



[WEBSITE](#) [ABOUT](#) [PRODUCTS & SERVICES](#) [LIFEGOALS](#) [WHAT'S NEW](#) [CONTACT](#)

We are here to keep you  
and your loved ones

**safe**



**Issue 15 | June 2015**

We welcome you to our June 2015 Newsletter.

May was a particularly busy month for the Emergo team, as we launched online services for several of our institutional clients and continued to increase the membership of our LifeGoals multi-employer provident fund. The online portal of LifeGoals will continue to add to its range of added value services for its members, including insurance products and customised investment products, designed to offer access to flexible, internationally diversified portfolios for all risk profiles.

On the subject of diversification, this month's newsletter features an article from our Director of Client Services, Michael Hadjihannas. With more than 15 years of experience in the industry, Michael is well placed to offer some advice on investing sensibly and achieving our financial goals. Diversification is the cornerstone of the investment management business and it can never be advocated too strongly. The economy of Cyprus has fallen victim to not being diversified enough in its revenue drivers - with the collapse of the real estate sector and consequently the banking sector leading to the deep recession of the last several years.

The theme of the second article of today's newsletter, written by our analyst, George Mavros, talks to the relationship between GDP growth and unemployment. With the Q115 GDP growing for the first time in several years, the article is timely in that it looks at what we can expect in terms of the unemployment decreasing as the economy recovers.

As always, we would love to hear from you with any feedback on our articles or for any questions regarding our services. For more information on how to join LifeGoals and for a demo account to the online portal, please call us at 7000 2424 or email us at [info@lifegoalsfund.net](mailto:info@lifegoalsfund.net).

**Dr. Mike F. Balm**  
**Managing Director**

## The Benefits of international diversification

*By Michael Hadjihannas*

Throughout recorded market history, it is exceptional to find a single market that has consistently

performed amongst the top stock markets globally. It is even more difficult to predict which market will be the next top performer in any given year. This simple reasoning is probably the best advocate of international diversification, especially considering investment portfolios of a long-term horizon.



Drawing from the annual market returns map presented, it is not hard to understand why holding a globally-diversified portfolio has historically out-performed domestic-only portfolios on a risk adjusted return basis.

Investing globally is not about maximising performance in any given year. The main benefit from investing in countries with low cross-correlations is to improve the risk-adjusted performance of a portfolio - that is taking less risk for the same level of return or earning a higher return for the same level of risk.

[Click here to read more..](#)

## Unemployment and economic growth: How are they related?

By George Mavros

Recent data show the Cypriot economy returning to positive growth in the first quarter of 2015. And while this is great news, many will wonder what this means for one of the most scrutinised economic indicators, unemployment.

The unemployment rate in Cyprus has seen a dramatic rise in recent years, rallying from just 6.8% in the first quarter of 2011 to 16.0% in the first quarter of 2015. The global financial and sovereign debt crisis and the bail-in program of March 2013 can be considered the two main contributing factors. A closer look at the statistics reveals that the unemployment rate has actually declined from 16.6% in the fourth quarter of 2013 to 16.0% in the first quarter of 2015.

Additionally, youth unemployment stood at 32.9% in the first quarter of 2015, up from 19.5% in 2011, but lower than the all-time high figure of 40.1% in the third quarter of 2013.

High unemployment rates are damaging to any economy. They can result in social problems, such as higher crime rates and expansion of the black market. Another, perhaps more significant challenge in the longer term, is the emigration of human capital. When the unemployed seek jobs in other countries, their talents and economic contributions may be lost permanently. All these impede both the short and long run economic growth of Cyprus and delay its path to recovery.

[Click here to read more..](#)

---

## Stay Connected



---

Emergo Wealth | [info@emergowealth.net](mailto:info@emergowealth.net) |  
P.O. Box 25193  
Nicosia, 1307

Copyright © 2015.  
All Rights Reserved.