Bond Yields hold the Key
Choosing your retirement home
Understanding your personal inflation rate
Our Noordhoek office turns One!
Personal Trust

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- Investment & Portfolio Management
- Retirement Planning
- Offshore Financial Services
- Tax Services
- Money Market
- Wills
- Estate Planning

Personal Trust has been in successful operation for more than 35 years, and has offices in Cape Town (Rondebosch and Noordhoek), Somerset West, Knysna, Port Elizabeth and the UK.

For more information, please contact Belinda Danks on 021 689 8975
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I am writing this in mid-April prior to absenting myself from my Editorial duties as from the 20th when I leave for the UK for a month. During our time away my wife, Eve, and I will visit the 1st World War battlefields, cemeteries and memorials and, after our return, I hope to include an article on this visit in the September issue of Personal Opinions. In my absence my co-editors will, I know, do an excellent job of producing a high quality Personal Opinions June edition.

The middle of March was a busy time both at home and away. On the home front, the SASSA/CPS/Net1 debacle was in the spotlight with the Concourt having to lay down rules regarding pension pay-outs. We lost the rights to host the 2022 Commonwealth Games at Durban and, after the over-spending at the 2014 Soccer World Cup, it is probably just as well. Our application to host the 2023 Rugby World Cup is more sensible as we have all the necessary venues and infrastructure. There was also the Helen Zille ‘Colonial’ tweet – why must people tweet? – and the break-in at the office of Chief Justice Mogoeng Mogoeng and the theft of computers containing sensitive Constitutional Court information.

The result of the Netherlands election on 15 March was a victory for anti-populism. After Brexit and the American elections, right-wing Geert Wilders had been expected to strongly challenge Prime Minister Mark Rutte’s V.D. party. Also in mid-March there was the Trump-Merkel meeting – hardly the most friendly of encounters. The House of Commons voted in favour of Theresa May triggering Article 50 towards the end of March which she did on the 29th.

In the meantime, north of the border, Nicola Sturgeon continues to make a nuisance of herself! In the US no-one knows what is going to happen from one day to the next – Donald Trump probably does not know either! Just as a Romcom is a Romantic Comedy, a Polcom is a political comedy. Certainly there’s no need to watch ‘Isidingo’ or ‘Days of our Lives.’

The London terrorist attack on 22 March emphasised the danger, worldwide, under which we live. This was underlined by the Stockholm attack on 7 April – a truck assault reminiscent of those in Nice and Berlin – and this was followed by the Dortmund bus bombs. However, despicable as these attacks were, they pale into insignificance compared with the Palm Sunday IS bombing of two Coptic Christian churches in Egypt. No matter how efficient the anti-terrorist units are, radical extremists will continue to glory in their suicide missions, killing and maiming the innocent.

More serious still is the sabre-rattling between the US and North Korea with Trump and Kim Jong-un hardly the most level headed of leaders. Gold has been a resultant winner, hitting a five month high. Inevitably Economics and Politics are inexorably intertwined. The fall-out from President Zuma’s ‘night of the long knives’ resulted in serious, if not disastrous, consequences for the country. Standard & Poor’s downgrading of our sovereign credit rating to junk status, followed by that of Fitch, saw the rand continue its fall, initially caused by the Cabinet reshuffle. Simultaneously Ahmed Kathrada’s passing was the catalyst that awoke the man in the street, resulting in the massed anti-Zuma protest marches of 7 April. The impending ‘Vote of No Confidence’ in the President and the present political turmoil are likely to persuade Moody’s, the third ratings agency, to follow S&P Global and Fitch in also down-grading our credit rating.

How does the downgrade affect us? The country’s borrowing becomes more expensive, overseas investors become wary of investing, inflation will gradually rise, and the possibility of an interest rate cut is minimised. As is always the case it is the poor who are hardest hit – food and transport inflation affecting the poor especially.

Mark Huxter’s article – ‘State of Emergency; Bond Yields hold the Key’ – provides a knowledgeable summary of the position in which we, South Africa, stand post-Provan Gordhan. Other articles of interest are Gavin Ashwell’s explanation of how to calculate one’s personal inflation rate; Renette Hendriks’ feature on Life Rights and Sectional Title; and Belinda Danks’ information regarding Pensioner benefits and discounts.

In my last two Editorials I have mentioned the drought in the Western Cape. Now a mention is insufficient – we need a statement of fact: we are facing a drastic water shortage with the hopes for early Winter rains failing to materialise. The news that the go-ahead has been given for Karoo ‘fracking’ – a process requiring the use of vast amounts of high pressure water hosing – is thus all the more vexing.

Order has been restored to the tennis world with ‘The Fed’ [Roger Federer] turning back the clock and winning the Australian Open and the first two Masters’ titles. Faf du Plessis and his men were successful in New Zealand – with the aid of the weather; the ‘Blitzboks’, our Rugby Sevens side, are enjoying a tremendously successful season; and Ireland, having prevented the All Blacks from creating a 19 match winning streak, did exactly the same to England. That kept the leprechauns laughing!

And now a laugh at the Editor’s expense. The other day I was parking my car at Bishops with the CD playing Mozart’s Flute and Harp Concerto, a piece I know particularly well. Suddenly, for the first time, I detected a second Flute. It was only when my rear bumper hit the post behind me that I realised that Flute Two was in fact my car warning me of impending danger! Ed
Let’s remain rational and remember that Zuma will depart the political scene in due course – one way or the other. As I have stated frequently, have faith in the best-crafted constitution in the world and remember we Africans are resourceful people. But the question has to be posed: could the Gordhan firing set the stage for an internal ANC split that gives birth to a pro-reform, centrist party? We very much doubt it.

Therefore I reiterate that in these trying times which plague and test investor emotional mind-sets, a level-headed approach is always more successful than fear-driven impulses. Economic fundamentals do count and as, globally, central banks are still wary of tight interest rate policies, then on the relative valuation matrix equities globally, on a total return basis, remain the preferred asset class.

The initial South African investors’ stance prior to Zuma’s predatory moves was to have a balanced portfolio; with overweight South African domestic equities, as we believed South African risk premium spreads would tighten further while ratings downgrade concerns dissipated, underpinning a Rand rally, supportive of the onset of a Reserve Bank monetary easing cycle.

Prior to Zuma’s political self-preservation act, and with South African equities ex-Naspers trading at parity to Emerging Markets, one looked to position portfolios in sectors that shine in periods of South African equities’ outperformance. Categories such as Real Estate, Paper (Mondi), Retail (Mr Price, Woolworths, and Foschini), Food Producers (Tiger Brands) and Banks (FirstRand) have displayed the highest reaction ratio; which provided 12 month returns. See table below of SA asset class returns (%):

<table>
<thead>
<tr>
<th>Latest (ZAR)</th>
<th>MTD</th>
<th>QTD</th>
<th>YTD</th>
<th>12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>362.78</td>
<td>0.63</td>
<td>1.86</td>
<td>1.86</td>
</tr>
<tr>
<td>ILBs³</td>
<td>244.32</td>
<td>-2.15</td>
<td>-0.53</td>
<td>-0.53</td>
</tr>
<tr>
<td>Equities²</td>
<td>7 250.08</td>
<td>2.68</td>
<td>3.78</td>
<td>3.78</td>
</tr>
<tr>
<td>Bonds -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALBI</td>
<td>544.66</td>
<td>0.40</td>
<td>2.49</td>
<td>2.49</td>
</tr>
<tr>
<td>GOVI</td>
<td>544.66</td>
<td>0.44</td>
<td>2.52</td>
<td>2.52</td>
</tr>
<tr>
<td>OTHI</td>
<td>554.42</td>
<td>0.28</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>Credit -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFIX30</td>
<td>147.45</td>
<td>0.93</td>
<td>4.04</td>
<td>4.04</td>
</tr>
<tr>
<td>CFIX95</td>
<td>146.85</td>
<td>0.92</td>
<td>3.87</td>
<td>3.87</td>
</tr>
<tr>
<td>Credit -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFL030</td>
<td>145.02</td>
<td>0.95</td>
<td>2.73</td>
<td>2.73</td>
</tr>
<tr>
<td>CFL095</td>
<td>139.49</td>
<td>0.61</td>
<td>2.98</td>
<td>2.98</td>
</tr>
<tr>
<td>Property J253T</td>
<td>2 131.86</td>
<td>0.11</td>
<td>1.37</td>
<td>1.37</td>
</tr>
</tbody>
</table>

1 STEFI
2 JSE ASX total return inflation-linked series – C11
3 ALSI

Now we must be prepared for unrestrained tax increases; with state spending on projects that will drain tax payers for decades to come as other pet presidential projects are fast-tracked. In essence, investors (foreign) have failed to recognize the fundamental problem underpinning the disarray in the ruling African National Congress (ANC); namely, growing electoral discontent resulting from persistently high unemployment and income inequality, and the ANC’s inability to implement coherent, rational economic policies to address these issues given the President’s predatory self-preservation. As any opposition party is not perceived as a viable home yet, it is absolutely irrational to expect the ANC to pivot towards pro-market reforms, especially while led by a man who thinks “scruples” are a Russian currency.

Instead, Zuma gives voters a simple story that sounds logical and explains the world in clear, transparent outlines that amounts to and is nothing more than blatant autocracy! The politically paranoid Zuma constantly portrays the idea that he is caught up in a grand fight with evil powers [White Monopoly Capital] where the survival of a free non-racial South Africa is at risk.

In the current climate, where people have a need for clarity and simple, transparent stories – stories in which good and evil are clearly distinguishable from one another – Zuma has sharply polarised democracy in South Africa, feeding the narrative and giving rise to the belief that the political opponent is considered to be an enemy that is to be annihilated. He has done this, simultaneously reinforcing the rise of tolerance, acceptance or even approving attitude in respect of his authoritarian tendencies, which he believes will make him untouchable while he embarks on total “state capture”. It is after all about the state, its resources, probity, morality and South Africa’s very future.

Zuma’s surprise predatory move on his own ANC has now spelt junk status for South Africa and therefore we must accept that we will pay more for our borrowing on bond issues; that the Rand will be a good deal weaker; that inflation will balloon higher; that the Reserve Bank, the last bastion of defence, may well be forced to be proactive and reverse earlier thoughts of rate cuts this year and become more aggressive than expected on interest rates in 2017.

Before dealing with strategy in this new environment, let us revisit the article – The year of the “Fire Rooster” and Reflation – published in the March edition of Personal Opinions. There we gave our thoughts on the potential performance across asset classes;
given that inflation and inflationary expectations will make a
comeback especially in the United States, as the reduction in the
flow of goods, services, capital and people gradually increases
supply constraints. It seems that our view, expressed at the
beginning of 2017, has and will reward carefully considered
long-term strategies and stock picks.

As always the Emerging Markets are in a fluctuating state of turmoil
and while not for the faint-hearted the “carry trade” appears to
remain a strong driver for Emerging Market performance. Please
note that South Africa is not alone, as uncertainty about the outcome
of the Turkish constitutional referendum worries investors; besides
stresses in Venezuela, there is rising political risk from corruption
scandals in Brazil, Peru and Colombia and mass anti-government
protests in Russia and Argentina. Political developments and less
attractive valuations in the second quarter may surprise markets
that bought Emerging Market risk in the first.

“Revised Strategy”: Given the above Emerging Market
environment and in particular that in South Africa, and given
Zuma’s predatory moves, one clearly needs to stick closely to
a long-term thematic investment approach with a strong Rand
Hedge tilt. While the “State of the Nation” address and recent
political upheavals in South Africa strongly point to medium-term
uncertainty, we still remain committed to our long-term portfolio
construction which currently warrants a cautiously optimistic
approach to growth assets in contrast to other asset classes. This
is reinforced by the long-term potential of a constructive economic
outlook in the Emerging Market space, despite short-term risks
highlighted in the paragraphs above.

Global Macro: Hard economic data continues to lag the surge
in leading indicators. While the latter will most likely soften from
current levels, the former should improve on trend. Moderate United
States fiscal stimulus and significant tax cuts are still likely.

Equities: Equities in South Africa show that there is an increasingly
large component of the Financial and Industrial index which derives
the bulk of earnings from offshore sources; they are therefore less
tied to the South African economic outlook and thus should be
assessed using global and not local risk free rates. This would
enable one to take a greater equity exposure, though equity
valuations may still seem a little on the expensive side on an historic
basis when compared to bonds. However, with an improving global
growth profile, equities as an asset class look considerably less
demanding on a forward basis.

We stay neutral on global equities overall, with a regional
preference for Switzerland and the EMU (European Economic
& Monetary Union). Relative valuations, rising oil prices and
improving momentum after the recent underperformance are
supportive. While Japan’s equities are weak, we remain cautious
given the potential for Yen strength. However, as noted above, the
central theme is whether the “relitigation trade” is over or is merely
suffering from temporary indigestion and is transitioning to growth.
We hold to the latter view and reaffirm our overweight
allocation to offshore equities.

Bonds: Bonds are currently of fair value but political uncertainties
mitigate strongly against overweight positions. Globally we have
government bonds back to neutral weight as forward-looking
economic data peaks.

Alternative Investments: Alternatives typically comprise hedge
fund, private equity and commodity exposures. We stay positive
on certain commodities, especially energy, as markets are likely to
improve as refineries ramp up activity in Spring. However, with oil
we still expect stagnant prices as rising oil prices will encourage
more United States shale production, which will dampen any future
price increases. Gold prices will be constrained by the rise in both
interest rates and the dollar, in anticipation of stimulus.

Listed property: After strong gains in the first quarter, Emerging
Market real estate equities are likely to underperform other regions.
Forward property yields of 7.2% in South Africa are below 10
year Government bond yields. Given the correlation to bond yields,
such equities should be avoided as economic growth is expected to
be sub-par at least until 2018. Valuations may be approaching
levels that merit some caution.

Preference shares: The current gross yield is 10.5% and this
continues to stack up favourably with one year money market
yields, and there is a natural support via share buybacks which
should continue to underpin capital values. On a two year view
a better “parking bay” than cash.

Investment Grade Corporate Credit and Sub Investment
Grade: Growth prospects in South Africa are affected by recent
events; certain stresses are already seen in challenges emerging on
a number of high yield issuers. Globally among credits, we still see
most potential in investment grade corporates, including financials.
Currencies: Cyclically, stay short on the Euro and commodity currencies (the Rand especially). While cyclical headwinds against the Yen are plentiful, the tightening in Chinese monetary conditions could provide a further support for the Japanese Yen; the currency plays a role as one of the most reliable safe havens in a challenging and complacent investment environment. We are positive on the British Pound, which appears undervalued and should strengthen on the back of strong inflation data projections and therefore increasing interest rates. Firm favourite in the current environment remains the US Dollar, which enjoys strong support from US interest rates.

In conclusion, our view is that capital markets are transitioning from reflation to growth. However, in South Africa, bond yields will remain bedevilled by policy decisions resulting from the ratings’ downgrades; this could result in some further weakness as the inflation rate, given expected misguided Treasury actions (read radical socio-economic transformation), increases the risk of reversing the favourable CPI (Consumer Price Index) trend.

Why the focus on South African bonds and rising South African government borrowing costs? It is evident that the potential for leaving even less money for essential services is directly linked to the much greater concern of what happens to the local currency rating. Given that total issued rand-denominated government bonds total approximately R1.3 trillion, foreign investors own more than 35% of this debt.

If both S&P and Moody’s [it needs two agencies to accord Junk Status] move the local currency rating to sub-investment grade in the next review, that would then result in forced selling of South African bonds of about R120 billion by these investors that index to the Citibank World Investment Grade Bond Index, in terms of their investment mandates.

This would trigger massive consequences for South Africa with a negative impact on bond exposure in future returns, especially for balanced funds. These consequences would no doubt benefit portfolio construction tilts, that overweight Rand hedge equities and Preference shares; away from cash, bonds and balanced funds.

Policy uncertainty globally, rising global interest rates, and a trend towards nationalism and protectionism add to our sense of caution. The reflationary impulse that helped drive the rebound in risk assets beginning in early 2016 has flagged in recent weeks. Commodity prices have largely flat-lined, bond yields have come off earlier highs and inflation expectations have retreated. A consolidation phase for risk assets may prevail in the near term, but cyclical conditions remain positive.

In summary, stay overweight in equities versus bonds; cash on a 12 month view. A transition from reflation to growth will dominate capital markets in 2017. Overall, this view is consistent with our overweight stance on equities versus bonds, but note absolute returns on a balanced portfolio will likely be low. Government bonds are vulnerable to total return losses, particularly for longer maturities and G7 bonds, as yields rise. Improving earnings will provide support for equities, but rising bond yields (falling price) could put downward pressure on P/E (Price/Earnings) ratios.
CHOOSING YOUR RETIREMENT HOME – Freehold, Sectional Title or Life Right?

Renette Hendriks, Associate Director in charge of our Fiduciary Department, compares the various options available when purchasing a retirement home.

When deciding to downscale, move to a retirement home or into a retirement village, you are often faced with the choice between buying a property outright, purchasing a unit in a sectional title complex or buying a life right. What are the major differences between these options and what are the main points to consider in making this important decision?

To fully understand the differences, it is essential to define and look at the benefits and the drawbacks of each of the three options:

Freethold or outright ownership entails the transfer of full ownership rights which includes the building and the land on which the property is built.

Sectional Title entails separate ownership of sections or separate units within a development. You acquire a section (or sections) and an undivided share in the common property which are collectively known as units. Most of the modern retirement villages fall into this category and are made up of mini subtype houses or living units, governed by a Body Corporate.

By entering into a so-called Life Right Agreement, you only acquire the right to reside in a unit for the remainder of your lifetime or until such time as you move out of the unit. This right can usually be transferred to your surviving spouse upon your death but will fall away upon the death of the last-dying spouse.

The pros and cons of the three options in relation to each other are:

- Freedom and independence: Unlike freehold or outright ownership where the owner is in complete control, has the ability to make improvements to the property and is financially responsible for the property in its entirety, the holder of a sectional title unit only owns part of a scheme and will need to comply with the management and conduct rules as laid out by the Body Corporate. The owner of a life right is equally restricted. The flip side of the coin is that you may prefer to relinquish your independence in favour of communal living when looking to downscale.

- The Body Corporate “majority rules”: The rules and regulations of any particular retirement village may change and sectional title or life right owners may not agree with these changes. As a sectional title owner, you will further be liable for the debt of the Body Corporate. It is thus important to ascertain whether the scheme is being well managed and that the financial statements of the Body Corporate are all in order before you buy into it.

- Security: Most life right complexes and sectional title developments have excellent security and access control which is included in the monthly levies – and living in a communal environment, in close proximity to your neighbours, further adds to personal security. Owners of freehold properties, on the other hand, are entirely responsible for their own security.

- Affordability: Unlike freehold properties, where the owners carry the sole financial burden of paying for their own home insurance and the upkeep of their homes and grounds, owners of sectional title units and life rights pay a monthly levy. Most levies include insurance premiums, maintenance of the common property, wages and salaries of maintenance staff, and security. Generally speaking, a sectional title unit or life right unit within a complex is in most instances more affordable than a freehold property.

The life right option, unlike freehold or sectional title ownership, should not be regarded as a property investment. Neither the purchaser nor his or her Estate will benefit financially from the transaction. You basically get out what you have paid for the life right, less any reasonable costs associated with restoring the property to the state that it was in when you took occupation thereof. It is worth noting that life right developments are strictly governed and regulated by the Housing Development Schemes for Retired Persons Act 65 of 1988. This act goes a long way towards protecting the rights of retired individuals buying into complexes and retirement villages. A developer has to adhere to these strict regulations which include the registration of a Section 21 Company with a Memorandum of Incorporation, detailing how the life right scheme will be run. The developer is also obliged to obtain an architect’s certificate declaring that the building is fit for its purpose. The Life Right Agreement between the developer and the occupant must also specify the estimated levies for a period of 24 months in advance and the fact that prospective occupant knows and understands his or her rights and is fully aware of what he or she could recover if the life right comes to an end, has to be recorded.

It is important to discuss the various options available to you with your Trust Officer who will assist you in making an informed decision.

<table>
<thead>
<tr>
<th>Freehold/outright ownership</th>
<th>Sectional Title</th>
<th>Life Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers freedom and independence of owning own property.</td>
<td>Only own part of the scheme – will need to comply with rules. Rules are subject to change by Body Corporate. Liable for debt of the Body Corporate.</td>
<td>Only own part of the scheme – will need to comply with rules. Rules are subject to change by Body Corporate.</td>
</tr>
<tr>
<td>Responsible for own security.</td>
<td>Good security included in monthly levies.</td>
<td>Good security included in monthly levies.</td>
</tr>
<tr>
<td>Carry sole financial burden of property.</td>
<td>More affordable – monthly levies for maintenance etc.</td>
<td>More affordable – monthly levies for maintenance etc.</td>
</tr>
<tr>
<td>Benefit from any increase in property prices.</td>
<td>Benefit from any increase in property prices.</td>
<td>Not an investment in property - get out what you paid for initially.</td>
</tr>
</tbody>
</table>
“Inflation is as violent as a mugger, as frightening as an armed robber, and as deadly as a hit man” ... Ronald Reagan.

In the current investment environment, where returns are expected to be lower than they were over the past decade, investors may increasingly need to review their living standards and make adjustments to ensure wealth creation.

The South African year-on-year inflation rate, as measured by the consumer price index (CPI), continues to remain outside the Reserve Bank’s target band of 3% to 6%. In December 2016 it was 6.8%, and as at March 2017 it had declined to 6.1% due to a slow-down in food inflation. Interestingly, one of the sectors that reflected the largest year-on-year price increases was education.

Generally speaking, our personal inflation rate is higher than the official CPI rate. You only have to be reminded of the annual increases in medical and energy costs to understand what I mean. These costs are mostly outside our control, but we can influence our personal inflation rate by our spending habits. For example, instead of buying the latest smartphone, we could opt for a cheaper model or keep the existing phone until prices come down.

From a financial planning point of view, investors need to aim to keep their personal inflation rate as low as possible to allow their investments to prosper. If your personal inflation rate is 9% and you invest in a portfolio targeting a return of CPI + 3% in an environment where inflation is 6.8%, the return generated by the portfolio (an assumed 9.8%) doesn’t really provide an opportunity for meaningful wealth creation. In addition, these returns need to be net of costs.

So, how do you calculate your personal inflation rate? Firstly, one needs to calculate your standard of living. This is determined by adding together all sources of monthly income (salary, bonus, allowances, pension, other taxable income) less amounts that you don’t or can’t spend (tax, contributions to savings, bond repayments).

The table below illustrates the concept:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total monthly earnings</td>
<td>R21,250</td>
<td>R23,375</td>
</tr>
<tr>
<td>Tax</td>
<td>(R2,500)</td>
<td>(R2,700)</td>
</tr>
<tr>
<td>Savings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>(R2,500)</td>
<td>(R3,525)</td>
</tr>
<tr>
<td>Discretionary Bond</td>
<td>(R1,250)</td>
<td>(R1,250)</td>
</tr>
<tr>
<td>Bond</td>
<td>(R5,000)</td>
<td>(R5,000)</td>
</tr>
<tr>
<td>Increase in spending</td>
<td>R10,000</td>
<td>R10,900</td>
</tr>
</tbody>
</table>

The difference between your living standard in 2017 and 2016 (the percentage increase in spending) is effectively your personal inflation rate. In the above example it is 9%. The purpose of calculating your personal inflation rate is to have a benchmark against which you can measure the performance of your investments. If your investments only grow (after costs) by the inflation rate, then they are merely maintaining their buying power. The rate at which they grow above inflation is the real generator of wealth.

A critical component of accumulating sufficient retirement capital is reducing your personal inflation rate as much as possible. Other obvious factors are reducing investment costs, appropriate asset allocation and saving as much as possible.
Our Noordhoek office turns One!

Conrad Hendrick, Trust Officer, takes us through the first year after the Noordhoek office opened its door.

The Noordhoek office celebrated its first birthday in May, and it is hard to believe that an entire year has passed since opening its doors. They say that time flies when you’re having fun ... 

In light of the ever-increasing issue of traffic congestion moving in and out of the Fish Hoek Valley, it made sense for us to open a local servicing hub for the convenience of our many clients residing in the area. It also provides an opportunity for folk with similar needs at or nearing retirement to benefit from our unique brand of personalised financial services.

It was at the outset an exciting prospect for me, an ex-Fish Hoek pupil and current local, to bring such a reputable business to town – but the reception we received was well beyond anything we could have expected. The many courtesy visits of existing clients and the great response to our advert in the local newspaper meant that between work-related activities, meetings and chats over coffee, we have been busy from the get-go – a very warm welcome indeed.

Over and above client service, we have continued the Personal Trust tradition of playing an active role in the community. Our current partners include Fish Hoek Bowling Club, Masi Rugby, and the local retirement villages where many of our clients reside, namely Noordhoek Manor, Silvermine Village and Peers Village.

Fish Hoek Bowling Club serves as the place for local bowlers to have fun and show off their talent whilst also socialising. Personal Trust has sponsored a number of competitions there this year and the response in increased membership numbers and the promotion of both men and ladies teams in their respective leagues, following a successful 2017 season, is absolutely fantastic.

At Masi Rugby Club we sponsored the 2017 First XV rugby jersey and the team currently remains unbeaten after the first three league games of the season. We’re certainly looking forward to the remaining home games and encourage local residents to come down and support our local boys in the beautiful surrounds of Noordhoek and Chapman’s Peak.

The Masiphumelele Rugby team sporting their sponsored jerseys. John le Roux (Personal Trust Chairman) is on the left and standing on the far right is Thando Gobe (Personal Trust Managing Director)

‘Healthy Ageing’ seminars have been the topic at the local retirement villages, and our ‘Happy Bus’ has taken some of our clients for morning tea and scones at Groot Constantia Manor House. Needless to say, these outings were a hit and we may need to look at increasing our capacity going forward.

All in all, we are having a fantastic time doing what we do best – going beyond the financial and really caring for our clients. We do hope the Personal Trust family will continue to grow in the Southern Peninsula.

Please do not hesitate to contact me, or my assistant Kathy Candy, on 021 7853298 should you require any information.

SNIPPETS

Malibuye Tom, Trust Officer, provides clarity on an issue, and gives us some tips on investing effectively for income requirements.

Clarity on a Snippet from the March 2017 edition of Personal Opinions, under The Taxation Laws Amendment Act: “Dividends received from preference shares to now be deemed to be income and taxable in the hands of the holder.”

This new legislation applies only in cases where Dividend Withholding Tax was not applicable, namely when:

a) The preference share dividends were distributed to a beneficiary via a Trust
b) The preference share dividend was paid from a non-resident company.
Changes are a-ringing in Knysna

Johann van der Westhuizen, Director in charge of our Knysna office, shares some of the changes that have taken place in their office.

2017 started with a resounding bang! With Catherine Suckling resigning in February, several changes were needed to ensure client service and continuity. As a consequence of this, we have restructured the Knysna office which has led to marked changes that we trust will benefit all our clients.

We welcome Sonnet Theunissen who joined our team in the middle of March. Sonnet has taken over the front desk duties from Tina Parsons as well as assumed responsibility in a Trust Officer Assistant role for a portion of our client base.

Elmari Vosloo has taken on Catherine’s role as ‘Trust Officer under supervision’ and she will focus on managing our clients East of Sedgefield. Tina has taken over Elmari’s role as Trust Officer Assistant.

Gerda van Tonder remains Office Manager but has, in addition to her role as Trust Officer Assistant, assumed responsibility as ‘Trust Officer under supervision’ and will be managing clients in the immediate Knysna area. In time, Gerda will also be involving herself in tax work.

Prof Stadler’s role of opening a George satellite office to service clients in that area remains on track.

Oversight of the office and mentoring of our new Trust Officers remains my responsibility. Clients will receive the same high quality advice they have become accustomed to. Our Trust Officers have been chosen in recognition of their outstanding service to both clients and to Personal Trust and their commitment to our Personal Trust values.

I wish each member of our new team every success as we move forward.

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Some rules for investing effectively for income requirements:

- Understand what you are investing in, e.g. the rates quoted, fees, and investment mandate of the fund you’re investing in
- Ensure that you have suitable access to your funds
- Match your income receipt dates to your needs
- Consider tax implications i.e. interest is taxable, whereas growth and interest received in retirement funds (retirement annuities and preservation funds), and tax-free savings accounts are not taxable
- Do not leave cash in a one day call account unless you really need to
- Don’t be too conservative – remember the power of compounding but also the effects of inflation
- Pay off high-cost debt before investing for interest
- Always remain on the conservative side of drawings, even when markets/returns are great.

The Common Reporting Standards (CRS), due to start applying in South Africa in June 2017, will impose reporting obligations and exchange of information that will affect international tax planning. Trusts have been particularly targeted and may be obliged to report on information in relation to their beneficiaries, settors, protectors and trustees.

Economic snippets:

- South Africa’s Gross Domestic Product (GDP) contracted by 0.3% in the 4th quarter of 2016. This is the first 4th quarter contraction since 2008. According to the International Monetary Fund (IMF), South Africa’s economy is expected to grow by 0.8% this year, which is slightly higher than the forecast for Nigeria of 0.6%. Nigeria’s economy contracted by 1.1% in 2016.
- China’s GDP growth in the 1st quarter of 2017 accelerated to 6.9% year-on-year.
- The United Kingdom’s inflation rate has remained steady at 2.3%. The Bank of England’s target is 2%. It is expected that inflation will breach 3% later in the year. The Argentinean central bank has an inflation target for 2017 in the range of 12%-17%.
Clyde and his family have been associated with Personal Trust for many years. Clyde’s mother Cicely Holland, his wife Linda, his sister Yvette and her husband Trevor Coleman (and their children David and Emma) and his in-laws Mike and Cathy Parker and their daughters, Linda – married to Clyde – and Deborah are all clients.

Clyde’s background in the sport:

National player for SA WCR team
- 2009
- 2013
- 2015 (Captain)
Total SA Caps: 16
Chairman of SA Wheelchair Rugby
- 2005 – 2008
- 2009 – current

Prior to ending up in a wheelchair I was quite a ‘Sport Addict’ and loved to partake in all types of sport. My main passion was anything to do with flying and it still is. I loved skydiving; in fact I’ve jumped out of a plane 1,622 times. I had so much fun from taking inflatable boats out of a CASA plane from around 16,000ft above ground. Besides having fun I was a skydiving instructor, tandem master and a pilot. Over and above jumping out of planes, I did lots of cycling, running and played squash.

A date I won’t forget is 16 March 2003 – the day my life changed – 14 years ago.

I had a skydiving accident; I was about two floors above the ground and coming in to land my parachute when I collided with another parachute and I hit the ground very hard. I broke my neck, pelvis, cracked the middle of my back and injured many organs inside my body. Luckily for me, I don’t remember the accident at all. Loll

I woke up three weeks later in hospital; I couldn’t move my arms or hands and I definitely couldn’t move my legs. I was paralysed from the chest level down – a quadriplegic (tetraplegia). I spent nearly two months in intensive care where I had to learn to breathe again.

Lying in hospital I realised that my life had changed. I could not hold a can of Coke, I couldn’t open a packet of chips. I had no strength at all. So I started stretching elastic bands, which took all my strength but I kept on. I was determined to get some strength back.

After leaving hospital, I went to a physical rehabilitation centre for three months to learn how to live life in a wheelchair. There I was taught how to get into a car, how to get dressed, etc. While at the rehabilitation centre I was told about a sport that I might be interested in called Wheelchair Rugby.

I left the rehabilitation centre weighing 74kg, 22kg lighter than from the day I had my accident.

I started playing wheelchair rugby in Pretoria three days after leaving rehab. I was slow, really slow. People walking could overtake me! But I kept going back to practice – every Monday and Thursday without fail, I went to practice.

Two years after I started playing I was invited to attend a national team training camp. I was super stoked and excited to go, but I never made the cut for the SA WCR team.

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More on South Africa Wheelchair Rugby (SA WCR)

The SA WCR mission is to ensure that all affiliated members have the opportunity to participate in Wheelchair Rugby at their personal level of ability.

SA WCR provides a sport for mixed male and female participation with mobility-related disability in at least three limbs (tetraplegia). It’s a unique sport created by athletes with a disability; it combines elements of rugby, basketball and handball. Players compete in teams of four to carry the ball across the opposing team’s goal line. Contact between wheelchairs is permitted, and is in fact an integral part of the sport as players use their chairs to block and hold opponents.

South Africa Wheelchair Rugby is an associate member of South Africa Rugby Union (SARU) and is a registered Non-Profit Organisation (120 759NPO).

WCR in South Africa is growing year on year. In 2016 we had eight teams competing in the “SA WCR League”, in 2017 we could see this grow by another two and in 2018 another two. However, all this growth and development is subject to SA WCR and athletes being able to afford and supply rugby chairs. Without chairs the sport will struggle to develop and grow.

The 2017 SA WCR league will be held over five rounds and will see teams from Cape Town, Stellenbosch, East London, Bloemfontein, Pretoria, Rustenburg, Soshanguve and Johannesburg competing.

We have applied for sponsorship from various companies and institutions but, due to the economic climate in South Africa, we have been unsuccessful thus far. Lotto has also turned down our applications over the last few years.

As mentioned, we do not have any title sponsor to date and we rely heavily on players to fund themselves. We do receive administration funding from SARU, but that funding would not cover any of our strategic plans and it is not financially viable for athletes and staff to fund these.

SA WCR does have a plan in place that outlines our pathway till 2020; the schedule is very exciting for us and more so for the athletes. Participation in tournaments to be held in Germany, New Zealand and Japan is planned. SA WCR is also looking at hosting international events in South Africa, hopefully within the next two years.

Currently, SA WCR has the following social media exposure – Twitter, Web page and Facebook – and our following is growing steadily. Recently, Toks van der Linde and Kobus Wiese were introduced to the sport when they came and watched and supported the National team compete at the BT WWRC15 (www.wwrc15.com) against New Zealand in London.

Cullen (11), Clyde, Linda & Keira (8)

I had not been selected.

What can I say – six years and three invites to selection camps later, I finally made the South Africa National Team, known as the “Wheelboks”. So off to New Zealand I went with the “Wheelboks” and played against Australia, New Zealand, Japan and Korea.

Since being selected for the team in 2009, I have been part of every National team for South Africa. To stay part of the National team requires a lot of dedication and hard work. For fitness during ‘on’ seasons I train three times a week in my rugby chair for two hours and twice a week I do gym work. If I had the time I would train more and harder; because the harder you train, the better you get.

In 2015 I was given the honour of being the captain of the “Wheelboks” for the tour to London, where we competed in the BT World Wheelchair Rugby Challenge. We played against some of the top eight teams in the world: Australia, USA, Japan, New Zealand, France, Canada and Great Britain.
How long have you been with Personal Trust and what made you apply to join the company?

I joined in September 2016 so have been with the team for about eight months. I previously worked in one of the largest Black Empowerment Architectural firms in South Africa, rated Level 2 in the coveted “Broad-Based BEE” category. About ten years later it was time for a change – and so here I am!

What was your first impression of the company?

On my first day here, I was welcomed by HR, offered a cup of coffee, a brief orientation and a tour of the facilities. I was provided with a complete overview of Personal Trust and the company’s values. Personal Trust was not only ready for me to start, they made sure that I understood that I was valued and would play a significant role in the organisation. My confidence in the company was high and I knew that I had made the right choice in joining Personal Trust!

What department do you work in and what is your role in Personal Trust?

I am the first person a client sees when visiting the company, as I work at the reception desk. My daily functions are: answering the switchboard, receiving visitors and making sure they are comfortable. I facilitate the distribution of faxes, cheques and registered mail, arrange for and receive couriered mail, and manage the booking of the company car. I also assist senior management and staff with the assignment of meeting rooms.

Tell us about yourself

I come from the small town of Narraville in Walvis Bay (Namibia) and I love going home every chance I get as it’s my most special place. I am also the proud mom to my absolute favourite little 5-year-old.

I am confident in my ability to deliver and, while I prepare for the worst, I do the work necessary to tilt the odds so that the best will happen. I’m bubbly and outgoing with a great sense of humour. I’m willing to help anyone in need and when I’m committed, I’m all in. Every day I work to improve myself and my skills – that’s part of becoming better at what I do. I love myself and the world around me. I love my family and do everything I can to make sure they have what they need. I would say that I am independent, determined and an absolute lover of life.

What are your interests?

I am a great music fan. Music can describe feelings and thoughts – it’s the key to creativity and music kicks in every time words fail me. I recently rediscovered my passion for colouring and storytelling. My daughter allows me to bring out the inner child in me, and I absolutely love looking at life through her colourful eyes. I enjoy wine tasting and one of my favourite places to go is Warwick Wine Estate – that’s where you’ll find me and my best friend (who is also the father to our amazing little human) on a Saturday afternoon.

In one sentence how would you describe yourself?

I’m a unique original because God made me in his image.
Discounts for Pensioners

Applicable to telephone bookings and Barnyard Productions.

**Two Oceans Aquarium**
Pensioners’ discount applies on entry as well as a discount on a yearly pass.

**Ster-Kinekor Theatres**
Those 60 years and over can apply for membership of the Seniors + card which offers daily savings on the purchase of movie tickets. You will need to pay R14 to activate the benefit.

**Medical**

**Cape Hearing Aids**
Offers free hearing tests for Pensioners. Branches are located in Claremont, Goodwood, Pinelands, Sea Point, Table View and Wynberg.

**Eyesave Optometrists SA**
Offers free eye tests for all pensioners every day of the week. Branches are located in St. George’s Mall, Kenilworth, Grass Park, Mitchells Plain, Blue Downs and Atlantis. An appointment needs to be made.

**Places of Interest**

**Eagle Encounters at Spier Wine Estate**
Pensioner discount available every day of the week for entry into the park.

**Franschhoek Motor Museum**
Pensioner discount available on admission.

These are just some of the many benefits available to the over 60’s. There are a number of websites listing what is available, but in many cases restrictions and terms and conditions apply. Please first confirm the details of all discounts and benefits before proceeding with your purchase.

Although it may not always feel like it, there are benefits to growing older… the wisdom that comes from years of experience, free time to do the things you never had the time to do, the pleasure of grandchildren and, one that is not to be sneezed at is the financial discounts and benefits that only apply to older people – and there are many if you know where to look.

They usually apply to those older than the age of 60 and require a pensioners’ card and an ID. Here, we have listed a few in the Western Cape to give you an idea of what is available so you can research others which may interest you. The important thing is – if you’re not sure – ask.

**Retailers**

**Builders Warehouse**
If you are 60 years or older, you can apply for the Builders pensioners’ card and receive 10% discount on purchases.

**Game**
Game customers over the age of 60 can apply for a Senior Citizens Discount Card which is valid on a Wednesday. Qualifying customers get 10% off the first R1,500 spent plus weekly discounts on a wide range of merchandise.

**Travel**

**Mango**
Those over the age of 60 can book a Mango flight on selected flights on Tuesdays, Wednesdays and Saturdays and receive 10% off the cost of the fare.

**Hertz**
For bookings made via call centre agents, anyone over the age of 55 can receive a discounted rate of up to 15% when renting a car any day of the week.

**Entertainment**

**Barnyard Theatre**
The Barnyard Theatre in Cape Town offers ½ price Wednesdays for those 60 years and older. Only
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RONDEBOSCH OFFICE: Personal Trust House Belmont Park Belmont Road Rondebosch 7700 · P O Box 476 Rondebosch Cape Town 7701 RSA
Tel: 021 689 8975 · Fax: 021 686 9093 · e-mail: personaltrust@pttrust.co.za · website: www.personaltrust.co.za

SOMERSET WEST OFFICE: G03 Parc du Links Niblick Way Somerset West 7130
Postnet Suite Number 126 Private Bag X15 Somerset West 7129 RSA
Tel: 021 852 2265 · Fax: 021 852 9298

NOORDHOEK OFFICE: Unit 1 – No. 3 Carlton Close, Sunnydale, Noordhoek 7979 · P O Box 1030 Sun Valley 7985
Tel: 021 785 3298 · Fax: 086 210 4931

KNYSNA OFFICE: Theisen House 6 Long Street Knysna 6570 · P O Box 2320 Knysna 6570 RSA
Tel: 044 382 2100 · Fax: 044 382 7427

PORT ELIZABETH OFFICE: Ground Floor Elizabeth Place 1420 Pickering Street Newton Park Port Elizabeth 6045
P O Box 34496 Newtown Park 6055
Tel: 041 363 0300 · Cell: 076 071 9033 · Fax to Email: 086 210 4931

INTERNATIONAL OFFICE LONDON: 17 Hope Street Douglas Isle of Man IM1 1AQ · P O Box 909 Beaconsfield Buckinghamshire HP9 1JH.
Tel: 0044 7973 255 259 · Fax: 0044 1494 400 313

DIRECTORS AND SHAREHOLDERS
KS Andrews BCom CA(SA) PG Dip[Tax Law], AD Calmeyer AEP™, J Falconer CA(SA), M Gibbs BAcc CA(SA),
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GL White CFP® BCom PGD Mgmt(Mkt)

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