



FOSTER

WEALTH MANAGEMENT

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## DEUTSCHE BANK AND THE BERLIN WALL

Trying to determine what effect the woes befalling Deutsche Bank would have on our fund prompted me to reflect on the dangers of making predictions.

Briefly, Deutsche Bank is facing the threat of a \$14 billion fine for the mis-selling of mortgage bonds in the United States of America between 2005 and 2007.

You will recall that the mis-selling of mortgage bonds was the trigger that started the great 2008 banks collapse in the United States and the so called global financial crisis. It is interesting to read that Deutsche Bank is also facing other formal enquiries into currency manipulation, precious metals trading and suspicious transfers of billions of dollars out of Russia.

Deutsche Bank's share price has more than halved this year and is approaching 1980's levels. The German banks' woes dragged other big name banks such as Barclays Bank lower as well.

In reflecting, not only on the woeful ethics displayed by Deutsche Bank, but also on the knock-on effect it would have on our fund – in other words trying to make predictions. I remembered attending a Rotary Foundation dinner in 1989 where the much respected keynote speaker predicted that the Berlin Wall would fall within 10 years. They started knocking the wall down the following day! I had to remind myself that I had resolved in 1989 not to try to make predictions.

And so, as is always the case with events and breaking news, we as a team decided not to overreact, not to make predictions and simply to carry on reviewing our funds' performance and to remind ourselves that investing is long-term in nature and should not be influenced by particular events.

Our fund is well diversified, both geographically and in terms of the fact that it contains all the main asset classes, these being equities, property and interest bearing investments.

Peter Foster

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