

Finlaw Celebrations in 2016:

To break the spell of "*Doom and Gloom*" that has recently pervaded our beloved country, we are delighted to bring you, our valued clients, some bright and refreshing **GOOD** news early in 2016. We are particularly pleased to announce that the average age of our Board of Directors has been significantly reduced by the appointment of **Stacey Lancaster** as our youngest ever Director.

Flying High in the Sky ...



Stacey joined Finlaw in 2010 after completing her **B.Com Law** Degree part-time while she worked for a local Accounting and Tax Consultancy practice. She enrolled for her Post Graduate Diploma in Financial Planning at the University of the Free State in 2011 and graduated as a fully-fledged **Certified Financial Planner** at the end of 2012. She passed both of her Financial Services Board Regulatory exams, Representative and Key Individual, with distinction. She joined our Finlaw Board of Directors on 1 January 2016.

Stacey has played an important role in the expansion of our business in recent years and richly deserves her promotion to the Board. We congratulate her and look forward to her continued contribution to the well-being of our clients and consequently the growth of our business.

Congratulations go to **Candice Van Dongen** as well who completed her B.Ed degree through UNISA at the end of 2015. Candice is our Accounts and Database Manager. She is responsible for keeping tabs on our clients' investments with special emphasis on both local and offshore client Trusts and Companies.

She plays a vital support role in the transactional needs of our clients while shouldering sole responsibility for our own books of account, tax and financial compliance affairs. She plans to enjoy a break from studies in 2016 to catch up with her creative hobbies.



The Sands of Time ...



While we certainly don't compete with the age of the ancient Namib Desert, we will be celebrating another milestone later this year. On the **1st October 2016** Finlaw will celebrate its **20th Birthday**. It does seem like ages ago that we kicked off on 1 October 1996 to form a Financial Services offering as an offshoot of our founding law practice, Venns Attorneys, of Pietermaritzburg.

A great deal has changed since those founding days - both in our environment and within our business. Mr **Mandela** was President of our Country, we had won the **Rugby World Cup** in 1995, the **Rainbow Nation**

was bursting with promise and stock markets, locally and abroad, were in the midst of a **Bull Run** which would last until the turn of the 20th Century.

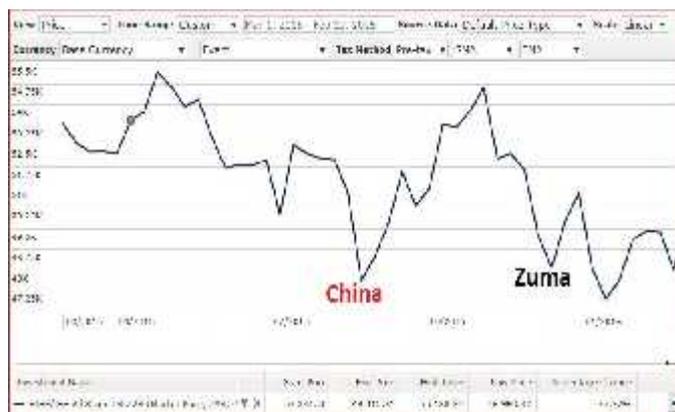
The Financial Advisory business was largely unregulated when we started in 1996 - so we modelled our business on **Best Practice Rules** already entrenched in Developed Markets like Europe and the UK. We understood from the outset that investors wanted transparency on fees and costs along with independence and integrity in the advice given. When regulations eventually came to South Africa in 2002 it was a simple matter for us to adapt our existing practices to fit the framework of the protective laws put in place to benefit clients.

We have journeyed with clients through 2 major market slumps [**9/11 in 2001** and **Lehman Brothers in 2008**] along with several smaller crashes prompted by Middle East conflicts, Europe [especially Greece] and most recently our President's avaricious Finance Minister shuffle! Of course, in between these we have fully enjoyed some momentous Bull Markets.

The experience we have gained over the past 20 years has reinforced the building blocks of the investment strategies we have put in place for clients over 2 decades. We look forward to continuing our journey with you, our valued clients, as we travel through interesting and often challenging times ahead.

Markets over the past Tax Year:

It has been an unsettling start to the year in global and local markets. Those who invested in equities for the first time in the last 12 months [whether at home or abroad] will no doubt feel shaken by the deep dips in August last year [the China slump], Zuma's "Nene-gate" in December and an overall decline caused by



many additional factors including the sharp decline in the oil price. The All Share index [equities only] graph shows just how dramatically share markets can fall under "Fear Factor" conditions – but also shows how rapidly they can recover ... and therein lies the rub! Trying to time the markets with so much short term uncertainty more often leads to greater losses than gains! The "herd instinct" is to retreat to cash after markets have fallen – then go back into the markets after they have risen again. It is easy to see that if investors in pure

shares had followed the herd instinct in 2015/16 they would likely have doubled their losses from around **7% to 14%** for the year before inflation.

By contrast a well-balanced investment strategy based on moderate/conservative risk with a mix of shares, bonds, listed property, cash and hedge components will have produced a **positive** return above inflation between 1 March 2015 and 29 February 2016. More aggressive longer-term multi-asset strategies with higher exposure to shares would not have fared quite as well in this past year – but over time will outshine the less risky ones.

Stacey explained the science of building appropriate strategies in our November 2015 Newsletter. Review your strategy and be sure to consult with us if you feel it no longer suits any changes in your needs.

Best regards

John Wallace - Finlaw Consulting