



The Wissenbach Perspective

I don't think I am overstating the seriousness of the current economic situation by describing it as one of the most significant periods of financial unrest that we have seen in our lifetimes. Undoubtedly, the credit crunch and all of its unpleasant consequences will go down in history. But it seems to me that recent events give everyone food for thought when it comes to planning for the future. Whilst events such as these can seldom be predicted, with the right plan in place, the repercussions can certainly be minimised.

Firstly, now more than ever, we can see the importance of having a plan. Many of us may feel thrown into turmoil by the credit crunch, but actually, the only people truly lost are those that didn't know where they were going in the first place. Knowing your Magic Number, and understanding precisely what you need for the future means you can review the impact of the recession with some meaningful context. It also means you are closer to understanding the steps you must take to get back on track if you have been knocked off course. I'm pleased to say that none of our clients have had to make drastic alterations to their financial strategies, largely because of the nature of the strategies themselves.

To begin with, these plans are put in place for the long term. We encourage our clients to invest for a minimum of five years because the short term is so unknown. Many fund managers view the current circumstances as a period for opportunity as they capitalise on dramatically undervalued stocks, that in the long term will recover, in line with the market. St. James's Place recently reported a 95% client retention rate, and I'm pleased to say that Wissenbach Private Clients rate was actually 100%. This tells me that I have clients and a team to be proud of, they are holding their nerve, and in time, they will reap the benefits of sowing for the long term.

And finally, one last lesson this episode must teach us is the beauty of simplicity. This is a crisis brought on by investments that people didn't understand, and complex financial products with fundamental flaws. We have built our business around 'uncommon common sense' and now we are seeing unparalleled validation of this approach.

The period of uncertainty is far from over. But with an effective plan that is straightforward, meaningful and focused on the long term, you can ensure you keep focused on the things that continue to be important, recession or no recession.

Stefan Wissenbach, March 2009

Stefan Wissenbach awarded 'Partner of the Year' accolade by Bob Geldof

Stefan has been recognised as Partner of the Year for 2008 by St. James's Place and here he is pictured receiving the award from campaigner and musician Bob Geldof.

Stefan was awarded before an audience of over 2,000 at the O2 Arena in London, in an acknowledgement to the success of their unique approach to financial planning. Bob Geldof was a speaker at the event, along with the Conservative's new Shadow Business Secretary, Kenneth Clarke.

Stefan comments: "I am extremely proud of the team of people we have in place at The Wissenbach Group, and of the clients who have joined us and embraced our holistic approach to financial planning. This award reinforces my passionate belief that this approach is the right one, and it is fantastic to be honoured at such a prestigious ceremony."



Stefan Wissenbach

Market Perspective

Since the credit crunch started in July 2007, the world economy and financial markets have been buffeted by one problem after another. It is beyond doubt that we are experiencing a truly global crisis and the most extreme financial dislocation for a generation. The Chinese use two brush strokes to write the word 'crisis.' One stands for danger, the other for opportunity. In any crisis, one should be aware of the danger but also recognise the opportunity. So, what are the dangers and opportunities in the year ahead and how are we helping our clients to mitigate the dangers and exploit the opportunities in 2009?

The dangers of a protracted recession are easy to see and well documented. It is, however reassuring that the global recession has been met with the largest, most coordinated and robust policy response in history. Hundreds of billions of pounds in public funds have been spent on getting the markets to operate more efficiently and limit the impact of the downturn. Whilst it is too early to be sure that the policy responses will be enough, it is clear that governments have thrown their full power behind fixing the problems. It's important to remember that recessions are a tangible manifestation of the cyclical nature of global capitalism. This recession, like every recession before it, will in time pass.

The Nobel Prize winning economist Joseph Schumpeter popularised the phrase 'creative destruction' and the effect of this is already dramatically apparent in the domestic and global economy. Companies with inherently weak business models have been destroyed while others have been forced to adapt. It is therefore apparent, that from the ruins of the credit crunch a new financial order will emerge presenting in the process, a multitude of trends, challenges and opportunities. For example, it would appear axiomatic that the largest fiscal and monetary stimulus in history will ultimately lead to the return of inflation which in turn, for forward thinking investors, presents a range of investment themes that can be exploited. History shows that the best way to protect wealth against the ravages of inflation is to hold 'real assets' such as property and equities and the fund managers have been looking to adjust portfolios accordingly. Another 'theme' in the year ahead will be the 'Obama Effect' and the opportunities presented by changes to spending on areas such as healthcare, defence and infrastructure. The shifting of power between the US/UK/Euro/Japanese trading blocks will also lead to significant currency opportunities, enhancing investment returns for fund managers.

So, how are we leading our clients through the financial storms and investment maze? Over the years, we have been challenged for our desire to avoid the opaque, the highly leveraged and the speculative. This approach has enabled us to mitigate dangers and protect and preserve our clients' wealth by avoiding the likes of sub-prime, AIG, hedge funds and split caps. Instead we have sought strength through simplicity by using the St. James's Place investment approach. The underlying funds, managed by some of the leading independent fund management talent in the industry, have fared well against the backdrop of the most challenging investment market conditions for a generation.



Ash Prinjha -
Technical Director

In addition, the strength and capital security of the St. James's Place Group has enabled us to be confident about the security of our clients' funds. In turn, this underlying security has enabled the fund managers to enhance investment returns as the funds have benefited from one of the lowest redemption rates in the industry (under 5%). The managers have as a consequence, been able to use new cash inflows to cover the small redemptions and build up exposures to the new investment themes that are presenting themselves. In contrast, weaker wealth managers have had to liquidate investments at depressed values in order to pay out redemptions and preserve fund liquidity, thereby potentially damaging investment returns and destroying long term value. It is by capitalising on this

inherent strength that our fund managers should be able to deliver long term out performance as we move through the recession and out the other side.

During times like these, it's even more important for our clients to be working to a truly holistic long term strategy. This enables a more considered approach to be taken which in turn provides our fund managers with the ability to pursue with confidence, the opportunities the Market is presenting. We continue to be cautiously optimistic about the medium term outlook although in the short term we will undoubtedly see further unwelcome surprises and negative newsflows. We also continue to be confident that when the market eventually believes that the end of the economic downturn is in sight, there will be a short and sharp upward correction from which our clients will handsomely benefit.



How an eye on the future can focus you for the present.

Stefan Wissenbach, CEO and founder,
The Wissenbach Group

The story of an entrepreneur can often be traced back to his past. Branson's first foray into the media with a student mag and Mittal's past as a worker in a steelmaking factory are just two of the most inspiring, and commonly-cited rags (or mags) to riches tales. Indeed, it is a commonly-held belief that our life experiences shape our future business decisions. Just one glance at the route that most entrepreneurs take in building their businesses proves the point. Most of my clients began as technicians, they were doing the doing, on the shop floor – and a million other clichés that have come to represent the stage of your career when you work for someone else. Then, following what we sometimes call an 'entrepreneurial' seizure, these technicians go it alone, building their empire of workers. It's the most common entrepreneurial route. Essentially, most business-owners establish companies in industries they have worked in. Their past informs their business path.

How often do we talk about accomplishments-gone-by, about learning from the past, about drawing on experience? All the time, and rightly so. But how often do we let the future guide our day to day decisions? Not enough. In fact, every business-owner should have an accurate, meaningful picture of what his future looks like and the wealth he must accumulate in order to afford it. I don't mean your five year business plan. I mean your distant future – where you will retire, how you will holiday, where your children will be schooled and when you will withdraw from the rat-race to enjoy the fruits of your labour.

In other words, your future should guide your everyday decisions. We have developed a unique process that helps clients establish their Magic Number – the amount of wealth they must accumulate in order to be in a position where they can decide whether to work or not.

So, let's take Steve Morris as an example. Steve has spent 15 years building his engineering business from scratch into a serious player that turns over nearly £25m. He started his business with typical entrepreneurial passion and enthusiasm. He has sweated blood and tears, dedicated hours and hours of personal and professional time and every now and then - he finds himself asking himself what the point of it all is. He finds himself unsure of what the best decisions are on a day to day basis because he's not really sure what the end objective is.

In order to reignite the passion and highlight some very clear immediate goals, Steve needs some clarity around how he wants to live life in the future. He needs to understand how he wants to spend time with his family and friends, how he wants to holiday and how he wants to embrace interests and hobbies, and then he needs to wrap a figure around those elements. He needs to understand how much financial independence to live the life he dreams of will actually cost him.



So, that might mean understanding that he wants to spend £15,000 per annum on holidays. Perhaps he wants to set aside £20,000 to contribute to his daughter's wedding. Oh, and he also wants to allow for around £14,000 worth of annual miscellaneous entertainment expenses – eating out, going to the theatre and sailing days. Only once Steve thinks in these factual terms can he begin to establish the precise amount of money he requires to be in a position where he can choose to work or not.

So, let's say that via the Magic Number process Steve establishes that his Magic Number is £1,580,000. That Magic Number can then inform everything he does, and every decision he makes. It will empower him to make smarter business decisions. Suddenly Steve can place everything back into context and his decisions become more meaningful. Perhaps he closes that acquisition with greater fervour because he knows the combined profit margin will take him closer to his goal. Perhaps he reconsiders his plans to expand into China because actually the establishment costs would mean that the deal takes too long to break even and there are more profitable ways of adding to the bottom line.

And, the motivational benefits of this approach are invaluable. When entrepreneurs turn from technician to business-owner they are spurred on by the thrill of the challenge, the element of the risk and the fear of the unknown. Ten years and several million pounds later, they can feel caught in the clutches of the monster they created, unsure of what the end game is. Knowing your Magic Number can refocus and revitalise you because it gives you a new challenge. Suddenly the finishing line is drawn – whether it is ten years or one month away.

Successful business-owners are undoubtedly products of their pasts. But they should also be designing their businesses for their personal futures. Establishing an emotional connection with the future can put your plans in context, guide you to that future faster than you ever imagined and ensure you have a map to keep you on track for the journey.

Client case study

Peter Gamble
Managing Director QMS

Peter Gamble, 58, established QMS in 1993. As one of the largest suppliers of ISO certification services in the UK, QMS now employs 60 people and has issued more than 16,000 certificates in 60 countries. Peter became a client of The Wissenbach Group two years ago. Here he tells us about why he works with the Group and how he found his Magic Number.

How did you first hear about The Wissenbach Group?

I received some marketing through the door about 2 years ago, but to be honest, I was fairly sceptical to begin with. As a business-owner I receive a wealth of communications from financial service companies looking to work with me in some way. I remember now that the piece described some utopian lifestyles and explained that a more specific plan was necessary to achieve these dream futures. Our first reaction was 'well yes, that would be quite helpful', so we got in touch. As I say, I wasn't expecting much, but the response from Stefan and the Group was so professional that they've now become an essential part of my wealth management strategy.

Before then, what was your approach to financial planning?

Haphazard to say the least. All of our financial decisions were made in isolation of one another. So, we had a pension scheme, some investment products and worked with a few advisors – but there was no structure or grand plan.

What drew me to The Wissenbach Group was the holistic approach to financial planning. The idea of combining my personal financial situation with the business and then feeding in my overall objectives was very compelling. Ultimately, it was the difference in financial planning that attracted me. And then, of course, the crystallisation of all of that info into the Magic Number.

Once established, how did you feel about your Magic Number?

Well, I didn't actually have a number in mind before I was taken through the process. But once Stefan and the team established my Magic Number, I was pleased to see that we weren't actually a million miles away from it. The target was achievable and it was really useful to see it actually written down in black and white.

How do you work with The Wissenbach Group now you know your Magic Number?

Stefan and the team have evaluated my financial circumstances twice now – the first time they established my Magic Number we were fairly close to it, and just recently we managed to achieve it. Consequently, the work The Wissenbach Group does with us now is largely around asset protection. They also provide fantastic support with tax planning.

As a result of pure luck, we went into cash before the stock market hit its recent hiatus, but now we are reinvesting because we think it's the right time, and Stefan thinks it's right also. So the Group plays a part in that sense too.

The Wissenbach Group has given me a better understanding of how financial decisions feed into one another – and also empowered me to see my financial planning 'in the round'. Now, my financial planning is coordinated, holistic and just far more meaningful.

For more information on QMS please visit www.qmsuk.com

Wissenbach in the Community

Continuing its support for the Fred Hollows Foundation (UK), a registered charity which seeks to eradicate blindness in developing countries, The Wissenbach Group is pleased to reveal further developments in the new community eye clinic located in the Rolpa district of Nepal.



The clinic is now fully operational and beginning to establish its reputation as the provider of affordable eye health care, ophthalmic medicines and glasses in the area. Since August 2008, more than 790 patients have been examined at the clinic and are subsequently receiving health care services.

In addition to the services provided by the clinic, an outreach programme has also started to enable the most vulnerable in the district to gain access to eye health care. To date, three screening camps have been established in three rural villages where a total of 470 patients who could not make the journey to the clinic were examined. From the examinations, 58 cataract patients were identified and referred to the hospital.

Khem Gurung, the foundation's Program Manager in Nepal said, "The arrival of the clinic means local people are no longer having to travel vast distances in order to have access to basic eye care services. This has already gone a long way to reducing avoidable blindness amongst the local population and would not have been possible without the generous support of The Wissenbach Group."

The Wissenbach Team Update



Kate Morgan -
Assistant PA to
Stefan Wissenbach

We are delighted to welcome our latest addition to the Wissenbach team: Kate Morgan joins us as Assistant PA to Stefan Wissenbach and brings a wealth of experience in administrative roles particularly in the advertising industry. Kate will be working closely with Jayne Deakin, Stefan's PA supporting her with the effective management of Stefan's diaries and engagements.

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