

IMCZ NEWS


AUGUST / SEPTEMBER 2017 

EDITORIAL **Summertime**

So far the summer has been kind to us. Apart from the occasional thunderstorm, we have seen plenty of sun and had several days with cloudless skies. The temperatures have been even too high for some. Probably thanks to the low night temperatures, we haven't, as yet, seen too many bothersome insects. Flies and mosquitoes have certainly been hard to find. We even held several Stammtisch meetings in the gardens of our usual venue at the City Garden hotel. Most of us use this time of the year for our annual holidays, to relax on sandy beaches, take a swim and tank up to face another long year. To all of you, the editors and the board wish you good times and safe journeys to and from your destinations.

The annual Summer party will take place on Sunday August 27, at the same venue as last year, the Siehbachsaal, which is right on the shore of Lake Zug.

The theme this year is Italy. Come and bring along your spouse, kids, friends or relatives. Enjoy the pasta, games, raffles and the ambience.

Muthana Kubba
Editor



FUTURE EVENTS

- SAT. 19.08.17 10:00-00:00 AND SUN. 20.08.17 10:00-19:00 **Zug Sports Festival** at Seepromenade Zug - great shows
• *External Events* • *Enrico Dell'Angelo*
- SUN. 20.08.17 10:00-17:00 **Slowup VeloTour around Sempachersee** no traffic • *External Events* • *Enrico Dell'Angelo*
- SUN. 27.08.17 11:00-16:00 **Summer Party at the Lake Festa**

d'Estate in riva al Lago at Siehbachsaal Chamerstrasse 33 – Zug. Italian food cooked & served, menus, show, music, family & friends. See flyer • *Enrico Dell'Angelo*

- SAT. 09.09.17 14:00-17:00 **Guided Tour Zug** with Markus Hürlimann, historian, Meeting, Zytturm 14:00 • *Enrico Dell'Angelo*
- SAT. 09.09.17 15:00-20:00 **Let's Talk IMCZ-Stand at Landsgemeindeplatz**
• *Enrico Dell'Angelo*
- THU. 14.09.17 18:30-19:45 **Special Stammtisch at ParkHotel** with presentation by IMCZ member Christian Wagner "How to avoid investment pitfalls" • *Enrico Dell'Angelo*
- THU. 21.09.17 18:00-20:30 **Meet & Greet with the ZIWC** at Garden Hotel • *Enrico Dell'Angelo*
- SAT. 23.09.17 ALL DAY **Erlach Wine Festival with the ZIWC**. Our sister club is celebrating its 50th Anniversary. Registration with *Regular Mürger*. Cost CHF 130.- full details under *External Events*
- SUN. 24.09.17 07:25-16:00 **Hiking Rütli Weg** Meeting Zug Train Station platform 2. Train to Brunnen leaves at 7:37 am • *Enrico Dell'Angelo*
- THU. 9.11.17 **New Members' Reception** • *Enrico Dell'Angelo* • venue to be announced

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IMCZ

Introducing...New members

THE IMCZ WELCOMES:

Bruce Webb

Bruce Webb grew up in Sunbury-on-Thames in England. He is English, Scottish and Swiss. After graduating from the University of Kent with an Honours Degree in German Literature he emigrated to Switzerland, where he has spent more than 30 years in the IT industry. He is currently global account director responsible for key global accounts in the financial services and life sciences industries. Bruce is married to Jax Webb and they have a sixteen-year-old son Calum. Together they started the highly successful International School of Central Switzerland in Cham, Zug (www.isocs.ch). Bruce enjoys lots of water sports, golf, running and walking.



Steve Pye

Steve Pye lived in the South-East of England for most of his earlier years before moving to Switzerland in 2007. As a consultant specialising in a marketing & sales processes, he has spent most of his recent career in leading change in commercial operations. He is currently a Managing Partner at Metro BPM Ltd a boutique online sales management consultancy. Steve and his partner Corinne have a 6-year-old son and they live in Zug. Steve enjoys windsurfing, swimming, coaching rugby, biking, running and cooking.



David Alexander

David hails from Scotland but has been living in Switzerland for 25 years. He studied Applied Physics at the University of Strathclyde, and holds an MBA from the Swiss Management Forum, a satellite of Strathclyde University. He has worked with Swatch in Neuchâtel, and ABB and was the Regional Quality Improvement Leader with Landis and Gyr for six years. At present he is a keen promoter of Entrepreneurs from Strathclyde and Zürich Universities, and runs an annual event in May where Investors, Coaches, Mentors and Consultants are invited to help them. He is married and lives in Lenzburg, but visits Zug regularly. In his free time he is a keen golfer, cyclist and swimmer. He likes to participate in Club activities, particularly Burns' Supper, and looks forward to meeting other members.





New Members' Reception



The IMCZ held its spring NMR on Thursday May 18, 2017 at the same venue as the last one, restaurant *Im Hof* in the old city of Zug. Once more, we had a truly wonderful time. The ambiance, the food and the mood combined to serve us a great reception. Attendance was good and several new members got a taste of one of the highlights of the club.



Special Stammtisch Thursday June 08, 2017 *Involve, Innovate and Inspire,* Redesigning Private Education



We had an interesting presentation by two new IMCZ members, Stephen Pye and Bruce Webb. The issue in question is the dilemma facing expats with the education of their small kids when they relocate here. They offer a practicable solution via their newly founded ISOCS: International School of Central Switzerland. The emphases being to prepare the kids for the challenges of the 21st century: entrepreneurship using Digital Learning Process. In their well prepared brochure they illustrate solutions and cost for kids from 7 to 16 years old.




STAMMTISCH
Every Thursday
from 18:00–20:30
At the City Garden Hotel

IMCZ BOARD MEMBERS Thumbnail biographies of board members can be found on our website www.imcz.club under 'About Us' section	PRESIDENT Roger Brooks 079 583 9935 President@IMCZ.club	VICE PRESIDENT NEWSLETTER EDITOR Muthana Kubba 079 340 2592 Newsletter@IMCZ.club	SECRETARY Bill Lichtensteiger 079 378 6326 Secretary@IMCZ.club	TREASURER Ilham Yüksel 079 955 2287 Treasurer@IMCZ.club
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Meet & Greet

On Thursday June 22nd we had a lively Stammtisch where we invited members of our sister club the ZIWC to join us. It was a great evening, held outside in the gardens of the City Garden Hotel. The ambiance of the evening was caught on camera and can be seen at [this link](#). We are all looking forward to our next joint meeting on September 21st, again at the City Garden Hotel.



Team up and cook!

Contributed by IMCZ Member Josef Grech

A night of gastronomic delight! A formidable team of world-famous IMCZ chefs got together on Friday 7th July, led by Detlef Jungfleisch (Lead chef) and Enrico Dell'Angelo (Event Organiser). The participants represented the UK (Roger Dixon, Sean O'Sullivan) Germany (Thomas Schubert), Turkey (Tuna Koca), Sweden (Johan Ubbby) and Malta (Josef Grech).

The International Cooking Team grouped themselves up into sub-teams to serve a delicious dinner consisting of a Tuna & Salmon Carpaccio starter, Saltimbocca alla Romana as a main and finally a Crème Brûlée for dessert, 'watered' down by two fine wines, which were excellently paired with the dishes at hand.

It proved to be an extraordinarily enjoyable evening in the company of these eight IMCZ friends. The teamwork in the kitchen was excellent and most importantly we enjoyed having fun together. At the start of the evening Detlef, Roger and Enrico shared a few thoughts on what it means to be a member of the IMCZ and we all agreed, that it's not only about networking and making new contacts ... it's also very much about meeting other international persons, getting to know them better, beyond business/working life and forging friendships made to last and be enjoyed, thanks to facilitation of the Club. Indeed, the IMCZ is only as active and enjoyable as we ourselves make it. Many thanks to Detlef and Enrico for organizing this event. Here's looking forward to the next one soon!



Protein requirements in the elderly

Contributed by IMCZ member Remo P. Jutzeler van Wijlen, Head R&D Sponsor Sports Food Ing. Appl Food Sciences, MAS Nutrition & Health ETHZ

In 2007, WHO concluded, whilst considering protein requirements in the elderly, that 0.8 g of protein per kg of bodyweight satisfied the daily needs of all adult humans, with no regard to sex or age. However, there is a growing body of evidence that this Recommended Dietary Allowance (RDA) is not sufficient for older persons or people with a clinical condition. A frequently discussed area of concern in relation to protein nutrition in elderly people is sarcopenia, the age-related loss of skeletal muscle mass and consequent fall in muscle strength. In fact, the main determinant of sarcopenia appears to be the decline in resistance-type physical activities, not the lack of dietary protein.

This said, factors such as infection, trauma and disease, which tend to reduce food intake, are clearly more common in the elderly than in young people and may cut protein intake below critical limits. Furthermore, a reduced overall energy intake may influence nitrogen retention, i.e. the utilisation of consumed protein and concomitant muscle protein synthesis. In other words, whenever total energy intake is reduced, total protein need is increased. Consequently, protein RDAs for healthy adults are not enough in those situations to which many of the elderly are prone. Even less so in situations of convalescence and muscle rehabilitation.

Food manufacturers are obliged to list the nutritional value of their products and must, therefore, mention the percentage of the RDA for labelled micronutrients. Under certain usage conditions, it is also permitted to declare the percentage of the similarly defined Guideline Daily Amounts (GDA) for macronutrients, including protein. These RDAs

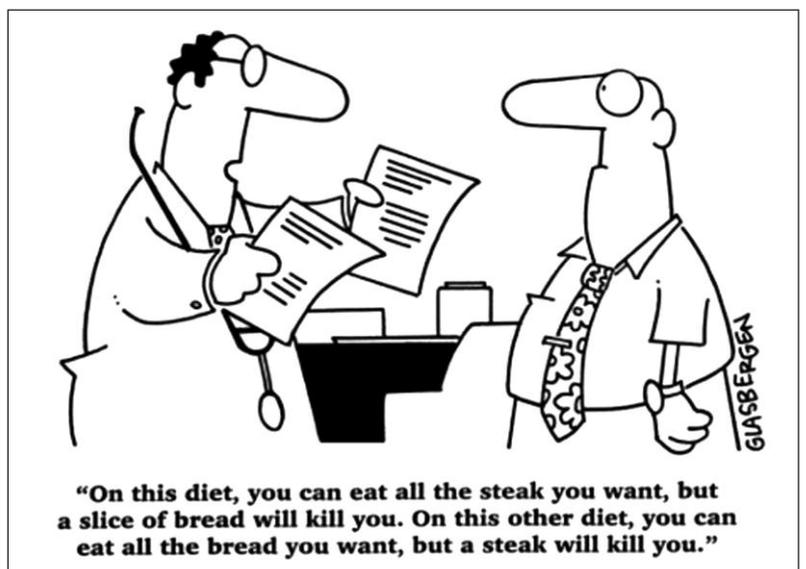


and GDAs inform you how much of a specific nutrient, on average, your body minimally needs on a daily basis. However, since these values are based on the average population, i.e. healthy adults, they are misleading insofar as these values do not do justice to the protein needs of the elderly and critically ill.

Moreover, it may be highly beneficial for critically ill patients that rapidly lose lean body mass (i.e. the body weight minus body fat) to increase their protein intake. Again, elderly ill patients would benefit the most from this. At present, research focusses on leucine; an indispensable amino acid and building block for proteins. The elderly have a higher need for leucine to build muscle proteins, and milk-based proteins (e.g. milk and whey) are a good source for this specific amino acid. Seemingly, with growing age, there is a higher triggering threshold of leucine, which is needed for a sufficient anabolic stimulus. This stresses the importance of a sufficient quantity of protein

per portion and distributed intake over the day (e.g. 4 x 25 g protein a day is better than 2 x 50 g). On the other hand, a higher leucine content compensates for a suboptimal protein intake, which underlines the importance of protein quality, i.e. essential amino acid content and particularly leucine.

Based on such evidence, the following recommendations from the European Society for Clinical Nutrition and Metabolism (ESPEN) were published in 2011: (1) for healthy older people, the diet should provide at least 1.0 to 1.2 g protein/kg/day (2) for older people who are malnourished or at risk of malnutrition because they have acute or chronic illness, the diet should provide 1.2 to 1.5 g protein/kg/day, with even higher intake for individuals with severe illness or injury, and (3) daily physical activity or exercise (resistance training, aerobic exercise) should be undertaken by all older people, for as long as possible.



Fire Hazards in High Rise Buildings

The recent horrendous inferno that raged in London Kensington district in a high rise building named Grenfell Tower, with a shockingly high number of fatalities, was a brutal wake up call to a long-overlooked hazard. Of course, this is not the first such catastrophe. Earlier this year, on Sunday, April 2nd, 2017, fire engulfed a [72-storey skyscraper](#) in downtown Dubai. 17 months earlier, on Thursday, December 31st 2015, New Year's Eve, there was an inferno in a 63-story luxury hotel in Dubai not far from the fireworks of the New Year celebrations. Both skyscrapers were still under construction when they caught fire, which explains why there were hardly any casualties. In contrast, in Grenfell Tower, which was fully occupied, more than 80 people are feared dead. Clearly, the issues surrounding fire protection in high-rise buildings have to be addressed and thoroughly researched.

In fact, high rise buildings present unique challenges related to fire protection, such as evacuation strategies, smoke movement and fire control, accessibility to fire fighting personnel etc.

High rise buildings have been with us for a very long time, the earliest was built in [1884 in Chicago USA](#), more than 130 years ago. It was a 12-storey 45 metres high building. Ever since its erection, the problems such buildings pose were recognised, dealt with, and improved over the years.

Contributed by IMCZ honorary member and Newsletter Editor Muthana Kubba

Fire Protection Regulations:

It is beyond the scope of this article to dig deeply into the very extensive rules and regulations governing safety and protection against fire in high rise buildings. Below is a quick overview of such rules and regulations:

- At least two separate stair wells must be built. They must have positive air pressure at all times. The positive air pressure will ensure that no smoke can accumulate there. It is achieved via fans fed from the emergency electrical supply.
- Each high rise building must have an emergency electric supply, fed from batteries or standby electric generator sets, which must spring into action when the main power supply is interrupted or in case of fire. They will feed the emergency lighting system and the air fans for the stair wells, as well as water pumps to ensure enough water reaches the upper floors.
- All lifts must be stopped immediately in case of fire. The lifts act as pistons and can suck in flames and spread them to other floors.
- Smoke alarm sensors must be installed to detect smoke and raise the alarm if its intensity exceeds certain limits.
- The building must have an underground water tank with a capacity of at least 100000

litres, and fire hydrants must be installed in every floor. The water in this tank is not to be used for the normal water supply of the building.

- Additional protection against fire is provided by [sprinkler systems](#), which are mandatory, but only in some countries. They consist of a network of connected pipes ending at a nozzles placed at the ceiling of each room. The pipes carry water under high pressure at all times. They are plugged by a [low melting point](#) metal, usually an alloy of Bismuth, lead and tin typically with a melting point around 70 deg C. As soon as the air temperature rises above the melting point, the metal plug will melt, and the nozzle will open and water under pressure will be sprayed automatically.

In fact most hotels have both sprinklers and smoke alarms. Next time you sleep in a larger hotel, take a good look at the ceiling of your hotel room. You will probably see both the smoke detector and the sprinkler nozzle.

Guidelines for the Occupants

The [guidelines](#) require that residents of high-rise buildings undergo a fire drill twice a year in order to practice procedures in case of fire alarm. Under the assumption that no combustible building materials are used, the fire will normally spread slowly allowing the fire fighting forces to deal with it before it spreads farther. The occupants of higher floors are therefore usually advised to stay in their flats, until the fire is brought under control. In this way, panic and mishaps are avoided when everyone tries to leave at the same time using the same stairs. This fact might have contributed to the high number of casualties in Grenfell Tower, since the flames, unexpectedly, spread very rapidly before the fire could be brought under control. Allegedly, the reason was the faulty cladding material used, which is said to be combustible.

Lessons Learned

Statistics show that fires in high rise buildings are extremely rare. However, this is no reason to ignore the rules and regulations governing fire hazards. Fires do occur, and if they do, there will be huge loss of life and property, unless rules are strictly followed.



BREXIT – ONE YEAR ON

Contributed by ICMZ Member Sean O'Sullivan and Newsletter Co-editor Roger Dixon

On 23 June 2016 two simple referendum options were put to the UK electorate – whether the UK should remain in or leave the EU. The British people were not however, given the chance to express a preference as to what sort of Brexit they wanted. Given the complexity of the issues at stake, this might be seen as having been a significant error.

The UK Context

Britons voted to leave the EU by 51.9% to 48.1% for remaining on a turnout of 72.2% of the eligible electorate. Much of the subsequent political discussion given over to post-referendum Brexit in the UK is tied up in the closeness of that vote, which while decisive, was not overwhelming.

When former prime minister David Cameron stood on the steps of Number 10 Downing Street on 24 June 2016 to announce his resignation following the loss of the referendum vote, his Conservative government enjoyed a slim but workable overall majority of 17 seats in the House of Commons.

When Theresa May, took over as prime minister on 13 July 2016, she inherited that majority, which then enabled her to trigger Article 50 of the Treaty of Lisbon on 29 March 2017. This is the legal route permitting a member state to leave the EU. With the support of most of the opposition Labour Party she garnered 494 votes in favour with 156 abstentions/votes against triggering Article 50. The two-year countdown process to the UK's withdrawal from the EU was thus launched. The UK will officially withdraw from the EU on 29 March 2019... or will it?

Prime Minister May then called a general election on 8 June in order to “strengthen her hand” in forthcoming Brexit negotiations and fully expected to win a significantly increased majority. However, this radically backfired on her, with the Conservatives losing 22 seats, resulting in a hung parliament (no party with an overall majority). With the support of the Northern Irish DUP, she was able to form a slim “confidence and supply” majority (not a coalition) with which to govern. Following this disastrous loss, which was due to a mixture of hubris and political miscalculation, the delayed formal launch of the Brexit negotiations finally occurred with the European Commission on 19 June 2017. This meant that 3 of the 24 months of the official withdrawal period had already been lost. The talks, once started, reflected the weakened political state of the UK.



At the start of the talks, the UK made a significant concession to the EU by agreeing to talk first about the terms and cost of the divorce, before moving on to the subjects that really interest the British – trade and the future relationship between the two sides. In the so-called ‘Brexit Bill’ the EU is demanding a figure as high as €100bn, which some commentators see as unrealistic; a figure of between €40-80bn is being touted as more likely. This divorce settlement will have a crucial impact on everything else, because unless “sufficient progress” is made with the financial settlement and on other core negotiations such as EU/UK citizens’ rights and the Irish border question (the only land border the EU has with the UK), the EU says it is not willing to move on to other

negotiations progress into uncharted waters over the next year or so.

It is also important to note that each of the EU’s main institutions (Parliament, Council and Commission) have their own Brexit negotiators mandated by their own bodies. This in itself could slow down the process, as it will entail harmonising the respective positions of the different elements within the EU institutions.

A flavour of what to expect from the EU side came on 10 July, when a cross-party group of European parliamentarians (MEPs) called the UK’s offer made on EU citizens’ rights in the UK a “damp squib” and threatened to veto any Brexit deal in 2019 if the UK does not

How is the EU formulating its position



things such as trade negotiations and the future relationship.

Britain may now have a government but how much control it exercises over parliament remains to be seen. On 29 June 2017, Members of Parliament (MPs) voted 323 to 309 – a majority of 14 – in favour of The Queen’s Speech setting out the government’s pared-back, Brexit-focused agenda for the next two years.

It is clear that the weakened Government will have to call on all parties to work together on Brexit for the sake of the country as a whole, whilst sacrificing some of their own political aspirations.

It remains to be seen what type of Brexit will emerge from this current situation.

The EU context

The European Commission’s chief Brexit negotiator Michel Barnier famously quipped in June that he cannot negotiate with himself and needs a partner. This was a side-swipe at the UK for having triggered Article 50 back in March but then made little or no substantive progress by June, which is probably a justifiable statement. So, let’s now take a look at what the process means for the remaining EU27 and what is at stake.

The first point to note is that time is on the EU’s side, despite the challenge of maintaining the unity of the remaining 27 member states throughout the process as the

improve its terms. This it can do. The European Parliament’s negotiator, MEP Guy Verhofstadt (and former Belgian prime minister) said on BBC Radio 4: “[it] creates a type of second-class citizenship for European citizens living in the UK”. Asked about the European Parliament’s role in the Brexit negotiations, Verhofstadt said: “At the end, it is the European Parliament who will say yes or no on it... “...and I can tell you it will not be a ‘yes’ if the rights of the EU citizens – like also the rights of the UK citizens living on the continent – will be diminished”.

In a speech to the European Economic and Social Committee in Brussels on 6 July, Michel Barnier gave a stark warning to the UK about the painful economic consequences of leaving the club. He bluntly stated that even under the best circumstances, a future relationship providing “frictionless trade” was not possible, suggesting very clearly that the UK cannot expect to be better off outside the club than within it. He further cautioned that the consequences of failing to reach an agreement by the UK for an orderly withdrawal from the EU by 29 March 2019 would mean restoring stiff customs duties, imposing expensive new costs and “very cumbersome” controls and procedures on British firms wanting to do business in the EU. These remarks seem to reflect a clear concern on the EU side about what they see as “unrealistic expectations” emanating from the British side as to what they can achieve from these talks.

He went on to say that without a withdrawal agreement, this would mean a return to the *status quo ante* 1973 (UK's entry into the EEC) and therefore to trading under World Trade Organisation (WTO) rules. In Barnier's words, these would impose: "customs duties of almost 10% on vehicle imports, an average of 19% for alcoholic beverages, and an average of 12% on lamb and fish for which the vast majority of British exports go to the EU".

Michel Barnier did acknowledge that the UK had set out a number of "red lines" for its future relationship with the EU including that of no free movement of EU citizens (a Swiss concern as well following their referendum on immigration in 2014); full autonomy over UK laws; the autonomy to conclude its own trade agreements and ending the jurisdiction of the European Court of Justice (ECJ) in Luxembourg. He also acknowledged that those conditions therefore meant the UK leaving not only the EU's single market but also the customs union.

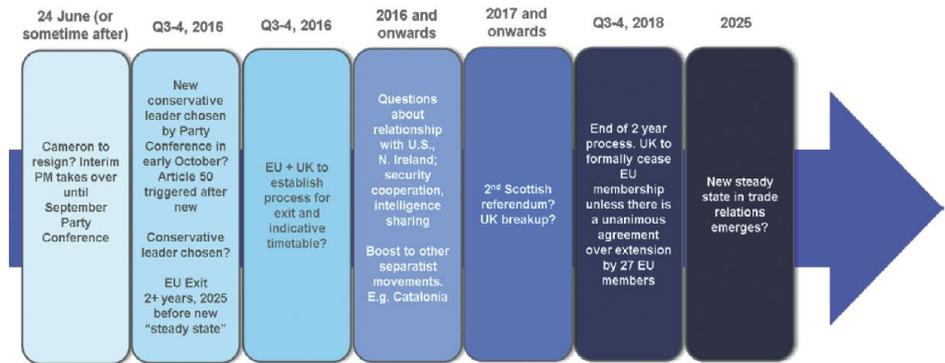
At the same time, Barnier also laid out the EU's own immutable positions including the free movement of people, goods, services and capital (the 'Four Freedoms'), which he said were indivisible. In other words, no cherry-picking by the UK on what it wants to keep; it has to either accept all or nothing, in order for the EU to maintain "common standards" according to Barnier.

Barnier further added: "The decision to leave the EU has consequences and we have to explain to citizens, businesses and civil society on both sides of the Channel what these consequences mean for them". By that, he meant that for the UK on leaving the customs union, this would involve border formalities, and a "no deal" by 29 March 2019 would mean "cumbersome" procedures and controls without facilitation. This would be particularly damaging for companies that operate on a just-in-time basis (e.g. perishable food producers, car parts suppliers etc).

In Barnier's view, "rapid and sufficient progress" and "creating a climate of trust" in tackling these three indivisible immutable EU positions by say the autumn of 2017, namely, the Irish border question, EU citizens' rights and the financial settlement, might then allow progress to begin on addressing the UK's chief concerns, namely, building a new post-Brexit trade partnership between the UK and EU to the benefit of both sides.

The reality is that the window for real, hard negotiation is extremely tight. Having already lost 3 of the 24 negotiating months afforded by Article 50, the window now lies somewhere between September 2017, following the German federal elections and September 2018. Under this scenario, the exit negotiations should be wrapped up by December 2017 and the terms of the post-Brexit relationship should then be agreed sometime between January and September 2018. This would allow for any deal to be ratified by the EU and UK parliaments (plus the EU27's national parliaments and in certain cases, sub-national parliaments, for example

Figure 1. Potential Post-Brexit Political Timeline



Source: Citi Research

the Belgian region of Wallonia), all in time for the UK to leave the EU on 29 March 2019. By any account, this is an ambitious agenda and for some, such a timetable requires a suspension of belief.

So what is to be understood by the political phraseology of a "hard" and "soft"-Brexit?

HARD-BREXIT

A "hard" or "clean" Brexit would mean the UK being out of the EU and out of the single market (the free movement of people, goods, services and capital between all EU and certain non-EU member states). It would mean the UK exiting the customs union whereby all EU member states plus Turkey can buy and sell from each other without paying import taxes as they all charge the same taxes on incoming goods coming from outside the rest of the world into the customs union (common external tariff).

Such an arrangement would allow the UK to regain control over its borders and immigration from the EU as well as over employment rights and trade rules. It would also allow the UK control over its own trade deals with other countries such as the USA, China, Japan, India, Australia, New Zealand and Canada etc.

However, some commentators believe this option could cause "significant economic damage" to both the UK and the EU, where the UK's economy is the second biggest EU economy after Germany's.

Free trade agreements (FTAs) do not happen quickly, even when agreements are reached between like-minded friends and allies operating under similar political and economic conditions. For example the EU has recently concluded two major FTAs – the first with Canada (eight years in the making, but still to be fully ratified) and more recently a trade and

strategic partnership deal with Japan (five years in the making, and likely to contain long transition clauses of up to fifteen years). This FTA highlights the challenge facing the UK. It must be said however, that any FTAs agreed between the UK and other countries (but probably not with the EU) would be on a purely bilateral basis and not require agreement between 27 or more different co-signatories on other side as is the case of the Canadian-EU Comprehensive Economic Trade Agreement (CETA). This agreement was nearly sunk last year when a vote in the Belgian regional Walloon parliament initially rejected it. In July, the UK announced it was pulling out of EURATOM (European Atomic Energy Community) regulating the EU's nuclear safety, transport, research, and waste policies. This is an inevitable consequence of the UK not wanting to be subject to ECJ jurisdiction or to be part of the tariff-free borders for the nuclear industry's skilled workers and equipment, which continued membership entails. Aware of the consequences of withdrawal, the UK might be looking into some form of "associate membership" similar to that held by Switzerland or paying money into an international agency to set up an independent arrangement.

SOFT-BREXIT

Under this scenario, jobs and the economy would take priority over controlling immigration or regaining sovereignty. The UK could gain special access to the single market in return for making it easier for EU immigrants to live and work in the UK.

Separately, the UK could stay in the EU customs union, allowing free movement of goods but crucially not of people (UK "red line"). EU trade laws would still apply, which would prevent the UK government from signing its own separate trade deals with other countries thus making MP Liam Fox's Department for International Trade effectively redundant. This would be politically tricky for the British government to achieve, given the circumstances.

What are the UK's options?

Whatever the Brexit options facing the UK government, none of them are particularly clear-cut or carry the full support of the



House of Commons. Added to this is the instability and uncertainty over whether the minority British government elected on 8 June can even survive long enough to see out these negotiations to anything like a successful conclusion.

On 11 July, as a sign of how desperate her position has become, Prime Minister May extended an unprecedented invitation to the opposition Labour Party to help her create policies for a post-Brexit Britain as she attempts to quell a Conservative Party plot to replace her. Ironically, this announcement fell on the first (and possibly last) anniversary of her coming to power. She had been forced to acknowledge that she would need the support of the Labour front bench (shadow cabinet) to implement Brexit including passage of the "Repeal Bill" or more accurately to give it its official title, "The European Union (Withdrawal) Bill" published on 13 July, and setting out how EU law will be transposed into UK law. This ensures legislative and regulatory continuity following Britain's departure from the EU on 29 March 2019. Following that departure, the UK can then decide which pieces of EU legislation to keep, amend or scrap. By ending the supremacy of EU law, which this Bill does, by repealing the European Communities Act (1972), Britain is sending the first real signal since the referendum a year ago, that the UK is on the road to Brexit. MPs should get to vote on it in September.

A soft-Brexit approach would be a rethink of strategy, and indicates that the previously imagined hard-Brexit may not only be impossible but also undesirable. Anyway, the government does not have the numbers to legislate for a clean break, nor does it have the time or administrative capacity to negotiate a bespoke Norway-style European Economic Area (EEA) agreement or Swiss-style bi-lateral agreement with the EU.

The answer may lie in having a two-stage process. In the first, lasting perhaps five years beyond 2019, Britain would remain in the customs union and single market through an arrangement within the EEA - similar though not identical to that enjoyed by Norway and Switzerland (which is outside the EEA) - including a zero-tariff interim deal. Britain could also temporarily become a member of the European Free Trade Association (EFTA) while both sides transition into their future relationship. This five year pause, perhaps including a two-year notice clause if either side wished to withdraw, would allow for talks on a subsequent permanent association pact embracing security and foreign policy (perceived UK strengths) as well as on trade.

In reality, this would be the UK swapping a significant voice and influence in the shaping of European affairs for a small measure of autonomy. But this is the nature of the Brexit decision. The choice is not between a "good" and "bad" Brexit, but a trade-off based on what the UK deems to be most important to its citizens.

A two-stage plan would also have attractions for the EU27. It avoids the shock of a chaotic



Brexit and would guarantee Britain's continued contribution into the Brussels budget for several more years post 2020. Put crudely, Germany and France would not have to pay more into the EU budget, and the likes of Poland and Slovakia would not be obliged to accept less in EU support funds. This may even become part of the trade-off to be negotiated over the financial divorce settlement with the EU.

A smooth Brexit for the EU would also give Germany, France (under its new pro-EU president) and others the space to press ahead with deeper integration of the eurozone economies and closer collaboration in defence and foreign policy by adding economic and political dimensions to the present monetary union.

The EU emerging from such a process would be one of concentric circles of members radiating outwards according to their willingness to agree on more or less co-ordination of national policies. There might well be space in one of the outer circles for a Britain anxious to maintain autonomy over economic policies, but willing to contribute more say, to a European foreign or even defence policy.

For hardline Brexiteers, accepting none of this would be delusional. Negotiating such a softer-Brexit deal would not be trouble-free either. Britain would secure only limited concessions on free movement of workers for example, but measured against the inanity of the hardcore Brexiteer's "have-your-cake-and-eat-it" approach or the certain chaos of a cliff-edge departure, this looks like the best choice. There is also the added advantage of there being a majority in the new parliament for just such a type of deal to be voted through in the House of Commons. Theresa May (or her successor) now has to decide whether she is going to put the country above the party.

On 9 July, Sir Vince Cable, MP, and now the new leader of the UK Liberal Democrats, told the BBC's Andrew Marr Show that he is: "beginning to think Brexit may never happen" due to the enormous divisions within the Labour and Conservative parties. In his view, a "deteriorating economy" may make people think again: "People will realise that we didn't vote to be poorer, and I think the whole question of continued membership (of the EU) will once again arise", he said.

As far-fetched as Cable's suggestion might seem to some, it cannot be ruled out should the Brexit negotiations break down or flounder in the coming months. Business and investment require a degree of certainty in order to perform. It is continued uncertainty that could do longer-term economic damage to the health of the UK economy post-referendum.

On the Andrew Marr show of July 16th, the UK Chancellor of the Exchequer (finance minister), Philip Hammond, MP, suggested that a transitional Brexit was the most plausible option.

In July, amid increased concern that London's status as a European financial hub will be badly hit if the UK leaves the single market, a high-level delegation of City of London business leaders went to Brussels to press for a post-Brexit deal on financial services. The UK government has promised to fight to maintain the City's position as, at present, nearly 80% of foreign exchange trading and 30% of all bank lending in the EU flows through the UK. This is a response to the revelation in June of a draft EU law giving the European Commission the power to move the lucrative euro-clearing business out of London and into the eurozone after the UK leaves the EU. Whilst Brexit is a "massive issue" for the financial industry based in the UK, it is also an important issue for European corporates wishing to access the UK market post-Brexit in 2019 and beyond.

Many firms, including some Swiss banks and insurance companies, may have plans in place to move their staff and operations presently domiciled in London out of the UK and into the eurozone. This would allow them to still take advantage of (and for the Swiss at least, limited) "passporting rights"- which enable financial service firms to operate throughout the EU - under the single market.

This is but one problem for the Swiss business community to deal with, due in part to the level of uncertainty surrounding what the final outcome of the Brexit negotiations will be.

The other is political, namely, the knowledge that London is eyeing Bern very closely when it comes to seeing what type of deal is being offered to the Swiss by the EU, as the bi-lateral accords between the two are being updated. The hope in London is to get something similar from the EU.

Such attention is unwelcome in Bern, knowing as it does, that the EU can afford to give the Swiss a little more wriggle room on questions such as the free movement of people, whereas, for a larger, more awkward state such as the UK, this becomes a more complex issue all round. Indeed, on July 13th, the Scottish and Welsh first ministers, along with Labour Party leader Corbyn, met with Michel Barnier in Brussels, auguring possibly even more problems for the passage of the Brexit bill through the UK Parliament.

There is also a fear that the efforts being made by the Swiss in negotiating their own arrangements with Brussels, may well make them a hostage to the fortune of London's Brexit issues, and that they might therefore find themselves getting involuntarily caught up in the much bigger jet stream of the Brexit negotiations now underway between Brussels and London.

Watch this space!

Zug Archaeology Society (Archäologischer Verein Zug)

Contributed by ZIWC member
Helena Lustenberger

The best way of making friends and integrating in Switzerland is to join one of the myriad clubs and societies in your area. This month, I'd like to introduce you to one of the oldest in Canton Zug, the Archaeology Society, of which I've been a member for over 25 years.

The society was founded in 1928 and the first archaeology museum in 1930. Several reincarnations later, the current museum in the Hofstrasse in Zug is light and airy, modern and very hands-on. Children are especially welcome and there are many family-friendly special events organised throughout the year. The museum and society were originally concerned with ancient and early history but have now broadened their outlook, in conjunction with the official cantonal archaeology department, to cover more modern periods too. In times of economising, even in our relatively wealthy canton, it has become even more important that the public interests itself in the origins and history of our lovely canton Zug, origins going back to the Stone Age and including many Roman remains. The exhibits are almost all from this area and there are many special exhibitions.

The Speck family, especially Michael Speck and then his son Josef, played a great part in the beginnings of the preservation of the ancient history of Zug in the 1920s and 30s. The building boom in recent years has resulted in many 'Rettungsgrabungen' being carried out by the local Amt für Archäologie to save and preserve what is worthwhile. Often, sites are investigated, dug, photographed and then covered over again for future archaeologists to find! Digs are usually open to the public at some stage and I have been to many. My son-in-law helped on several as part of his civilian service.

Did you know that the many sites of prehistoric pile or stilt dwellings (Pfahlbauten) in canton Zug have UNESCO World Heritage Site status? If you go to the lakeside after a period of drought or a Föhnsturm you might even find prehistoric flintstones, arrow-heads, and other treasures!



The Archaeology Society, like the Archaeology museum, is anything but stuffy and dusty and organises talks, exhibitions, excursions and guided walks. History lovers and other curious people of all ages are welcome. Check out the website for more information. You might even find a picture or two of yours truly:
<https://www.urgeschichte.ch/>



The English Theatre Group of Zug presents

HONK!

THE UGLY DUCKLING MUSICAL

Music by George Stiles
Book and Lyrics by Anthony Drewe

September 29th and October 6th at 19:30
September 30th, October 1st, 7th, 8th at 15:00

Chollerhalle Zug: www.chollerhalle.ch
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New Zealand South Island

Contributed by IMCZ President Roger Brooks

New Zealand's capital, Wellington, was our last stop on New Zealand's North Island. The South Island is called **Te Wahi Pounamu** in Maori, translated as "The Place of the Green Stone". The green stone found there includes a variety of jade and is highly prized by the Maori, used to make weapons, tools and ornaments. **Te Wahipounamu** is also the name of a World Heritage site at the southwest corner of the island.

Another Maori name for the South Island is **Te Waka a Maui**, or Maui's canoe, from a legend according to which the Polynesian god Maui fished the North Island (**Te Waka a Maui**) out of the ocean with the help of his brothers. The South Island is larger but less populous than the North Island, with just over a million residents.

Picton

Our next port of call, Picton, is just across the Cook Strait from Wellington, near the end of the Queen Charlotte Sound. We headed into town with our American friends, Kay and Dan, stopping along the way at the tourist info center, where we booked a boat tour for the afternoon.

We left Kay and Dan at a café in town and took a leisurely walk around the marina into the Victoria Domain. Returning to town, we took a light snack back at the café, then met the captain of our tour boat, actually a water taxi, at the marina. He took us for a leisurely cruise around several of the bays in Queen Charlotte Sound.

The shoreline was lush with vegetation. Particularly conspicuous were the red-flowering gum trees (actually a kind of eucalyptus) which bloom late in the year, proudly displaying their blooms outside of their foliage.

Along the shores, we also saw several "batches" (evidently from bachelor pad), residences which were originally quite rustic and intended for weekend or vacation use. Nowadays, some of them verge on the luxurious.



Upscale 'Batch'



Seabourn Encore, Docked at Picton

On the eastern side of Ruakaka Bay, about halfway down Charlotte Sound, there is a salmon farm, where we saw a few seals hanging out, obviously hoping to catch some escapees. They didn't seem to be having any luck, but we saw plenty of fish in some other bays, along with ducks and seagulls.

After disembarking, we paused for a brief "photo op" and then made our way slowly back toward the cruise ship. On our way we got a glimpse of the Edwin Fox, a frigate built near Calcutta in 1853, which has been in dry dock in Picton since 1999. In addition to bringing European immigrants to New Zealand it served such diverse functions as carrying soldiers to serve in India and in the Crimean War, Chinese workers to the West Indies and convicts to Australia, as well as transporting cargoes such as beer, tea and wool, circling the globe 34 times.

Our return to the cruise ship took longer than expected, as we had to wait for the fire department to tend to an ammonia leak at a refrigeration plant adjacent to the pier where our ship was docked. Nonetheless we arrived in time for the scheduled departure to our next port, Akaroa.

Akaroa

We had originally hoped to call at Kaikoura, which is renowned for its scenic beauty and for whale-watching. However, damage from the 2016 earthquake made it impossible for us to stop there. Napier (in the North Island) was substituted for Kaikoura (see map of originally planned route).

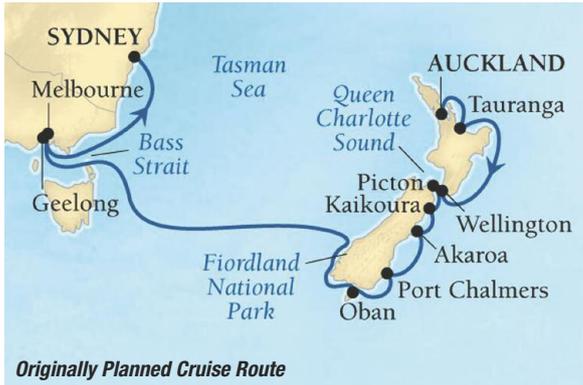
We therefore proceeded further south to Akaroa. Akaroa is situated in the crater of a volcano, also called Akaroa, whose cone forms the bulk of the Banks Peninsula. While many of our shipmates opted for the 2 hour drive to Christchurch, the largest city on the South



Flowering Gum



Margareta and Kay with Tour Pilot



Originally Planned Cruise Route

Island, we chose to stay in the neighborhood, taking a bus tour around the crater's rim.

Akaroa has an unusual history, having been colonized by both the British and the French. The French bought some land in the area from the Maori in 1838, and began preparing a voyage to bring French settlers there. Unfortunately, it took them two years to do so, during which the British laid claim to the area. The French expedition arrived on the Banks Peninsula shortly after a British warship, but the British allowed the French immigrants to settle there, and the French influence is still strong.

Our tour bus first took us along the shore of the crater, through the pretty little French town of Devauchelle, to the only cheese factory still in operation in the area, Barry's Bay Traditional

Cheese. They did indeed have delicious cheeses, but we restrained ourselves, given the ample selection on board and the difficulty of taking any with us to Australia.

Afterwards, we rode across the crater rim to the little town of Okains Bay, pausing briefly on the rim to appreciate the vista. Okains Bay sits above the eponymous bay on the northeastern coast of the peninsula. There we visited the **Okains Bay Maori & Colonial Museum**, a quirky

assortment of preserved animals (mostly birds) and artefacts and buildings of both Maori and European manufacture collected by Murray Thacker on the site of the retired Okains Bay Cheese Factory.

One of the most impressive was the Whaakata (Maori Meeting House). The panoramic photo

makes it look bigger than it is.

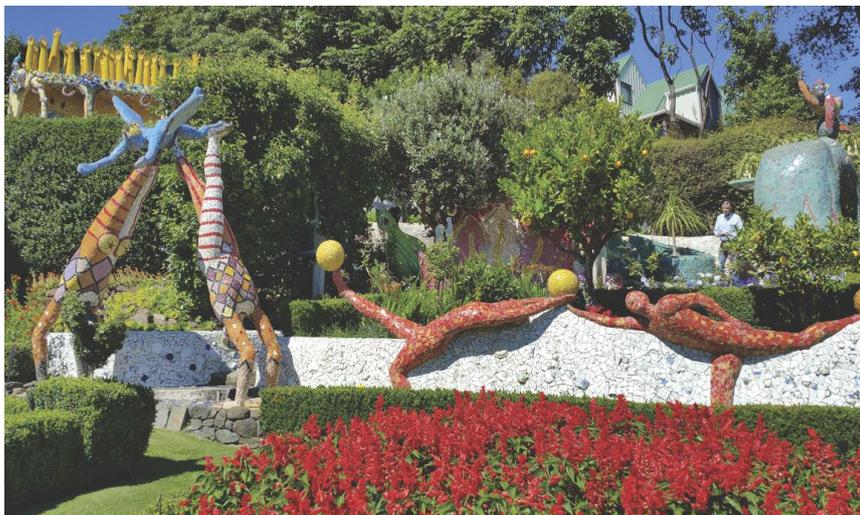
The pièce de resistance of our visit to Akaroa was **The Giant's House**, just above the town of Akaroa. Built in in the late 19th century by the local bank manager, it was acquired in deteriorated condition in the early 1990s by the flamboyant, internationally renowned artist Josie Martin. She has renovated it into an idiosyncratic bed and breakfast. Inspired by some shattered porcelain she found in the garden during the renovation, she has transformed the surroundings into a (literally) fantastic landscape of mosaic sculptures, plantings and topiary.

From the Giant's House we opted to walk back to the Akaroa Pier to board a tender back to the ship. On the way we passed a set of (appropriately 3) **trypots**, used in Akaroa's early days to render whale blubber into oil.



Maori Meeting House (Whaakata), Okains Bay

Akaroa Crater



Whaling Trypots, Akaroa

Sculpture Gardens at the Giant's House, Akaroa

Dunedin

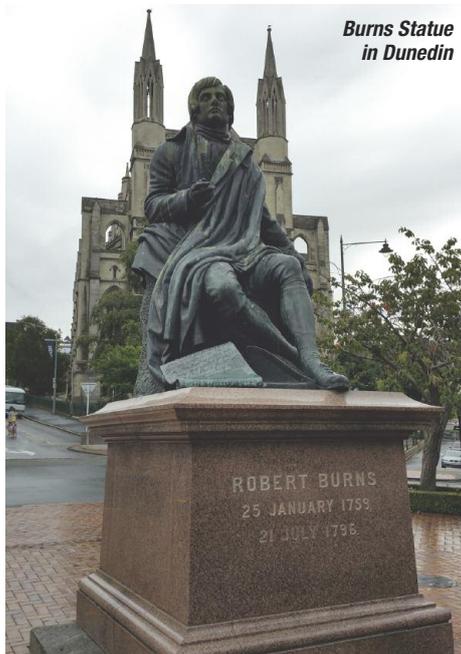
Dunedin, whose name comes from the Scottish Gaelic name of Edinburgh, was our next port of call. It is situated at the end of Otago Bay at the base of the Otago Peninsula and is now the second largest city in the South Island (after Christchurch). In the mid-to late 19th century it was the largest, thanks to the Otago Gold Rush.

On arrival, we boarded the [Taieri Gorge Railway](#), which took us on a scenic trip up the Taieri River valley to [Pukerangi](#) and back. Pukerangi was originally called Barewood, when it was founded in the mid-19th century for sheep farming. It soon turned into a mining community, and was renamed Pukerangi in the early 20th century to avoid confusion with the nearby community of Barewood Reefs. The train was as interesting as the scenery, comprising a diverse collection of cars of various ages, dating back as far as the early 20th century.

Only after we detrained did we have the opportunity to admire the Dunedin Railway Station, built at the start of the 20th century in an extravagant Renaissance Revival style which earned its architect, George A. Troup, the nickname “Gingerbread George”.

After our rail tour, we explored downtown Dunedin on foot. We visited the First (Presbyterian) Church of Otago, a magnificent edifice in Gothic style built by convicts 25 years after the arrival of the first European settlers.

Dunedin was first settled by members of the Free Church of Scotland and is home to 10 churches, one of which has been converted to a theatre. The most impressive is St. Paul’s Cathedral, which faces the Octagon. The Octagon is the hub of the city, and features a statue of Robert Burns, who is said to be sitting “with his back to the church (St. Paul’s Cathedral) and his face to the pub”.



Burns Statue in Dunedin



Taieri Gorge Railway



Dunedin Railway Station

Surprisingly, the pub is no more. One would expect it to have a guaranteed clientele; Robert Burns is held in special reverence here because the spiritual leader of the first European settlers, Thomas Burns, was his nephew.

At the Octagon we ran to Kay and Dan, who were buying a jacket made of a combination of wool and opossum hair. This fabric is a local specialty said to be robust and well insulating. The opossum hair alone does not make good yarn, as the fibers are too short, which is why it is mixed with wool.

From the Octagon, we caught a bus back to the pier and sailed off to our next destination.

Oban

Our last port of call in New Zealand was Oban, a small village on Stewart Island named after its Scottish counterpart. Since it is south of the South Island, some early maps called Stewart Island “South Island” and referred to the South Island as the “Middle Island”. The current naming convention was established in 1907. The commonly used Maori name is **Rakiura**, but the original name, **Te Punga o Te Waka a Maui** (the anchor stone of Maui’s canoe), refers back to the myth mentioned at the beginning of this article. Stewart Island is

surrounded by several smaller islands. One of the larger ones, Ulva Island, in the Paterson Inlet, is mostly reserved as part of Raikura National Park. Ulva Island has been the target of efforts to eradicate exotic species (such as rats) and reintroduce endemic ones (like kiwis) which are threatened elsewhere.

We went ashore and walked around Oban, visiting a local church and the Stewart Island Bowling Club (which features a fish & chips stand) before boarding a catamaran for a tour of Halfmoon Bay and the nearby Paterson Inlet. The presence of a permanently installed Palfinger crane on the catamaran’s rear deck testified to its multiple duties. Oban’s permanent residents number just a few hundred. However, as the only town on Stewart Island, it profits from tourism, which leads to a seasonal increase in population. Tourism has become Stewart Island’s biggest industry, although fishing is still important.

We saw lots of sea birds, including muttonbirds (sooty shearwaters) and penguins and a few seals. Muttonbirds are remarkable for their long seasonal migrations; during New Zealand’s winter, they migrate to Alaska. The main attraction were albatross, which the captain attracted by dumping fish carcasses in the water. Although we also saw a few Royal

Albatross, most of these were Mollymawks (from the Dutch meaning “foolish gull”). They are endemic to the Southern Hemisphere and have a wingspan up to 2 ½ meters.

On our way back to Oban Harbour, we passed by Ulva Island and also saw quite a few seals, some swimming, but most basking in the sun.

Fiordland

Many of the inlets which early explorers named “sounds” have, with the benefit of modern geological knowledge, been reclassified as fjords, the distinction being that fjords are carved out by glaciers and subsequently invaded by the sea.

The southwestern flank of New Zealand is full of fjords, hence the name Fiordland. Much of the area belongs to Fiordland National Park, which is a UNESCO World Heritage Site.

Although New Zealand was at the geographical South Pole about 130 million years ago, back then the climate was mild. The glaciers which carved out New Zealand’s fjords were much more recent. Glaciation started about 2-3 million years ago, but the current landscape is thought to be due to glaciation only ¼ million years ago.



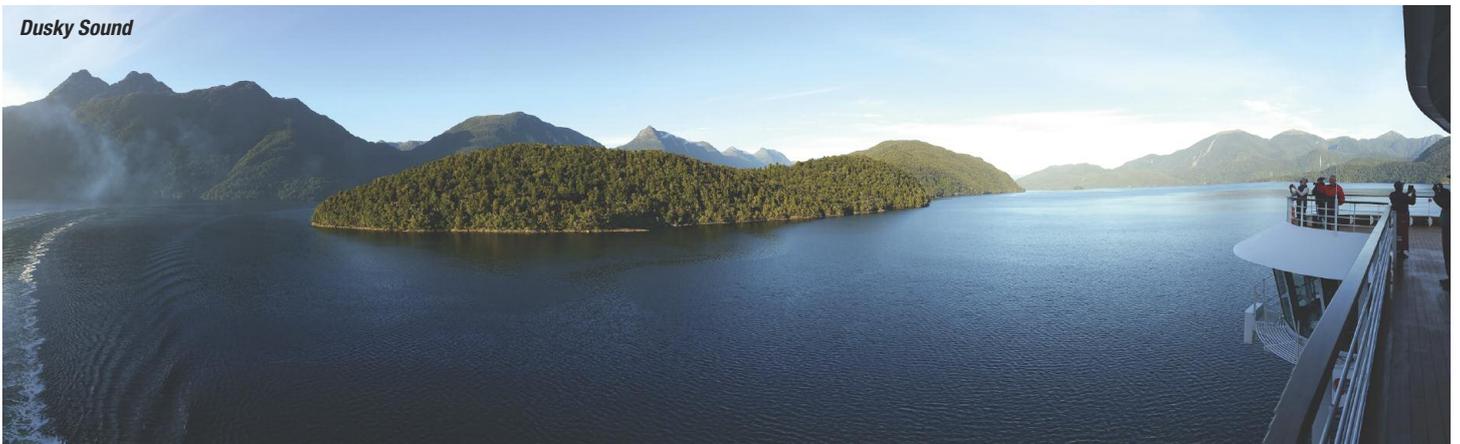
Seals Basking

On our way up the coast we dipped into both Dusky Sound and the more famous Milford Sound. Both are quite beautiful, but Milford Sound is bordered by steeper mountains more reminiscent of Scandinavian fjords. The cruise line offered zodiac excursions in Milford Sound, but we opted instead to admire the scenery from the ship. It turned out to be a wise decision as one of the zodiac excursions had to be canceled due to high winds. Leaving Fiordland, we bid farewell to New Zealand and set off across the Tasman Sea toward Australia. See our next issue for a taste of Australia!



Mollymawk in Flight

Dusky Sound

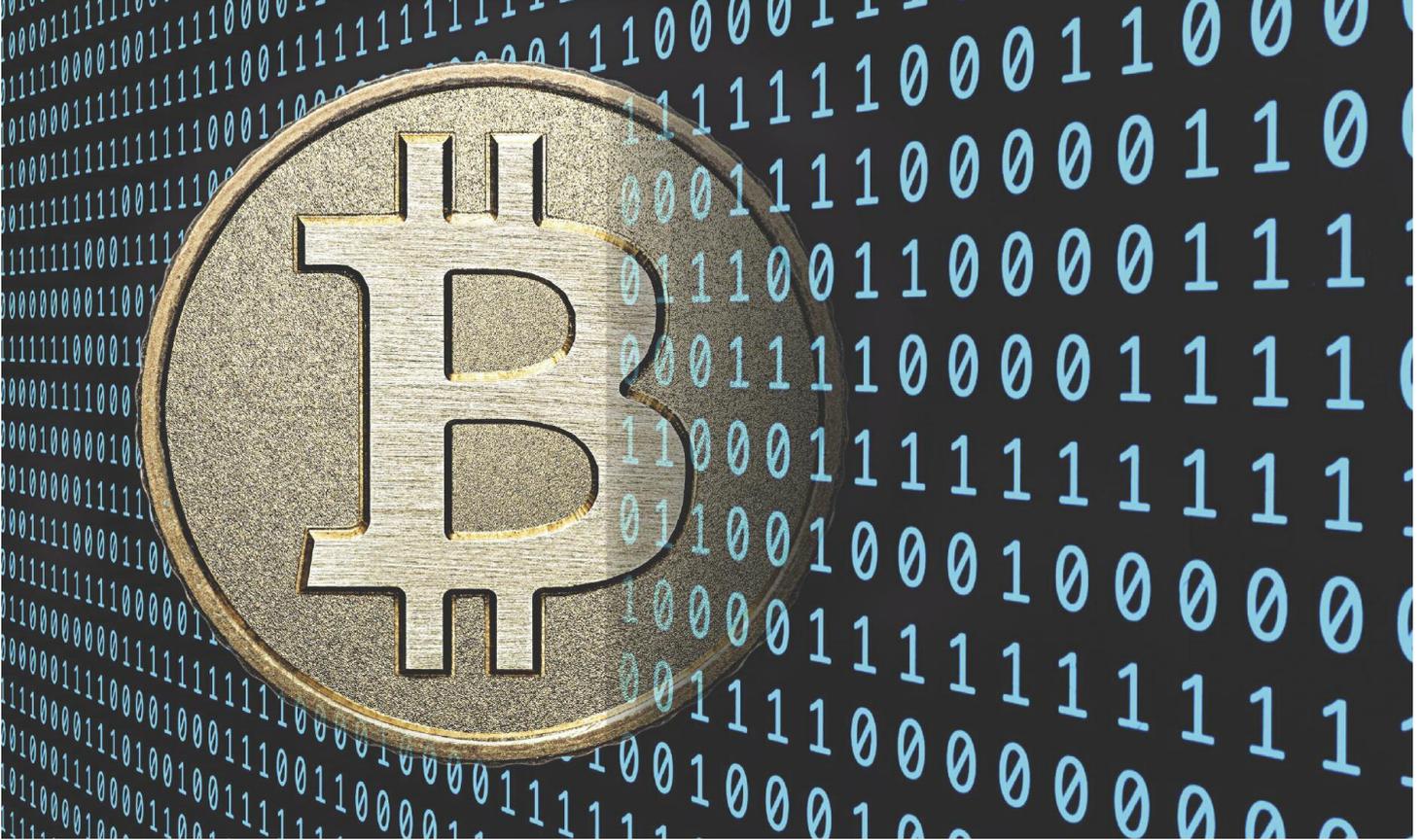


Milford Sound



BITCOINS - THE HYPE AND REALITY

Contributed by ICMZ Member Thomas Schubert



Many of us know of and have used different currencies throughout our lives. Everyone knows of the Dollar, Euro, Yen, Pound and Swiss Franc. Have you ever heard of Bitcoins? Have you ever had Bitcoins in your hand or been able to pay the bill in a restaurant with them? At the beginning of May 2016, the canton of Zug started offering people the option of paying official fees of less than CHF 200 at the residents' registration office with Bitcoins.

Crypto currencies are digital currencies with a distributed and cryptographically secured payment system. Up until today, more than 700 different crypto-currencies have been created, with a total market capitalisation of approximately 112 billion US-Dollars. In some countries, crypto-currencies are serious alternatives by which to transfer money between private individuals. Today, you can already acquire crypto-currencies with conventional funds. The biggest ATM network in Europe supports Bitcoins. Which one? It is the SBB ticket vending system. Since 11th November 2016, everyone has been able to buy Bitcoins to a value of CHF 20-500 for one's eWallet (electronic wallet on your smartphone/ PC).

Were you aware of Ethereum or Ripple as alternative to Bitcoins? To explain the background to all of this, here is a quick

history of the development of Bitcoins, Ethereum and Ripple.

- Bitcoins (BTC) were invented by an unknown programmer, or a group of programmers, going by the name of Satoshi Nakamoto. They were released as open-source software in 2009. Transactions take place directly between users, without an intermediary. These transactions are verified by network nodes and recorded in a public distributed ledger called a blockchain. Since the system works without a central repository or single administrator, the bitcoin has been called the first decentralized digital currency. As well as being created as a reward for mining, Bitcoins can be exchanged for other currencies, products, and services in both legal and black markets. As of February 2015, over 100,000 merchants and vendors accepted bitcoins as payment worldwide. According to research produced by Cambridge University in 2017, there are 2.9 to 5.8 million unique users using a crypto-currency wallet, with most of them using bitcoins.
- Ethereum (ETH) was launched in 2015. Ethereum is a decentralized software platform that enables Smart Contracts and Distributed Applications (DApps) to be built and run without any downtime, fraud,

control or interference from a third party. During 2014, Ethereum launched a pre-sale, which was met with an overwhelming response. Ethereum, can be used to "codify, decentralize, secure and trade just about anything." Ethereum (ETH) has a market capitalization of \$4.46 billion (end January 2017), second only to Bitcoin among all crypto-currencies.

- Ripple (XRP) is a real-time global settlement network that offers instant, reliable and low-cost international payments. Ripple "enables banks to settle cross-border payments in real time, with end-to-end transparency at lower cost" Released in 2012, the Ripple currency has a market capitalization of \$1.26 billion (end January 2017).

A look at the current crypto-currency market split shows that all three crypto-currencies together have a 78.66% share of the overall market.

Today Bitcoins are the best known crypto-currency, but Ethereum is growing fast. Ethereum's mining rewards and daily transactions are consistently higher than those of Bitcoins.

On June 11th, Bitcoins had its highest closing price of 2860.43 CHF for 1 BTC (Bitcoin). A year ago, the closing price for 1 BTC was 561.87 CHF. This means that the price has

+	\$	⊕	⊖
CURRENCY	PRICE	MARKET CAP	MARKET SHARE
BITCOIN	\$2583.11	\$42,360,227,157	37.84%
ETHEREUM	\$376.56	\$34,872,321,933	31.15%
RIPPLE	\$0.28	\$10,826,574,228	9.67%

📊	⬇️	₿	🔄
METRICS	ETHEREUM	BITCOIN	FLIPPENING
MARKET CAP	\$34,872,321,933	\$42,360,227,157	82.3%
TRANSACTIONS (24H)	249,977*	206,821	120.9%
TRADING VOLUME (24H)	\$882,166,000	\$1,173,470,000	75.2%
MINING REWARD (24H)	\$10,167,039	\$4,649,400	218.7%
NODES	32,015*	7,433*	430.7%
GOOGLE TRENDS	21*	65*	32.3%

multiplied by 5.1 during one year. If your investment profile shows that you are a high-risk trader, you may have missed a good opportunity.

In order to understand the current crypto-currency volume position, you should know that (according to a German Bundesbank analysis) the daily worldwide trading volume is around 350,000 transactions. In the old world of processing transactions, debit advice procedures or credit card payments, we are looking at 77 million transactions per day, in Germany alone.

Crypto-currencies are being contentiously discussed between economists and academics. Information ethics and economic ethics are focused on moral questions of crypto-money and see the current peer-to-peer concepts as having both benefits and risks. Nevertheless, Bitcoins are a popular trading tool with high fluctuations and are an alternative currency for countries with strong capital market controls.

Finally, here are a couple of bullet points concerning the spirit and purpose of a crypto-currency:

- cashless payments without any kind of dependency, regulatory requirements or bank involvement – lower transaction costs and much faster processing
- blockchain is the technical system behind crypto currencies – the technical blockchain system has been in place since the end of 1980's and was known as the TCP/IP protocol
- any changes will be saved on various computers (decentralised) – content is very complicated to manipulate



Source:

- www.xe.com
- www.finanzen.ch/devisen/chart/bitcoin-franken-kurs
- www.wirtschaftslexikon.gabler.de/
- www.investopedia.com
- www.handelsblatt.com
- www.coinmarketcap.com

Flippening - ETH

- [What Is the Flippening? - The Merkle](#)
- [Ethereum: Countdown To The 'Flippening' - Seeking Alpha](#)
- ["The Flippening" & How I Learned to Stop Loving Bitcoin](#)

INVESTING ONLY NEEDS COMMON SENSE

Contributed by IMCZ member Christian Wagner

More can be deduced from an intelligent study of public sources than any number of “reliable” but unintelligent “agents” listening at keyholes or swapping drinks at bars

*Hugh-Trevor-Roper
Head of MI6 Intelligence in WWII*

These words can readily be adapted to the investing of money instead of gaining intelligence on enemy forces in wartime. Even better, today’s media coverage of anything and everything makes it a lot easier than for Trevor-Roper in WW II.

Data relevance (intelligent study of public sources)

There are two fundamental differences between Trevor-Roper’s situation and the dilemma faced by today’s investor: the amount of data from public sources and its value in making decisions.

- The exorbitant amount of data requires a rigorous differentiation between need to know and nice to know. Need to know data is only such with which money can be earned or losses can be avoided.
- The value of data requires an intelligent assessment of its effect on markets. The news that economic growth is increasing from +1.8% to 2.0% is more or less irrelevant, the news that it is turning into negative territory is noteworthy.

Data analysis (any number of “reliable” but unintelligent “agents”)

Trevor-Roper was only interested in winning a war, not in the titbits provided by so-called “experts”. Today’s investor should only be interested in things that affect his whole portfolio, not so much the individual components. In other words, the investor should concentrate on asset allocation (over 80% of performance) and should devote less time on say equity selection.

Trevor-Roper had the advantage of knowing who his enemies and allies were. Today’s investor does not: today’s money-makers can become money-losers overnight and vice-versa, the main reason why many experts are often caught flat-footed. This is best avoided by looking at everything else before considering financial markets. Spending the vast majority of time on society in general (demo-graphics, politics, science, technology and the like) rather than financial markets is based on the fact that developments on the latter are the consequences of the former.



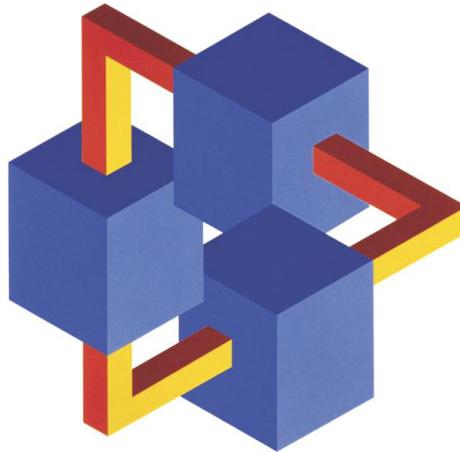
Asset Allocation

The division of an investor’s portfolio among the asset classes cash, bonds, equities and alternative investments, should not necessarily be based on the investor’s willingness to assume risk or time horizon. Capital preservation and capital gain sound great but are misleading. Capital preservation is only to be achieved by not investing any money.

Investing always means assuming some risk.

The willingness to assume risk is clearly defined by the size of return an investor hopes to achieve. According to probability calculus, the chances of an investment going up or down in price are equal as is their degree of change.

Trying to determine a time horizon for investments in foolhardy. As the renowned economist John Maynard Keynes once said: “In the long-run, we are all dead.” Much more practical is the term “for the foreseeable future”.



Portfolio Construction

The results of data relevance and analysis form the basis for the selection of the appropriate securities to create a portfolio. The selection of the individual bonds depends on the interest rate outlook and the degree of credit quality to be observed. The selection of the individual equities depends on pricking the best companies in the markets, industry/sectors or themes deemed to have above average prospects. Alternative investments should only be used sparingly whenever commodities, precious metals or listed hedge funds, private equity, real estate become glaring opportunities. Cash or liquidity is usually the residual and reflects the degree of confidence in financial markets. However, cash is the only asset class without risk which can make it attractive in its own right.

To achieve meaningful diversification a portfolio should consist of at least 8 - 12 individual securities which have sufficient liquidity (trading volume). To reduce risk, the weighting of individual bond positions should be 5 - 10%, individual equity portions 4 - 5% of the whole portfolio. Not more than 3 individual equity positions should be in the same industry/sector. Important: all investment positions in a specific asset class should be worth the same. Investing more in a specific (equity) just because the company is well-known does not make sense.

Portfolio Management

Taking care of an investment portfolio usually gets short-changed, be it in the time spent doing so or even its overall importance on performance. To illustrate, those are a number of sayings worth adhering to:

- “Cut your losses”. Mistakes take longer to realize because they are hard to admit. The best way to counter this failing is to introduce at least a mental stop-loss at which price the stock is re-examined (10-15% loss). Can no case be made for averaging down (buying more), the stock has to be sold.
- “Let your profits run”. Obviously yes, but they are usually let run too long and only realized when the stock has corrected. The best way to avoid this is to take partial profits on the way up. When a 5% position has increased to 7.5% of the portfolio, sell 2.5% with which part of the price increase has been realized while still keeping the original position.
- “The trend is your friend”. When in doubt about what to do, don’t do anything. Since the reasons for either the up- or





down-trend have already been identified, it usually pays off not to do anything. Another aspect of this saying also applies to performance: trying to identify tops and bottoms is very hard; there is enough money to be made between tops and bottoms.

Custodian Bank

The bank should be instructed to open a safekeeping/securities account as well as current/cash accounts in the currencies most used (CHF, Euro, USD). Reference currency should be the currency of the country lived in (CHF).

- Security transactions should always be in the currency of the security involved, which avoids bid/ask spreads between currencies. Collate individual buy orders in a foreign currency and transfer the sum involved in one go. Securities should always be bought in their home market and the number bought rounded up or down to even numbers.
- Banks have started to introduce new advisory services with which the client has the possibility to make his own decisions while drawing on the expertise of the bank

in question. Such an arrangement also has the benefit of keeping transaction fees low.

Conclusion

There is no reason to believe that the average, educated, interested and well-informed person cannot manage his own investment portfolio without acceptable results. Prerequisites are at least CHF 100,000 in surplus

funds (less is usually partly earmarked for something else in the near future and does not give enough cost-efficient diversification), discipline throughout the investment process, regular scrutiny/review (once a month is sufficient since the media will make one aware of exceptions). Invest for the foreseeable future, ignoring short-term volatility. Most important of all, save your emotions for everything that has to do with human relationships; they have no place in the investment world.

Do you want to hear more, have certain contentions explained or voice your disagreement? Christian Wagner stands at your disposal at the "Stamm" on Thursday, September 14, after his talk on the subject.



summers
 GRAPHICS / PHOTOGRAPHY / VIDEO

Mühlegasse 18
 Geb. 193 f
 (entrance building E)
 6340 Baar

Every Friday, we are offering walk-in headshot photos for **CHF 50.-**

Kegeln Report - June/July 2017

Contributed by Newsletter Co-editor Roger Dixon

Kegeln has continued to be a most popular event. The June event saw a return to Zeno's (Hotel Zugertor) on Baarerstrasse in Zug. As is now the custom, we had a highly enjoyable meal, after which the 9 attendees got down to brass tacks on the Kegelbahn. The lanes themselves posed some significant problems, which we could only put down to heat deformations, as the weather had been in the high 30's that day. Once we had managed to adjust to the conditions, the scores started to improve and the leading results were as follows:

Game	First	Second	Third
1	Peter	Roger	Beat
	Score Balls	Score Balls	Score Balls
	565 10	525 9	555 15
2	Beat	Roger	Peter
	Score Balls	Score Balls	Score Balls
	530 9	540 10	500 11
3	Beat / Stephen		Christian
	Score Balls	Score Balls	Score Balls
	530 7		515 10
Overall	Beat	Roger	Peter
	Score Balls	Score Balls	Score Balls
	1615 31	1570 33	1570 34

In July, as some restaurants with Kegelbahnen were closed for holidays but also due to the fact that the Zeno's team are leaving to take over another restaurant in Zug, we returned once more to the same venue, so we could enjoy the great food on offer for the last time. Due to the holiday period, there were only 4 diehards this time. We found out to our dismay that the lanes were, if anything, in a worse state than in June, so that's the weather theory out of the window. Nevertheless, the four of us, Barbara, Christian, Roger and Stephen had another riotous evening and a great meal to boot.

The leading scores this time were as shown below:

Game	First	Second	Third
1	Roger	Christian	Barbara
	Score Balls	Score Balls	Score Balls
	540 14	520 20	500 21
2	Christian	Roger	Barbara
	Score Balls	Score Balls	Score Balls
	535 9	595 17	540 17
3	Christian	Roger	Stephen
	Score Balls	Score Balls	Score Balls
	505 11	510 14	540 17
Overall	Christian	Roger	Barbara
	Score Balls	Score Balls	Score Balls
	1560 40	1645 45	1565 57

The August event, will be organised by Stephen Butterworth. The time and venue will be announced shortly on the IMCZ website.

To those who have not yet played Kegeln, "Why not come and join us for a great social night out?!"



Don't forget our Summer Party

This year's theme: Italy

When: Sunday August 27. Starting at 11:30 o'clock

Where: Siebbachsaal, Chamerstr 33, 6300 Zug
next to the Zug marina

Everyone is invited with spouse, kids and friends.

Prices: Members SFr. 45.00, Guests SFr. 50.00

Children under 12 years, free.





Members' Marketplace

Are you **selling** your yacht (harboured in Piraeus)?
 Your Aston-Martin old-timer with the roll top roof?
 A gorgeous view of the Bay of Biscay,
 with a little bit of house attached?
 Or are you cashing in the half of your stamp
 collection that is finally worth something?
 Perhaps you're **looking** for all of these things?

Then ADVERTISE here, in the IMCZ News;

The Members' Marketplace is reserved for unformatted advertisements of 150 characters (approx. 3 lines) of text. These are free of charge to IMCZ members. Advertisements must be submitted as illustrated below. Longer advertisements cost CHF 30.-

Example: FOR SALE: gorgeous view of Bay of Biscay with stunning sunsets and high waves. Wee house (12 rooms), dock and yacht included. Call Bill at 041 123 45 67.

IMCZNEWS Advertising Rates

The IMCZ newsletter is delivered bi-monthly to about 200 members representing 20 nationalities. IMCZ members have personal or professional interests in both the international community and in the canton of Zug.

Format: A4 vertical, full color.

Ad content delivery:

electronic by e-mail, .pdf, .jpg, .gif

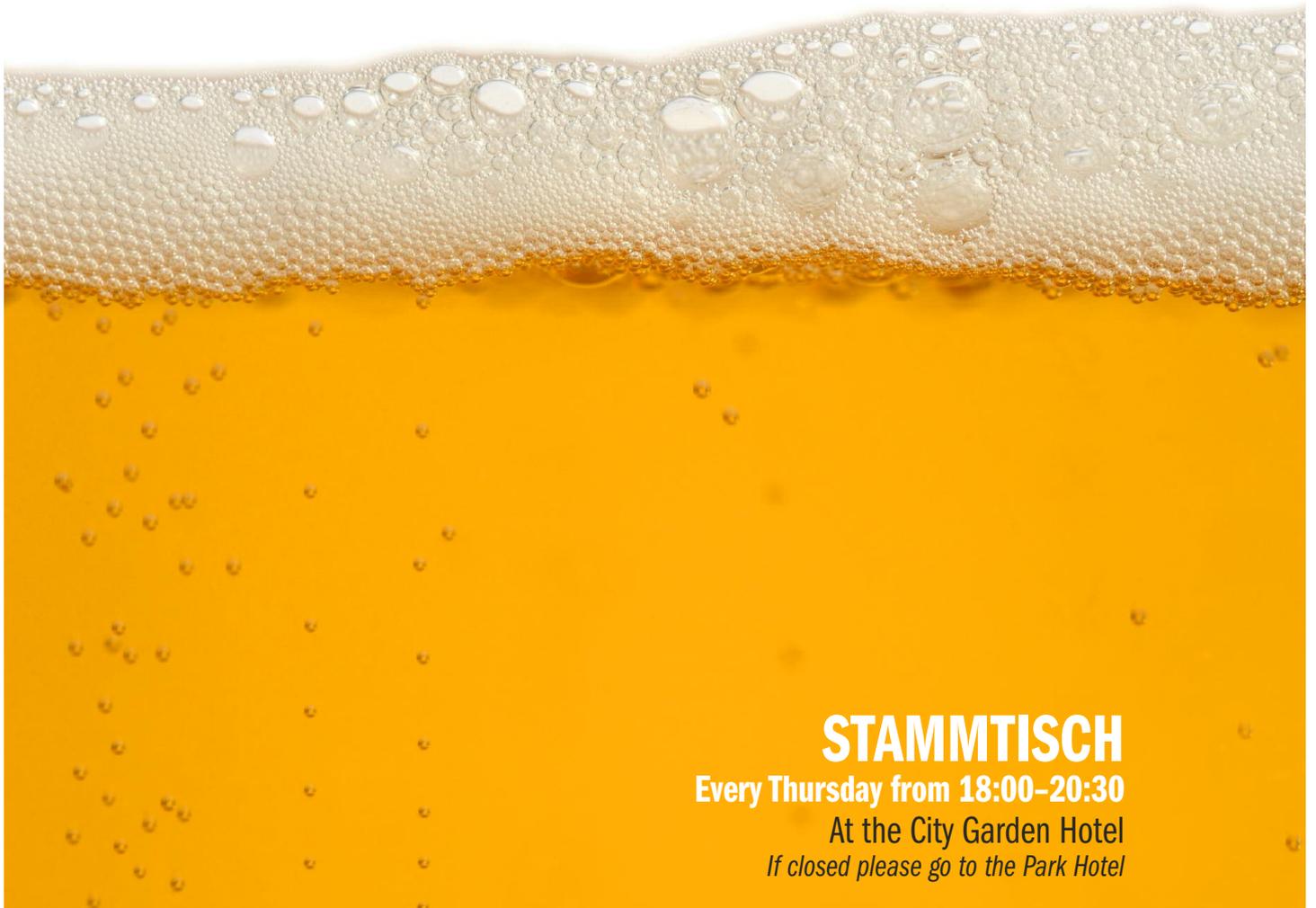
Advertising Rates:

- Full page, A4 vertical. (19 x 27.7 cm), Fr. 200.-
- 1/2 Page, A5 horizontal (19 x 13.5 cm), Fr. 110.-
- 1/3 Page, vertical (6.3 x 27.7 cm), Fr. 85.-
- 1/3 Page, horizontal (19 x 9.2 cm), Fr. 85.-
- 1/4 Page, A6 vertical (9.2 x 13.5 cm), Fr. 60.-
- 1/4 Page, horizontal (19 x 6.9 cm), Fr. 60.-
- Business Card (9.2 x 6.45 cm) Fr. 45.-



Extra costs may be incurred for typesetting, special formatting, etc. IMCZ Members receive a 20% discount on advertisement costs.

Place your ad for an extended period and receive a discount: get seven months of advertising for six months paid, or receive twelve months for the price of ten.



STAMMTISCH

Every Thursday from 18:00–20:30

At the City Garden Hotel

If closed please go to the Park Hotel