DECEMBER 2019 PERSONAL TRUST QUARTERLY NEWSLETTER

2019 CORPORATE REPORT

INVESTING IN UNCERTAIN TIMES

GDP GROWTH AND STOCK PERFORMANCE

THE PERSONAL TRUST 30S CLUB

CLIENT SURVEY REPORT BACK

for the personal touch
**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
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
<th>Author</th>
<th>Article</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Editorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Corporate Report</td>
<td>Thando Gobe</td>
<td>reflects on the major happenings of the past year.</td>
</tr>
<tr>
<td>5</td>
<td>Investing in uncertain times</td>
<td>Glenn Moore</td>
<td>discusses the performance of the various asset classes.</td>
</tr>
<tr>
<td>7</td>
<td>The relationship between GDP growth and stock performance</td>
<td>Anda Tyali</td>
<td>emphasises why portfolio diversification is so important.</td>
</tr>
<tr>
<td>8</td>
<td>The Personal Trust 30s Club</td>
<td>John le Roux</td>
<td>highlights the value and importance of long service in the company.</td>
</tr>
<tr>
<td>9</td>
<td>Client Survey Overview</td>
<td>Belinda Danks</td>
<td>gives feedback on the recent survey.</td>
</tr>
<tr>
<td>9</td>
<td>Snippets</td>
<td>Keith Scott</td>
<td>reports on the alteration to maximum cheque values and inheritances left to minors.</td>
</tr>
<tr>
<td>10</td>
<td>PALS (Partners in Agri Land Solutions)</td>
<td>Loren Godet</td>
<td>provides information from Gerrit van Vuuren about the field of land reform.</td>
</tr>
<tr>
<td>11</td>
<td>30 seconds with …</td>
<td>Toni Tickton</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Aarjan Snoek celebrates his 100th birthday</td>
<td>Greg Nasson</td>
<td>interviews Mr Snoek with regard to his achievement.</td>
</tr>
<tr>
<td>14</td>
<td>Believe it or not!</td>
<td>Loren Godet</td>
<td>tells us the story about a photograph from the 1920s that is connected to our clients Clive and Veronica Day.</td>
</tr>
<tr>
<td>15</td>
<td>Season’s Greetings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Personal Opinions should be, and is, a quarterly magazine concerning Investment, Wills, Tax and other asset management matters. However, the Editorial often includes comments on contemporary news items; recent examples being IPPs, Eskom, Electric Vehicles, Visa regulations etc.

Before dealing with economic and financial concerns, it is important in this issue that we continue to highlight gender-based violence and the xenophobic attacks against nationals of our neighbouring countries. The surge of anti-female crime plus the almost simultaneous spike in xenophobia occurred while the World Economic Forum meetings were being held, with South Africa seeking to develop new trade deals to help ignite the present stagnant growth of our economy. The violence witnessed by delegates would have decreased, not increased, any investment intentions that they may have had.

The World Economic Forum on Africa (WEF Africa), held in Cape Town in September, attracted over 1,000 delegates from some 100 countries, with increased interest and representation from China and the Middle East. What was it all about? In one sentence: It aimed to initiate and encourage business and commercial interaction among African nations, taking advantage of the latest technologies of the 4IR, not least of which is e-Commerce, thus boosting Africa’s trading position in the global market.

The African Continental Free Trade Area (AfCFTA) is a free trade, inter-nation agreement among 54 of the African Union nations. The agreement was signed in March 2018 and on 7 July 2019 AfCFTA entered upon its operational phase.

From South Africa’s perspective, the Forum gave the President an opportunity to further his investment initiative through Foreign Direct Investment (FDI), stating: “We recognise the urgency with which we need to reform our investment promotion architecture to remove policy, regulatory and other impediments.” This requisite was underlined by Shirley Machaba, SA chief executive of PricewaterhouseCoopers (PwC), when she stated: “Over-regulation remains a key threat to the growth of businesses.”

What do we say about the 60 page draft NHI Bill? The Preamble to the Bill includes the purpose: “to provide access to quality health care services by pooling public revenue.” Section 8 of the Memorandum contains some beautifully befuddled budgeting, and to this was added a statement by Anban Pillay, deputy director-general for NHI: “People keep saying, ‘How much will NHI cost?’ The question is not how much NHI will cost but rather how much of funding is available.” On 28 September an Institute of Race Relations (IRR) media release stated that the expected cost was likely to be R500 billion. Presumably the Government believes that money really does grow on trees!

It is intended that funding will come from the pockets of the public; however, if past experience is anything to go by, progress in the realisation of the NHI scheme will be slow, very slow.

The timing of October’s load shedding could not have been worse, coinciding, as it did, with the gazetting of the long-awaited government Integrated Resource Plan. The IRP is of extreme importance because it is South Africa’s plan for the procurement of energy until 2030. It is an integrated project utilising coal, solar, wind and nuclear sources plus the conversion of diesel-powered plants to gas. Koebert’s life is to be extended for a further 20 years. That’s the plan – now we wait its implementation.

Much as one tries to be positive about the economy, it is becoming increasingly difficult to be so. In addition to the financial woes of Eskom, SAA, Denel and other major SOEs, the Industrial Development Corporation and PetroSA announced that they have financial problems as, too, does the SA Nuclear Energy Corporation (Necsa); the SARB reported the country’s current account deficit, first quarter to second quarter, increased from R143 billion to R204 billion; the Business Confidence index dropped to a 20 year low; the Absa Manufacturing PMI declined from 45.7 in August to 41.6 in September; and the OECD lowered our estimated growth rate from 1.2% in May to 0.5%, the IMF following with a 1.2% to 0.7% contraction. Meanwhile, the Ratings Agencies hover!

Kuseni Dlamini, chairman of Massmart, pinpointed the steps that the government needed to take, promptly and decisively. “The only sustainable solution is economic growth, which the ANC governing alliance needs to put before party political interests and factional agendas … Institutions, processes and people across all sectors of society must be fit for purpose, capable and competent.”

And yet, there is still so much to smile about. The Springboks did their country proud; 1995 + 12; 2007 + 12; 2019 – it was foreordained. Rassie, Siya, the entire squad – heroic, magnificent, sublime! Then on to The Ndlovu Youth Choir who reached the final of “America’s got Talent”. The drone/missile strike on Saudi Arabia’s Abaqiq oil processing plant on 14 September had oil-importing countries on edge; however, less than three weeks later, Brent Crude was priced at $57.19 against the pre-strike rate of $60.25. Progress is being made regarding the provision of e-visas (see June’s P/O). In early October the WEF’s global competitiveness index ranked South Africa 60th out of 141 economies, an upgrade of seven positions. On 14 October the Lord Mayor of London, Peter Estlin, accompanied by business leaders, visited Johannesburg and Cape Town during a five-day tour of South Africa and Kenya. The UK Government is seeking to become Africa’s biggest G7 investor – a strong, positive initiative while, in the Commons, the shilly-shallying over Brexit continues.

We wish all our clients a safe, enjoyable festive season.
Thando Gobe, Managing Director, reflects on some of the happenings in 2019.

The recent World Cup was one of the highlights in what was otherwise an emotionally difficult 2019 for many South Africans. I say “highlight” because the game of rugby took a positive step forward by having this World Cup in Japan. The Japanese people embraced the opportunity and put on a show to be remembered, and the game of rugby is better for it. This is refreshing in a world that in many ways feels as if it has gone backward and reverted to conservative values and approach in the last few years. All establishments need to sit up and take notice.

Coming from a 2018 calendar year where the FTSE/JSE All-share Index (ALSI) had delivered -8.5%, we expected that 2019 was going to be a testing year. Looking back now on the year so far, I think few expected the year to be as trying as it has turned out to be. Many would have started the year hoping for Ramaphoria not only to continue, but for the much needed “cleanup campaign” to gain momentum. Again, I think few of us had any idea of the extent of the rot in our state-owned enterprises. The numerous judicial inquiries, led by capable judges and legal teams, have uncovered much, but it is not clear when the culprits will be brought to book.

Is it time to turn to cash?

The financial markets have continued to be a difficult place in 2019. The uncertainty we have all experienced and the historically lower five year balanced portfolio returns have led many to question long-term investment strategies. Globally we have seen trade wars resurface while, at the time of writing, the Brexit debate seems headed back to the polls.

For investors to feel overwhelmed is indeed consistent with history. Ours is not to give into this feeling, but rather stay the course. Glenn Moore, in his article entitled “Investing in uncertain times”, helps us to get a perspective of what we have seen in the recent past versus long term history, and shares his view on how we should all approach this new reality.

Cybercrime

One of the increasingly difficult challenges facing all of us is cybercrime. Worldwide we have seen more and more companies and individuals fall victim to this scourge. It is a wicked problem in that, as much as we are all working towards solutions, we can be certain there are criminals working tirelessly to find new methods to defraud. Unfortunately the only certainty with this is the response from lawmakers who seem to feel that more regulations will solve the problem, and this means more compliance for all of us which increases the cost of doing business.

The other important challenge with cyber security is that it is as much a behavioural problem as it is a security problem. The truth is that we can never learn enough. We all have to be on constant guard to ensure all our transactions are safe. If ever you find yourself in doubt about any communication from Personal Trust, please simply pick up a phone and call your Trust Officer.

We all need to be prepared to continuously learn on this subject.

Client Survey

As you may well know, we think our competitive advantage at Personal Trust is our personal relationship with you, our clients. This is why you will never be reduced to a number or channelled through a call centre. Our clients are known to us by name. Having said this, we also understand that we can always improve. To this end we undertook a client survey, and Belinda Danks has written an article giving more detail on this. We are currently studying the results and will see what changes need to be implemented for us to get even better.

George Office

2019 also saw the launch of the George Office. Prof Stander, who joined Personal Trust in 2016, now heads up the new office under the mentorship of Johann van der Westhuizen. This development follows the growth we have seen in that area and we would like to get even closer to the ever-growing number of clients in the George district. Prof remains part of Johann’s team, and they will continue to give all clients our good old-fashioned service.

Personal Trust to turn 40

2020 will see Personal Trust celebrate 40 years. This is a significant milestone for a small Trust Company. It is also significant that we have John le Roux and Andy Calmeyer, two of the founding Directors, still with us – we thank them for their vision all those years ago and for their continued active involvement and passion for the business. It is also humbling that we have clients who have been with us since day one, and also many more who have been with us for a good part of the last 39 years.

Thank you

I want to take this opportunity to thank the Directors and Staff of Personal Trust for their continued hard work and dedication. On behalf of the Board, I would also like to extend sincere appreciation to you, our clients, for your ongoing support. It is indeed a pleasure – and it is most rewarding – to be of service to you.

To all those planning to be on the road over the festive break, do take care and travel safely.
Glenn Moore, Director and Fund Manager, discusses the performance of the various asset classes.

Investment returns over the last five years have been significantly below expectations. Indeed, safe and secure investments in cash have significantly outperformed equity returns over this period. Having spent 30 years in the investment world this is certainly not something one has come to expect and certainly not over an extended period. Financial Advisors are taught to inform clients that when they invest in equity, they should consider at least a five-year holding period. It seems that advice will from now on extend to 10 years.

Against this background it may be useful to analyse the returns of the Personal Trust retirement funds and examine the asset allocation process in the current investment climate.

Although over the ten-year period the fund with the highest equity allocation did best, this is not the case over the last five years. The primary reason for this is that the South African equity market has compounded at 5.3% while cash has delivered 6.5% and bonds 8.3%. The key question is whether this is likely to continue over the next five years. In order to look into that crystal ball it is best to analyse each asset class available to retirement fund Managers.

**CASH**

Since the introduction of inflation targeting in South Africa in the year 2000, the SA Reserve Bank has by and large held short-term interest rates between 1% and 2% above inflation. Currently cash yields 6.25% while inflation is 4.3%, in spite of a very weak economy and political pressure on the Reserve Bank. I think it is fair to assume that the Reserve Bank will stick to its mandate to maintain inflation in the 4%–6% band and therefore, in retirement portfolios where investors pay no tax, one should expect to receive a real return from cash. Thus, boring old cash should be considered an investment, not just a source of liquidity. In our retirement funds we hold 15% in cash.

**BONDS**

There are three elements that determine bond yields in our economy: inflation, fiscal policy and USA bond yields. Starting with USA bond yields, the financial world’s risk-free rate of return is at 1.7%, add local inflation expectations of 4.3% and apply a risk
premium for South African emerging market debt and the market determines that the South African Government can borrow in the local market at 9%. So, as one can see, the real return from bonds is above 4% and is therefore an attractive asset to include in retirement portfolios – but there are risks. The major risk is a Moody’s downgrade, which seems inevitable unless the appalling financial management at the SOEs is addressed. However, the experts in the bond market can show that SA Government bonds have already largely priced in a downgrade. So, aside from a knee-jerk reaction in the week’s following a downgrade, it seems as if this event is largely priced in. Longer term there is also the risk that if the Government deficit is not contained, the inevitable additional supply of bonds will exceed demand and the risk premium on South African debt will rise. In the meantime, bond yields in the First World remain negative or barely positive and, with ageing populations and pension funds looking for income, SA Government bonds look relatively attractive. We have a full bond allocation which ranges between 10% and 25% of assets, depending on the mandate of the fund.

PROPERTY

The property or REIT sector in the JSE has been a major disappointment for investors over the last five years. A total return of 3.2% p.a. over the last five years compares to an 11.2% return over the ten-year period. Property should be an ideal component of a retirement portfolio, generating a high-income yield in line with bonds and some growth from lease escalations. Unfortunately, this has not been the case in the last five years. Three significant events have been responsible for this. Firstly, the sector was significantly overvalued five years ago with yields on REITs way below bond yields. Secondly, the apparent shenanigans in the Resilient group of companies hurt sentiment in the sector. But the nail in the coffin was the Edgars potential bankruptcy which forced REITs to forgo rental income for shares in Edcon. This has changed the negotiating landscape between the landlord and tenant and in the weak economic environment the major tenants have the upper hand. Lots of this has now been priced into the sector with the better quality REITs yielding in excess of Government bonds. It is probable that further declines in distributions still have to be priced into the sector over the next 12 months, but value is returning. Our funds have a small exposure of 5% to the sector with a large chunk of this in an inflation-linked security Fortress A which grows its distributions by 5% p.a.

EQUITY

During the last five years the JSE has delivered a return of 5.3% which is less than half the inflation-beating 11.5% return that has been achieved over the last ten years. The question is whether these lower returns are the new normal. Ultimately share prices are driven by earnings and the valuation that the market is prepared to place on those earnings. In the current climate, characterised by a high degree of South African pessimism and disillusionment, valuation on local SA Inc. businesses are below average. This is to be expected and is indeed supported by the weak results being posted by companies and the fact that economic growth prospects are subdued at best. There have also been some own goals scored by the likes of Steinhoff which have brought the integrity of company results into question. Thus, it is not unusual to find good businesses trading on dividend yields that equate to the return one can achieve on cash. Standard Bank would be a good example of this. Even if its share price remains static over the next five years, as long as the dividend is not cut, you will achieve a return of 6% p.a. Unfortunately, there are absolutely no certainties when it comes to predicting the potential economic landscape over the next five years. This means that forecast earnings need to be taken with a pinch of salt. However, what we do know is that the market is already pricing in a pessimistic low growth scenario. Our equity exposure ranges between 28% and 42% depending on the mandate. It feels like the right time to be adding exposure, but one would like to feel a little more confident in our political and economic leadership. For a start, it would be great to see the ANC leadership singing from the same hymn sheet.

FOREIGN ASSETS

Within retirement portfolios managers are permitted to hold up to 30% in offshore assets. The diversification benefits are very useful during times of political uncertainty and help to smooth returns over the longer term. It is, however, interesting to compare the performances of local and foreign assets over the medium term.

```
<table>
<thead>
<tr>
<th></th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rand Cash</td>
<td>6.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Offshore Cash</td>
<td>4.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Rand Bonds</td>
<td>8.3%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Offshore Bonds</td>
<td>8.5%</td>
<td>9.9%</td>
</tr>
<tr>
<td>JSE Equity</td>
<td>5.3%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Offshore Equity</td>
<td>10.8%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>
```

Returns quoted in Rand

Perhaps the most surprising feature in this table is that South African Rand has provided a better return than a basket of offshore currencies. It seems almost impossible to believe given where the Rand traded against foreign currencies ten years ago; however, investors forget that the yield on Rand is 6% and the yield offshore is close to zero. Hence the compliments our Reserve Bank receives on the international stage for its management of monetary policy. It is also most surprising that local bonds have almost kept pace with their international peers, in spite of the severe deterioration in our fiscal discipline and the extensive bailouts of the SOEs. Offshore equity, however, has proved to be a far superior investment. It is important to remember that most of this superior performance emanates from the USA market, in particular technology companies.

As a result of the recent below average returns there is an overwhelming desire to seek the safety of income funds in retirement portfolios. In my view this is exactly the wrong time to be switching into less risky investments. The bad news is already in the price. Local equity in particular is as cheap as it has been at any of the previous significant turning points in the market. The toughest decision at times like these is sometimes to do nothing. Stick to a well-diversified asset allocation because the future is unpredictable.

In the face of an unknown future we endeavour to allocate funds to take into account a balance of probabilities. For example, our full allocation to local bonds is balanced with a significant exposure to dollar cash in case the consequences of a rating downgrade are worse than expected. Expensive offshore equities are balanced with cheap local SA Inc shares and property companies with high dividend yields. There are no certainties in the investment markets and the most defensive strategy when it comes to preservation of capital is generally to have a broadly diversified portfolio, adding when assets are out of favour and reducing when the ducks are quacking.

Our retirement model portfolio gives us the disciplined framework to implement these asset allocation decisions in the face of uncertainty.
The question of the correlation between GDP growth and market performance is one that forms an essential part of portfolio management. The answer to the question also varies, depending upon whom you ask and when you ask them. At first thought, it seems intuitive that there would be a strong link between the economy and the performance of corporates within that economy. Fundamentally, this is true but, as with everything else in investment analysis, one needs to look a bit deeper to find answers.

The first point to consider is the effect of monetary policy on equity valuation. Typically, when an economy is approaching or going through a recession, central banks decrease interest rates (termed accommodative/expansionary policy) in order to boost national output. When central banks feel that the economy may be growing too fast, they are likely to increase rates to restrict the inflationary effects of an overheating economy (contractionary policy).

Accommodative policy is translated into the economy in a number of ways. Lower interest rates are meant to encourage lending by banks, which is intended to boost both investment by corporates and consumption by the public, theoretically stimulating growth in the economy. Mathematically, lower rates also lead to higher valuation for all assets in an economy, including equities. Though enacted predictively, these policy interventions often lag the natural economic cycle, creating the possibility of a dislocation between GDP growth and stock market returns.

Rather counter-intuitively, therefore, we often find that equities will outperform as GDP growth slows and central banks act to buttress the economy. Research has shown that the S&P 500 returns 9.9% per year during spells of accommodative monetary policy – when the economy is slowing or in recession, as opposed to only 0.9% per year during periods of tightening financial conditions – when the economy is thought to be overheating.

A second point concerns globalisation and the consequentially global nature of big business. This leads to the emergence of two additional considerations in forecasting stock performance.

Firstly, as the reporting currency of a firm (the rand) weakens, the nominal value of foreign earnings is increased – and vice versa, creating inorganic gains and losses for the firm. The result is that the ASI Top40 has a demonstrable correlation with the world’s major currencies, with so-called SA Inc firms being particularly positively correlated with rand strength vs the dollar. Conversely, the so-called Rand Hedges (JSE-listed firms earning significant revenue outside SA) show a strong negative correlation with rand strength vs pound sterling.

Secondly, if a firm earns revenue from foreign jurisdictions, that necessarily decouples the firm’s growth profile from that of the country in which it is domiciled. In virtually all countries, the biggest firms, who drive overall global equity performance, earn most of their revenue abroad. Around 62% of JSE Top40 index earnings are derived offshore.

Let’s look at a simplified theoretic scenario. Let’s say that in the next fiscal quarter the government does not produce a viable plan to save Eskom and that, driven by a continuing deterioration of infrastructure, Eskom enforces Stage 4 load shedding for much of the quarter. This would lead to depressed GDP growth and a weakening rand versus major currencies, as foreign investors contemplate the burden placed by the utility on the government balance sheet and the SA economy at large.

How would that affect the JSE? Looking at a SA Inc. stock like Mr Price, one would expect to see a downward revision of growth expectations from the market, which would result in a sell-off. But looking at a rand hedge like AngloGold, which only produces 12% of output in South Africa and which sells its product in US dollars, one might expect to find increased buying in this stock, all else being equal. Due to the rand weakening versus the dollar, each ounce of gold sold would earn them more, in nominal terms, lifting revenues and margins without any incremental improvements to operations or increases to production whatsoever.

On the other hand, if the central bank lowered interest rates in this scenario, as they are wont to do, Mr Price would have access to relatively cheaper funding for investment, which they might use to open more stores than they otherwise would have. Their customers would also benefit due to cheaper access to credit, which might serve to support consumption. The overall effect might be to increase buying of the stock on upward earnings revisions, potentially offsetting the aforementioned negativity from the assumption of an economy in recession. In the case of AngloGold, the lowering of interest rates could serve to amplify the weakening of the rand, further increasing their earnings.

Stock market returns in the modern world are driven by many offsetting variables. Drawing a straight line from the movement in any such variable to performance is often a futile exercise. The correlation between GDP growth and stock returns can perhaps best be described as coincidental, rather than causal. The job of fund managers and analysts is to sift through the myriad economic data produced all over the world in an effort to highlight emerging longer-term trends that form the basis of forecasting stock performance. The emphasis, therefore, is always on building diversified equity portfolios that reflect these global trends and mitigate the effects of short-term market gyrations as much as possible. It is imperative to look at South Africa, not in isolation, but as part of a global investor risk-reward spectrum that is constantly in flux.

Anda Tyali, Junior Equity Analyst, delves into this complex relationship and reiterates why portfolio diversification is so important.
Next year, Personal Trust will have been in business for 40 years. We have found it to be very valuable to have had the benefit of the experience of so many long-serving directors and staff.

When asked, “Why do you still keep working at Personal Trust and what does it mean to you after in excess of 30 years’ service?” the following comments were recorded by some members of the Personal Trust 30 year service Club and other long-serving staff members:

- Personal Trust is a happy place at which to work;
- Staff are like-minded, energetic, full of humour, kindness and compassion;
- The ethos of Personal Trust is based on the old-fashioned principle of genuine care and interest in clients;
- I love the camaraderie, the “willing to help” attitude of staff, which makes coming to work a pleasure;
- I enjoy what I am doing;
- The Personal Trust environment and corporate culture is great;
- I want to work as opposed to having to work;
- Working gives me a sense of purpose;
- I am glad to still be able to provide a valuable service;
- Regret not starting to work at Personal Trust earlier;
- Love my job;
- I can still make a contribution and add value;
- Enjoy my relationship with nice clients who have become friends;
- Visiting clients is a privilege and pleasure;
- There is no ‘I’ in team;
- My job helps me grow as a person;
- Enjoy camaraderie and being part of a team;
- Enjoy the environment which is not bound by stupid rules;
- Pleasant working conditions and enjoy work;
- Good to be needed and to keep mentally and physically active;
- Still feel young with lots to offer in workplace;
- Very grateful to Personal Trust and would love to work here for many more years.

Thank you to these staff members for the loyalty and commitment they have shown to Personal Trust and its clients over the many years of service. We look forward to welcoming many more staff members to the 30s Club in the coming years.
REDUCTION IN MAXIMUM CHEQUE VALUE – EFFECTIVE 1 MAY 2020.

- The Payments Association of South Africa, endorsed by the Reserve Bank, has agreed to reduce the maximum allowable value for writing a cheque from the current R500,000 to R50,000.

- There are numerous reasons behind this decision, including:
  - Less than 10% of all signed cheques are above the value of R50,000
  - The potential risk of fraud is significantly higher on cheques with a value above R50,000
  - The use of cheques has been declining at a rate of approximately 30% year-on-year.

- Alternatives to cheques for amounts above R50,000 include: Debit or Credit Card payments, EFT payments and Real-Time Clearing Payments.

BEQUEATHING SMALL AMOUNTS TO MINORS IN A TESTAMENTARY TRUST

- Recently we have been dealing with quite a few Estates where there is a small inheritance left to minor children via a Testamentary Trust. This proves to be an expensive and inefficient way of leaving them an inheritance.

- There are alternatives to this solution, including using your R100,000 annual donation allowance to donate an amount into an investment account for minor children.

- Speak to your Trust Officer to find out more about alternatives and finding the best way to leave something behind for minor children.
The Partners in Agri Land Solutions (PALS) initiative is a private land reform initiative coordinated from the PALS’ Centre in Ceres. PALS was established in 2014 in the Witzenberg district by commercial farmers in partnership with local communities and all three spheres of Government. The key objective is to facilitate and implement land reform that supports economic growth, job creation and social harmony.

An innovative land reform framework, the PALS’ framework was devised in line with the principles set out in the Constitution and National Development Plan.

This producer-driven land reform initiative was the spark for a long list of exceptional success stories that involved some of our most prominent farmers. The PALS’ Centre, from where land reform is coordinated, is a proven concept on how to handle fragmented efforts in each area.

Many black and coloured farmers do not merely become landowners through title deeds; their success as farmers is guaranteed through partnerships with established commercial farmers. The tried and tested PALS’ framework is based on thorough business and legal principles and can be applied across all agricultural commodities.

To date success has been achieved in the fruit, grain, livestock, super fruit, vegetable and citrus industries – across the country. So it’s no wonder that Prof Nick Vink, Agricultural Economist from Stellenbosch, refers to the PALS’ office in Ceres as the “only true address for successful land reform in South Africa”.

The stated goals of the initiative include the establishment of successful black farmers (as owners of the land) to involve the whole community in an inclusive process; to extend the initiative to other areas and agricultural related industries; to establish the Witzenberg PALS’ Centre as a “one-stop-shop”; and to focus on training and mentorship programmes.

As a privately registered Non-Profit Company, Witzenberg PALS is managed by a Board of Directors and funded with membership fees from its farmer members, plus donations. A tax deductible receipt in terms of Section 18A of the Income Tax Act is issued to donors.

The initiative has more than 100 black development enterprises listed that consist of land reform, value chain, housing projects and training modules. Despite the challenges regarding government service delivery and enablers, PALS succeeded in implementing more than 30 black economic enterprises as owners of high value agricultural land. A further 20 projects are nearly ready for implementation and will add substantially to the number of hectares, job creation and economic growth. These projects include farms in the Northern Cape and other provinces. The balance of approximately 55 listed PALS’ projects are awaiting government enablers such as recognition to participating producers, sub-division approvals, water licences and tax exemptions.

The investor confidence that was created by PALS contributed to economic growth of more than 8% over the last four years in the Witzenberg area. This compares very favourably to the rest of the country which grew at less than 1%.

The recent report of the Presidential Advisory Committee on land reform referred to PALS and accepted and supported some of the PALS’ proposals which were made to Parliament and government institutions. The PALS’ initiative is described in the report as: “Arguably the most visionary land-reform approach in the country, PALS’ framework is based on sound business principles and legal structures that address the shortfalls of many previous land-reform models. The ground-breaking initiative, initiated by local lawyer Gerrit van Vuuren, started in the Ceres Witzenberg valley and has, as its main goal, the development of black farmers in partnership with commercial farmers, limiting the state’s role to facilitatory functions such as providing water rights. PALS always strives to involve a whole community, and key elements include compulsory mentorship, sustainable black ownership and upliftment, and it has already elicited millions of rand of investment from farmers. PALS has also extended its reach beyond its traditional footprint in Ceres.”

Loren Godet, Trust Officer, provides information from our client Gerrit van Vuuren about the work he is doing in the field of land reform.
How long have you been with PT and what made you apply to join the company?

I have been with Personal Trust for six months, and enjoy being here more and more as time goes on, as I get to know more people!

I had known about this job since the days of Rose McCrorie, the first incumbent in this position, who had visited a family member. Then I got to know my predecessor, Anne Macdonald, through our interactions at Hospice. When she mentioned that the post was being advertised, I applied – being attracted by the nature of the work and the reputation of the company.

What was your first impression of the company?

Immediately I realised that the Personal Trust commitment to personal service runs very deep. It is a legacy that is intentionally passed down to all generations of staff. The same care shown to clients is also shared with staff.

In short, I like to describe the place as “a corporate with a big heart”.

What department do you work in and what is your role at PT?

Within the Marketing Department I fill one of two posts as Wellness Advisor. Together with my colleague

Landbouweekblad and PALS hosted a Practical Land Reform Symposium on 14 November 2019 in the Koue Bokkeveld, Ceres. The aim of this symposium was to present the PALS’ framework and local centres as a practical solution to all role players. It is believed that the private sector must lead the process of land reform with government’s role being to create an enabling environment. PALS, as initiated and implemented in the Witzenberg area, has proven that land reform can be implemented in a manner that supports economic growth and social harmony. PALS is now extending the initiative to other areas and agricultural-related industries as envisaged in the PALS’ goals in 2014. Farmers in the Free State, Mpumalanga, Limpopo and the Eastern Cape are also involved in the planning and implementation of Land Reform initiatives based on the PALS’ framework.

The Strategic Legal Advisor of the PALS’ initiative, Gerrit van Vuuren, stated that he was confident that PALS could play a significant role in creating sustainable and healthy rural communities, and would inspire South Africans to take action to build a better future for all the children of South Africa.
Pepe Cooper, we support clients who have been referred to us by the Trust Officers. The support could be for a recent bereavement, a spouse with dementia, a hospital visit, or providing information about retirement accommodation. We try to keep updated on all retirement facilities and trends.

In addition, we offer informative talks at various retirement venues.

Tell us about yourself

Most of my work experience has been in the NGO sector, so it is a pleasure to be in a corporate environment that offers a wonderful combination of stability and structure but also compassion and fun! Lots of opportunities here for celebrations! There is a generosity of spirit about Personal Trust that I appreciate.

Cape Town was not always home – having been born in Johannesburg, attended school and university in KZN and completed post graduate studies in USA. My social work career has included time in community development, mental health, and palliative care.

My young adult son lives happily in UK, but thankfully we can stay in touch with trips and with electronic communication. His departure was an excellent motivation for me to master a smart phone!

What are your interests - music, art, books, films, garden, sport?

Gardening has been a lifelong interest but lately I am becoming a bit of a foodie too. Movies and books are my relaxation treats, especially a good non-fiction read. Other random loves are flowers, dogs, elephants and dark chocolate!

In one sentence how would you describe yourself?

A “glass half-full” kind of person, with a keen interest in the wellbeing of those around me.
On 30 August 2019, Personal Trust client Mr Aarjan Snoek celebrated his 100th birthday! He was surrounded by family and friends, and he received many messages of congratulation.

Aarjan was born in Holland in 1919. When the country was invaded in World War II, Aarjan was at University in Delft studying Civil Engineering. Although his family home was burnt to the ground in the first bombardment of Rotterdam leaving them homeless, he still managed to complete his degree by studying “underground”.

After the war, Aarjan joined Dura Construction and, when the opportunity presented itself, he volunteered and was sent to Cape Town to head up its subsidiary. This was a huge challenge as his English was minimal and his starting salary a mere £90 per month with which he supported his wife and two children. Hard work, determination and keen business acumen brought him success throughout South Africa and Namibia (then South West Africa).

He built some lovely homes for his family in Camps Bay and Bishopscourt, later moving to Alphenvale.

He loved golf, playing twice a week, finding it relieved the strain and stress of work while he was able to build business and social connections.

A proud daughter, Maja says that her Dad has always been a strong family man with a generous spirit who has lived a sensible, balanced life. He has an unshakeable faith in God with “fairness” as his mantra.

Mr Snoek and his daughter, Maja, told us that the secret to his longevity includes having good family genes, playing sport, playing chess from a young age, not “sweating the small stuff” and having a whisky every day! They believe that his balanced life, combined with a calm personality has resulted in him having a rich and fulfilled retirement.
Believe it or not!

Loren Godet, Trust Officer, tells us the story behind this photograph.

I was visiting Clive and Veronica Day, Personal Trust clients, in their new home in Somerset West when I noticed this old photo. Their story about the photo from 1920 is quite interesting!

Clive and Veronica were doing shopping in the mall and passed the photo in the window of a bookstore. It immediately caught Veronica’s eye and she commented to Clive that it was his mother Sybil Meyer in the photograph – the girl in the middle at the back. Veronica also recalled how her mother-in-law told them stories about the huge fish they caught when she was a child. Clive dismissed the idea, but they purchased the photo and decided to verify Veronica’s discovery by showing the photo to family members. Clive’s cousin recognised his mother and grandmother in the picture and confirmed Veronica’s discovery!

Information supplied by Clive Day:

“The second gentleman from the right is my grandfather, Charles Meyer.
On the left (seated) are Sir William Hoy and his wife, and next to her my grandmother Aida Meyer.
My mother Sybil is standing behind them, in the middle, and standing on the right is her twin sister Eileen (my cousin’s mother).
This photo was taken in 1920 in the old harbour in Hermanus.
I have seen the same photo in the Whale museum and the Windsor Hotel in Hermanus.”
This holiday season, we are looking back with appreciation for your loyalty and looking forward to moving into the New Year together.

From the Directors and Staff of Personal Trust

THE NEWSLETTER OF PERSONAL TRUST (PTY) LTD

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@ptrust.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 Thesen House 6 Long Street Knysna 6570 · P O Box 2320 Knysna 6570 RSA
Tel: 044 382 2100 · Fax: 044 382 7427

GEORGE OFFICE Unit 18 Fairview Office Park 1st Street George East George 6529
Tel: 044 871 0946

PORT ELIZABETH OFFICE Ground Floor Elizabeth Place 14-20 Pickering Street Newton Park Port Elizabeth 6045
P O Box 34496 Newton 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 A FP™, J Falconer CA(SA), M Gibbs BAcc CA(SA),
TS Gobe BBusSc(Hons) Managing Director, R Hendriks BA LLB LLM, PAG Kilroe BCom, JP le Roux CFP® BCom(Hons) CA(SA) Chairman,
NB Mc Intyre BSocSc LRDP, JA Meyer BCompt(Hons), GE Moore BCom(Hons), GE Nasson CFP® BCom CAIB(SA),
SK Nielsen, KW van den Berg CFP® BCom(Hons) CA(SA), J van der Westhuizen Nat Cert in FP, GL White CFP® BCom P G D Mgmt(Mkt)

NON-EXECUTIVE DIRECTORS JA Bester BCom(Hons) CA(SA) CMS(Oxon) CONSULTANT TD Miles (British)

ADDITIONAL SHAREHOLDERS MC Arends Nat Cert in FP, GP Ashwell CFP® BCom, JA Bester BCom(Hons) CA(SA) CMS(Oxon),
YS Carelse BSocSci, SD Chivell, BR Danks BCom CAM Dip, DS Edgar CFP® BCom, JM Forte, UM Godet MCom, TA Govender BBA PDFP,
MA Huxter MBA, BK Kiss CPCE DITN, JM Koopman, M McKay CFP®, RM Mendes-Abreu CAIB (SA), TD Miles (British),
OK Moses, LS Petersen, BG Prettejohn BCom Hons, RO Smith HDip (Tax), KA Sontsele CFP® BCom, N Taal BSocSc PGD Mgmt (HR),
A Theron BCom LLB PGDFP, L van Wyk BCom (Hons), PB Vlotman (DMS) Dip BusM, L Wasmuth

MEMBER The Fiduciary Institute of Southern Africa

Readers of our newsletter are reminded that any comments, opinions and recommendations relating to investment products are made in good faith and with full attention to accuracy. However, market conditions are subject to constant fluctuations locally and globally. We advise, at all times, that investments be made only after consultation with us, and after individual circumstances have been thoroughly considered.

FSP Licence No. 707
Personal Trust (Pty) Ltd Reg No 1951/002859/07

Established in 1980. Active Founding Directors: JP le Roux, AD Calmeyer

15 PERSONAL OPINIONS DECEMBER 2019