



Stefan Wissenbach

The Wissenbach Perspective

Welcome to our third newsletter. Back at the beginning of the year, I predicted that the ongoing ramifications of the credit crunch would have an impact on our market for some time to come. And since then, the UK media has had a field day, trotting out dramatic (if occasionally irresponsible) headlines. We've seen basic food and fuel costs soar, and the housing market is beginning to show

the strain as prices drop and drop. This has provided us all with some tricky terrain to navigate – but it has also opened up some very interesting opportunities.

Strangely enough, the stock market is the only market where people don't buy more when prices are cheap. The truth is that the majority of investors are relatively inexperienced when it comes to negotiating an economic downturn, and the temptation is to shy away from buying low – erring instead on the side of selling. The problem with this strategy is its intrinsic tie to the short-term. What we will see is that those that are prepared to take a medium to long term view and invest for the future, no matter how uncomfortable it feels, will reap the benefits once the market recovers (and remember, they always do). Despite the current doom and gloom, in months, years to come we will all look back on this period and appreciate the opportunities it represented, if of course, we are sage enough to recognise those opportunities now.

Fund managers often say that you make your best investments in your darkest hours. And whilst I'd refrain from saying we've hit rock bottom yet, it's an interesting concept to bear in mind. Of course, in order to spot, manage and maximise this opportunity you need sound financial advice and experienced stock-pickers. At The Wissenbach Group, we pride ourselves on people, who can not only proactively manage your investments, but can also incorporate knowledge of your personal objectives. Whilst we're keen to see our clients invest proactively in these turbulent times, we also accept that this investment must be consistent with the bigger personal picture. Investing in cheap stock that should recover is a sound idea, but not if you are set to retire and are on the brink of retreating from the financial merry-go-round.

So, the message? Well, let's take a medium to long term view and see this as an opportunity. If it's right for your personal circumstances then it could be a fortuitous blessing in disguise. Someone once said that investing is like flying. There might be turbulence, but that's no excuse to jump out of the plane!

And here at The Wissenbach Group, we are certainly taking a long term view of things, although the short term is looking rather positive too. We've already expanded this year, and are looking to recruit more people via a unique open-day programme this autumn. We've also been approached by a number of IFAs looking to license our operating model and analysis tools, so our new business plan will see this part of the business develop further.

And some of you will have been introduced to our revolutionary Magic Number™ concept, a service that we will be championing moving forward. Quite simply your Magic Number™ is the amount of accumulated wealth you need in order to be financially independent, enjoying your desired lifestyle for the rest of your life. It empowers you to make the changes you need to realise your ambitions by providing you with an essential frame of reference which enables you to make really smart financial decisions. We're already working with business owners planning exit strategies and clients facing divorce to establish exactly what they need to lead the life they dream of further down the line. Once our clients know their Magic Number™ they have tremendous clarity and improved decision making ability. We call it an uncommon common sense approach, and it is transforming our business.

Enjoy this newsletter. We've got the usual Market Perspective from Ash Prinjha and an update from the team here. Until next time, I wish you all the best on your endeavours to seize the opportunity our current turbulent times present. By the next newsletter, you may already be reaping the rewards.

Stefan Wissenbach
Founder & CEO
The Wissenbach Group

The New Wissenbach Website

We are delighted to announce that The Wissenbach Group website has undergone a complete overhaul and the new site is now up and running! Retaining the original URL www.wissenbach.co.uk, the new design captures the core values and ethos of the group and reflects the rapid growth we have experienced over the past few years. The website now acts as a comprehensive resource for clients and visitors alike, showcasing all they need to know about The Wissenbach Group, our unique approach to financial planning and why we believe everyone needs to know their Magic Number™.

On the new site, Stefan Wissenbach, Founder and CEO, comments: "The new site is representative of the way we have grown and the vastly expanded nature of our offering. It is also now a resource for staff, clients and visitors and will showcase our activities, news and media coverage. We're extremely proud of this latest asset to the business."

Market Perspective



Ash Prinjha -
Technical Director

The first half of 2008 was nothing if not 'interesting' for Market commentators!

In a globalised, integrated and networked economy, the pace of change appears to accelerate year by year and the speed by which the equity, credit and housing markets contracted left many market watchers catching their breath. So where are we now, and what can we see in the second half of 2008 and beyond?

Horror movie fans may remember Ghidorah the three headed monster from the Godzilla films and investors have been fretting over their own three headed monster: energy

prices, inflation and the credit crunch. The central concern is that surging oil and gas prices push inflation to uncomfortable levels and leave the central banks unable to cut interest rates to stimulate a weakening global economy, leading to a slow and painful drift into recession. We have asserted for some time however that there are two fundamental reasons why we believe this outcome to be unlikely.

Firstly, the doubling of oil prices in the last twelve months (which has underpinned the inflationary surge) is not a reflection of true demand pressures – the demand for oil has not doubled in the last twelve months and if anything, is expected to fall as the global economy slows. Oil price movements have displayed all of the characteristics of a classic speculative bubble as hedge fund investors have chased up the price. This 'hot money' has now started to look for new investment themes and the oil price has fallen back sharply from its highs with some commentators expecting it to fall below \$100 in the second half of the year. Secondly, inflationary indices measure the change in the price of goods, year on year so gradually historic rises will simply fall out of the index on a rolling basis. It is for this reason that the Bank of England has not reacted to surging inflation by raising interest rates – looking forward into next year they can see a sharp fall in headline inflation and so they retain plenty of scope to cut interest rates to help a slowing UK Economy.

There has been much said and written about the parlous state of the UK public finances and, whilst Gordon Brown's Golden Rules have lost most of their shine, it should be noted that raising public borrowing to fund tax cuts (the 10p band) and increasing public spending is a classic and proven Keynesian counter-cyclical strategy. As we are starting to see in the US economy, a combination of monetary measures (interest rate cuts) and fiscal stimuli (tax rebates) can have a highly positive impact and these in conjunction with the Freddie Mac/Fannie Mae nationalisation should prevent the US economy sliding into recession.

It is the anticipation and dread of the impact that the 'R-word' – recession can have on financial markets which is haunting equity markets and will continue to do so for the rest of this year. Whilst our central expectation is that this will be avoided for both the UK and US economies, it is worth exploring what history teaches us about equity market behaviour in a recessionary downturn. The behaviour of equity markets is often cited as a leading indicator for economies. In particular, weaknesses in the equity markets are thought to signal the likelihood of recession. Research suggests however, that there is an imperfect linkage between the stock market and the economy, with nine bear markets in the last forty years but only four recessions. An historical analysis also suggests that it's often the anticipation of a recession that depresses stock markets, not the other way round. In the last four US recessions, stocks have actually gained ground and US equities have tended to rebound or maintain momentum as the US economy emerges from recession. For example, Ned Davis Research looked at the last ten recessions and found that stocks rose 24% on average, in the six months after hitting a slowdown/recession inspired low. Similarly, in the UK, equity markets have risen in three of the last four recessions.

The economic and stock market cycles are not aligned. Stock prices are simply an expression of discounted future earnings. A huge amount of bad news has already been factored into current share prices in anticipation of a recession which may not happen. Many of our fund managers believe that there is a time lag between markets discounting future downturns before finally bottoming out, and then as investors realise that events are not as bad as expected, embarking on a new and significant upturn. It is this 'window of opportunity' for fund managers to buy stocks at low prices in preparation for the rally, which will largely dictate how 2008 is remembered by investors.

What's New?

- ☀ As a member of the St. James's Place Partnership, we have access to a new St. James's Place Bank* Internet Saver Account, isaver, which is currently paying 6.4% AER** Gross variable
- ☀ A new addition to our investment proposition is the Barclays Global Investors Alternative Assets Fund. This enables clients to access a range of alternative asset classes including commodities, water, infrastructure and clean energy.
- ☀ Octopus, our Venture Capital Trust partners, have recently launched a capital protected VCT. This provides 30% income tax relief*** whilst investing in companies where there is a higher level of capital security than in conventional VCT's.

* A division of the Bank of Scotland. Postal address: St. James's Place Bank, Bank of Scotland plc, Bank of Scotland plc, PO Box 17317, Edinburgh, EH12 1AZ.

**AER stands for Annual Equivalent Rate and illustrates what the interest would be if interest was paid and compounded once each year. Rates correct as at 1 September 2008.

***Provided shares are held for five years.

**Please contact us on
01676 524 460 for further information
on any of these new developments**

The Importance of Goal Setting

Planning years ahead is a foreign concept for many of us. It feels rigid, unrealistic and uncomfortably like tempting fate. But study after study shows that a written plan is the most effective way to reach your desired objectives. Just take a look at the Yale Class of 1953. A set of researchers surveyed Yale's graduating seniors to establish how many of them had written down their goals for the future, finding that only 3% had. Twenty years later, the researchers revisited the Class of 1953 and found that the 3% had accumulated more personal financial wealth than the remaining 97% combined...



And consider this. We work hard to establish good futures for ourselves and our families. And we want to protect those futures and ensure that our lives' work benefits those we will eventually leave behind. So, most of us do actually compose a written plan of some sorts. We pull together a planned structure for how our wealth and assets should be managed, to be actioned after we die. After all, your last will and testament is just a written plan for when you are dead. And when you look at it like that it seems ludicrous that you wouldn't put one in place for financial management whilst you are still around to enjoy the fruits of your labour, and of course, see your family enjoy them too.

Effective goal setting performs two chief functions. Firstly, as the Yale example shows, it makes your objectives more likely to materialise. Essentially, planning something effectively makes it more likely to happen. And secondly, it gives you a new enthusiasm for your business, your career or your personal finance. Climbing towards an ideal such as 'sell my company for £4m', 'make enough money to retire' or 'raise enough to start my own business' can seem like an insurmountable challenge unless you work out where the rest stops and progress markers are along the way. Just knowing that you have planned your progress can revitalize you and give you a real sense of purpose. You wouldn't get in a car and try to navigate to a new destination without a map, so don't try to pursue a goal without mapping the way.

But of course, all of that doesn't detract from the fact that planning can seem like an intangible, never-ending task. How far should you allow yourself to plan ahead? To what degree can you predict what lies ahead and how it will affect your financial management? We advise clients to start with five years. Most of us have a vague idea of what we want to be, have or do in five years time. And if you have trouble pinpointing that, then imagine this:



A dark room, full of hushed, subdued people. Not just any people, but your friends, your family, your colleagues. In fact, anyone you've ever known. You're in a box at one end of the room - dead. Everyone's talking about you. What are those people saying? How do they feel about you and what you accomplished during your lifetime? Imagining what you would like people to say should give you a real sense of purpose. So, once you have established what it is you want to achieve, the next step is to plan where you would need to be in three years time if you were well

on track to meeting your goal. And where would you need to be in a year? Then, where would you need to be in 90 days time if you were going to hit the one year benchmark? What about in a month's time? So, what do you need to do this week? And suddenly, you have embarked upon a plotted route to success.

When we talk to businesses looking to expand or grow we apply similar principles. We ask them what an ideal Profit & Loss statement would look like. We get under the skin of what success looks like to that company and then we compare that vision to the reality. Very quickly, the company's goals and benchmarks become apparent. This process identifies the current situation, the ideal situation and the route required to bring the two closer. I've seen business owners who previously felt trapped in the clutches of the monster they created and unsure of how to get back the thrill of the challenge, suddenly revitalized and hungry for their objectives again once they establish exactly what they are.

And finally, whether your plan is personal or commercial, one of the most important things to remember is to continually check you are on track. Using the map analogy again, imagine you are setting off on that new car journey. You've got your route in print, you've studied the map and you know where you're going. But you don't simply stash the map in the glove compartment and go with what you vaguely remember. Rather, you would refer back, check you are on the right route, and remember some crucial checkpoints to benchmark your progress. If you can apply the same logic to a carefully-crafted, formally-structured and inspiring plan for your goals in life you will have mastered the art of effective goal setting. And the results will be impressive, if not surprising – because of course, it's what you planned all along.

Wissenbach in the community

The Wissenbach Group continues its support for the Fred Hollows Foundation (UK), a registered UK charity which seeks to eradicate blindness in developing countries. We are delighted to announce our support for a new community eye clinic which has been built in a remote part of Nepal and will enable local people to have better access to eye health care services and treatments.

The Rolpa Community Eye Clinic was officially opened on the 22nd June 2008, fully stocked and equipped. Located in Livang, the administrative headquarters for the Rolpa district in North West Nepal, the clinic comprises two rooms consisting of an office, registration area, patient waiting area, examination room and storage facilities for glasses and ophthalmic medicines. The clinic will be staffed by Ophthalmic Assistant, Hari Karki who will undertake eye exams, refractions, optical fittings and prescribe and dispense medicines and glasses. Hari will be supported by an additional eye worker Krishna Magar.



Alongside support from the Fred Hollows Foundation, the clinic has the backing of the local district authorities and the Red Cross to ensure its long term survival.

Stefan Wissenbach commented on the opening of the clinic "Within six weeks of its launch, 199 patients had been examined and treated in the clinic. As awareness grows across the valley and as the clinic becomes fully operational, we expect more people to enjoy better eye health across this remote region in Nepal."



The Wissenbach Team Update

Firstly, please join us in welcoming a new addition to the Wissenbach team:

Joanne Chambers joins us as Financial Analyst with nearly 10 years of experience in financial services. Joanne will principally be responsible for formulating Lifetime Cashflows and Magic Number™ reports for our clients.

Elsewhere in the group, following a charity auction bid won for the Group by Stefan Wissenbach, Shelley O'Dowd, Team Administrator and Jamie Lavery, Financial Analyst bravely took part in a parachute jump with the Red Devils on the 2nd September.

Following a training session in the morning, Shelley and Jamie boarded a plane which took them up to an altitude of 13,000ft before jumping in tandem with the Red Devils. Money raised from the jump will go towards the Rolpa Community Eye Clinic in Nepal.

And finally, we're delighted to announce the marriage of our Marketing Executive Allyson Owen to her partner of three years, Antony McAlister. On August 9th, Allyson and her new husband Antony were married in West Sussex surrounded by friends and family. We wish them every success in their new life together.



Joanne Chambers



Shelley and Jamie



Jamie mid jump



Allyson McAlister

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