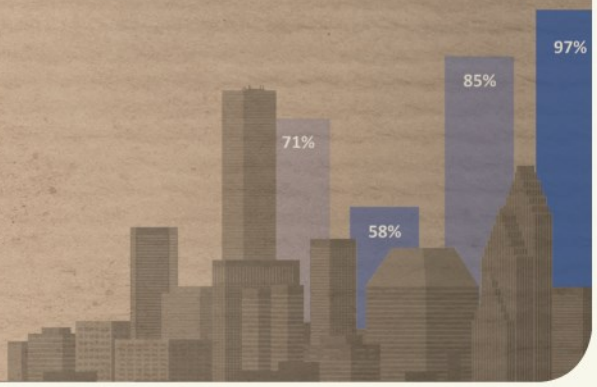
Mark Wenning's

FINANCIAL INFORMER



Quarter 4 / 2015



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7 Reasons to stay calm when the market tanks

The Dow fell more than 300 points on the afternoon of Monday 28 September 2015. The month of August was no fun for investors either, as news of a slowdown in the Chinese economy caused the U.S. stock market to have several of its worst days in years. Is it time to panic? For these 7 reasons you shouldn't.

It seems likely now that 2015 will be a mediocre year at best for anyone who invested in stocks. But the stock market does take a tumble from time to time, so it's important to remember these reasons why you should not freak out when it does.

1. It Always Goes Back Up

If you're upset to see the market drop, you should be encouraged to know that it always has risen back up to new heights. In fact, almost every down year of the S&P 500 has been followed by a year with better-than-average returns, according to data compiled by NYU's Stern School of Business. A 3% decline in the S&P in 1990 was followed by a 30% rise in 1991. A 24% drop in 1974 was followed by a 37% rise in 1975, and another 23% rise in 1976.

And what happened after the market tanked in 2008 and 2009? Well, it took a while, but all losses from that drop would have been regained by 2012, and the market continued to rise for three more years after that. If you panic and sell when the market drops, you miss out on these gains.

2. Most Market Corrections Aren't That Bad

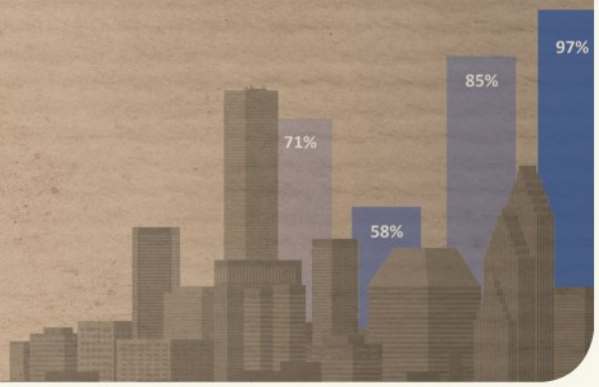
There's no doubt that some market crashes cause a lot of pain. But not all drops in the market resemble those of 2008-09 or the Great Depression. An examination of the top 20 one-day losses by percentage of the Dow Jones Industrial Average shows that nearly all took place around the financial crisis of the last decade, the Great Depression, or immediately after the market re-opened a week after the terrorist attacks of September 11. In other words, the big and painful drops only come around once in a generation or so. The rest are relatively modest and manageable dips.

3. It's Bargain Time!

Haven't you ever wanted to buy some blue chip shares, but didn't have the cash? Well now is your chance! Usually, when the market takes a dive, it's a chance to buy shares of some very solid companies at a great value. If a company's fundamentals are strong, you should not be wary of investing in that company simply because the broader stock market is down. Lower prices equal an opportunity for profits.

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FINANCIAL INFORMER



Quarter 4 / 2015

4. Corrections Are Often Healthy

Big drops like the one we saw in 2008 can sometimes be the result of a major problem in the financial sector. But usually, the market dip comes because valuations of companies were out of line with earnings. When the market is "fully valued," it's hard for investors to find reasonable prices for stocks, and new investors are reluctant to enter the market. Any drop of less than 10% is seen as healthy under these circumstances, and it can help avoid a much larger and painful crash later.

5. You've Planned for It

If you're close to retirement, you likely already adjusted your portfolio to more conservative investments including bonds and cash. If you have many years before you retire, then you have plenty of time to make up losses and can benefit from buying low now. Don't stress. These types of market downturns were all factored in when you started investing.

6. The U.S. Economy Is Still Healthy....but how is the SA economy doing?

The stock market and the economy are two different things. Sometimes, the stock market will struggle due to underlying economic problems in America, but often a market dip is related to broader global issues, or even a bad news event. Consider that the most recent market correction took place at a time when the unemployment rate is at its lowest rate in seven years.

So the U.S. economy doesn't look too bad but could it be a positive sign for the S.A. economy? Economists are divided on what the financial outlook is for South Africa and that our economy is better compared with the Brazilian economy.

Once held up as a shining example for South Africa to emulate, the Brazilian economy has since plummeted into economic turmoil. It seems to be a bad omen for the local economy, which some analysts fear could go the same way. The two share several characteristics, including poor growth prospects and current account and budget deficits, a bloated public sector, a high debt to gross domestic product (GDP) ratio, declining labour productivity, low global competitiveness, vulnerability to commodity prices, a volatile and weakening currency, and an endemic culture of corruption.

According to Raymond Parsons, a professor at the North-West University business school, negative global economic developments, including the slowdown in the Chinese economy, "has exposed South Africa's weaknesses rather than caused them". Realistically, he said, "the jury is still out between a recession … and a low growth trap. We still await definitive economic data." Let's hold thumbs!

7. Bonds Prices May Go Up

When stock prices go down, bond prices usually rise. And this is good for bondholders who may be looking to cash out. Higher stock prices do hurt bond yields, but this is not an issue for current bondholders who have interest rates locked in.



When the market is "fully valued," it's hard for investors to find reasonable prices for stocks, and new investors are reluctant to enter the market.

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Quarter 4 / 2015



William Webb Ellis

Rev. William Webb Ellis (24 November 1806 – 24 February 1872) was an Anglican clergyman and the alleged inventor of Rugby football whilst a pupil at Rugby School. The William Webb Ellis Cup is presented to the winners of the Rugby World Cup

After his father was killed at the Battle of Albuera in 1811, Mrs Ellis decided to move to Rugby, Warwickshire so that William could receive an education at Rugby School. He attended the school from 1816 to 1825 and was recorded as being a good scholar and cricketer. The incident in which Webb Ellis supposedly caught the ball in his arms during a football match (which was allowed) and ran with it (which was not) is supposed to have happened in the latter half of 1823. After leaving Rugby in 1826, he went to Brasenose College, Oxford, aged 20. He became well known as a low church evangelical clergyman.

He never married and died in the south of France in 1872. His grave in "le cimetière du vieux château" at Menton in Alpes Maritimes was rediscovered by Ross McWhirter in 1958 and has since been renovated by the French Rugby Federation.

Rugby riches

At the time of publication, the 2015 Rugby World Cup was well underway. In keeping with a financial publication, this article ignores the on-field events but looks rather at the financial aspects of what is expected to be one of the best attended and most lucrative sporting events in history.

Rugby fans are all aware that the tournament organisers offer the winners a 4.5 kilogram gilded silver trophy known as the "Webb Ellis Cup", named after the boy credited as the inventor of the game. But it may be surprising to learn that that is all the organisers offer: unlike most other international sporting events, the Rugby World Cup organizers pay NO prize money to the winning team or players (of course the players don't go home empty handed – they arrange financial incentives with their home unions).

The economic rights to the Rugby World Cup are held by World Rugby, the Ireland -based organisation which controls world rugby (known until last year as the International Rugby Board). World Rugby holds these rights through Rugby World Cup Limited (RWCL), a wholly owned company formed for that purpose. World Rugby is made up of 117 national associations (of which South Africa is one)

Before each Rugby World Cup tournament the member associations bid to host the forthcoming tournament. The selection of a host is made by World Rugby's governing body in a secret vote.

In July 2007, the English rugby union won the right to host the 2015 Rugby World Cup (although some matches are being played in Wales). In return for the hosting rights they paid a record fee of GB£80 million – a large portion of which was underwritten by the UK Government. That fee was up from the £55 million that New Zealand paid to host the 2007 tournament. In return for paying the tournament hosting fee (and incurring the costs of organising the tournament), the host union keeps all the ticket sale proceeds for the tournament.

In addition to the host's tournament fee, RWCL then generates further revenue from the tournament through broadcasting, sponsorship and other commercial deals. The 2015 Rugby World Cup is expected to generate over £230 million for the RWCL. This compares very favourably with past tournaments as can be seen from the table on page 4.

World Rugby uses the profits it makes from the tournament (mostly tax free in terms of Irish law) to fund its running expenses over the next four year cycle, and it also pays undisclosed portions as grants to the member associations.

It is the member associations who then each pay their players for playing in (and possibly winning) the tournament, with

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Quarter 4 / 2015

each union free to offer its players unrestricted bonuses for reaching particular goals. It was reported in the SA media before the 2015 tournament that at the request of the Springbok players, their bonuses are not going to be disclosed to the public. However, it was reported that the French players will reportedly each earn €180 000 (R2.7m) in bonuses if they win the cup, with England's players in line to earn €136 000 (R2m), the All Blacks €93 000 (R1.4m) and Wallabies €52 000 (R780 000) each for winning. A far cry from the early 1990's when rugby was an amateur sport.

And finally, perhaps with an element of joy for Springbok rugby fans, according to published financials New Zealand spent more hosting the 2011 tournament than they recouped in gate receipts, making a loss of £15 million! So although they won the tournament they also became the first host to make a loss in doing so.

Previous Rugby World Cups Revenue Report

DETAILS	RWC 2003	RWC 2007	RWC 2011	RWC 2015
Gate receipts	£81m	£147m	£131m	£160m
Broadcasting	£60m	£82m	£93m	£110m
Sponsorship	£16m	£28m	£29m	£45m
Tournament Fee	£35m	£50m	£55m	£80m
TOTAL	£190m	£307m	£298m	£395m

NOTE: *money from the gate receipts is kept by the home rugby union hosting the world cup.*

Foreign affairs

In estate planning involving married couples, the aspect of the couple's marital regime plays a crucial role.

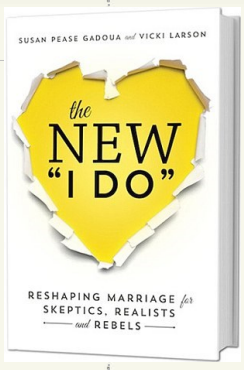
If SA law applies to a couple's marriage (more on that later) then they are deemed to be married "in community of property", unless they entered into an antenuptial contract prior to the marriage. If they executed an "ANC", then the marriage is termed "out of community of property" and the parties could in the contract have elected to include or exclude the "accrual system", a system of deferred sharing of the future increases in the value of their respective estates.

The couple's marital regime is crucial in that if a couple are married in community of property, then on the death of either (or both) it is their "joint estate" that is wound up. This means all the assets the spouses are included in the deceased estate and, after payment of debts and costs, the reside (balance) of the joint estate is divided equally between the spouses, with the deceased spouse's half-share being awarded his or her heirs, either in terms of a Will or by the laws of intestate succession.

But there are cases where SA law does not apply to a couple's marriage; this is in cases where foreign marriage laws apply to the marriage.

The crucial question is thus: which country's laws apply to a marriage? The answer can make a huge difference to both spouses - if South African law applies, a person will be married in community of property unless he or she contracts otherwise, whilst in other countries a whole host of different rules, requirements and regimes apply.

So whose law applies? According to SA law, the legal and property consequences of a marriage will, unless the spouses expressly agree otherwise, be governed by *the law of the country where the husband is domiciled at the time of the marriage*. One's "domicile" is broadly speaking the country where the husband lives and has "the intention to settle or remain permanently"). Determining "domicile" involves trying to determine mental state or "intention" - never an exact science at the best of times. Citizenship is not the issue. Moreover, the concept that only the domicile of the "husband" should count is outdated and may yet be tested in the Constitutional Court on the grounds of gender inequality.



Here is an example:

In 2000, a British male, then residing permanently in the UK marries a South African woman then living and working in the UK;

The marriage is concluded in South Africa and no antenuptial contract is executed;

After the wedding the couple returns to and resides in the UK;

In 2010 the couple sells up in the UK and relocates to SA with the intention of living permanently;

The husband dies in 2015, and in an unforeseen twist, leaves his entire estate in his Will to his child from a previous marriage.

In this example, the marital regime must be determined by the laws of the country in which the husband was domiciled at the date of marriage: the UK. UK law does not recognise marriages as being in community of property, nor does it recognise "the accrual system". Thus the deceased husband's estate will be wound up as though the couple were - in South African terms - "married out of community of property, without the accrual system". This is despite the fact that they married in SA without an antenuptial contract. This outcome would have severe consequences for the wife, as she would have no claim to half the estate, or an accrual claim.

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