

Monthly Newsletter – February 2013

A Message from Theo and Warren

January has been another interesting month for investors. The rand has taken a significant knock while the stock market has been very volatile, again!

Domestic issues such as government/ANC's dramatic reaction to the potential Anglo Platinum retrenchments and the FNB advertising campaign have had a negative effect on the rand. We have also seen a significant drop in shares prices of retail companies as investors finally realise that they cannot continue to appreciate in value indefinitely.

We have seen a similar trend in the USA with Apple's share price. To date, the drop in Apple's share has eroded more value than three times the value of all our banking shares combined!

On a more positive note, investor confidence in the US is continuing to improve. We have also seen a small but sustained recovery in the housing market there. As house prices continue to rise (from very low levels) Americans are starting to feel the "Wealth Effect" of this rise. Many Americans have debt that is worth more than all their assets combined, so any increase in their house value (usually their biggest asset) has a significant impact on their financial well-being.

At the World Economic Forum (WEF) in Davos, there was a noticeable increase in optimism about the prospects of a recovery in the European economy compared to the same event last year. Africa's economic prospects were also widely discussed; our continent is seen as the next engine of growth for the world economy.

We believe that Government is going to provide more detail about the roll-out of the National Development Plan when Parliament opens in February. The State of the Nation and Budget speeches should be most useful in this regard. We have included a synopsis of the National Development Plan later in this newsletter and a link to the full document if you wish to be fully informed. level.

-- Theo and Warren

Super Rugby kicks off this month

Rugby fans will be waiting with baited breath for the beginning of the Super Rugby tournament, which begins on February 15. Most of us remember the Super 10, and have watched the tournament grow steadily over the years, but many don't know that it actually began as the Super Six – a South Pacific Championship between Australia's New South Wales and Queensland sides, Auckland, Canterbury and Wellington from New Zealand, as well as a composite Fiji side.

It expanded to the Super 10 when South Africa re-entered the rugby world in 1993, and then became the Super 12 around the time that rugby became professional. The first official 'international domestic' tournament was born, featuring South Africa, Australia and New Zealand's strongest teams – which all became franchises.

Of course, South African rugby is never without its politics, so all eyes will be on the Southern Kings this year. The controversial Cheeky Watson's team were promoted to the tournament, and the Lions relegated, despite the Kings not even qualifying for the premier division competition Currie Cup. However, Watson has assembled a fairly impressive squad with Alan Solomons as head coach.

Solomons is an experienced coach: past positions have included the Stormers, the Springboks, Ulster, the Northampton Saints and the Barbarians. However, it remains to be seen whether his coaching experience can make up for what many perceive to be an under-qualified team.

Getting to grips with the NDP

The National Development Plan moved to centre stage after the ANC's 53rd elective conference in Mangaung towards the end of last year. At his opening address, President Jacob Zuma called it a map for South Africa's future that had to be embraced with both hands, and Planning Minister Trevor Manuel, chair of the national planning commission that devised the plan, said it had received a warm reception at the conference.

Simply put, the NDP aims eliminate poverty and reduce inequality. And while it acknowledges important progress made since 1994, it also identifies persistent problems such as crisis levels of unemployment, inequality and poverty. The plan is often seen as moderate and less interventionist than the national growth path or the industrial policy action plan.

The plan is not without controversy – it proposes a tax incentive for employers to reduce the initial cost of hiring entrants to the labour market, and that entry-level wages be agreed between employers and unions. It also suggests a more open approach to immigration to expand the supply of high-level skills, as well as the simplification of dismissal procedures for non-performance, for example.

It also identifies skewed ownership and control as an issue that results in a highly concentrated corporate landscape as well as spatial misalignments posed by poor physical planning and network infrastructure.

For a basic summary of the NDP, visit http://www.sakegesprek.co.za/news/Sakegesprek_NBK.pdf. The full document may be found at <http://www.info.gov.za/view/DynamicAction?pageid=623&myID=348761>.

Quick 10-minute exercise routines

Most people's excuse for not exercising is that they are too busy. Finding a block of time long enough to get in a workout can be difficult some days. But a few short bursts of activity can be just as effective – one study found that participants who split their exercise into 10-minute increments were more likely to exercise consistently, and lost weight after five months, than those who exercised for 20 to 40 minutes at a time.

Skipping a workout can leave you demotivated, so these quick bursts of exercise can also keep your confidence up. Just remember – they are supposed to supplement, not replace your normal exercise routine.

1. When you go to the gate to fetch your daily newspaper, take a brisk 5-minute power walk up the street in one direction and back in the other.
2. Try 5 to 10 minutes of jumping jacks.
3. Do standing push-ups while you wait for the kettle to boil, standing about an arm's length from the counter.
4. Just before bed, do a few repetitions of some dumbbell exercises.
5. Walk around medical buildings if you have a long wait for a doctor's appointment – ask the receptionist how long the wait is likely to be.
6. If you have a meeting in another building, leave five or 10 minutes early (or take some time afterward), and do some extra walking.
7. On breaks, spend five to 10 minutes climbing stairs.
8. If you're watching TV, jog on the spot during ad breaks.

Galileo is now in the Eastern Cape

We are very happy to announce that Thayn Niemand and his team from East London have joined the Galileo Group. We have known and respected Thayn for many years and believe he will add significantly to our financial planning expertise within Galileo. Thayn will be a director of GC Grow and will be responsible for all our financial planning operations in the Eastern Cape.

Thayn was appointed as a Legal & Tax Advisor in an insurance company in 1987 after resigning as a magistrate and has been in the financial planning industry ever since. He has been running his own financial practice for the last 23 years.

His academic qualifications, experience and passion for small business and its development resulted in him being appointed as a consultant for all three seasons of the Nedbank sponsored TV show, *It's My Biz*, which was aired on e.tv in 2010, 2011 and 2012.

Thayn has also been a speaker on the seminar circuit and has presented numerous Small Business Management seminars around South Africa since 2000 and is widely known as a small business guru in South Africa.