‘RAMAPHORIA’

STEINHOFF’S ‘CREATIVE BOOKKEEPING’

LEARN THE LINGO

VERTREES MALHERBE

AUGUST: ORGAN DONOR MONTH
PERSONAL TRUST – VALUE PROPOSITION

To provide personal, professional investment management, financial planning and ancillary financial services to our clients and their families:

PERSONAL SERVICE AND TRUSTED RELATIONSHIPS

- Build long-term, personal relationships of trust and care with our clients and their families to ensure their and future generations’ financial security and well-being.
- Provide excellent, ‘old-fashioned’ personal and caring service to our clients on an ongoing basis.
- Provide care and support to clients in difficult family situations through our social wellness initiative.

HOLISTIC FINANCIAL PLANNING

- Provide holistic management of client affairs under one roof – Investment Management, Financial and Estate planning, Tax, Wills, Trustee services and Administration of deceased estates.
- Deal with one Trust Officer who manages all elements of clients’ affairs with Personal Trust.
- Gain a detailed and thorough understanding of our clients’ financial needs and family set-up, ensuring all-encompassing advice on investments and estate planning.
- Determine clear and understandable financial and investment goals and develop portfolios and a financial plan as a roadmap to achieving these goals.

INVESTMENT PERFORMANCE AND RISK

- To protect and grow clients’ capital over the long term based on their investment mandate and agreed risk profile.
- Target consistent and competitive investment performance through an experienced investment team and a robust investment decision-making process.
- Provide cost effective investment solutions through our in-house asset management offering.

EASE OF ADMINISTRATION

- Provide cash management and other administrative services to clients who are less able to manage these aspects of their own affairs.

INVESTMENT BEHAVIOUR AND DISCIPLINE

- Instil financial discipline and encourage clients to improve their financial behaviour through close relationships and ongoing monitoring and review of their portfolio and financial plan.
- Improve the clients’ investment decisions by understanding the behavioural and emotional biases of investing. Emotional and irrational decisions are the largest destroyer of investor value.

FOR MORE INFORMATION, PLEASE CONTACT BELINDA DANKS ON 021 689 8975
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Cyril Ramaphosa was elected President of South Africa on 15 February. As I studiously write this Editorial on Workers’ Day, 1 May, our President has enjoyed 75 days in office. Much has happened in that time and much more has been promised.

After nine years of maladministration and misrule, positive remedial action needed to be taken – and it was. On 26 February, the appointment of Pravin Gordhan as Minister of Public Enterprises; the restoration of Nhlanhla Nene to his former position as Minister of Finance; and the choice of Gwede Mantashe as Minister of Mineral Resources steadied the good ship ‘S.A.’ and we, the passengers, felt that economic stability was being restored. This feeling was augmented, on 18 March, when Tom Moyane was removed from his position as Commissioner of SARS, being replaced, as Acting Commissioner, by Mark Kingon. He is to meet regularly with the Deputy Finance Minister and thus the close association of Revenue Service and Treasury will be restored. For all South Africans this is good news, with increased revenue coming into the State coffers.

The proactive steps undertaken by the new administration were positively recognised by Ratings Agency Moody’s who kept South Africa’s foreign and local currency rating unchanged, while S&P Global lifted our Growth Domestic Product (GDP) growth forecast for 2018 from 1% to 2%. Welcome news for the country.

A major problem facing Cyril Ramaphosa is the thorny issue of Land Expropriation without Compensation. He has repeatedly stated that he will not allow the economy to be destroyed, agricultural production to be affected, or food security to be sacrificed, simply to placate those wanting immediate action. What we do not need is a Zimbabwe-style ‘land-grab’ which would devastate the economy and nullify the good governance and positive economic steps being undertaken in other spheres. Ramaphosa will be well aware that anything other than a well-orchestrated, systematic and controlled hand-over of land could well inhibit overseas investment.

A positive development for the country was Energy Minister Jeff Radebe’s signing, on 4 April, of power purpose agreements (PPAs) with 27 independent power producers (IPPs). According to the Minister these IPP projects would result in R56 billion of new investment over the next two to three years and the creation of over 60,000 full-time jobs, particularly in rural parts of the country. 2,300 MW of energy would be supplied with no carbon dioxide emission. Apart from providing electricity, the project should result in increased investment and economic growth.

The rapid rise in the development and influence of the BRICS bloc has been good for South Africa; in July Cyril Ramaphosa takes over the chairmanship of the Brics Summit. India, under Prime Minister Narendra Modi, has become one of our main trading partners, and there is the potential for an economic and commercial partnership between our two countries. The India-South Africa Business Summit, held this last weekend (29/30 April), was most successful with the Ministries of Trade, Commerce and Industry of both countries holding beneficial discussions. More good news on the economic front.

The cryptocurrency debate continues with strong arguments put forward both for and against this type of investment. Those who “got in” early made considerable amounts of money; those who unwisely decided to jump on the bandwagon at the wrong time lost large sums. However, as a worldwide monetary system cryptocurrencies are gaining credence. There has been an interesting development in Dubai. Payment on interest and money speculation is against Sharia principles but the linking of cryptocurrencies to gold bullion has resulted in the Islamic authorities providing their support.

Two recent multinational meetings have held particular significance for South Africa. The Spring Meeting of the IMF in Washington and, simultaneously, the Commonwealth Heads of Government conference in London provided the President and his delegation the ideal opportunity to try to obtain major investment contracts.

As always, there are interesting articles in this issue, none more so than Glenn Moore’s ‘Ramaphoria’ everywhere except the JSE.

I have recently re-read Cry, the beloved Country. The scene is initially set in the hills and valleys of the Ixopo region of southern Natal. The hill-tops are green and lush and the grazing is good; in the valleys, however, the arable land has been over-cultivated and the topsoil, blown by the wind, is carried seawards by the Umzimkulu River. It is 1946 and we first meet Ufundsisi Stephen Kumalo, Rector of St Mark’s Church in Ndotsheni. He and his wife live alone, his brother John, his sister Gertrude – 25 years his junior, and his son Absalom having left several years earlier for Egoli (Johannesburg). They, like so many other young men and women, have left their family kraals to find jobs and anticipated wealth in the big city.

A young girl brings a letter addressed to Stephen. Hesitantly he and his wife open it and read of news that Gertrude is seriously ill. Stephen sets off for Johannesburg – and the story begins …

And that is where I leave you. If you haven’t read Alan Paton’s classic tale – may I suggest that you do. If it’s years since you last read it, perhaps it’s time to re-visit Chinatown, Alexandra, Orlando and Claremont. Ed
Glenn Moore, Director and Fund Manager, discusses the recent market performance and why we are experiencing weaker returns than in previous years.

What a fabulous December holiday we all had knowing that the new President of the ANC was Cyril Ramaphosa, and that sooner or later he would be the President of our country. Finally, after a decade, the ANC found its moral compass and we could all be proudly South African again.

It was a close-run affair with President Ramaphosa winning by a small margin and ending up with the Top 6 who seemed divided down the middle. Sceptics suggested that the President’s hands would be tied and that he might be a lame duck — how wrong they were.

If one re-reads the editorials written at the beginning of the year, it’s remarkable that most of the incompetent ministers and public servants have been fired or side-lined as was recommended. New boards at many of the SOEs have been installed, the crooks are being hounded by once moribund security services — and the unthinkable has happened; VAT has been raised to 15% without a national strike.

At his inauguration Cyril Ramaphosa promised and is delivering: “Send me, I wanna lend a hand!” he quoted Hugh Masekela. Our President, it seems, has many hands including the proverbial economic invisible hand and one feels confident that the economy will improve significantly in the next few years.

All this good news, however, has not necessarily been good news for investors. In the four months from December to end March, the JSE All Share Index is down 7%, primarily due to the strength in the rand, which has resulted in a decline in the index-heavy rand hedge counters.

The table below highlights the movement in some of the very large cap shares which make up nearly 50% of the JSE All Share Index:

<table>
<thead>
<tr>
<th>Share</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naspers</td>
<td>-22%</td>
</tr>
<tr>
<td>Richemont</td>
<td>-9%</td>
</tr>
<tr>
<td>Billiton</td>
<td>-3%</td>
</tr>
<tr>
<td>Anglo American</td>
<td>+8%</td>
</tr>
<tr>
<td>Sasol</td>
<td>-6%</td>
</tr>
<tr>
<td>British American Tobacco</td>
<td>-20%</td>
</tr>
</tbody>
</table>

On the other hand, the so-called SA Inc shares which are also part of the index, but have smaller weightings, have been major beneficiaries of the renewed political optimism:

<table>
<thead>
<tr>
<th>Share</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Bank</td>
<td>+25%</td>
</tr>
<tr>
<td>First Rand</td>
<td>+19%</td>
</tr>
<tr>
<td>Barlows</td>
<td>+8%</td>
</tr>
<tr>
<td>Bidvest</td>
<td>+15%</td>
</tr>
<tr>
<td>Shoprite</td>
<td>+11%</td>
</tr>
</tbody>
</table>

Managers of retirement money have had a particularly difficult time over the last four months. The so-called balanced funds — which have broadly diversified portfolios — have seen all asset classes, except bonds and cash, deliver negative returns over this period.

The table below highlights the returns of the various asset classes:

With the equity market down, offshore assets suffering double digit drawdowns and property surprisingly weak, it is unsurprising that the average balanced fund has declined by 5.2%.

The question is, should the fund managers have been more proactive and had more money in SA assets? With the benefit of hindsight, if we had known for certain that Cyril Ramaphosa would win we would have significantly reduced offshore exposure as the rand was pricing in a worst-case scenario. If, however, Nkosazana Dlamini-Zuma had won (and it was a mere 89 votes), it would have been regarded as imprudent to have not had the maximum offshore exposure.

Sadly for many investors with balanced portfolios, the returns this year will continue to be poor relative to previous history. Later in the year the comparative year-on-year numbers will be weak simply because the rand was 14.50 to the dollar and Naspers was R4,000 per share.

However, going forward — with a more stable political environment, an improving SA economy, and renewed investor confidence — portfolio managers will be able to construct portfolios for positive outcomes rather than constantly having to hedge out the uncertainty that characterised the latter part of the Zuma era.

It is always necessary when managing retirement capital to have some insurance built in to portfolios. For example, dollar cash and bonds will always be a part of the mix due to their inverse correlation with SA equity. Having a good balance in an equity portfolio between resources, rand hedges, financials and industrials is prudent as the future is never certain. A healthy exposure to income-producing assets, property, bonds and cash remains a corner-stone to provide the income flow in a retirement portfolio.
One has often heard an accountant say, ‘For every debit there must be a credit’. This is how the double-entry bookkeeping system works and the total of debits must equal the total of credits. This is verified by drawing up a trial balance which adds up all the debits and all the credits.

The difficult part in understanding this double-entry bookkeeping system is that debits and credits can be ‘good’ or ‘bad’, depending on whether you are looking at the income statement or the balance sheet. In the income statement income are credits (good) but expenses are debits (bad). On the balance sheet liabilities are credits (bad) and assets are debits (good).

The share capital and the accumulated profits of a company are credits in the books of account. One then has a formula: assets (debits) = share capital plus accumulated profits plus liabilities (all credits). One can rearrange the formula to read assets minus liabilities = share capital plus accumulated profits. Thus, the value of a company is the total assets minus the total liabilities.

If one ran the company at a loss, this would be shown as a debit balance and would reduce the share capital of the company. When the accumulated loss (debts) exceeds the share capital of the company (credits), then the company is insolvent because the liabilities would exceed the assets.

It does appear that there has been some very creative bookkeeping in the Steinhoff financial statements, with credits being shown as income rather than liabilities and debits being shown as assets rather than expenses. I quote from the Business Report of Monday 23 April 2018, which was reporting on the Steinhoff AGM: “However, Steinhoff said an independent and unrestricted investigation by PricewaterhouseCoopers (PWC) had uncovered an overstatement of income and assets at Steinhoff”. It then quoted Steinhoff as saying during the presentation: “The investigation confirmed a pattern of transactions undertaken over a number of years across a variety of asset classes that led to the material overstatement of income and asset values of the group”.

It also appears that loss-making companies were sold to supposed third parties but the purchase price was not paid – but left as an amount owing to Steinhoff in debtors. The big question is, are these debts fully recoverable?

PWC have been hired to verify the annual financial statements of Steinhoff. This means that they need to verify that all the assets of the company in fact exist and ensure that their value is not overstated. It has already been reported that the properties that Steinhoff own in Europe are not worth €2.2 billion but only €1.1 billion. If this is correct, we already have a problem because the assets of the company have been overstated.

They also have to verify that all the liabilities of Steinhoff have been recorded and that they are reflected at their true value. In the presentation to shareholders by the Management Board of Steinhoff at the Annual General Meeting held on Friday 20 April 2018, it was stated that the total group outstanding external debt was €10.4 billion.

As stated earlier, the true value of Steinhoff shares is the correct total of all the assets less the correct total of all the liabilities.
I currently hold Steinhoff Preference shares. What is the difference between ordinary and preference shares, specifically when it comes to the payment of dividends, and am I less at risk? Are there different types of preference shares?

Ordinary shares are the most popular and commonly spoken about listed equity. They are frequently traded on financial markets around the world such as the JSE. Ordinary shareholders own a piece of the company and have certain rights, such as the right to vote on issues during shareholder general meetings, as well as the right to a percentage of a company’s profit when available (at the Board of Directors’ discretion). This voting right is not enjoyed by preference shareholders, giving them no control in the company’s management.

Preference shares are listed on the JSE in the same way as ordinary equity shares. They are issued by companies as an alternative way to raise capital without diluting existing shareholder value. Preference shares are sometimes referred to as a hybrid security due to their bond-like characteristics. Like bonds, preference shares have a par value which is affected by interest rates. When interest rates rise, the value of the preference shares declines, and vice versa. With ordinary shares, however, the value of the shares is regulated by demand and supply of the market participants.

We say that preference shares are similar to debt instruments, as they pay investors a fixed return in the form of a dividend. They get the first bite of the profits in the form of preference share dividends (the rate is usually linked to the prime rate).

Though preference shareholders are not guaranteed to receive dividends, they have a preferential right to be paid before ordinary shareholders – as long as the company has made a profit. This provides a degree of income protection relative to ordinary shareholders.

There are mainly two types of preference shares:

Cumulative preference shares – they entitle the holder to a fixed percentage dividend each year. If in any year no dividends are paid out, the arrear dividends must be paid out in future years and must be settled before any dividends are paid to the ordinary shareholders.

Non-cumulative preference shares – also entitle the holder to a fixed percentage dividend except, in this case, unpaid dividends in one year do not carry over to future years.

Another important consideration is the treatment of preference shareholders in the event that a company becomes financially insolvent (bankrupt). If this were to happen, and the company were to liquidate all assets, what would happen?

Preference shares have a greater claim to a company’s assets relative to ordinary shareholders. However, if the company were to liquidate, all creditors and bondholders must first be paid out, before preference shareholders will receive any money. Thus, they are ranked one position higher than ordinary shares, when it comes to their claim to a company’s assets. This offers the preference shareholders an added layer of protection of their capital.

Preference shares are typically less volatile than ordinary shares and offer investors a steadier flow of dividends. However, the downside of this steady and more predictable income stream is that they will typically trade at a stable price, leaving little chance of a large capital gain. They also forgo the chance of a higher dividend when the company has excess profits as their dividends are set, unlike ordinary shareholders who may receive a higher dividend when the company is performing well.

Although in theory preference shares are less risky than ordinary shares, this should not be used as a ‘blanket rule’. One must still conduct due diligence and analysis of the underlying bank/company issuing the preference shares, in order to ascertain whether the investor is making an informed decision. A preference share in a poorly run company is not necessarily less risky than an ordinary share in a really solid well-managed company.
Elmari Vosloo, Junior Trust Officer at our Knysna office, takes us through the building blocks of a unit trust investment.

So, understanding investments and financial jargon is difficult, right?...

Wrong…

Most people are often of the opinion that investments are extremely complex and way too difficult to understand but, as with most disciplines, it helps to understand the building blocks thereof. Interestingly, most disciplines develop a certain language and it is this language (lingo) that can be very confusing. So what are the building blocks of investments? These are called asset classes, and listed below are the four more commonly utilised classes:

**Shares (also called equities/stocks):** A share is a small piece of a company that you can buy, and in return you share in the profit of that company. If you hold more than one share in a company, it is called a stock. Shares are traded on stock exchanges and there are currently five stock exchanges in South Africa, namely:

- Johannesburg Stock Exchange (JSE)
- ZAR X
- 4 Africa Exchange (4AX)
- A2X
- Equity Express Securities Exchange (EESE)

**Bonds (also called fixed interest instruments/stocks):** A bond is where you as the investor lend money to a borrower (corporate or government) and they pay you a pre-determined interest rate over an agreed period of time (usually greater than 10 years). Bonds are issued mainly by companies and governments that require vast amounts of money for rolling out capital intensive projects.

**Property (also called REITs – Real Estate Investment Trusts):** This refers to commercial property e.g. shopping malls, factories, office and industrial buildings. You can buy property shares on the JSE and each of the listed property companies owns certain properties, giving you the opportunity to invest in your favourite mall in return for a share in their profit. The figure below illustrates the process to invest in a REIT.

![Property Investment Process](https://www.griffincapital.com/investor-education/understanding-reits)

**Cash (Money Market/Call account deposits):** A cash investment is any short term obligation (shorter than 90 days) that provides a return in the form of an interest payment.

Unit trust fund managers take these four building blocks and use different combinations thereof, as permitted by the investment mandate contained in the Trust Deed of the Fund, in order to construct a certain type of unit trust fund. This process is called asset allocation. What type of fund it is will depend on the weight of the building block inside the unit trust fund, i.e. an equity unit trust fund will consist of mainly equities. For example:

![Asset Allocation Diagram](https://www.commsec.com.au/support/learn/investing-basics/what-is-fixed-interest.html)
Unit trust funds that have a mix of all the asset classes are called multi-asset funds and it does not matter whether the assets are local or offshore; the asset classes will remain the same.

Sometimes a unit trust fund reports a percentage holding in Commodities. Commodities are any raw material or primary agricultural product that is tradeable and is split into types – namely hard and soft commodities. Hard commodities are usually natural resources that are mined e.g. gold, platinum and copper. Soft commodities are usually agricultural products or livestock e.g. wheat, pork, soybeans.

Unit trust funds do not hold the actual commodities but they rather purchase securities with the value of the security being determined by the physical commodity securitised. Because commodities are quite different from the other asset classes, in that they are physical products you can actually touch or that can be delivered as opposed to the others that are financial instruments, there are different opinions as to whether commodities should be a fifth asset class and many fund managers will report their holding therein separately.

Difficult?... No, easy!

Now that you understand the building blocks of a unit trust fund, the next important question is: “How do I know that the fund I am invested in, is the right fund for me?” We will endeavour to answer this question in the next issue of Personal Opinions.
Loans to children – what you need to know in advance

Loren Godet, Trust Officer, provides practical tips on what to consider when funds are loaned to family members.

Parents often want to assist their children, even when they are adults and financially independent. Your adult children may have approached you rather than securing a loan from a bank, or you feel responsible to assist them when times are tough. Whatever the case may be, there could be unintentional consequences when the documentation is missing or there is no documentation to prove that it was a loan that was made. A written agreement is always preferred above an oral agreement – remember that memories fade as time passes!

The main purpose of this article is to focus on loans between parents and adult children, but many of the principles apply to loans between you and non-family members, partners and extended family members. My advice is to consider your family circumstances before agreeing to a loan. Will your other children or step-children feel that they have been treated unfairly if you provide a loan to one child only? Will you inform your other children or keep this information private?

What if your child can’t repay the loan – will it affect your own financial situation negatively? The latter point is often overlooked and it is therefore advisable to ask your Trust Officer whether a loan will affect your own financial situation, either from an income or capital perspective, should the loan not be repaid. For example, providing a loan for your son/daughter’s start-up business is risky and you must consider the worst case scenario. This brings us to a few practical points for consideration when drafting your loan agreement:

- Both parties must sign the agreement.
- The agreement must be dated.
- Both parties should keep a copy of the signed agreement.

Records of loan repayments should be kept by both parties and final acknowledgement of the full repayment must be signed by both parties, and dated.

You may ask why it is necessary for all the documentation? The main reason is that we need to understand what happens if either party passes away before the loan is repaid.

A record of loan repayments may be requested by the executor of the deceased estate, should there be any outstanding loans and/or interest at the date of death of either party. Again, think of your family situation and your Will here. If you as parent and loan provider pass away suddenly, and you have had no signed loan agreement, will one child be prejudiced above the other children where your Will stipulates an equal inheritance to all children and no collation? Or will your heirs (read children) be negatively affected when there is no proof of a loan to be repaid to your estate late account, when you made a loan to a friend? The documentation is key!

You may request an amendment to your Will where substantial amounts are provided for loans. This will alert the executor, but it remains important to keep records of repayments, and an additional loan agreement is still advisable. The executor will need proof.

Another reason why it is better to have a written loan agreement is to protect yourself from potential SARS queries, especially where the loan amount exceeds the annual donation limit. As per current tax legislation, the tax-free donation amount is R100,000 per tax year. Donations above the limit will be taxed at 20%. You don’t want a loan to be interpreted as a donation, which could potentially be the case without proof.

Drafting a loan agreement between you and family members may feel uncomfortable, and you may (silently) not expect full repayment, but be sure to take your family circumstances into account if you want to avoid an uncomfortable family situation later.
Over 55 and selling a small business?

Kristin van den Berg, Associate Director and Trust Officer, discusses the Capital Gains Tax concessions available when selling a business.

When approaching retirement, owners of businesses may start considering their options to sell the business and the Capital Gains Tax (CGT) implications of doing so. The good news, and something that not many people are aware of, is that there are special CGT concessions available for small business owners when it comes to selling their business.

SARS gives you a R1,800,000 exemption when it comes to selling your small business (Paragraph 57 of the Eighth Schedule to the Income Tax Act). There are, however, several requirements and limitations.

The exclusion applies to the sale of the entire direct interest of a sole proprietor, a partner in a partnership, or a person holding at least 10% of the equity interest in a company, and must relate to active Business Assets held exclusively for business use, i.e. excluding financial instruments, or an asset held mainly to earn rental income.

At the time of disposal the following needs to be in place:

- You must have owned the business for a continuous period of at least five years
- You must have been substantially involved in the day-to-day operations of the business, and
- You must have assets in the business worth less than R10 million.

It is important to note that the R1.8 million exclusion is cumulative over your lifetime and may only be utilised if you are 55 years and older. Thus, if you sell your business at 55 and use the exclusion, no further exemption will be available for you to use upon the sale of other small business assets.

This can be material to your CGT bill; if you assume an individual is taxed at the top marginal rate of 45% and therefore at the maximum CGT rate of 18%, the tax saving can be up to R324,000.

It is useful to be aware of this exclusion; however, if you are in a position to sell your business, it is recommended that you receive detailed tax advice before going ahead in order to ensure that you qualify.

SNIPPETS

Malibuye Tom, Trust Officer, provides info on Provisional Tax submissions, Regulation 28 changes, cryptocurrencies, Living Annuities and more..

**UPCOMING PROVISIONAL TAX SUBMISSIONS:**
- 31 August 2018 — First period, 2019 Tax Year
- 30 September 2018 — Voluntary top-up, 2018 Tax Year

**REGULATION 28 CHANGES:**
- The offshore investment allowance for institutional investors was increased from 25% to 30%
- Investment limits into the rest of Africa were increased from 5% to 10%

**SARS TO TRACK CRYPTOCURRENCIES:**
SARS is in discussions with some top technology companies in the world to enable it to track cryptocurrency trades more efficiently. Their concern is around income tax treatment – and potentially VAT – as taxpayers may not have declared their profits.

**HYBRID LIVING ANNUITIES:**
There has been an introduction of what is termed as a ‘hybrid Living Annuity’. Previously, on retirement an individual had a choice of either taking up a Living Annuity (investment capital and income for the lifetime of the investment), or a Life/Guaranteed Annuity (where there is no investment capital, but a guaranteed income for life). The hybrid Living Annuity is a third option that offers a combination of both these Annuities, with an allocation of retirement capital allocated between the two in one product. This would mean that you can get a guaranteed income for life without losing your capital. As with any investment product, this product is not a “one-size-fits-all”, so please consult your Trust Officer for further details, and to determine the viability of it for your own circumstances.

**TWIN PEAKS REGULATORS:**
The Financial Services Board (FSB) has been the sole guardian of financial services since its establishment in 1990. Two new regulators have been established with effect 1 April, namely the Prudential Authority (PA), and the Financial Sector Conduct Authority (FSCA). Together they are known as the “Twin Peaks Regulators”. The PA is established within the South African Reserve Bank (SARB) to supervise the safety and soundness of all financial institutions. The FSCA will supervise how the financial institutions conduct their business and treat their customers.
The Personal Trust Charitable Foundation

Gavin Ashwell and Kristin van den Berg, both Associate Directors and Trust Officers, provide an update on the Charitable Foundation.

During the past year the Charitable Foundation has been extremely active, especially in providing charities and organisations with much needed financial support.

Besides the Foundation receiving lump sum bequests from clients in terms of their Wills, regular monthly contributions are being received – which enable distributions to be made as and when the need arises. An example of this was a donation made to Knysna Rotary of R50,000 at the time of the devastating Knysna fires in 2017. Various other donations have been made to organisations such as Huis Luckhoff, the Animal Welfare Society, Oasis, Reach for a Dream, Masicorp and numerous others.

Generous bequests have been received by the Foundation from our clients over the past few years with the Trust now managing just over R25 million. It is very rewarding to witness the gratitude shown by the recipients of income distributed to charitable organisations.

Our latest bequest to the Foundation was from Clive van Ryneveld, who sadly passed away in January this year. Van Ryneveld was a great South African – a sportsman of the highest quality, and much more than that, a man with a social conscience at a time when such a trait was dangerous. He was also the most modest of men – a really good man all round. Clive played rugby for England in 1949 and later played cricket for South Africa. He toured England with the South African cricket team in 1951, the start of a 19-Test career, which included captaining South Africa in two series (against Australia and England).

We thank Clive and his family for the generous donation and are proud to have had him and his wife Verity as long-standing clients of Personal Trust.

Congratulations to Team Personal Trust for their efforts on Saturday 21 April.

The team of five participated in the annual Cableway Charity Challenge (now in its 10th year) which involves summiting Table Mountain via Platteklip Gorge as many times as possible between Sunrise and Sunset. The team achieved a combined total of 14 summits – to put it into perspective that equates to 77 kilometres in distance, and 10,640 metres of ascent (which is 1,790 metres higher than the summit of Mount Everest!).

There was only one ‘native Capetonian’ in the team, so the rest of the group had the added benefit of getting to know Table Mountain a little more closely…

The event raised in excess of R1 million for charity. This year’s beneficiaries are Cool Play, Paedspal and Centre for Play and Learning. 10% of the total amount sponsored is given to Wilderness Search and Rescue who provide volunteer rescue services.

From back to front: Christopher Hemingway, Bradley Janse van Rensburg, Greig Phillips, Josh Kriel, Paul Roux.
As a Trust Officer I have been fortunate to have had interactions with a wide array of clients from many different walks of life. Sometimes one interacts with those who have great stature or may have played some important role in the world and they inevitably leave their mark. Others have a far subtler effect which tends to impact more at a personal than universal level. Sometimes there are inobtrusive achievers who deserve just a little bit of fanfare, even if only in the columns of Personal Opinions!

In the modern world of fake news, instant gratification, identity politics and a political tussle over historical revisionism it is fabulous to come across something authentic; a dedicated focus on research and facts. Vertrees Canby Malherbe has had a fascinating life and in her historical research she has uncovered gems from our past, where the light perhaps previously did not shine so brightly.

Vertrees was born in the USA and met her husband, Paul, while he was doing a Masters in Chemical Engineering at Massachusetts Institute of Technology (MIT). They were married in 1952 and initially made their home in Durban. She contracted polio soon after their second child was born and this unfortunate event meant that they had a smaller family than initially planned. However, it also allowed her the time for academic pursuit, which was fulfilled when the family moved to Cape Town. Vertrees completed a teaching diploma at UCT in 1966, with History and English as her subjects. In another twist, a full-time teaching role appears to have been a real issue for a married woman at that time. This pushed her to focus on research and writing.

Her research of South African history has led to several published books and numerous academic articles and contributions to various publications over the years. Her first forays were in more well-trodden topics but she soon focused on less well-known parts of our history, namely the indigenous people of the Western Cape. In particular, she uncovered two figures from history, David Stuurman and Cupido Kakkerlak, as well as providing greater insight into the life of Krotoa (also known as Eva), who was taken in by van Riebeek and had a difficult life between two cultures.

Her career has also included research for UCT (the Centre for Personal History and the Centre for Socio-Legal Research), and the writing of a series of children’s books and personal oral histories of ordinary South Africans. She has been active in politics as a member of the Black Sash (editing the magazine for a time) and her husband Paul stood for the ‘Progs’ in Pinetown in the general election of 1961.

My curiosity was piqued when I came across a painting that her son, Paul, commissioned for her 90th birthday which depicts Vertrees and these three historical figures that she brought to life: Stuurman, Kakkerlak and Krotoa. There is a lovely short clip on YouTube at https://www.youtube.com/watch?v=arbkAwI6POA&feature=youtu.be providing more information.

She was also interviewed by Melanie Rice on Cape Talk at the end of last year (see the following link: https://onmy.fm/shows/the-koketa-sochure-show/in-conversation-with-vertrees-malherbe). Vertrees Malherbe turned 90 in December 2017. Congratulations, Vertrees, and here is to a life worth celebrating!
How long have you been with Personal Trust and what made you apply to join the company?
I joined around middle of August 2017, so I am still fairly new to the company.

Although I am originally from Johannesburg, most of my previous experience as a Financial Advisor came from working and studying part-time in KZN where I became accredited with the Certified Financial Planner® designation. I joined this industry because I want to add value to people’s lives by guiding them around important financial decisions. I applied to join Personal Trust because it is the company that is going to help me achieve that goal.

What was your first impression of the company?
I was immediately impressed by what Personal Trust stood for as a company. Strong moral values are important to me and what I look for in a company. Having a responsibility to put clients’ interests first, with an emphasis on focusing on building client relationships, was what really drove my decision to be part of the Personal Trust family.

What department do you work in and what is your role in Personal Trust?
I work as a Trust Officer in Andy Calmeyer’s Team. I currently report to Loren Godet who has been incredibly helpful in guiding and mentoring me as I grow in my role. Vanessa Thom is my very able assistant without whom I would struggle to cope with admin matters!

As a Trust Officer, I feel that my clients’ interests are my first responsibility. My goal is to assist and advise people by acting as their financial navigator so they can aspire to a work optional lifestyle. When it comes to investing, patience and a long-term approach are crucial. Warren Buffett reminds us about this when he says that, “The stock market is a device for transferring money from the Impatient to the Patient.”

Tell us about yourself
I grew up in Johannesburg and went to High School in Pretoria. After university (and with me being half Canadian), I decided to work abroad where I spent three years living in Toronto. It was truly a remarkable experience and, although it is a beautiful part of the world, the southern hemisphere was calling me back and I became less and less excited about ice cold winters. I moved back to South Africa and at the end of 2016 I moved to Cape Town to continue my passion for financial planning. I have no intention of leaving Cape Town at all.

I enjoy writing financial articles and have been fortunate enough to have had the opportunity to be published in both the national ‘Personal Finance’ Magazine and our own Personal Opinions.

What are your interests – music, art, books, films, garden, sport?
Music: I would describe my interest in music as somewhat versatile – and also completely unrelated at times. From Vivaldi’s Four Seasons to some old school Rock! I find the type of music I want to listen to is directly related to the mood I am in at the time.
Art: My father is the true art connoisseur in the family, although I have travelled the world and been to many art galleries. There is nothing quite like standing in the Sistine chapel and looking up at that ceiling!
Books: My taste in books has changed over the years. I am busy finishing CS Lewis’ book titled ‘Mere Christianity’ which I have found informative, inspiring and very well written.
Sport: While I always aim to get to the gym several times a week, I enjoy running and would love to run the 2 Oceans half marathon. I managed to complete the Cape Peninsula Marathon this year which I enjoyed a lot. Also, nothing beats heading to the Promenade for a sunset run on a late Sunday afternoon.

Church: My faith is very important to me. I volunteer at and attend Hillsong Church on Sundays and lead a connect group every other Tuesday. All are welcome.
I have recently taken up Salsa Dancing … because why not! Women like a man who can dance so I need to up my game as I am not getting any younger!

In one sentence how would you describe yourself?
God-inspired, passionate, witty, dynamic, energetic and motivated in what I do and can achieve while reminding myself that I am a work in progress and still have much to learn about life and the human condition.
There is a well-known expression, “Heaven knows, we need your organs on earth”, and this is no truer than in South Africa where we face a critical shortage of organ and tissue donors. As August is Organ Donor Awareness month, I would like to draw your attention to this important campaign and encourage you to talk to your loved ones – be it your partner, children or friends – about your views on organ donation so that they are aware of your wishes or could become organ donors themselves.

It is a very sensitive subject and a personal decision. Should you feel strongly that this is not an option for you, this needs to be communicated and documented in an Advance Directive (Living Will) or in your Will/Testament, and to your family.

The following organisations and individuals all have information to help and guide you in making this important decision:

- Organ Donor Foundation: www.odf.org.za
- Jenna Lowe Trust: www.jennalowe.org
- Groote Schuur Hospital: Luke.Steenkamp@westerncape.gov.za or Fiona.McCurdie@westerncape.gov.za

To summarise, anyone in good health can be a donor – at no cost. There is no remuneration for organ donation as it is considered a gift.

There are two different types of donors: those whose organs are harvested from an oxygenated patient (deceased heart-beating donor), and tissue retrieval that can take place several hours and even days after the donor has passed away (non-heart-beating donor) depending on the tissue. There is a time factor in harvesting the cornea and that is why it is important to be prepared. Even if you are a registered organ donor, if there is no family member available to vouch for your medical history at the time of passing away, it is unlikely that you will be accepted as a donor as there needs to be a medical history to protect the recipient.

There is no preferential treatment with the allocation of harvested organs as the organs are assigned to recipients according to a computerised system.

There is of course also the possibility of live organ donation, e.g. kidneys, or tissue donation (ova, sperm, blood and bone marrow). To become a potential donor, you need to register with the Organ Donor Foundation – information in the enclosed leaflet.

One person can potentially save seven lives by donating one heart, one liver, one pancreas, two lungs and two kidneys.

**INTERESTING INFORMATION:**

Cape Town is the proud home of the state sector Lung Transplant Programme at Groote Schuur Hospital (GSH). GSH also initiated the ‘HIV positive to HIV positive’ kidney transplant. Netcare Milpark in Gauteng has offered the Lung Transplant programme for some time in the private sector. However, follow-up appointments in Gauteng for Capetonians were problematic, hence the motivation to develop the programme locally. After three years of preparation, the first sequential Lung Transplant was performed on 11 December 2017.

This was motivated on the grounds that GSH has the only Cystic Fibrosis, Pulmonary Hypertension Clinic, and the largest Interstitial Lung Disease clinic in the Western Cape. Unfortunately the Western Cape also has the highest prevalence of chronic obstructive diseases worldwide.

A major constraint to this Programme is the lack of donors.

Christine Cooper, affectionately known as Pepe, is a Client Wellness Advisor at Personal Trust. She joined the company in January of this year. A registered nurse, Pepe retired from Groote Schuur in late 2017, having joined them in 1994. At the time of her retirement, she held the position of Operational Manager in the Respiratory Unit. Pepe has over 30 years of nursing experience and she, and Anne Macdonald, also a retired nurse, assist and guide clients and their families with medical or lifestyle advice as part of the Personal Trust ‘Wellness in Retirement’ initiative.
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