances

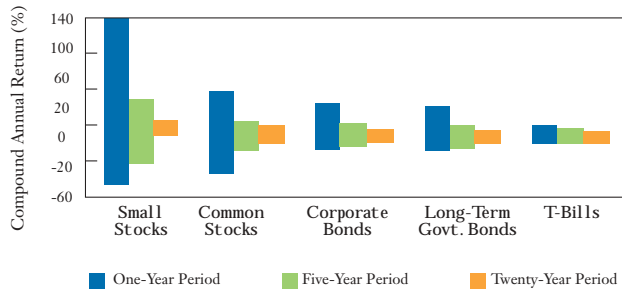
There is no guarantee that historical performance will be reproduced in the future, however it is the only measure investors can use in order to judge the potential returns which could be achieved.

U.S. STOCK AND BOND HISTORICAL ANNUAL RETURNS, 1945 – 2001



Source: Alliance Investment Management Ltd. based on data from stocks, bills, and inflation: 2001 Year Book (Ibbotson Associates, 2001)

The Reduction of Volatility in the U.S. Financial Market Over Time, 1926-2001

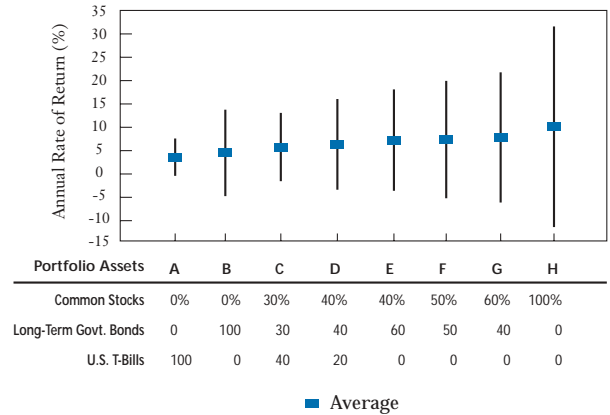


Source: Alliance Investment Management Ltd. based on Ibbotson Associates data.

The principle displayed by the above graph supports focusing on a long-term investment plan, because the longer the holding period, the less the risk. The graph also indicates that the volatility of Equities against other investment instruments over 1 year, 5 years, and 20 years, is lower the longer the holding period.

We believe that our investment strategies can be utilized to create the optimum Portfolio Management Process Logic and Investment Portfolio, whilst achieving a proper balancing of the investor’s risk-return trade-off.

RISK AND RETURN: THE RANGE OF POTENTIAL ANNUAL RETURNS BY ASSET CLASS, 1926-2001



Source: Alliance Investment Management Ltd. based on Ibbotson Associates data.





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