

Monthly Newsletter – March 2014

Note from Theo and Warren

Every month, in our note to you, we try to impart information that we feel might be relevant or applicable, and usually, we aim for something educational about investments. But in this newsletter we've decided to use some quotes from Warren Buffett's latest letter to his shareholders.

His letters have always been highly educational and informative and this edition is no different. Here are five points that we really liked.

Fundamentals of investing, according to Warren Buffett:

1. You don't need to be an expert in order to achieve satisfactory investment returns. But if you aren't, you must recognise your limitations and follow a course that is certain to work reasonably well. Keep things simple and don't swing for the fences. When promised quick profits, respond with a quick "no".
2. Focus on the future productivity of the asset you are considering. If you don't feel comfortable making a rough estimate of the asset's future earnings, just forget it and move on. No one has the ability to evaluate every investment possibility. But omniscience isn't necessary; you only need to understand the actions you undertake.
3. If you instead focus on the prospective price change of a contemplated purchase, you are speculating. There is nothing improper about that. I know, however, that I am unable to speculate successfully, and I am sceptical of those who claim sustained success at doing so. Half of all coin-flippers will win their first toss; none of those winners has an expectation of profit if he continues to play the game. And the fact that a given asset has appreciated in the recent past is never a reason to buy it.
4. Games are won by players who focus on the playing field, not by those whose eyes are glued to the scoreboard. If you can enjoy Saturdays and Sundays without looking at stock prices, give it a try on weekdays.
5. Forming macro opinions or listening to the macro or market predictions of others is a waste of time. Indeed, it is dangerous, because it may blur your vision of the facts that are truly important. (When I hear TV commentators glibly opine on what the market will do next, I am reminded of Mickey Mantle's scathing comment: "You don't know how easy this game is until you get into that broadcasting booth.")

If you would like to read the expanded version, Fortune Magazine had some edited highlights which can be accessed via this link: <http://finance.fortune.cnn.com/2014/02/24/warren-buffett-berkshire-letter/>

-- Theo and Warren

What inactivity does to your brain

There's more to exercising than keeping fit and staying physically healthy. New research shows that inactivity literally changes our brain structure.

Researchers at Wayne State University School of Medicine recently found that rats that were mostly sedentary for almost three months actually had physical changes in their brains as a result. Some of the rats' neurons had extra branches – the parts that help them connect into the sympathetic nervous system, where a lot of our involuntary physical functions are regulated, like breathing. Having too many branches, as the brains of these rats did, could lead to overstimulation of the nervous system, which regulates all of the body's other processes

So what are some of the benefits of exercise?

1. Exercise improves mental health – particularly for those suffering from depression or anxiety disorders.
2. Exercise decreases disease risk – across several studies, evidence has piled together to prove that regular physical activity is effective in preventing several different chronic diseases, including cardiovascular disease, diabetes, cancer, hypertension, obesity and osteoporosis.
3. Regular exercise can improve sleep – a study of people with insomnia showed that after four months of regular exercise, the participants were sleeping an average of 45 minutes longer per night.
4. Exercise can reduce stress and improve mood – not only does it allow you to blow off a little steam, it can also improve overall mood, confidence and self-esteem.

To add a little extra activity to your days, try these tips:

- Set up a reminder on your computer or phone to go off every hour or two if you need help getting away from the desk. Use the trigger to remind you to get up and walk around – down the street for a drink, around the block, or just around the room for a couple of minutes.
- Build activity into your routine by parking a little further away, or choosing a coffee shop for your morning cuppa that requires a ten-minute walk.
- Try the seven-minute workout, which is now available as an app, and which is scientifically proven to improve your strength and fitness. And all you need is a chair, a wall and a floor.

Five ways to work smarter

1. Take more breaks – respect your natural attention span. On average our brains are only able to focus for 90 minutes and need at least 20 minutes rest afterwards. Take breaks throughout the day.
2. Take naps – research on naps has shown they lead to improvement in cognitive function, creative thinking and memory performance. In particular, napping benefits the learning process, helping us take in and retain information better.
3. Spend time in nature – spending time in nature helps us to reset our attention span and relax our minds. This means we are able to focus for longer when we return to work.
4. Move around and work in blocks – set up at various coffee shops, workspaces or even a park to get chunks of work done throughout the day. Start with a clear, thought-out to-do list, so that you know what you'll be doing at each venue and don't waste time deciding.
The important part to note is having a clear finishing point based on your task list, rather than the time, when you will move on to a new location. And when you move, cycling or walking is a good way to go.
5. Check your email first thing in the morning – this may seem counterintuitive, particularly since all the time-management gurus say you shouldn't. However, it can help you to be more productive, because it helps you to check in before your workday and make sure you're on the same page as everyone else, and anything urgent has received your attention.

Should you share your password with your partner?

Does your partner know your online passwords? We might not feel comfortable exchanging passwords with more trustworthy family members and long-term friends, and yet many people allow their partners access to their personal information – it's a symbolic gesture, an act of trust.

But in most circumstances, psychologists suggest keeping passwords private, saying that while we depend on each other for many things in relationships, it's good and healthy to have some independence too.

Unsurprisingly, sharing passwords can cause some serious problems during a relationship or after it ends, particularly if you're prone to going through relationship after relationship. And this holds true for soured professional relationships too.

But it's not just teens and 20-somethings sharing passwords and suffering the consequences. A US survey found that 70% of 30-49-year-olds, 66% of 50-64-year-olds, and 69% of those over 65 do so as well.

The best way to determine if you're ready to share passwords with your significant other is to check and see if you're on the same page – i.e. they should want to reciprocate.

And if you've shared access to personal information for someone else, like a web designer, to put something together for you, ensure you change the passwords after they're done, just to be on the safe side.