Integradvisory

Financial & Investment Advisors

Frequently Asked Questions

What is Integradvisory?

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- Integradvisory Ltd is a Private, Independent and International Wealth Management Operation based in Malta.
  - **Private**: Not a Retail operation offering its services to the general public - acts as an Investment Private Club to it's clients
  - **Customized** and unique services for it's clients.
  - **Independent**: Not tied to any bank, agency or fund house
  - **Holistic Wealth Management** solutions – from advisory to discretionary portfolio and asset management including cash management
- Wealth management operation:

  "A company dedicated to providing its clients with a professional service which is the combination of financial/investment advice, accounting/tax services, and legal/estate planning."

What services does the company offer?

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Integradvisory currently offers three distinct services:

1. **Financial advisory** services to high net worth clients
2. **Discretionary portfolio** services to private clients and experienced investors
3. **Asset management** services to institutions, Collective Investment Schemes and fiduciaries.

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Are there other services the company can help with?

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Forming an integral part of the CREDAL Group of affiliated companies Integradvisory can also offer:

a) **Cash Management** solutions through the CTM Treasury Platform offering extremely attractive interest rates on short term deposits

b) **Trustee services** for succession planning through CREDALTRUST Management

c) **Tax advice** through CREDAL Advisory Ltd and the CREDAL affiliation with Geneva Group International

d) **Fund Set-Up** structures through CREDAL Advisory for an enhanced level of asset segregation and tax planning

Why did the company choose Malta to locate it's head office?

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- Malta today is internationally recognised as a brand denoting excellence in financial services. It offers an attractive cost- and tax-efficient base for financial services' operators looking for an EU-compliant, yet flexible domicile.
- The financial services sector is now a major force in the country's economy, and Malta has some significant strengths to offer the industry: a well-trained, motivated workforce; a low-cost environment and an advantageous tax regime backed up by over fifty double taxation agreements. To these, Malta can add a world-class ICT infrastructure, English as an official language, an enviable climate and a strategic location.
- Above all, Malta offers a single, supervisory body, the Malta Financial Services Authority, which ensures full compliance with EU regulations but, at the same time, is able to act with speed, flexibility and the minimum of bureaucracy.

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Why did the company choose Malta to locate it's head office?

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- Malta's banking system is well regulated by the Malta Financial Services Authority. On 1 May 2004 the Central Bank of Malta joined the European System of Central Banks (ESCB) and on 1 January 2008 it became part of the Eurosystem. The main objective of the Eurosystem and the Central Bank of Malta is to maintain price stability. In order to meet this objective, the Central Bank of Malta participates in the preparation and decision-making process of the Eurosystem's monetary policy.

Who are the people behind Integradvisory?

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- The people behind IAL are seasoned professionals who have earned a solid reputation for their integrity and competence over a track record starting off in the eighties.
- IAL is a joint venture between D'Alessandro & Associates Ltd on behalf of the CREDAL Network and Alistair Muscat.
- The CREDAL Network traces its roots back to 1984 when the first company in the network was set-up providing multi-disciplinary professional services. Today these services have expanded and include a legal and tax, fiduciary, accounting, management and marketing and ICT.
- Alistair Muscat is a an experienced and fully qualified international wealth manager with a proven track record of practically twenty years with leading international financial groups.

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What has Integradvisory achieved so far?

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- Integradvisory Ltd ("IAL") was officially registered on the 8th June 2009
- The company was originally licensed to provide advisory services by the Malta Financial Services Authority on the 13th August 2009 and provided passporting notification to all 27 EU member states in September 2009.
- Over the first 12 months of operation IAL signed distribution agreements with some of the largest and well know global investment houses including Franklin Templeton, Blackrock, Morgan Stanley, Invesco International, Gartmore, Zurich International Solutions, Aviva International, Schroder, MAN Financials, Dexia and East Capital. By partnering with these investment houses IAL was immediately able to provide the underlying fund solution to its asset allocation expertise.
- In August 2009 an Investment Committee providing guidance on the asset allocation, general economic indicators and selection of the best fund range was set-up. The Advisory Committee is composed of professionals in the economic, analytic and wealth management sectors and meets every quarter.

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What has Integradvisory achieved so far?

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- Specific sub-committee set-up in Q1 2010 to analyze, compare and select the best funds in each asset class. Currently only 38 of the top performing and consistent funds over a 5 year period have been selected to form part of the Best of Fund Range.
- In Q2 2010 IAL signed an advisory agreement with CREDALTRUST Management to provide money market advisory services to the CTM Treasury Platforms in Euro, Sterling and US Dollars. This cash management service provided a short to medium term solution for clients requiring a higher yield on short term deposits.
- During the first 12 months of operation IAL set up two agencies in Belgrade, Serbia and Bologna, Italy. These offices act as point of contact to clients in these regions as well as introducers of new business.
- In July 2010 IAL commenced a long term recruitment exercise to support the growing business by recruiting Ms Debbie Bezzina as an Investment Administration Executive to the team.

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What has Integradvisory achieved so far?

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- In August 2010 IAL applied for and obtained an upgrade to its license. The new Category 2 license issued by the Malta Financial Services Authority allows IAL to expand the services to provide discretionary portfolio and asset management in addition to the advisory service. The license also expanded the list of instruments that can be managed or advised on to include derivates, options, private equity and hedge funds.
- An Asset Management Investment Committee was set-up in August 2010 to oversee the asset management business and set-up risk management parameters. This second committee is composed of experienced asset, wealth and risk managers.
- In September 2010 IAL welcomed Dr Roberto Coviello to the management team as Discretionary Portfolio Manager initially responsible for managing the discretionary portfolios.
- Also in September 2010 IAL took over the management of its first Professional Investment Fund – the Sabius Investment Fund SICAV – a hedge fund licensed and registered in Malta. IAL is currently in advanced negotiations to act as manager to a second Professional Fund.

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Why choose a boutique firm to cater for my investment advisory services?

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In the area of investment advisory, it is not about how large the advisory firm is but increasingly on the quality and consistency of the analysis and study that underlies the investment advice being given.

IAL proposes asset allocation solutions by identifying market trends using technical and fundamental analysis.

IAL on its part invests into funds managed by global investment houses that offer a global reach coupled with a strong team of international professionals.

By choosing IAL investors will have the combined benefit of the strategic asset allocation and fund selection expertise provided by IAL and the management capabilities offered by the global investment houses.

Why do I need an advisory service at all?

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As economic conditions remain uncertain, understanding the complexities of market developments and their impact on investment portfolios becomes ever more demanding.

Investors need to get accurate, reliable and timely advice to assist them in the management of their investments. Service will persist as a key differentiator for advisors to attract and retain clients.

Because of the volatility of the markets, increased client communication and online self-service tools remain essential in strengthening relationships between the investors and his/her advisors.

As trading, retirement and financial planning needs continue to grow globally, particularly in emerging markets such as India and China, there will be new opportunities for investment in these markets, which will best be accessed by seasoned professionals.

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What is the company's investment philosophy ?

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The IAL investment philosophy is based on the precept that before one can earn profits, one has to conserve capital. Rather than opt for strategies that show big swings in returns, IAL seeks to develop portfolios that are consistent, broadly categorising its investment portfolios as:-

Cautious portfolios
Moderate portfolios
Aggressive portfolios

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Why does the company recommend the use of third party funds?

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Whilst statistics show that most funds do not perform well, the same statistics show that 10% of funds consistently outperform indices.

IAL is interested in identifying the best of the best performing funds international in the broad asset classes.

IAL focuses on leveraging the best international talent through the top international funds, allowing it to focus on what it does best - understand client requirements and develop investment portfolios that meet those requirements.

IAL then lets the top fund managers of the top funds selected to do their job and manage the funds.

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Which investment funds does the company deal with ?

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An integral part of the success of IAL lies in its close monitoring of the funds.

Firstly, IAL only deals with the top international fund houses. These include Franklin Templeton, BlackRock, Invesco, Schroders, Morgan Stanley, Gartmore and most of the top 20 global investment houses.

Secondly, it has a rigorous process of screening and evaluation to ensure that only the best funds are selected.

Thirdly, it has an on-going process to monitor the performance of the funds to ensure that they do deliver as expected and if not to pull out at the most appropriate time.

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Does IAL have any financial tie-up with any of the service providers?

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IAL is careful to maintain its position as an independent wealth advisor and consequently does NOT have any tied relations with any of the fund houses.

In addition, IAL maintains a policy of transparency in client dealings with full disclosure of all IAL fees and rebates being earned directly or indirectly.

Within the advisory service how does IAL invest client's money?

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Within the advisory service IAL does not invest client funds, it provides guidance and advice to the client on the most appropriate investment decisions, also providing assistance where required in the implementation of the investment actions.

To ensure that the most appropriate investment advice is provided by IAL, detailed personal questionnaires are given to clients at the very start of the business relationship. These confidential questionnaires provide IAL with all the necessary information about the client, including financial, life style, commitments etc to allow the IAL wealth advisor to determine the most appropriate investment strategies for each client.

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Does IAL provide support to the inexperienced investor?

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Since the minimum investment portfolio handled by IAL is Eur250k, most IAL clients are experienced investors who are demanding of their investment advisors and have high expectations of support services.

IAL provides clear and detailed documentation to assist clients in managing and tracking the performance of their portfolios. Since the IAL service is highly customised, additional time and resources would be allocated to clients who need more support in understanding and planning their investments.

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What are the responsibilities of IAL towards the client investors?

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IAL does not guarantee the returns of the investments that are being recommended or managed.

Within the advisory service the client is free to chose whether to follow the advice provided or not.

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What is the communication flow between IAL and its clients?

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IAL is proactive in its investment services. It issues regular investment briefings and updates whenever market movements effect client portfolios.

IAL offers an on-line valuation system whereby clients are able to download both the regular communications issued by IAL and their individual portfolio valuation.

IAL maintains a policy of full client disclosure with quarterly face-to-face meetings to present and discuss detailed personalised portfolio reviews.

IAL focuses on open communications with clients and advisors are easily contacted via e-mail, phone or in person.

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What is the minimum investment expected of clients?

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IAL seeks to provide top notch investment services, typically associated with the standard of service offered by the private banks to their high net worth individuals. Such levels of service are usually available to clients investing in excess of Eur2 million with private banks.

IAL's business model is one based on dealing with small numbers of clients and providing customised services that allow for a close monitoring of each individual portfolio.

IAL has set a minimum level of investment of Eur250,000 per client for the advisory service and Eur50,000 per client for the discretionary portfolio service.

What safeguards those IAL have to protect the confidential client information?

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IAL is licensed to provide investment services by the Malta Financial Services Authority with pass porting notification for its services to all 27 EU member countries.

IAL is thus committed to fully honour and implement all the relevant EU Anti-Money Laundering (AML) provisions and will comply fully with such directives.

IAL has a reputation to protect. The whole business is based on trust. It therefore has every interest to protect the integrity of the confidential client information that it is in possession of and it will do so with all the backing of the EU which protects the privacy of bonafide clients and their transactions.

How long does it take to set-up an investment portfolio?

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IAL has developed a very efficient and effective process for dealing with new client investments to ensure that clients can enjoy the benefit of the advisory and discretionary portfolio service without any unnecessary delays.

Once the client agrees with to the portfolio recommendation or investment parameters issued by IAL, we will assist with completing the necessary internal and third party application forms.

The investor will need to sign the third party forms and provide IAL with the necessary due diligence documents and once this process is completed IAL can execute the deal.

The investments will be set-up once the funds sent by the clients to the investment houses/broker are cleared.

The whole process can take 2 working days subject to all the necessary documents provided to IAL on time.

What kind of flexibility of service can I expect as a client?

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IAL prides itself on its strong customer focused approach. This allows it to design the services around the client's particular needs. It does not have to sell an off-the-shelf package, but can tailor-make the service to the client's requests.

Some clients want direct contact, others only want access to portfolio valuations via the dedicated IAL website.

Some clients want the investment advisors to visit them in their home country at their cost on request, others prefer to visit the IAL advisors in Malta, others are comfortable with a quarterly visit in their home country.

Some clients want open e-mail communication, others want encrypted e-mail communications.

Some clients want to cash in all profits, others want to re-invest….

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Are client assets safe with IAL?

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IAL does not present the clients with any Madoff-type risk!

Since IAL does not hold client assets in its name (even for the discretionary portfolio management service), there is no risk of IAL walking off with client assets.

IAL provides investment services, with the assets being registered with the fund houses/brokers in the name of the client or the designated investment vehicle, be it a company, trust, foundation, etc.

Moreover third party funds use segregated custodian services to make sure that they are responsible for the management but not the holding of assets. All funds recommended are UCIT3 approved funds subject to EU regulatory rules.

How can clients withdraw their funds?

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Since IAL does not hold any client assets in its name, the client’s investments are in the client’s name and the client can withdraw any or all of the investments directly from the fund houses/brokers within the terms and conditions of the particular fund house/broker.

Alternatively to assist with the administration process clients may wish to send the surrender forms to IAL to speed up the process in view of our direct relationship with the fund houses/brokers.

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What is your view on confidentiality and added value?

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"Integradvisory was built on the traditional private banking model with client confidentiality and attention to detail in every single investment solution.

We are committed with making sure value is added to the client on all services we offer and continuously ensure one of the lowest cost base for clients in the industry" - **Alistair Muscat -** Managing Director

- Client confidentiality is paramount at IAL – all documents, valuations or communications are coded to reflect each client's unique IAL number. All confidential documents are uploaded through our web-site rather then sent by e-mail or post.
- Clients have access to our on-line Members Secure Section to download personalized reports, valuations and communications.

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What is your view on confidentiality and added value?

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- Quarterly reviews and important interim discussions are discussed in the "old fashioned way" – face-to-face – with regular visits to key territories. Alternatively we invite our clients to visit us in Malta.
- We try and add value across the range of services by keeping costs to the minimum, linking on-going fees to performance and providing attractive yield on short term deposits.
- IAL provides a one stop shop to all financial service requirements with client contact restricted to one person. In this way a long term client/manager relationship can develop over time without having to rely on call centers or annoying automated systems. The personal touch is something we pride of.

What are your fees?

Transparent and easy to understand

Advisory Service:

- A one time set-up fee of up to 2% on the amount invested.
- No exit fee on redemption.
- An On-Going Fee with a choice between

(a) Management fee (paid directly by the investment house) or

(b) Performance fee (with the Management fee rebated to the client)

Performance fees are calculated quarterly using a high water mark to ensure fees are paid only on New Profits (not on recovery of losses).

All fees are clearly explained including management fees received from fund houses.

What are your fees?

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Transparent and easy to understand

Discretionary Portfolio Service:

- No entry or exit fee on redemption.
- A Management fee of up to 2% of the amount managed
- A Performance fee based on new profits generated through the management.

Performance fees are calculated quarterly using a high water mark to ensure fees are paid only on New Profits (not on recovery of losses).

All fees are clearly explained including management fees received from fund houses.

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Are you planning to expand your operations?

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- Over the next 2 years Integradvisory has ambitious but manageable expansion plans as well as a pipeline of new services to be on offer to our client base.
- Currently working on expanding our agency network with two new agencies in the Mediterranean and in Latin America.
- With funds under management in the discretionary portfolio management service exceeding Eur5M we will seek to incorporate this service within a proprietary fund making this service more accessible to clients holding a portfolio of funds.
- We are also working closely with those funds for which we act as managers to promote these funds to our client base if we believe they add value to the overall client portfolio. Most of these funds are hedge funds offering a negative correlation to the traditional investments hence reducing volatility and improving performance.

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Are you planning to expand your operations?

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- The advisory division is currently seeking to recruit international advisors to cater for the expanding client base and to be dedicated to selected territories or agencies.
- We are in the initial stages of setting up a proprietary private equity fund with a focus on deals worth between Eur3M to Eur10M specifically in the Mediterranean basin and in specific sectors. We already identified the private equity team and managers as well as the most effective fund structure and will be moving to the fund raising stage in Q2 2011.
- We are also planning to encapsulate the highly successful advisory service in two simple proprietary funds – Income Generator and Growth Focus with share classes in Euro, Sterling and US Dollars. Through these products clients will benefit from holding one fund rather than having to open an account with each fund house. This service will make the administration process easier and more cost efficient.

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Does IAL accept referrals by clients?

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IAL is run very much like a private investment club, so whilst referrals are welcome since they reflect customer satisfaction, it is important to stress that new clients are taken on only if they fit the profile of the typical IAL client.

IAL seeks to offer a professional investment service to the more discerning clients, clients who want superior standards of due diligence, commitment and dedication and are prepared to pay for such services.

IAL does not seek to compete with other advisory services in terms of price. No doubt, there are cheaper service providers on the market. IAL competes in terms of value, giving superior levels of investment advisory service at very competitive rates.

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