



Money Matters



Germany Wealth Management

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Money Matters

University Degrees - Are They Worth It?

What have Bill Gates, Sir Richard Branson, Sir Phillip Green, Steve Jobs, Henry Ford, Dale Carnegie and Michael Dell, among others, have in common?

You've guessed it, none of them have completed a university course and received a degree. So in the days of fiscal frugality, increased fees, belt tightening, is a degree worth it?

As our children enter the first year of university, or return for subsequent years, we, as parents watch with alarm our reducing bank balance with the cost of new laptops, books, accommodation, tuition fees, travel etc. burning a big hole in our pocket. Perhaps at these times we may question the veracity of the value of the degree.

The previous UK government pushed the higher education program with great success, but with limited job opportunities available, whether you have a degree or not, it is quite likely that a highly paid successful business man would probably be served his coffee or his lunch by a waiter or waitress who is significantly more educated than himself.

So are degrees a waste of money? Well many believe that the subject matter is the all-important denominator. I would not imagine that many of us would be happy to let someone who had completed a short evening course at a local night school perform surgery on us. However, it would appear that the days of the esoteric degrees may be numbered, so no more bag pipe degrees? What a shame.

Spain Still the Most Popular Destination for Brits

Retirees are still flocking to Spain, despite the increased costs and the uncertainty of the Spanish economy.

Australia and America also remain popular. Could these selections reflect the average Brits inability or unwillingness to learn new languages? Following behind these locations, yet another English speaking country, Ireland, followed by France.

The property market in Spain has certainly suffered, so if you are buying now there are certainly bargains to be had. If you already own, you are probably nursing losses of around 50%. It is reckoned there are around 1.0 million unsold properties in Spain, against a population of 45.0 million that is a lot of real estate.

One of the biggest "bug-bears" for retirees in Spain is currency issue. If you are spending in Euros, but your assets, pensions etc. are in another currency you always have an issue with the relative strength or weakness of the currencies. It is possible to "fix" your rate for up to twelve months, which removes that as a potential issue. If this is something, which may be of interest, contact us and we will be happy to make some recommendations.





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Investors Stay With Dog Funds

Do you have dog funds in your portfolio? Do you know what a dog fund is?

Broadly a dog fund is a fund which significantly under performs the market, and generally its peers. We have all had the misfortune of investing in stocks or funds, which have not performed. Frequently this is an issue of mistiming the asset class. This is all part of investing - you will not get it right all the time. If everything went up in value all the time life would be simple. However, life is not like that and asset values rise and fall, so sometimes we buy at the wrong time, and other times the right time. This is not a reflection upon the fund or the share, it's just timing.

Having recognized that we have been unfortunate in our purchase, the next step is to identify the error, and take action. Occasionally that option is not available, the fund has closed, and the prices have fallen so far we just have to wait for an improvement. However, if we find ourselves in a fund which is performing badly, is it a result of bad timing, or is it a result of a bad fund and our fund has performed badly against the market, the bench mark, and its peers? If that is the case, we have a dog fund.

So what do most people do when they identify that they are in a dog fund? We move, and if we do, it appears we would be the exception to the rule. In the UK alone, currently there is over £23.0 billion sat in dog funds. Astonishingly the amount within dog funds rose last year. Now this is clearly not a result of performance, but of new money being invested! On top of all this is the fact that we are not talking about small-bespoke boutique fund groups. Some of the largest players in the market are on the list. Newton has £2.1 billion, Blackrock £2.0 billion, Fidelity £3.4 billion. According to research the worst performing Allianz RCM Global Trends, fund is down 41% three years against its peers.

All this can be avoided if you do your research and take care when selecting.

Spending a Penny

Cash strapped UK councils are forever seeking methods to increase revenue. One ruse is to charge for the use of public toilets. Whilst the overall number of public loos is set to fall from the current 8000 odd to around 3500, increasingly they will charge you for the use of the loos. The British Toilet Association, (yes there really is such an organization!), advises that the average price to "spend a penny" is around 20 pence and in London that rises to 30.0 pence.

We assume that these costs would be tax deductible if you operated within the UK, which would mean you could get tax relief on the cost of getting relief!

Happy Birthday

A Very Happy Birthday to the FTSE 100! London's premier stock market index and a barometer of health of the nation's economic health is 28 years old in the New Year.

Those of us old enough and grey enough to remember the launch will recall that privatizations had not yet occurred, and the idea that we could receive a cash windfall as a result of having a building society account was never on the table. It is also likely that the PM, Margaret Thatcher had not yet considered that the government could raise billions by selling off "the family silver".

The FTSE started life at 1000, peaked on the eve of the Millennium at just less than 7000, and today stands a little over 5000.

Companies have come and gone; just 23 of the original 100 remain. Many companies that were in at the start, and household names have just disappeared - companies such as Hanson. Other companies have merged and merged again, like Ultramar, firstly falling in with Lasma and now part of an Italian giant ENI.

New companies have arrived, Vodaphone a spin off from Racal, Morrison Supermarkets has grown from a small enterprise to be one of the largest companies within the UK.

The FTSE 100 is comprised of the 100 largest companies by market capitalization within the UK. Thus over time companies fall out of the FTSE 100 and may reappear again. Each quarter there is a revision and some come and some go. Critics of the system complain that it is not representative of the UK economy. As an example in the early 2000s, it was very much distorted by a large number of dot com companies, who were shortly dropped never to appear again. However, whilst many take the index as a barometer of the UK economy, that is not what the FTSE is about.

Regardless of whether you love it, hate it, or are indifferent to it, it is here to stay, at least for the moment.

