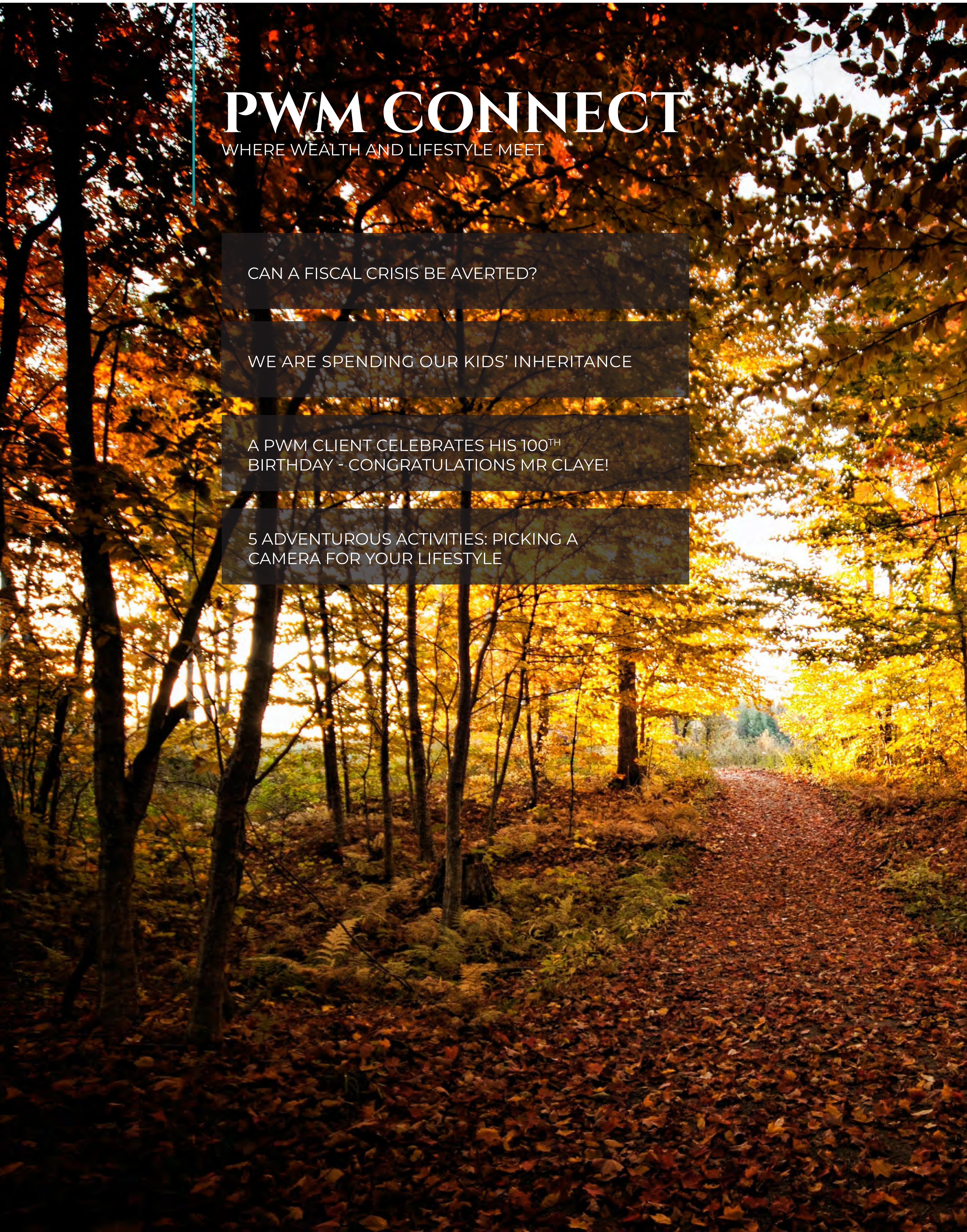
PRIVATE WEALTH MANAGEMENT



PWM CONNECT

WHERE WEALTH AND LIFESTYLE MEET

CAN A FISCAL CRISIS BE AVERTED?

WE ARE SPENDING OUR KIDS' INHERITANCE

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A WORD FROM RUDOLPH

Welcome to the first edition of PWM Connect for 2021.

It is hard to believe that a year has passed since Private Wealth Management became an independent Registered Financial Advice (RFA) business. We celebrated our first year as an RFA Business on the 1st of March 2021. This was an extremely difficult time to facilitate a transition considering the impact and limitations COVID-19 had on people, movement, the economy and business. I am grateful however to confirm that PWM had a very successful 1st year. Our team's dedication and commitment to our clients and PWM, and your ongoing support assisted us in achieving results that we are immensely proud of. I would like to thank you, our loyal and valuable clients for your continued support of Private Wealth Management. You play an invaluable role in the success of our business, and we are privileged to be part of your financial journey.

In the previous edition I mentioned that we are in the process of obtaining our Category II FSP license under the banner of PWM Wealth Management (Pty) Ltd. I can confirm that we are making good progress in setting up the business structures and we aim to be functional as a wealth management business by midyear. One of the operational requirements for the new company is to appoint a Management Company (Manco) to assist with the administration of our PWM solutions. I am excited to announce the appointment of Prescient Management Company as Manco to act as administrator for our local as well as direct offshore solutions. We have also appointed OM Multi Manager's research team to provide our internal Investment Committee with manager research, as well as strategic and tactical asset class allocation insights. More details to follow in our next edition.

In this edition, Izak Odendaal, Investment Strategist at Old Mutual Multi-Managers, shares his view on government spending and the potential debt crisis. We look at the impact of tax on investments at retirement and share an article with information and tips in preparation for retirement. New to this edition is an article provided to us by Universal Health. They discuss the topic of COVID-19 self-isolation and provide valuable insights on how to cope and prepare for it.

Happy reading!

Rudolph van Eck
CEO

CAN A FISCAL CRISIS BE AVERTED?

By Izak Odendaal | Investment Strategist | Old Mutual Multi-Managers

February may be the shortest month of the year, but it is rarely dull with the State of the Nation Address and Budget Speech key annual events. Last year, they were delivered in front of a full house in the National Assembly. Politicians, journalists and special guests mingled around before and afterwards and there were hugs, handshakes and backslaps aplenty. Not a single face mask was in sight.

The world has completely changed since then.

One thing that hasn't changed is that the South African government continues to spend a lot more than it receives in terms of tax revenue. Clearly, it is not a sustainable situation, and is of huge concern to investors, taxpayers and citizens alike. The question for investors specifically is whether things are going to end up as badly as some have argued it will. The terms "debt spiral', "debt crisis" and "fiscal cliff" are being used more and more.

This year's Budget was a crucial milestone in countering some of the extreme pessimism that prevails and is clearly priced into the domestic bond market. It was politically brave, seeing as the consolidation plan relies heavily on reducing Government's wage bill, rather than the more politically expedient (but economically damaging) path of increasing tax rates on the affluent. This is not something you would expect in an election year in many countries.

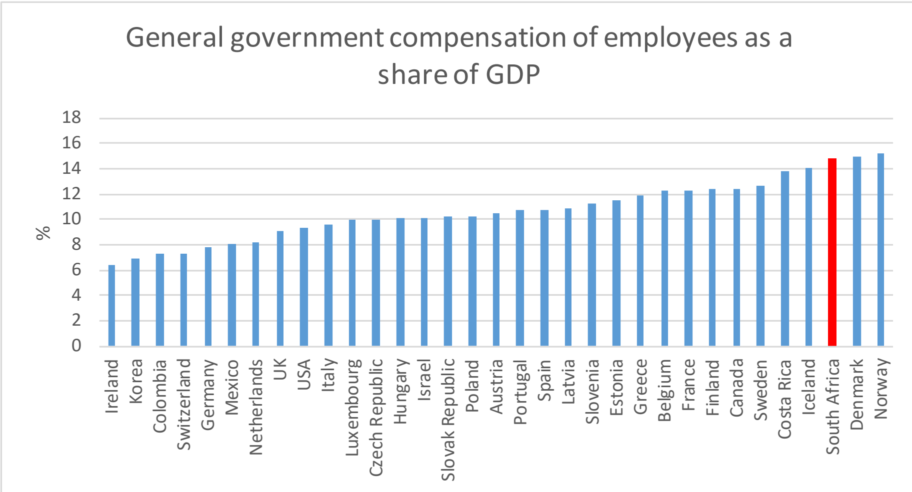
Tax revenue in the 2020/21 fiscal year was R213 billion lower than the February 2020 projection, reflecting the -7% growth shock the economy experienced last year. However, the good news is that tax revenues are recovering as the economy recovers and will be R99 billion more than what was pencilled in in the October 2020 Medium-Term Budget Policy Statement.

As the economy continues to improve and SARS rebuilds capacity, tax revenues will gradually rise too. Therefore, there are no significant tax rate increases included in the Budget, apart from the usual fuel levies and sin tax hikes, and a renewed focus on addressing tax avoidance among the wealthy. In fact, there is a proposal to ease corporate tax rates in 2022, and there will also be a modest R2.2 billion relief for fiscal drag (also known as bracket creep) in the new tax year. This will benefit low- and middle-income earners.

WAGE FREEZE

The biggest and most obvious risk is that public sector unions won't agree to this. While negotiations are likely to be tough, Government is serious about sticking to its guns and probably has the weight of public opinion behind it. While the wage freeze will be hard-hitting for public sector workers, they are shielded from job losses, unlike their peers in the private sector where millions saw either job or salary cuts. As chart 1 from the Budget documents shows – in other words, it is no secret – South Africa spends a greater portion of national income on public sector compensation than most other countries. We certainly do not get much additional benefit. By Government's own admission, the public sector wage bill is too large and has grown at an unsustainable pace. It needs to stabilise so that government spending can increasingly be redirected to investing for the future.

CHART 1: PUBLIC SECTOR EMPLOYEE COMPENSATION (% OF GDP)

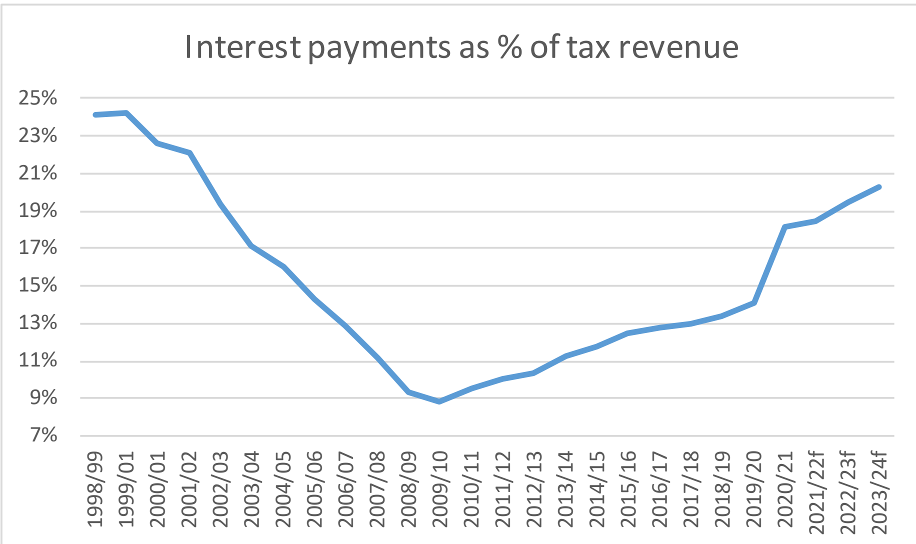


SOURCE: NATIONAL TREASURY

The gap between tax revenue and spending (the consolidated budget deficit) amounts to R689 billion for the 2020/21 fiscal year. The gap is projected to narrow to R377 billion by 2022/23. This will require R1.6 trillion to be borrowed over the next three years (including bond redemptions). However, this is R226 billion lower than the October projection, significantly reducing pressure on weekly bond auctions.

The overall debt-to-GDP ratio is projected to peak at 89% in 2025, a slightly lower level than previously thought. This is comparable to most other emerging markets with reasonable capital market access, but is lower than most developed markets. The difference is that developed countries have lower interest rates and therefore spend less on interest payments. In contrast, the portion of the South African Budget that goes to servicing debt is large and growing rapidly because Government borrows at very high rates. Interest payments for the next three fiscal years will be more than R300 billion per year, averaging 19 cents out of every tax rand collected. This approaches levels last seen in the late 1990s when debt was lower but long-term interest rates averaged around 15%.

CHART 2: INTEREST PAYMENTS AS A % OF TAX REVENUES



SOURCE: NATIONAL TREASURY

This is not all bad news, since most of the interest payments flow to domestic pension funds, banks, unit trusts and insurers and, ultimately, circulate in the economy again.

However, rising interest payments leave less room for spending on other important areas. The impact of the fiscal crisis everyone is warning against is therefore not necessarily on financial markets. It can also be a crisis of service delivery if Government has to cut back on health, sanitation, safety or education spending, or more likely, capital expenditure. Ideally, as the interest burden rises, it will force a deep reprioritisation exercise, to ensure that every buck goes to where the bang is biggest.

In terms of a fiscal crisis manifesting on financial markets, an outright default seems unlikely. In the modern era, defaults normally happen when a debt crisis combines with a balance of payments or currency crisis. To put it in simple terms, it happens when a country borrowed too much in US dollars, and now struggles to find the dollars to make interest or principal payments. This normally occurs where the International Monetary Fund (IMF) steps in with emergency dollar loans. Since our government's debt is mostly rand denominated and we have a floating currency, this is an unlikely path for us. Our biggest risk – how a fiscal crisis is most likely to manifest – is a loss of market access, when the market is unwilling to roll over maturing debt or absorb new debt. It helps that South African debt is of a very long maturity, mostly due after 2030. But things can still go wrong in the meantime if global markets seize up, as they did in March last year.

Fortunately, the global backdrop is currently favourable. Firstly, as noted, firm commodity prices and stronger global growth mean exports can continue to lead the domestic recovery. The current debt trend is unsustainable but becomes more manageable if the economy can post real growth rates of around 2% over the next five years, compared to 0.5% in the five pre-pandemic years.

Secondly, the narrative around debt has changed. The IMF, historically the high priests of the religion of budget austerity, has completely changed its tune following the slow post-2008 recovery. The turn to austerity in the US and Europe after the Global Financial Crisis delayed economic recovery and gave rise to populism. This time round, the advice is to make sure that economies heal first, before worrying about debt. "Spend as much as you can, but keep the receipts" was the counsel from IMF President Kristalina Georgieva. The big difference between South Africa and the US, for instance, is that we borrow at long-term interest rates that far exceed even optimistic estimates of nominal economic growth. Rich countries can borrow at interest rates below long-term expected growth and inflation. It's essentially free money and future interest payments on the debt issued now will not crowd out vital areas of government spending or service delivery.

Which brings us to the third point. These low global interest rates have a gravitational pull on our bond yields. In other words, things would be a lot worse if global interest rates were higher.

We therefore have some time on our side. As Government remains committed to fiscal consolidation, the biggest risk for local bond investors remains a surge in global risk aversion, and not a home-grown crisis. It helps, of course, that South African debt is of a long maturity and mostly rand denominated. This reduces the risk of having to constantly roll maturing debt in potentially unfavourable conditions, while currency volatility also has little impact, whereas it can be devastating for many other emerging markets.

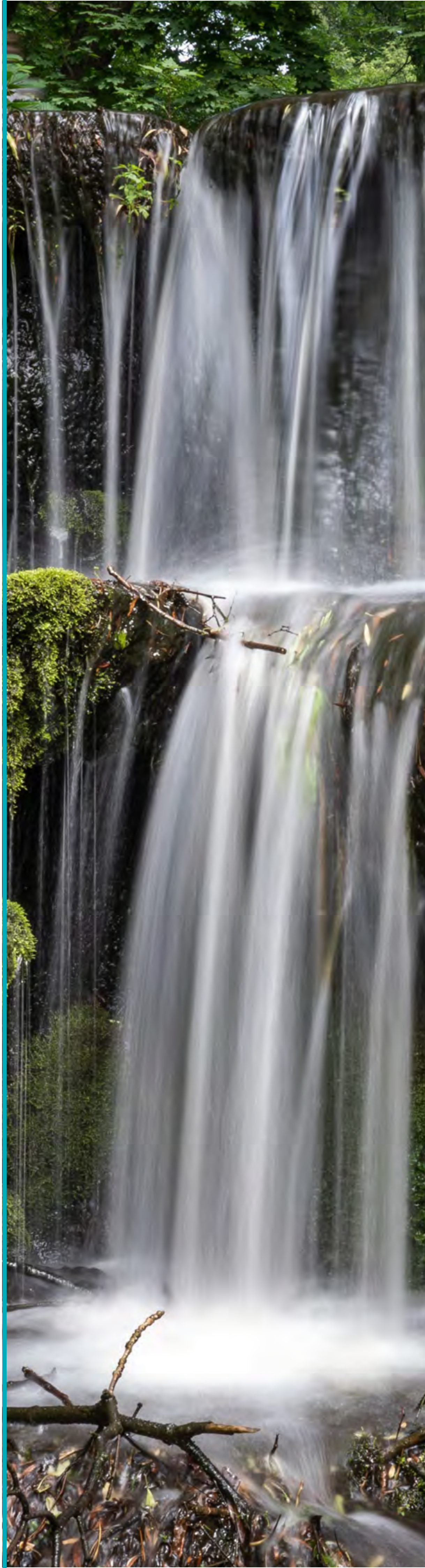


CHART 3: SOUTH AFRICAN 10-YEAR GOVERNMENT BOND YIELD (%)

SOURCE: REFINITIV DATASTREAM

What all this means is that South African government bonds continue to offer good value to investors with yields well ahead of inflation and the money market. These high yields mean that bonds delivered an 8% return in the year to the end of February, despite last year's massive foreign outflows, ratings downgrades and exclusion from the World Government Bond Index. There are risks, as discussed above, but these risks are known and largely priced in. If new information comes along, the market will reprice the risks. But for now, taxpayers and bond investors can sleep a bit more soundly.

By Bernhard Visser and Petro Kriek | Financial Planners | PWM Rustenburg

WE ARE SPENDING OUR KIDS' INHERITANCE

and we're loving it!

John and Jane are in their 70s and loving life. John was a financial planner and Jane a pharmacist. They retired at age 60. They had always dreamed about becoming swallows after retirement – chasing sunny spots all over South Africa when winter lurked. They are happy, healthy and financially independent.

Sadly, not everybody is that lucky. The path to a comfortable retirement can be daunting, pricey and full of sacrifice. The greatest challenge on this path is finding the right balance between needs and wants. This is our take on the subject:

1. I am **retiring** and **emotions** are running high

Spiders, snakes, the dark, clowns... These are our most common fears, according to Kathleen Coxwell in her article "Three Biggest Retirement Fears and How to Beat Them". The thought of retiring and going into the phase of spending money for a living is daunting, to say the least. Transamerica listed the number one fear amongst prospective retirees as THE FEAR OF RUNNING OUT OF MONEY. This thought is scarier than any of the hair-raising stuff Kathleen discusses in her article. Having been in the industry for 23 years, we can confirm that this is true. However, it often happens that retirees feel inadequate and unsuccessful due to leaving their much-loved occupations. Mixed emotions are the order of the day. If you experience any of this, know that IT IS NORMAL.

2. Choosing the right **financial planner** is crucial

Like cooking and load shedding, your head space and your financial plan must be in sync. Robo-advisers and self-help retirement tools are available at your fingertips. Yet, the reality is that having a close relationship with a qualified financial planner is crucial in keeping your hopes and dreams aligned with your financial realities. We see the bigger picture of how you relate to money. The Financial Planning Institute (FPI) or PWM websites are excellent starting points for choosing the right financial planner. Obtaining references on any planner before getting in the boat together is very important, as you will be embarking on a lifelong financial journey. A trust-based relationship is the solid foundation on which you must build your retirement house of hopes, dreams and desires.

3. My **bucket list** is my friend

There is more to life than money. Wealth should always be a means to support your desired lifestyle. Over the past 23 years, we have learned that it is not the amount of money you have that determines your level of satisfaction and contentment. Discuss your goals and dreams with your financial planner. The partner on your retirement journey can only craft the correct plan if he/she understands what makes you tick. The writers on the verywellmind.com website point out that depression is very common amongst retirees. They list a number of coping mechanisms. One of these tips is to fulfil your dreams. Planning for this is critical. Maybe you've always wanted to learn to play a musical instrument, or perhaps to travel? Now is the perfect time. You have the freedom and you are still young enough to enjoy it. Go for it!

4. **DEATH** AND **TAXES** – THE ONLY CERTAINTIES IN LIFE

This is the boring stuff! In planning for retirement, it is important to limit the drainage due to taxes as far as possible. Proper planning is super important! Income tax, estate taxes and tax on retirement lump sums can eat into the amount of funds available at different stages. Remember to discuss your will, beneficiary nominations on policies and retirement funds, and other sources of income with your planner. Your planner will know how to structure your portfolio efficiently. For this discussion we will stick to the impact of taking a cash payout at retirement from your retirement fund. The retirement and death benefits or severance benefits tax table will be used to determine the tax implications of the lump sum you will be taking. Previous retirement fund cash withdrawals, on resignation or retrenchment (including severance) packages will be taken into account. The current retirement tax table looks like this:

TAX TABLE RETIREMENT BENEFITS[20]

TAXABLE INCOME	RATES OF TAX
Not exceeding R500 000	o per cent of the taxable income
Exceeding R500 000 but not exceeding R700 000	18 per cent of amount by which taxable income exceeds R500 000
Exceeding R700 000 but not exceeding R1 050 000	R36 000 plus 27 per cent of amount by which taxable income exceeds R700 000
Exceeding R1 050 000	R30 500 plus 36 per cent of amount by which taxable income exceeds R1 050 000

Find the sweet spot between the luxury and the flexibility of having cash, and taxation of the lump sum. Also consider "voluntary" (non-retirement fund) income and optimise your tax by drawing down across voluntary and compulsory (retirement) funds.

5. TO HAVE A **BUDGET** OR NOT...

"How can you be lost if you don't know where you are going?" It is important that you have a monthly expense budget and stick to it! How else would your financial planner know what to aim for? The desired income is one of the main drivers behind the portfolio structuring.

6. The **RIGHT PRODUCT** is a means to an end

When you go on holiday, you can choose between going by car, by aeroplane or by train. The destination stays the same, but the route is vastly different. The same applies to deciding which post-retirement income product to go for. The challenge is balancing each person's unique financial needs with their personal circumstances and views on life.

Money from your retirement funds, minus any lump sum taken in cash if applicable, could be invested in mainly two ways (remember, you will not have access to the capital when investing in either of the two types of products):

1. **Guaranteed income for life products (Life annuities)**
   This group of products offers a guaranteed life-long income. The annual increase is determined at the onset and there are different options available. Be sure to discuss the implications on death with the financial planner – your kids (beneficiaries) might not be so happy with the option you decide on.

2. **Market-linked retirement income products (Living annuities)**
   This investment should be managed very carefully with the help of a financial professional. The level of income can be selected annually, and must be between 2.5% and 17.5% of the value of the investment, according to current legislation. The principle of this investment is similar to a bucket of water that has an inflow and an outflow. Investment funds must be chosen to determine the inflow (growth). These funds will influence the likelihood of a fund value roller-coaster ride due to market ups and downs versus a lazy river ride. The outflow tap is where the problem lies. The wider the tap is open, the bigger the risk of the water running out too quickly, leaving the investor without a sufficient income at a later stage in life.

	INCOME FOR LIFE (LIFE ANNUITY)	MARKET-LINKED INCOME (LIVING ANNUITY)
Guaranteed income	✓	X
Investment risk protection	✓	X
Longevity risk protection	✓	X
Flexible income	X	✓
Investment choice for growth	X	✓
Inflation protection	Depending on income increase option chosen	If correct level of income is selected between 2.5% and 17.5%
Capital available	X	X
Beneficiary nomination	X	✓

SOURCES: OLD MUTUAL WEALTH AND OMIS

7. So what now? Here are some TIPS

The brilliant article "7 Surprisingly Valuable Assets for a Happy Retirement", Jacob Schroeder notes that once your retirement plan is in place, it is essential to focus on the following things that money cannot buy:

7.1 Good health: It is never too late to become more active and enjoy a healthy lifestyle! Staying healthy and making your children wait for their piece of the pie can be fun 😉.

7.2 Strong social connections: Happier retirees are those with more interaction. Do the stuff you like with the people you love.

7.3 Purpose: Even though it seems that the leisure time associated with retirement is the ultimate pleasure, a sense of purpose can be more fulfilling. Volunteering to help people in need can bring more happiness than spending money on oneself.

7.4 Education: Learn something new that you would enjoy, to keep you mentally sharp.

7.5 Optimistic outlook: Optimism is a trait that anyone can develop. Your brain is wired to think positively.

7.6 Gratitude: People who count their blessings have a more positive outlook on life and a lower need for materialism. Rather compare yourself to people who have less than you, than to people who have more.

7.7 (Wo)man's best friend: Lastly, he writes, "The companionship of a furry friend can be just as beneficial as that of another human being."

7.8 Inheritance: Benefiting from an estate is a privilege – not a right! However, your staying financially independent is! Stick to the plan.

8. In summary

Going into retirement requires a major transition. It does not only include financial matters, but also requires rethinking some major life strategies. The help of a qualified financial planner is of the utmost importance. The planner will help you keep a clear head in balancing your life and finances. Start planning as early as possible, so that you can keep your eye on all the balls that are important to you.

Start spending your kids' inheritance – AND ENJOY THE JOURNEY!

Disclaimer:
The name(s) and the example(s) used in this article are for illustration purposes only. Each person's circumstances are unique and should be assessed on their own with a financial planner before deciding on any action steps.

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SARS AND RETIREMENT – CLEARING THE AIR, LET'S GET TECHNICAL

By Chris Grobler | Financial Planner | PWM Bryanston

The SARS rules regarding retirement funds and retirement are ever-changing and can be very confusing. I hope to clear up some of the confusion with the following hypothetical examples. Pardon me if it gets a bit technical – I tried to keep it as simple and practical as possible.

THE CASE OF MR GREEN – RETIRING FROM HIS NEW RA

In March 2017, Mr Green retired from a provident fund and opted to exercise the full tax relief available to him on his retirement lump sum benefits. He received the full R500 000 as a lump sum and paid 0% tax.

In October 2019, Mr Green retired from his Sanlam Retirement Annuity (RA) with a total retirement value of R621 000. He opted to take his one-third as a cash lump sum amounting to R207 000. After deducting tax according to the retirement tax tables he was paid an amount of R169 110.

RETIREMENT LUMP SUM CALCULATION

Lump sum benefit due from fund	R207 000.00
Tax-free amounts received in the past	R500 000.00
Tax payable: (R200 000 @18% & R7 000 @ 27%)	R37 890.00
Average rate of tax payable	18.30%
Lump sum benefit after tax	R169 110.00

Mr Green is still earning an income doing contract work and wants to reduce his taxable income. He also wants to continue saving to boost his retirement capital, so he decided to start a new Sanlam Retirement Annuity in February 2020. In December 2020, he experienced some liquidity issues and decided to retire from his new Sanlam Retirement Annuity, now worth R150 000.

THE QUESTION NOW IS: WHAT IS THE MAXIMUM AMOUNT THE CLIENT CAN WITHDRAW FROM THE RA?

When you retire as a member of a pension fund, pension preservation fund or retirement annuity fund and you wish to take a portion of your retirement interest as a lump sum, you can take (commute) a lump sum equal to a maximum of one-third of the retirement interest in that fund. The remaining two-thirds will be paid out in the form of an annuity (a regular pension). However, if the two-thirds of your total retirement interest in the fund (i.e. taking into account all retirement annuities with a particular fund) remaining to purchase an annuity falls below R165 000 (i.e. the total retirement interest is not exceeding R247 500), you may take the full amount as a lump sum.

The amount accumulated in Mr Green's Sanlam Retirement Annuity is only R150 000, which is below R247 500. Therefore, one would assume you can commute the full amount of R150 000 less 27% tax. That is R109 500 in the client's pocket!

Not so, according to SARS. The R247 500 rule is applicable to the **total retirement interest of that particular retirement fund.**

Retirement interest is defined as a member's share of the value of a pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund as determined in terms of the rules of the fund upon his/her retirement date. **In the case of a member of a retirement annuity fund or a pension preservation fund in respect of whom multiple policies or contracts are held in the fund, the "retirement interest" of the member is the total value of all the policies in the fund on any particular "retirement date".**

This means that when the member applies for a full commutation, **all previous lump sums taken from the same fund will also be taken into consideration when calculating the retirement interest.** Therefore, because Mr Green's new Sanlam Retirement Annuity is part of the same retirement fund and his original RA was worth more than R247 500, the maximum cash he can take from any current or future Sanlam Retirement Annuity in that same fund, is one-third less the applicable tax – in this case R50 000 less 27% tax. The maximum amount Mr Green will receive is R36 500.

Only contributions to different RA funds (i.e. not further RAs within the same fund) with a value less than R247 500 may be commuted in full.

* Interesting footnote: As from 2020, you are allowed to commute a living annuity at any time (subject to taxation) if the full value of the remaining assets falls below R125 000.

The case of Mr Brown – retiring after taking previous lump sums on resignation

Mr Brown resigned from his previous pension fund in June 2009 and took R600 000 as a lump sum. He was taxed at 18% on the amount above R22 500 (the 0% tax portion according to the withdrawal tax table at the time). So, he received a lump sum of R496 050 after paying R103 950 in tax.

Mr Brown now turns 55 and has four RAs in four **different** RA funds (he has not held any other RA policies, at present and in the past, in the same RA funds). The four RA funds are worth R240 000 each, totalling R960 000. Surely, he still has the 0% taxed portion of R500 000 less the R22 500 he accessed, or not?

Certainly not in terms of relevant tax legislation. If he resigned on or after 1 March 2009 and already took an amount above R500 000, he has effectively exhausted the 0% tax bracket up to R500 000.

Therefore, the calculation will look as follows:

STEP 1: CALCULATE TAX ON CURRENT AND PREVIOUS LUMP SUMS RECEIVED

Current lump sum benefits due from fund	R960 000
Previous lump sum received	R600 000
Total lump sum	**R1 560 000**
Tax payable: (R130 500 + 36% above R1 050 000 + 36% of R510 000)	R314 100

STEP 2: DEDUCT THE "HYPOTHETICAL TAX" IN RESPECT OF THE PREVIOUS WITHDRAWAL MADE

Tax on previous lump sum received	R600 000
Tax payable: (18% of the amount above R500 000, i.e. R100 000)	R18 000

We do not use the actual tax paid when the previous lump sum was received. We apply the retirement lump sum tax table applicable at the date of **current** retirement. (Just bear in mind that the table applicable to lump sums on retirement has also changed over the years.)

STEP 3: CALCULATE TOTAL TAX PAYABLE

Current lump sum benefits due from fund	R960 000
Tax payable:	
• Tax on current and previous lump sum	
• Minus hypothetical tax calculated on previous withdrawal	(R18 000)
Total tax	**R296 100**
Lump sum payment on retirement after tax	R663 900

Mr Brown will thus receive a lump sum payment of R663 900 after tax on retirement.

* Important to note:

1. Only lump sums received form retirement funds at retirement on or after 1 October 2007 are taken into account for the aggregation principle.
2. Only lump sums received form retirement funds on withdrawal (prior to retirement) on or after 1 March 2009 are taken into account for the aggregation principle.
3. Severance benefits received on or after 1 March 2011 are taken into account for the aggregation principle.

CONCLUSION

In conclusion, from a financial planning viewpoint, it is a bad idea to cash in your pension fund money on resignation because it can drastically increase your tax payable on lump sums at retirement. Instead of cashing in your retirement funds on resignation rather leverage of the power of compound interest on your investment for retirement. This effect of compound interest could be the difference between retiring comfortably and just having enough to survive on.

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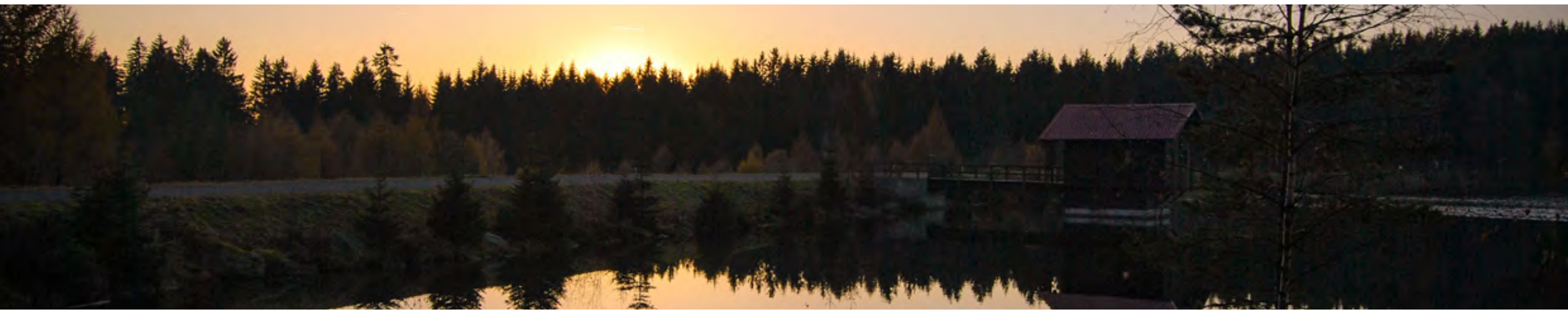


GLOBAL & LOCAL EQUITIES

By Paul Steven | Portfolio Manager | Old Mutual Wealth Private Client Securities

Johnson & Johnson (J&J), the world's largest healthcare company, reported 2020 full-year results that highlighted the defensive characteristics of its diverse portfolio. Over a period involving much disruption and uncertainty, group sales were up 0.6% while earnings per share declined 2.1%. Earnings were primarily impacted by COVID-19 as well as increased R&D investments, including the COVID-19 vaccine and US$2.4bn in litigation expenses related to a court verdict on Talc. J&J will seek review of that decision by the US Supreme Court. The Consumer Health segment reported sales growth of 1.1% while Pharmaceuticals benefited from market share gains across key franchises, resulting in 8% growth in sales. The Medical Devices segment continued to struggle through the negative impacts of COVID-19, seeing sales decline by 11.6%. J&J offers exposure to a diverse portfolio of treatments for ailments in immunology, infectious diseases, cardiovascular and oncology, without excessive exposure to a single ailment or patent loss. We believe this diversification will continue to support stable earnings and dividend growth. Having announced their lead COVID-19 vaccine candidate in March 2020 and following a successful trial, J&J aims to deliver 100 million doses for use in the US by the end of June. The group's vaccine offers meaningful advantages over the two vaccines already authorised in the US, as it is expected to require just one dose and can remain stable in a refrigerator whereas the others need to be frozen.

Vodacom reported revenue growth of 6.7% for the third quarter of 2020, which was ahead of service revenue growth and was supported by equipment sales and non-service revenue.

In South Africa, the prepaid division was the star performer, having added 1.4 million customers and growing average revenue per user by 9.3%. Vodacom's financial service, Airtime Advance, is proving popular in SA as 40.2% of total prepaid recharges were facilitated through this service. Data usage increased 43.2% in the quarter, more slowly than what was experienced in the prior quarters. However, this was expected over the festive period when people presumably left their homes more often or went on holiday. International service revenue declined by 1.4%, though international operations are steadily recovering as economies begin to open post lockdowns. M-Pesa services were zero rated during this period and fees were only reinstated across all markets at the end of January 2021.

Looking ahead, Vodacom, Rain, Telkom, MTN, Liquid Telecom and Cell C applied to participate in the spectrum auction scheduled in March. Vodacom indicated that the upcoming spectrum auction is crucial in extending coverage, improving quality of service, and lowering the cost to communicate. Management did not comment on the lawsuits brought by Telkom (supported by e.tv) and MTN against ICASA in relation to the upcoming auction.

CLIENT TESTIMONY

A PWM CLIENT CELEBRATES HIS 100TH BIRTHDAY – CONGRATULATIONS MR CLAYE!

By Spencer Marshall | Financial Planner | PWM Bryanston

We have all heard the theory that the first person to live to be 150 years old has already been born. Two thousand years ago, the average life expectancy was 35 years and as recently as 1900, this figure had only improved marginally to 47 years. Due to massive strides in medical science and improved living conditions, the average life expectancy is now in the region of 79 years. In contrast to this, retirement ages are starting to come down. The accepted retirement age used to be 65. However, due to economics people are now being compelled to retire at the age of 63, or even 61. This widening gap between retirement age and life expectancy makes saving for retirement and financial planning ever more challenging.

This brings me to the main reason for this article, and that is to honour one of my clients, who has recently turned the remarkable age of 100! I would like to thank his daughter Holly for sending me this précis of his long and colourful life.

Michael Havelock Claye celebrated his 100th birthday on Friday 11 September 2020 at Holly's home in Johannesburg. He enjoyed a special luncheon with his local Johannesburg family of 5, while 21 other family members from the UK, Australia, US and Zimbabwe joined him on Zoom. He was surrounded by banners, over a 100 helium balloons bouncing around the ceiling, and he even received a letter from the Queen!! It was a truly festive and memorable event.

Michael was born in Derby, England in 1920 and the family home was in Cambridge, where his father was the University's Assistant Registrar. From the age of 11, he was a boarder at Gadebridge Park School in Hemel Hempstead and at 14 he boarded at the Imperial Service College in Windsor. Thereafter, he went to Caius College, Cambridge University where he read an MA in History. In 1939, war broke out and Michael trained in the University Officers' Training Corps, guarding aerodromes. He then joined the 13th Battalion Sherwood Foresters on the Isle of Man – this regiment became the 163rd Regiment and Michael was sent to India.

MICHAEL AS A YOUNG LAD

MICHAEL AND PAT'S WEDDING DAY

MAJOR MICHAEL CLAYE WWII

MICHAEL'S 100TH BIRTHDAY PARTY

From there he joined the 7th Battalion Leicestershire Regiment and took part in the second Chindit invasion of Burma. After surviving this period, he joined the 2nd Battalion Leicestershire Regiment. He was injured and sent to India GHQ to prepare battle plans. Finally, he returned to England in early 1945 and ran a POW camp near Swindon.

After the war, from 1950 to 1970, Michael worked for Raleigh Bicycles in senior management. In 1953, Michael married Patricia, 11 years younger than him.

Michael's job with Raleigh took them all over the world and their four daughters were born in Cambridge, Montreal Canada, Mexico and Nottingham. The Claye family ended up in Durban, SA where Michael was the CEO of Triang-Pedigree (the toy, bicycle and pram manufacturer).

After retiring, Michael ran The Association for The Aged in Natal (TAFTA), and from the age of 76 to about 88 he did the accounts for Muthandi (Black Association for The Aged) as a volunteer.

Apart from his career and family life, he was known as "Mr Fix It" as he was forever doing plumbing jobs, electrics, building, tiling, painting, fixing his cars etc. Tradesmen never crossed the family home threshold as he fixed everything himself!!

In December 2017, Michael and Pat moved to Darrenwood Retirement Village in Johannesburg to be closer to their youngest daughter Holly and her husband Gordon. Sadly, Pat died in January 2018 and Michael moved in with Holly and Gordon.

In June 2018, Michael travelled to the UK to visit his daughter Annabel and in February 2019, he flew unaccompanied to stay with his other daughters, Penny and Caroline, in Perth.

Amazingly, in May 2019, he got his driver's licence renewed; one of the employees declared he was "madala but fresh"!!! However, since lockdown he has stopped driving altogether.

When asked about what he attributes his longevity to he said:

"Routine; keeping active; avoiding all formal exercise; doing cryptic crosswords; eating cornflakes, and marmalade on toast every morning for breakfast; eating cake with afternoon tea; enjoying whipped cream with a pudding after every dinner; and last but not least, waking up every day with a positive attitude and thankful to be alive."

Michael is a truly inspiring centenarian, a gentleman to the core, and it is an honour to have him as a client.

Private Wealth Management salutes you!

MICHAEL'S LETTER FROM QUEEN ELIZABETH

CompCare
Medical Scheme

The importance of having a COVID-19 self-isolation action plan in place

More than 80% of people diagnosed with COVID-19 will become mildly ill and their healthcare provider will most likely recommend that they self-isolate at home rather than going to hospital.

But what does this mean and how do you self-isolate without placing your loved ones at risk?

"When your healthcare practitioner advises you to self-isolate it means that you should stay at home for the recommended 10 days. You should not leave your house unless you need medical care and you should avoid contact with others to minimise the risk of infecting them with COVID-19," explains Geraldine Bartlett, chief professional officer of Universal Healthcare, administrator of CompCare Medical Scheme.

"During this time, you cannot allow any visitors into your home. If you need essentials, do your shopping online or ask your family or friends to help you get things you need, such as groceries or medicines from the shops and pharmacy," she adds.

Josua Joubert, chief executive officer and principal officer of CompCare Medical Scheme says that members who have been diagnosed with COVID-19 are in a unique position due to the extended benefits offered to them on all benefit options.

"Members and their dependants on CompCare who are diagnosed with the virus will have access to benefits including GP consultations, chest physiotherapy, a pulse oximeter for every family, a nebulizer, a home oxygenator where clinically necessary, an electronic thermometer as well as PCR tests and antibody tests when prescribed by a doctor. In addition, nutritional supplements such as vitamins B, C, D and Zinc will be provided on options with discretionary savings. The scheme will also pay for an approved vaccination when it becomes available without touching your savings," Joubert explains.

THE IMPORTANCE OF BEING PREPARED

It is important to establish a list of protocols and inform all members of your household of the plan while making arrangements for your specific setup.

TIPS FOR CREATING YOUR ACTION PLAN FROM COMPCARE

1. Stock up on essentials

It is a good idea to stock up with items that you will need if you have to isolate at home for 10 days. There are many things that you can buy in advance in order to be prepared. Toiletries, nonperishable food items, multivitamins and chronic medication are just a few examples.

2. Cook and freeze meals

It is a good idea to prepare and freeze meals in advance to ensure that you have wholesome meals ready for when you need them.

3. Discuss the plan with your family

You will need to make sure that everyone knows what role they should play while you are sick. Establish who will be responsible for preparing meals, walking the dogs, doing the laundry, buying groceries or taking the children to school. By doing so everyone in the household will be fully aware of what needs to be done while you are ill.

4. Protect the people in your home

You must separate yourself from other people in your home to avoid infecting them. You must stay in a separate 'sick room' in quarantine by yourself, and nobody should be in that room with you. If possible, use a separate bathroom, but if you share a bathroom make sure that you disinfect and clean it after every use. Avoid sharing items such as eating utensils and towels and avoid being in the same area of the house at the same time, as a general rule. Open windows for ventilation, wear a mask and stay at least two metres away from other people in the home if you absolutely have to be in the same space at the same time.

5. What about vulnerable people in your home if you get sick?

If you have elderly people living in your household or people with chronic conditions such as diabetes, hypertension, chronic lung disease, cancer or kidney failure, extra precautions are needed. These people are at a high risk of severe COVID-19 symptoms, should they get infected.

If you were to get sick, it might serve you well to make alternative arrangements to stay elsewhere while you are self-isolating.

6. Living alone

If you live alone, you must have someone check in on you at least once a day, either by phone or text. Plan who this will be and discuss this with the person in advance. Don't wait until you get sick to decide who this person will be.

For those living alone it may be an idea to give a set of keys to someone who can assist if your condition worsens and you are incapacitated. Also, if you have pets, you will need to make arrangements for their care if you have to go to the hospital.

7. Single parent household

It is particularly important for singleparent households to make living arrangement plans for your children if you become ill or need to be hospitalised. Discuss these plans with your kids beforehand so that they can understand the situation.

8. In case of an emergency

It is important to make a list of vital information should your condition suddenly worsen and you need to go to the hospital.

This list should include your doctor's elephone number, contact details of the nearest (or preferred) hospital or emergency service, your medical scheme details and a list of the chronic medicines you are taking. Give this list to the person who will help you should you suddenly deteriorate.

Know the warning signs of an emergency, which include:

- Trouble breathing
- Chest pain or pressure in your
- chest that does not go away
- Coughing up blood
- Loss of speech or movement
- Confusion or the inability to stay awake
- Bluish lips or face

Should you develop these symptoms, you will need to call your nearest hospital or emergency service immediately.

MANAGING YOUR SYMPTOMS AT HOME

Most people who get sick with COVID-19 will only have a mild illness. You may experience the typical symptoms, which include a fever, cough and mild shortness of breath.

For most people, symptoms last a few days and one usually feels better after a week.

Keep well hydrated, ensure that you rest enough and eat well. Remember to take your chronic medication and use your prescription medication exactly as prescribed by your doctor.

"Remember that emotional and mental wellbeing also needs attention when it comes to your overall health. It is therefore important to make time for activities that you enjoy and find relaxing. You can also stay connected with your loved ones via email, social media or phone while self-isolating," adds Joubert.

"CompCare's emotional wellness benefit, which is available free of charge on all options, offers a 24-hour helpline with trained clinical professionals, together with a referral for face-to-face counselling when required, to further support you.

CompCare are ever mindful that one of the greatest attributes a medical scheme can offer its members is the ability to innovate to create meaningful value. During these uncertain times, it is particularly important that we continuously strive to offer benefits that add tangible value for our members," Joubert concludes.

5 ADVENTUROUS ACTIVITIES: PICKING A CAMERA FOR YOUR LIFESTYLE

By Jess Semple | ORMS Cape Town

The beaches are open, the mountains are just waiting to be scaled, and you best believe that while we still have some of the hottest days of the year left to enjoy we're going to be spending them outside shooting some incredible photos and videos. In this short article, we thought it would be enlightening to pair image-makers and shooting styles with their ideal camera (in our humble opinion, of course). Hopefully, this will give you a better idea of what camera is perfectly suited to your unique style of adventure. Without further ado, let's dive in with our first perfect match!

#1. Do anything, capture everything with an action camera

If your weekend adventures look like hiking with friends, sandboarding at Atlantis Dunes or simply hitting your favourite beach for a surf, the rugged, tried-and-tested GoPro brand is perfect for documenting your best moments in the most superior way. We highly recommend the GoPro HERO9 Black to all our outdoorsy friends: it records crispy 5K video, snaps detailed 20MP stills and is waterproof down to a whopping 10 metres straight out of the box. Now you can finally record your highlights and relive your memories in lifelike quality!

Get the lowdown on the GoPro HERO9 Black here.

#2. Get a bird's eye view, thanks to your very own eye-in-the-sky

Perhaps you aren't content with limiting your adventures to terra firma and would prefer to take to the skies? Aerial photography and videography offer us a view of the world that possesses an irresistible allure. These days drones are more affordable and accessible to aspiring pilots of all skill levels than ever before. If you're new to the wonderful world of flight, you can't go wrong with the DJI Mini 2. This drone is small, but mighty. Weighing in at an impressive 249 g, the Mini 2 is so compact it can fit into the palm of your hand when folded. Its size doesn't dictate its capability. However, it can shoot 4K 30 fps video and resist up to Level 5 winds. With powerful features like Smart Return Home, automatic takeoff and precise hovering capabilities, it's never been easier for newbie pilots to lift off for the first time.

Discover the DJI Mini 2's full potential here.

#3. Return to photography's essence with B&W street photography

For some of us, the term "adventure" looks a little different. It could be exploring a rural town on the hunt for an undiscovered coffee shop, or snapping that perfect candid shot in the midst of a bustling CBD street.

Whether you're spending your weekends wandering wine farms to shoot new angles of the gorgeous architecture, or simply grabbing portraits of strangers, you need a creative companion that will focus your intention and attention in the moment. There is no camera more perfect for this application than the Leica Q2 Monochrom. In a loud, garishly colourful universe, there are still those who would argue that black-and-white photography is the art form's purest manifestation. The Leica Q2 Monochrom is the world's first digital camera to feature a dedicated monochrome sensor. Combining the 47.3-megapixel sensor with its 28mm f/1.7 prime lens and 3.68-megapixel OLED viewfinder crafts an unparalleled purist photographic shooting experience that stands apart from the way we have become accustomed to making images in this era of bigger, better, faster, louder. If you're longing to experience photography as a meditation and an art, this is the camera for you.

Learn more about the Leica Q2 Monochrom here.

#4. The compact camera to take anywhere

Many of us spend a lot of our year travelling (or at least we used to!). Whether you're jet-setting for business or pleasure, it's always nice to have a portable but powerful camera stashed away in your backpack to document all the sights you see and share them with your friends and family when you return home. Capturing your memories vividly on a whirlwind trip demands a top-quality camera that makes shooting accessible and frictionless. Of course, we're referring to the Sony A7C. This super-small, full-frame mirrorless unit boasts most of the same pro-level photo and video features seen in Sony's larger models like the A7 III, but in a travel-sized body. You've got the 4K video. You've got built-in IBIS. You've got the wide ISO range and the snappy autofocus. You can even try your hand at vlogging with its compact flip-out screen. If you want to shoot like a pro, but on the go, the A7C is a no-brainer, really!

We unpack all things Sony A7C here.

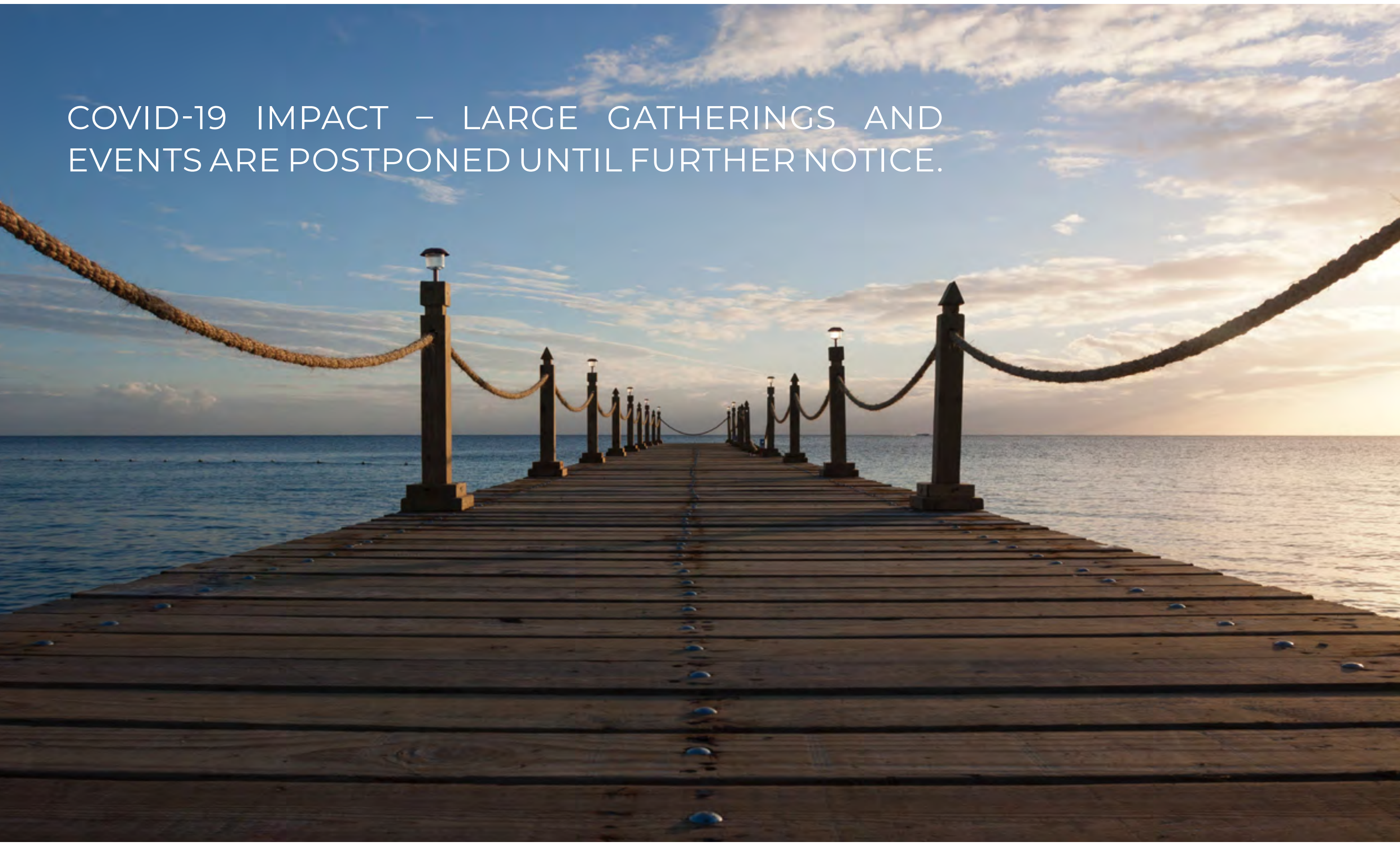
#5. But what if I want to do it all (and do it better than everyone else)?

Okay, so you're an all-rounder and you don't want to confine your talents to just one type of creative expression. You want to shoot everything from portraits to wildlife and nail the shot every single time. You want to capture breath-taking video effortlessly. You want a beastly machine that can keep up with your vision and execute flawlessly. There is no better camera on the market for you than the Canon EOS R5: a 45-megapixel sensor, up to 20 fps stills shooting, 8K 30 fps internally stabilised video recording. The R5 is a monster that not only delivers all of the above, but also possesses the best autofocus system in the world. This powerhouse makes shooting stills and video so easy that it feels like it should be illegal. Let's be honest: who wouldn't want that!

Find out everything the Canon R5 can offer you here.

We hope that you found this article inspiring and that it helped you to better understand how you can match a camera's technical capabilities to your personal shooting style for a seamless image-making experience. If you need expert advice when making your next photographic investment, our specialist team at Orms is here to support you in all your creative endeavours! You can find more educational resources on our blog and YouTube channel, or shop with us online at ormsdirect.co.za.

LIFESTYLE EVENTS



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