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Newsletter
12 | 13 March 2015

We welcome you to our March 2015 Newsletter.

This month's feature article is about the big benefit one can get by starting to save and invest early in life. Einstein called it the miracle of compounding and he proclaimed that: he who understands compound interest earns it, he who doesn't, pays it.

At the risk of oversimplifying a subject that has posed a challenge for many business students, earning interest upon interest shows increasing benefits over time. So the longer we save, the better off we are, the closer we get to reaching our Life Goals...

As always, we would love to hear from you with any feedback on our articles or with any questions regarding our services.

Dr Mike Balm, Managing Director

The miracle of compounding (or why we need to start saving early)

"Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it."

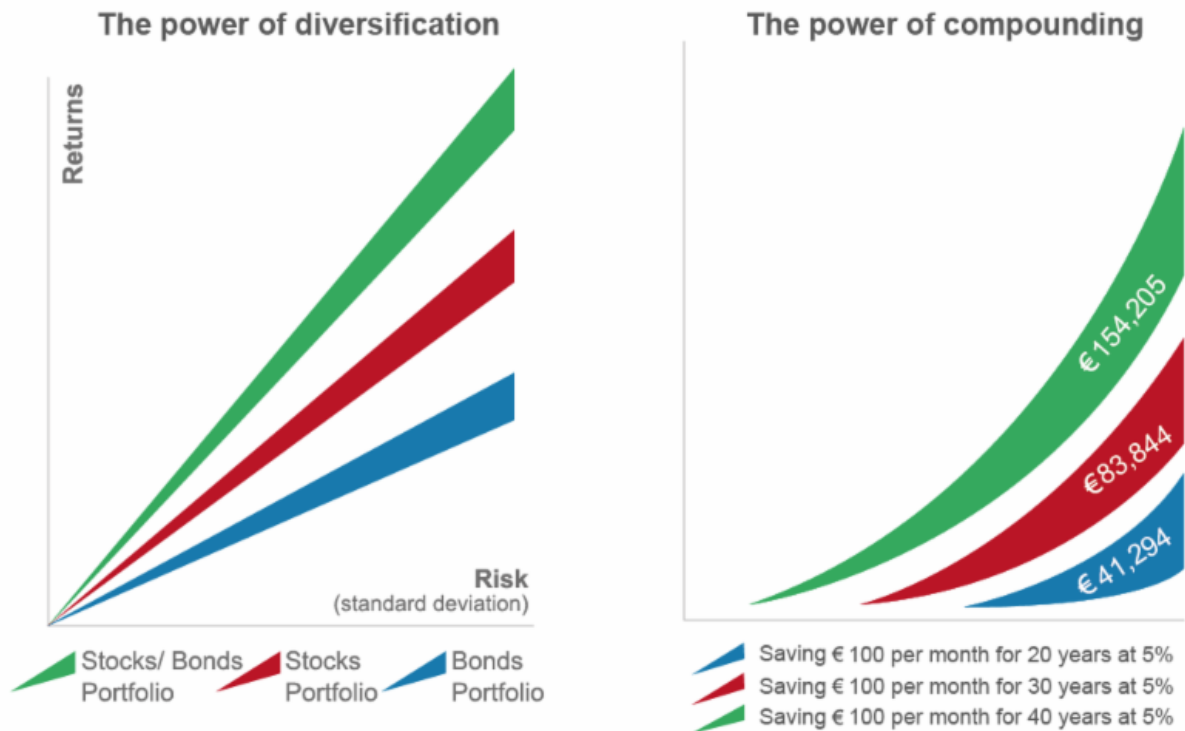
Albert Einstein

According to Albert Einstein, compound interest is "the greatest mathematical discovery of all time". While I think that Einstein was exaggerating to make a point, what really makes compound interest such a vital part of our lives is how it applies to our money - both our savings and our loans. Compounding is simply the process by which earnings from an asset are reinvested and generate more earnings. The «miracle of compounding» means that - with reinvestment - the income potential of our savings accelerates with time.

To illustrate consider this: Peter and Eleni are both 25 years old. Eleni invests €10,000 in a fund that returns 5% per year, with the return compounded annually. In 40 years, she will have €73,584 ($€10,000 \times 1.05^{40}$).

Peter, starts investing 10 years later and he also invests €10,000 in the same fund that returns 5% per year. When they reach the age of 65, Peter will have €44,677, a staggering €28,908 (39%) less than Eleni even though they both invested the same amount.

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About Emergo Wealth

Emergo Wealth Ltd. is a fully-fledged financial services and investment advisory company, built on world-class professional expertise, integrity and transparency. We provide investment advisory, asset and portfolio management, brokerage and administrative services that enable our clients to rely on turnkey, total solutions to manage their business and grow their wealth.

We offer corporate finance advisory and management consulting services, including advice on debt restructuring and on M&A transactions. Our research desk offers a range of proprietary reports on a number of sectors of the Cyprus economy as well as ad hoc analysis reports upon request.

Emergo Wealth is registered with the Cyprus Securities & Exchange Commission under the provisions of the applicable legislation (License Number 232/14). More information on the Company and its products and services can be found at www.emergowealth.net

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