

Monthly Newsletter – May 2013

A Message from Theo and Warren

At the start of May 2005, we started Galileo Capital in a new little office in Rosebank, Johannesburg with four desks, three chairs, one boardroom table and a second-hand microwave oven.

We wanted to start a financial services business that was true to our principles of providing a world-class service to our clients in an honest and transparent fashion.

In the last eight years our little company has evolved into a group that has more than 6500 clients across all our businesses. Our Wealth Management business has been entrusted with investments that are rapidly approaching R1-billion in value and we now have offices in Cape Town, East London and Johannesburg. We've won awards and achieved high rankings in industry surveys and we have gained a significant profile in the financial media.

But while it's always nice to be recognised for our efforts, public recognition does not drive our business. Instead we continue to strive to focus on improving our service to our clients.

We are deeply grateful to all our clients who have entrusted the Galileo Group to look after their interests. We take this responsibility seriously and look forward to the next eight years with you!

-- Theo and Warren

Book: Sakegesprek met Theo Vorster

Theo Vorster recently published a new book, which is now available in Exclusive Books and CNA, and kalahari.net and www.sakegesprek.co.za. The book is a great read and provides interesting insights from some of South Africa's top businesspeople.

Investing with a rear-view mirror

We recently had a conversation with a retired lady who was unhappy with the growth of her low-risk portfolio, which has limited exposure to shares. She was unhappy because she was comparing her growth with returns generated by unit trusts that only invest in shares. She was very insistent that her money be moved from her low-risk portfolio to a high-risk fund (100% invested in shares) on the basis of the excellent returns achieved in 2012. And the excellent growth generated by the JSE in each of the last four years is starting to lead some investors to expect that this will continue indefinitely.

But this type of thinking can be hugely detrimental to your long-term financial well-being. Setting your investment expectations according to what happened last year is often the best way to incur permanent capital losses.

The strong recovery of the stock market since 2009 has exceeded all expectations and we cannot expect this to continue. The massive fluctuations that we have recently seen in the gold price, stock market and the rand are clear indicators that the financial world is still highly unstable.

It is only by adhering to a strict discipline of managing risk that you can be sure of protecting yourself against any losses if the market experiences a sudden drop. We are certainly not predicting that the stock market will drop – these types of predictions are not worthwhile. However, we are certain that a properly diversified portfolio of assets is your only real protection against financial disaster and history has taught us that always happens when you least expect it.

Meditation boosts genes that promote good health

If you're feeling run-down, you might want to consider a little chanting or meditation – seriously. Those kinds of relaxation – even just a few minutes a day – can boost the activity of genes involved in several processes that are beneficial to your health, and they only take a few minutes each day to show results.

Researchers at the Massachusetts General Hospital in Boston recently ran a study where the gene profiles of 26 volunteers were analysed. None of them regularly meditate, so they were taught a relaxation routine lasting 10 to 20 minutes, a routine that included reciting words, breathing exercises and attempts to exclude everyday thought.

After eight weeks of performing the technique daily, the volunteers' gene profile was analysed again and the researchers found that clusters of important beneficial genes had become more active and harmful ones less so.

The boosted genes had three main beneficial effects: improving the efficiency of mitochondria, the powerhouse of cells; boosting insulin production, which improves control of blood sugar; and preventing the depletion of telomeres, caps on chromosomes that help to keep DNA stable and so prevent cells wearing out and ageing.

They also found that the more you do it, the more profound the changes to genes. They are now investigating how gene profiles are altered and whether these techniques could ease symptoms in people with high blood pressure, inflammatory bowel disease and multiple myeloma, a type of bone marrow cancer.

Congo: hot travel destination

One of the hottest travel destinations this year is right here on our continent – the Congo. Just its name has an exotic ring, one of jungles and David Livingstone and Joseph Conrad paddling up the Congo River into the great unknown.

Most of the Congo is still unknown with a rain forest that is second largest in the world, barely touched, and teeming with wildlife like mountain gorillas, African forest elephants, and pygmy chimpanzees – all endangered, and all found only in the Congo.

Until very recently, this exceptional country has been fairly off-limits for tourists – it wasn't safe enough, and there was nowhere to stay. Since the political situation has settled down, however, there are two brand-new safari camps, both in the Republic of Congo.

Lango Camp is in the Odzala-Kokoua National Park; and Ngaga Camp is set deep in the forest, near to where the mountain gorillas live. A visit there will mean the possibility of seeing lowland gorillas unused to humans, and gaining access to one of Africa's most mysterious countries.

Today vs. To Do

If your To Do list is becoming overwhelming, here's some advice from time management guru Craig Jarrow – keep only one To Do list, and keep it as simple as possible. And even if it's 100 miles long, designate five things as most important to do today, and just aim to do those.

“Here's what I do,” he says. “At the top of my To Do list, I draw a line under the top few items that I designate as my Today list – the items that must get done today. They are non-negotiable and take priority over everything else.

“As I work through my day, I ensure that I keep my To Do list visible and my Today items are always at the top.”

Jarrow points out that those items should take precedence over all others, which will help you to prioritise. And at least at the end of each day you will be able to look at five things you've managed to achieve, because you've done so in a focused way.