



News from Louis Letourneau.

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“While it is worth investing part of your funds in emerging markets, it should only be a small part.”

Many of us dream of owning property abroad – somewhere to spend the holidays or retire to. And with a strong pound and equity in our UK homes, more of us realise this dream every year – which is why there’s an endless supply of TV programmes on the subject. Of course, as you’ll be aware from those programmes, there are pitfalls. Foreign legal systems can be hard to negotiate and you have to get expert advice, both here and in your chosen country, to make sure you’re getting a lemon grove rather than a lemon.

But you don’t have to buy bricks and mortar to feel you’ve got a stake in a foreign destination. You could invest in different parts of the world. Of course, investments should always be chosen, together with your investment adviser, as part of an overall plan, using an asset allocation strategy that matches your objectives and attitude to investment risk. But within that strategy there’ll be room for overseas equity investment.

While it makes sense for UK residents to invest most of their money here, the market has been volatile and that’s likely to continue as we look towards the end of the Blair years (and maybe even the New Labour years), which have produced such a long period of economic growth. As I mentioned a few months ago, this may be the time for our investments to collect their frequent-flier points!

If you’re a Europhile, why not invest in a good European fund. ‘Old’ Europe is taking its time about implementing the kind of hard-nosed economic ‘reforms’ that are the norm in the Anglo-Saxon world. Despite the protests of the unions – still powerful in much of Europe – those changes will come and their economies will benefit as a result. You can already see this happening in Germany since Angela Merkel took the helm. Even France will follow suit eventually.

Of course, ‘old’ Europe is being challenged economically not just by Britain and the US but also by ‘New’ Europe. The ex-communist nations of the East embrace all things capitalist, including flat taxes, and have hard-working populations. It’s only a matter of time before they make their economic muscle felt, while EU membership (or the hope of it) will keep their politicians relatively uncorrupt and their political systems relatively democratic – although we could hope for better protection for the gay and lesbian community in some countries. As part of a balanced portfolio, it is worth considering some investment in new Europe.

Investment in the BRIC countries – Brazil, Russia, India and China – has become very popular. They’re all large countries with enormous potential for economic growth. They also have the drawbacks associated with emerging markets. Of the four, I favour India – it

has a long history of democracy and stability and, in the major cities, a well-educated workforce. But, while it is worth investing a part of your funds in emerging markets, it should only be a small part.

The same applies to Asia generally. The Asian 'tiger' economies have lost some of their lustre but are still worth a look. If, for example, you love your vacations in Phuket, you could put a little of your money into that region. Some Asian funds also invest in Australasia, so if a trip to the Sydney Mardi Gras is more your kind of thing, invest a little something there.

And finally, as we fly across the Pacific and head home – possibly stopping for refuelling in San Francisco – let's not forget North America. The US economy hasn't performed well in recent years but it would be unwise to rule it out entirely. It's the biggest market in the world. As part of your asset allocation, you should think about having a nest egg in the American Eagle.

Louis Letourneau, MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people living with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

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