



A Trip Around The Sun

Reflecting on 2016

The start of any year often calls for sober reflection of the last twelve months, hopefully aligned with a measure of optimism for the year ahead. During that reflection we far too often only recall the painful events of the previous year. At the start of 2016 we might rightly recall in 2015 the sad crane crash in Mecca, the earthquakes in Nepal, various gun shootings around the world or the crashing of the German Jetliner. All were extremely sad events; 2015 however also saw many inspiring and hopeful events with global poverty levels being the lowest in history, Africa seeing out the year with no cases of wild polio and the Fed raising interested rates for the first time in over a decade, marking hope that the 2008 financial crash was finally all but behind us. All said and done 2015 was far from a remarkable year, but offered some optimism.

As we look back at 2016 in the same way, many would say 'oh to have another unremarkable year!' 2016 has seemingly been plagued with historic lows. By July 2016 the UK's Telegraph newspaper had already questioned whether 2016 was one of the worst years in history. Similarly historians in America openly compared 2016 to 1968, the year that saw the assassinations of Martin Luther King and Robert Kennedy, as well as urban insurrections in many American cities. 2016 was also said to be worse than the Wall Street Crash year of 1929 that started The Great Depression in the United States and a world-wide economic crisis that lasted till the mid 1930's.

So was this true and what caused this panic? Yes there were the all too common worldwide shootings, earthquakes in Indonesia, numerous celebrity deaths, the Zika virus, Egypt Air flight 804 and Hurricane Matthew; I myself was caught in a typhoon in the Philippines just a few months back. It appears however that this perceived doom has more to do with politics and governments. With the release of the Panama Papers, the Brexit vote, the toxic US Presidential election, the assassination of Andrei Karlov amongst other terrorist attacks, poor human behaviour was being broadcast throughout the year.

Did this make 2016 a particular heinous year? Well time will tell, however I for one am glad to see the back of it. *Why?* As the US Presidential election has sadly shown, there is an increasing onus on the recipient of news to determine whether that news is actually true. Gone are the days, hopefully only temporarily, that we could trust our various news outlets implicitly; misinformation and sensationalism has become acceptable and those from developed countries suffer the most. The internet has become the natural home for confirmation bias and the rise of social media has both democratised and debased national discourse.

24/7 news cycles reporting worldwide conflict could leave you with the misguided impression that this has actually been a deadlier year than usual, when, in fact, the majority – celebrities included – are living longer, healthier lives. For most people, 2016 certainly has not been one of the worst years in history, but somehow it can feel that way, especially if you are a pessimist and an avid consumer of news. Rolling 24/7 news networks, with a greater global reach than ever, bring dramatized news into your living room. Statistics showing increasing prosperity across the world do little to assuage anxiety levels, when daily news alerts pop up on your smartphone. Infact on practically every single measure, the globe today is much healthier, richer and happier than it was even half a century ago.

To continue the average person earns three times as much as they did in 1966, adjusting for inflation; their lives are a third longer; IQs have risen everywhere. Whatever your views on global warming, the chances of dying from storms, floods or droughts is 98 per cent lower than in the 1920's. The malaria death rate has even fallen 30 per cent since 2000.

So if all is so good, why I am glad to see the end of 2016? Well misinformation was been widely embraced and discourse allowed to run wild. Discourse leads to fractions and speculation, actions not healthy for a wealth manager. For those that I am assisting in managing their finances and helping plan ones financial goals, you will know that I typically employ a two prong approach to investments. Whilst no two clients are the same and bespoke investment direction aside, it is known that I tend to use trend based and situational based approaches. Trend based being I investigate and look to highlight market trends, whether that be recognising a market / sector that typically increases in the summer or say a long term shift towards a developing market. Situational based, for example, could be say a significant drop in manufactured oil prices having a resulting impact on the natural resources sector. Both approaches are logical and to some degree measurable.

Whilst setting goals with my clients, it is widely accepted that these strategies are very much aligned to most medium to long term objectives. I am therefore tasked with finding those trends / situations which requires some diligence, however this task is very achievable. So after the seeds of a positive financial year in 2015 provided some glee, 2016 offered no such continuation. With the widely unexpected Brexit vote, and similar astonishment in the American Party and then Presidential votes, 2016 was void of any trends. The American market was set well on the road to recovery, the UK also looked stable, but then money moved to Asia, then Europe, Eastern Europe then Russia, into Natural Resources, into and then out of Gold. Day traders, sensationalism and misinformation were the main victors.

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Is this a worry for an industry that has suffered from other poor years? No, but if I could, in hindsight, my advice to my medium to long term investors at the start of 2016 should have been 'turn off your TV and unplug your computer and await better days ahead'. Infact those that are dollar cost averaging, you will probably see the benefits in the years to come. Those with capital in the market, usually after such turmoil follows sustained growth. The hysteria of 2016 in terms of the markets, was purely just that; hysteria. Time in the market is more important than timing the market, to steal some good advice from one of the most successful investors in the world; Warren Buffet.

All said and done, 2016 has not been the worst year in history, despite the media sensationalising it. Yes there has been many unexpected events that the markets have appeared to react to. My assertion would be to consider whether the markets have actually reacted to these events or the media portrayal of such events. This brave new world is scared, embellished, promoted, but in essence no different to before. I do not see this lasting, people are smart, as said IQs are rising, however 2016 did little to prove that point. I for one am glad to see the back of 2016 and can imagine in 2020 looking back and with a sigh reminiscing '2016, oh that year, that squandered a year of trying'.

Setting Goals For 2017

So with 2016 firmly behind us and a sense of optimism at hand, what can we improve to reach success together in 2017?

If you have not already done so, set yourselves goals for 2017, not a New Year resolution (which only about 8% of people stick to), but genuine goals. Something like setting up an emergency fund or deposit for a house. I am here to help with this and more than happy to meet and walk you through the process. A few tips for setting goals:

You should always make sure that any goal you set is SMART.

- **S**pecific – What is your goal? Is it specific enough or is it too broad? What needs to be done for you to achieve your goal? Why do you want to reach your goal?
- **M**asurable – How can you measure your progress? How will you know if you're on track?
- **A**ttainable – Can your goal actually be achieved?
- **R**ealistic/relevant – Can **you** achieve your goal? Is the goal worth it?
- **T**ime – What's your time frame for reaching your goal?

Write down your 2017 goals. Writing down your goals can be a very important part of goal setting. Whenever people fail to write something down or have it in front of them on a regular basis, they tend to forget about them and if you cannot remember your goals, it becomes increasingly difficult to achieve them. Some suggestions to aid you:

- Creating a diary to detail your progress
- Make a vision board. A vision board is a tool used to help clarify, concentrate and maintain focus on a specific life goal. Literally, a vision board is any sort of board on which you display images, or even post it notes, that represent whatever you want to be, do or have in your life. Put a picture of the type of house you wish to purchase, the dream holiday, the car, etc.
- Place reminders on your phone, calendar, or whatever else you use for your to-do list

Break your goal apart into smaller goals. Having a full year to reach your goal can be, to some, a long time; you may forget about your goal or just become overwhelmed by it or even be prone to procrastinate. You may wish to create twelve smaller goals for your overall goal, one for each month of the year each with an ascending target.

Keep track of your goal setting progress and make changes (if needed) to ensure you are able to achieve it. Many fall off the track when it comes to their goals because their daily steps are just too time consuming or they get distracted by other opportunities. Re-evaluate your SMART targets and ascertain whether your goals are achievable and desirable or whether you are not being properly committed. Adjust accordingly. Routine is key here.

One great way to stay on track with your goals for 2017 is to turn your goal setting into a competition between you and someone else. Finding an accountability partner can make reaching your goals more fun and potentially easier.



Target: Beach Holiday

Beyond 2017

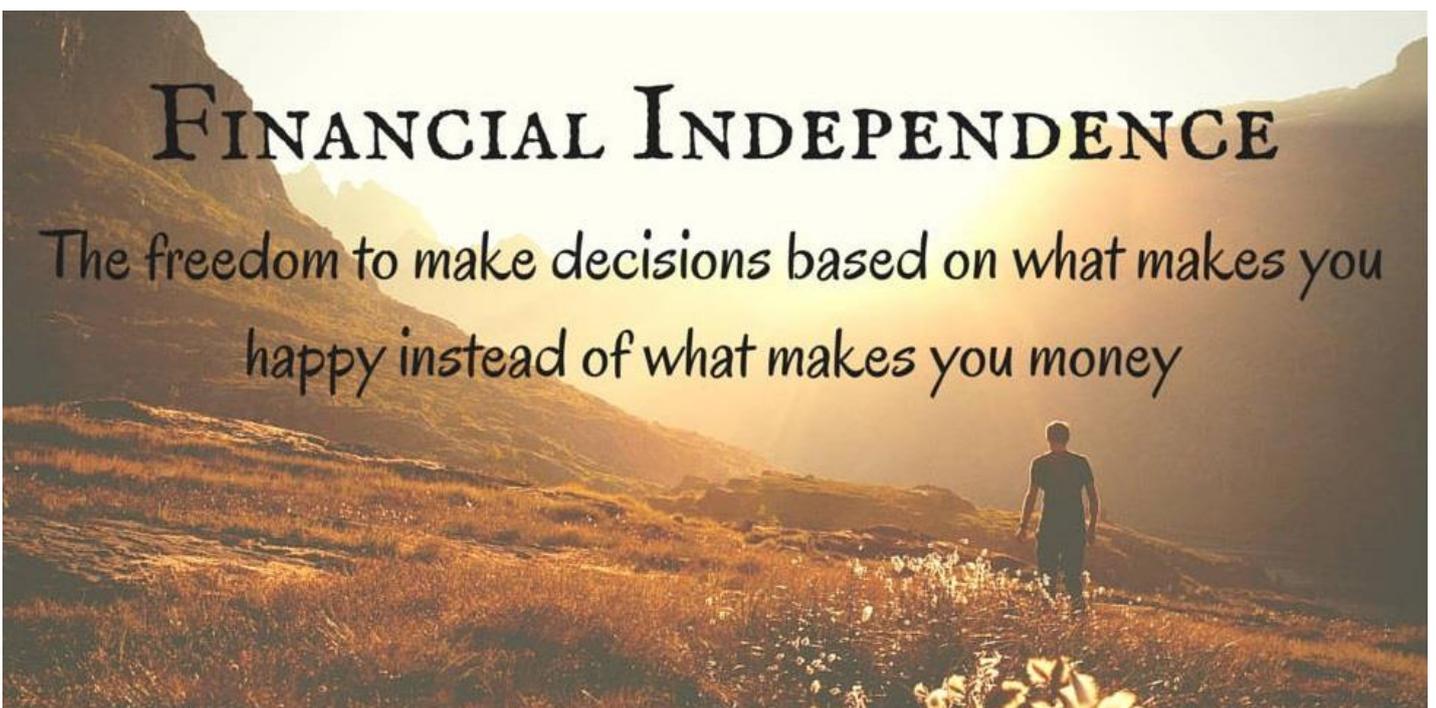
If you have not already done so, take this opportunity and optimism to create a plan to achieve your greater life goals. Most life goals take additional premediated financing. Often people are inexperienced at designing a successful life plan, however this is completely my field of expertise. Do not be afraid to call me for assistance. Your plan should detail all the steps that you need in order to reach your goals; what will happen as you reach each step, when and how you will track your progress, and what will be the end result. For example saving for the future should not start with just a target sum of money, but more the dream house, the retirement lifestyle of your choosing, the university for your children. Picturing everything will better help you reach your goal. Then take that goal and break down the financing. Again apply the rules of being **SMART**.

The dream house, the retirement lifestyle of your choosing, the university for your children

If you are a step ahead and have already started along this road, take the New Year as an occasion to review your progression. Review our SMART targets and adjust where necessary. If your personal circumstances have changed for the better in the last twelve months, could your plans take advantage of those improvements? Again do not be afraid to call me in for assistance.

At The End Of The Day: Financial Independence

My ultimate goal is to ensure that you achieve financial independence. Whilst we all certainly need goals and a plan to achieve those goals, plans can change, but with financial independence, a change of plans can be taken in ones stride. The worry being is if your plans are forced to change, or a change is desired and one has not reached financial independence, then you could be reliant on the goodwill of others or stuck not fulfilling your dream. With good planning that situation will be avoided. Live the life of your choosing and achieve the dreams that you desire, it just takes good planning and some hard work!



Written and Presented by Olly Biswas M.L.I.A. (dip), CII, Director / Co-Founder BD Wealth Management

+965 66519517 olly@bd-wm.com