

PwM CONNECT

WHERE WEALTH AND LIFESTYLE MEET

EVENTS AND EVENTUALITIES

LEGACY DRAWER: KEEP YOUR
FAMILY PREPARED

TRUST YOUR TRUST!

PLANNING AHEAD FOR YOUR HEALTHCARE

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A WORD FROM RUDOLPH

Welcome to this year's third edition of the PWM Connect newsletter.

Spring is in the air, and with the end of the year fast approaching, I am sure some of you already have plans in place to go on that well deserved break over the festive season.

ESTATE PLANNING IS IMPORTANT

Before you do so, it is important to make sure that your estate plan and will are in order. Estate Planning isn't always an easy topic to discuss, but a necessary one, as it helps you to preserve, increase and protect your wealth and assets during your lifetime. It can also ensure the efficient unwinding and distribution of your estate to your nominated beneficiaries as you have intended it to be in the event of your untimely death. Proper estate planning will guide your family on the right path and ensure that your loved ones have easy access to your documents and instructions.

Having an estate plan is one way to ensure that you leave a meaningful legacy for your family and loved ones. What does it mean to leave a legacy? It means putting a stamp on the future and making a contribution to future generations. People want to leave a legacy because they want to feel that their life mattered. Once you know what you want your legacy to be, you can start building it.

We have access to comprehensive fiduciary services that can assist you to simplify complicated issues relating to estate planning, wills and trusts. Having said this, we've asked one of our Financial Planners to prepare an article listing the documents that one should remember to keep in their "legacy drawer", and we trust that you will find value in this article. Please feel free to contact your financial planner to assist you with your estate planning requirements.

PWM LINKEDIN CAMPAIGN

We are in the process of creating more awareness around our brand and I am excited to announce that we are embarking on a social media campaign for the next six months. It would be great if our clients could connect and like our page on the [LinkedIn](#) social media platform, should you be active on this platform.

PWM WEALTH MANAGEMENT INVESTMENT FUND LAUNCH

We experienced a slight delay with the launch of our PWM Wealth Management solutions to the market, and should be in a position to launch the first four investment funds during the course of November this year. This is a big step for us and we look forward to your support of our bespoke investment solution set. These solutions will be available to clients of PWM exclusively.

PRESENCE IN BLOEMFONTEIN

A further bit of exciting news is that we have now established a presence in Bloemfontein and I would like to welcome Charl Roos, his support team and his clients to our PWM family. We look forward to being of service



to you in the near future.

In this edition, Izak Odendaal, Investment Strategist at Old Mutual Multi-Managers, shares the impact of historical and current events around the world on the global and local economy.

As mentioned, we will also focus on estate planning and share a basic list of requirements to keep as part of your “legacy drawer”. Lighthouse Trust, our fiduciary partner, shares information about the reasons for having a trustworthy trust in place. Universal Health discusses the importance of having reliable health cover.

Happy reading and please stay safe!

Kind Regards

Rudolph van Eck
CEO



ECONOMIC AND MARKET OVERVIEW

EVENTS AND EVENTUALITIES

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

In South Africa, British Prime Minister Harold Macmillan is perhaps best known for delivering the *Winds of Change* speech in Parliament in Cape Town in 1960. Part of the intention of the speech was to encourage South Africa away from its apartheid policies but, ironically, might have contributed to it going the other way. A year later, South Africa became a republic and left the Commonwealth, choosing isolation rather than abandoning its racist policies. Life and history are full of unintended consequences.

Back home, Macmillan was once asked by a journalist to identify the greatest challenge to his administration, to which he famously (though possibly apocryphally) replied: "Events, dear boy, events."

'Events' can make or break a political career. They can expose leadership shortcomings or simply failures of imagination. They grab the headlines and dominate the conversation.

Events are a problem for investors too. Sometimes they genuinely change the landscape. The fall of the Berlin Wall was not only a dramatic moment in broadcast television, but reverberated across the world. Locally, it paved the way for negotiations towards a democratic dispensation. Economically, the collapse of communism meant that the Soviet and Eastern European states could reintegrate into the global economy. India also abandoned socialism within two years, while China accelerated economic reforms that would ultimately lead it to becoming the factory for the world. The collapse of the Berlin Wall indirectly expanded the global labour force by hundreds of millions of people. This greatly expanded global production and depressed wages and inflation.

Another key event happened 50 years ago, also in August, when US President Richard Nixon ended the convertibility of the dollar into gold. It was the beginning of the end for fixed exchange rates. The value of a currency would henceforth be in the eye of the beholder, no longer backed by gold. This was followed not long after by a wave of reforms worldwide that unshackled the financial system and led to tremendous growth, but also volatility. We are still living in that world today.

For investors, the most damaging events often emanate from within the financial system itself, as was the case with the 2008 Global Financial Crisis. It caused far more damage to global portfolios than any one of the many coups, civil wars, invasions and terrorist attacks that have taken place since (unless, of course, you live in one of the affected countries).

NOISE OR NOT?

Usually, though, events add to noise. It is in the interest of media outlets to hype up every conflict, election, scandal, big announcement or other political development to sell newspapers and generate clicks.

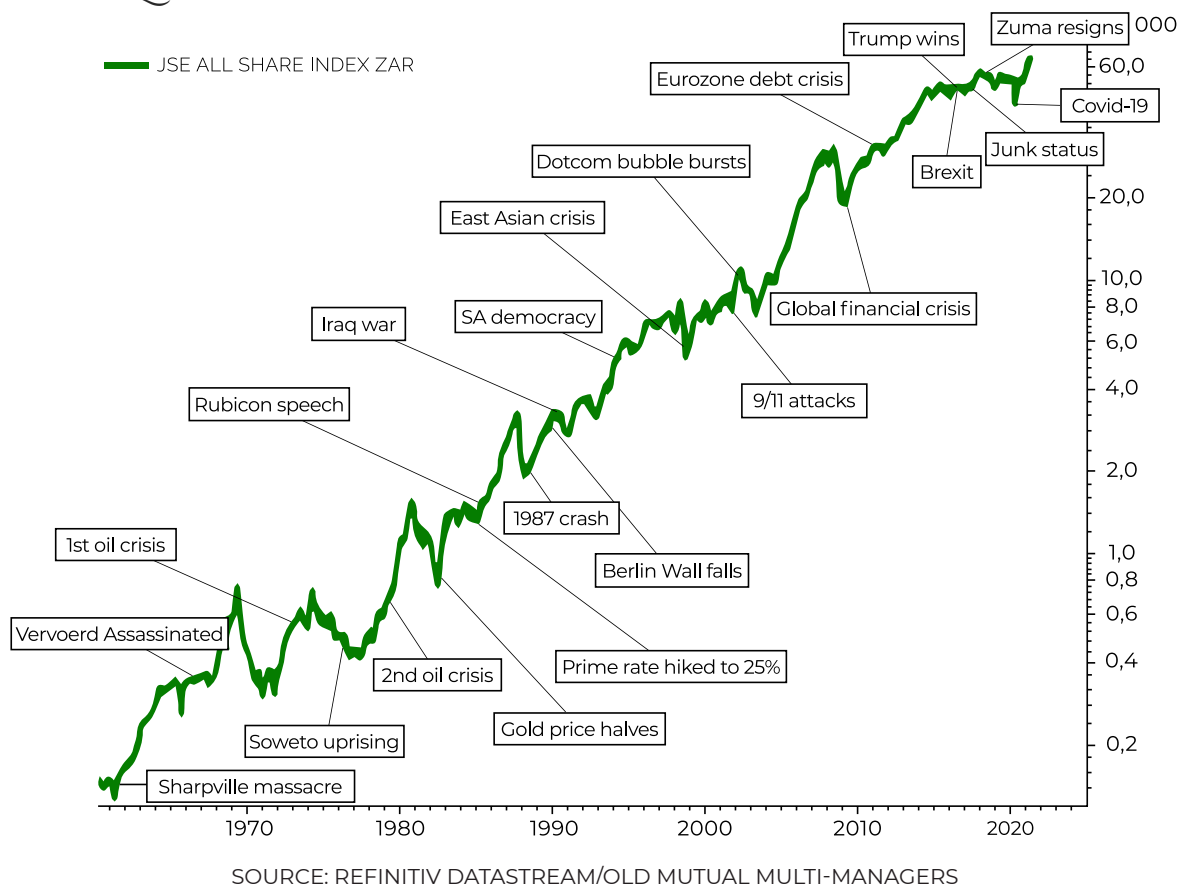
At the time they take place, we don't know for sure whether something is truly a game changer or not. For instance, the past two decades saw a number of serious disease outbreaks – SARS, MERS, H1N1, Avian Flu, Ebola – that faded away. When the 'big one' eventually hit in 2020, it was initially believed that it would also be short-lived. In fact, in early 2020, the big focus was not on Wuhan but Iran, where many feared the US assassination of General Soleimani would lead to all-out war.

This is the big challenge for investors. We don't know whether an event – be it political, military, economic, social or cultural – will bring about fundamental change, or just add to the uncertainty. We cannot predict the future, much as we might like to believe otherwise.



What we do know, as the chart below shows, is that most crises, conflicts and confidence shocks only cause temporary setbacks. In fact, they can create fantastic buying opportunities for long-term investors.

CHART 1: SA EQUITIES AND KEY EVENTS



RECENT EVENTS

In the past quarter, the swift takeover of Afghanistan following the US withdrawal from the country after 20 years dominated global headlines. Even the lauded US intelligence services did not foresee how quickly the Afghan army would melt away as the Taliban overran the country. President Biden emphatically promised there would be no evacuation from embassy rooftops, as with the fall of Saigon in Vietnam in 1975. And yet the images were eerily similar. The reality is that predictions, even from experts, are often wrong.

Meanwhile, South Africa was rocked by widespread unrest and looting in KZN and parts of Gauteng following the arrest of former President Jacob Zuma. The arrest itself was seen as a watershed event in its own right, a victory for the rule of law and demonstrating that we are all equal before the courts. But the aftermath was deadly and destructive.

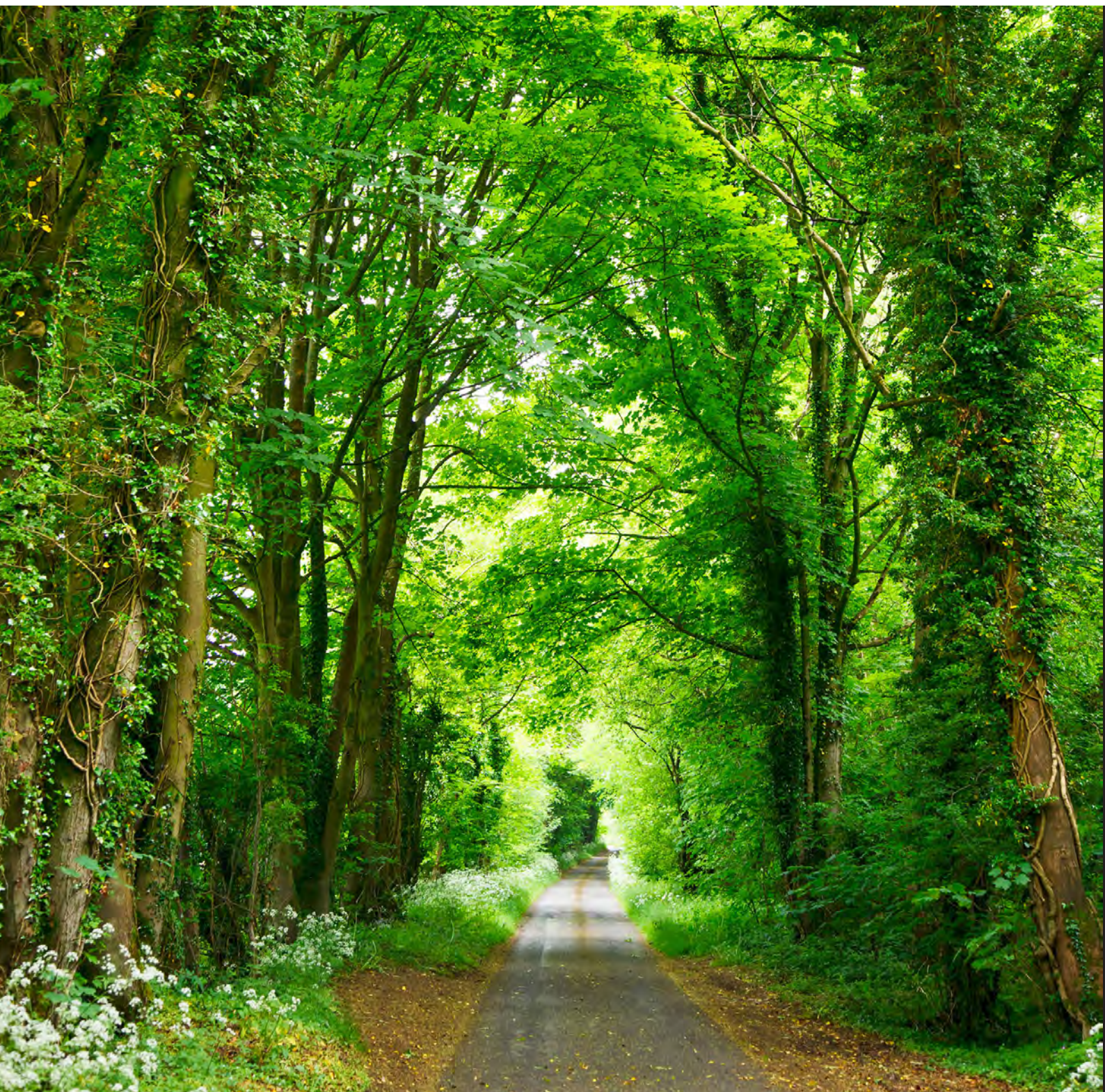
We can only speculate over what the long-term consequences might be. However, the market reaction was muted. Markets can be very volatile, but they are pretty good at pricing in all known relevant information. It is the genuine surprises that cause big market movements. In the case of South Africa, markets had already baked a level of social instability into the value of the rand, bonds and local equities.

Moreover, since our financial markets are deeply integrated into global markets, global events tend to have a much bigger impact. South African financial markets care more about policy developments in Washington, D.C. than in Pretoria, and are more concerned about the mood on Wall Street than unrest on the streets of Durban.

KEEP CALM AND CARRY ON

Therefore, the biggest damage 'events' do to our portfolios is usually when they urge action when doing nothing would have been better. In other words, it is easy to overreact to big headlines and frightening footage. And let's face it, the footage from the looting was genuinely scary. But selling out would have been a mistake.

It can feel a bit trite to be reminded week in and week out how important diversification is to an investment portfolio, but it is fundamentally important. We simply do not know what tomorrow holds. Unloved investments can quickly turn around, while a high-flying investment can be unexpectedly brought down by anything from regulatory changes to technological disruption, to the revelation of fraud or the outbreak of a global pandemic. Being appropriately diversified remains the best way to manage risk and broaden opportunities.



LEGACY DRAWER: KEEP YOUR FAMILY PREPARED

By Rory Shea | Financial Planner | PWM Cape Town

Do not overlook this essential part of your financial plan.

WHAT IS A LEGACY DRAWER?

The term was originally coined by Dave Ramsey (and this article is based on a similar one from his website), but now it is part of mainstream estate planning vocabulary.

A Legacy Drawer is a safe place (often a filing cabinet, safe, drawer, box or file) where documents can be locked away. This is where you can store your will and other important documents that your family might need after you pass away or become incapacitated. They should be stored in a physical place, meaning not on your computer or in the cloud, in case your family cannot access your computer with a password that nobody knows. The most important thing is that your will should be safe (from fire and flood), easily accessible and your family should know where to find it. Do not try to 'hide' it, as you might forget where you put it!



WHY DO I NEED ONE?

You have worked hard for the home and life you have created so far. Having a central location for all your important documents, will help to ensure everything remains intact and makes it easy for your family to find all your significant documents should something happen to you. Your executor is also likely to ask for this information.

This might not be a task you want to think about, but sorting out your affairs in advance is the best way to save your family and loved ones from additional hardship while they grieve your death.

If your family cannot find your will, you might be classified to have died intestate, and that could have severe implications for how your estate is wound up.

WHAT SHOULD GO INTO IT?

Below are a few things we recommend that your Legacy Drawer should contain. Although it may seem daunting to gather all this material together, you will be glad once your Legacy Drawer is created.

1. **Content's page** – This highlights the purpose of the Legacy Drawer and its contents.
2. **Funeral instructions** – All details and specifications for your funeral should be listed, so your family can fulfil your wishes. This might include songs you want sung, poems/readings to share, how you would like your life to be celebrated and even if you would like guests to wear bright coloured clothes at your funeral. If you are married, you need specifications for both you and your spouse.
3. **Will information** – All information relating to your will and estate, including contact details of the executor, your financial adviser, accountant*, auditor*, a copy of your will, and living will*, (and where the originals are stored.) (If you do not have an up-to-date will, then please get it drafted!) You might also include a list of duties for each person, to make the process less overwhelming.

4. **Important documents** – Important legal documents should be included in your file. For example, property title deeds, car registration certificates, birth certificates, ID documents, passports, marriage certificates*, antenuptial contract*, all divorce orders*, predeceased spouse's death certificate*, copies of firearm licences*, trust deeds*, details of business interests*, private companies* and partnerships*, time share certificates*, hire purchase and lease agreements* and any other legal contracts*. You might also include some sentimental items and recipes you would like to pass on. If you cannot include originals, then include copies but indicate where the original documents are.
5. **Banking and investment information** – Any bank accounts, fixed deposits, investments, policies, unit trusts, crypto accounts*, share portfolios and annuities. The information includes name of company, account names, amounts, account numbers and contact details. If any properties are bonded, include the loan account number(s) and the bank involved. Also include a list of assets and liabilities, and surety obligations.*
6. **Insurance policies** – All insurance information, including medical aid, gap cover, short-term insurance, car insurance, disability and life cover, funeral policies etc, should be combined into one single policy schedule document for easy reference. List the type of insurance, beneficiary, contact information and policy numbers.
7. **Legacy letters** – Since the intention behind the Legacy Drawer is to keep your legacy going after you have passed away, it is a great idea to include letters to your loved ones that express appreciation for them.
8. **Monthly budget** – If you pay the monthly bills add a copy of your budget, so your spouse or loved ones know what to expect. Also indicate which accounts are paid automatically and which ones need to be paid manually. This may include practical things like electricity code (if it's prepaid.)
9. **Tax returns** – Keep your last year's tax return in your Legacy Drawer. But also keep the last five years' returns in a safe place in case you are ever audited by SARS.
10. **Safe deposit box** – Not a lot of people still have a safe deposit box, but if you do, keep copies of your legacy drawer papers in it. (However, make sure people know how to access it, before you put that info in your drawer!) If possible, also store and save copies of your documents electronically (in the cloud or using something like Dropbox), and remember to write down the electronic location and passwords for your loved ones.
11. **Passwords** – Write down all website usernames (and why a family member might access a site), passwords and PIN numbers (including cell phones, laptops, bank cards, safe and alarm, and private crypto keys). At the same time, it may be prudent to make the passwords more secure 😊. This information will allow your loved ones access to important sites when you are gone. What would you like to happen to your social media when you pass away? Will the executor of your estate be responsible for memorialising or closing your accounts? Have you named a Legacy Contact for your Facebook account?
12. **Contact details of all beneficiaries** (names, phone numbers, email addresses, etc) – You can also include contact details of organisations you are part of and people you deal with regularly (for example, managing agents of any properties you rent, garden services, security company, pool cleaner, domestic worker, Private Banker, Tax consultant, HR manager, stockbroker and stamp dealer).

* Where applicable.

Make sure you tell your spouse and loved ones where the Legacy Drawer is kept. You could also have a conversation with your family beforehand about some of your preferences.

If you put your mind to it, you can create your Legacy Drawer in 30 days! It might be tedious to gather all the documents and paperwork that go into the drawer, but it is a necessary task to protect you and your family. Set a reminder to revisit it every six months, to make sure that it stays up to date.

TRUST YOUR TRUST!

By Chamonie Buys | Director: Fiduciary | Lighthouse Trust

At the moment, some uncertainty surrounds the treatment of trusts – this is due to SARS clamping down on the compliance, use, management and administration of trusts.

However, the continued existence of a trust as an entity which can be used for wealth preservation, legacy planning, risk management and estate planning purposes, is not at risk. That's a good start!

A trust also provides continuity when you pass on. Where the winding-up of your estate may take years, the trust continues, and the trust funds or assets can be utilised to provide for your dependants.

A trust, when managed properly, remains a handy tool to preserve wealth through generations, to ring-fence assets with growth potential, and to manage potential risks associated with certain assets.

The following may assist you in assessing your trust's level of compliance:

- A bank account must be opened in the name of the trust to receive the founder/settlor of the trust's initial donation (as stated in the trust deed).
- The trust must be registered as a taxpayer with SARS.
- Provisional and income tax returns must be filed.
- Annual financial statements must be compiled where assets are held in the name of the trust – even if the assets only comprise a bank account or shares in a company.
- An independent trustee must be appointed – someone who is not related to the other trustees or the beneficiaries and who has the required knowledge to guide the other trustees in the performance of their fiduciary duties (there are varying views on this, but we take a conservative approach and advise our clients to appoint an independent trustee).
- All decisions by the trustees must be recorded by way of resolutions, which are signed by the trustees.
- The trustees must consult on all decisions – be it via email, virtually or over the phone – before a resolution is passed. Formal trustee meetings are not required unless the trust deed prescribes that formal trustee meetings must be held.
- The trust deed must be reviewed regularly to ensure that it complies with changing trust practices and laws.

Your trust must (and can!) work for you – it must (and can!) serve the purpose for which it was created. It does, for many of our clients.

If you require assistance or advice regarding your trust, please make contact with us through your financial planner.



COMPANY NEWS

GLOBAL & LOCAL EQUITIES

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



NASPERS

The Naspers/Prosus voluntary share exchange offer received the required shareholder approval at an extraordinary general meeting held in July. As a result, Naspers shareholders can choose to either: a) take up the offer by exchanging all, or a portion, of their shares for Prosus shares; or b) not to participate and thereby retain all their Naspers shares. Naspers shareholders who are willing to exchange their shares will receive 2.2744 Prosus shares for every Naspers share held. Following our assessment of the transaction, we believe that it is in clients' best interests to accept the exchange offer. It is important to note that for many clients, the election to exchange Naspers shares for Prosus shares will trigger a substantial capital gains tax (CGT) event. This is an important factor to take into account when deciding whether to exchange or not.

Johnson & Johnson

Johnson and Johnson (J&J), the world's largest healthcare company, reported second quarter results marked by strength and underpinned by its diverse product portfolio. Group sales were up 27.1% while earnings per share grew 48.5%. Growth was seen across most regions, with relative weakness coming from those countries combating recent outbreaks of the Delta variant of COVID-19. All J&J's segments were up strongly, with Medical Devices showing the strongest recovery from a very weak result last year. Revenue from vaccines, which are sold on a not-for-profit basis, totalled US\$164m over the quarter and US\$264m year to date. Based on volumes over the prior six months, vaccine revenue was recorded at US\$5 per dose; however, management indicated a final not-for-profit price closer to US\$8 per dose. Given the contracts in place and advanced purchase agreements, J&J expect to recognise around US\$2.5bn in vaccine sales in 2021, with more than half of that likely to occur in the fourth quarter. J&J were unwilling to provide vaccine guidance for 2022; however, we can at least make some assumptions around the longevity of vaccine sales when considering that J&J's vaccine has durability for eight months and the business has a two-dose vaccine in trials, with data expected early in the fourth quarter.



CompCare

Medical Scheme

Planning ahead for your healthcare

Good cover is important, but it might not end there



From the very first day of school to the first time behind the wheel of your own car, you are taught to be prepared – whether it's packing a raincoat or taking out insurance. And yet some of the most significant life events are left unplanned for, making it all the more difficult for those on whose shoulders the responsibility must, in the end, lie.

Being prepared for healthcare events goes beyond having a medical scheme you and your family can count on. Of course, it is important to be well covered for the unforeseeable and life-changing circumstances that we all hope would never happen, such as receiving a cancer diagnosis, becoming involved in a bad accident or taking a turn for the worse as a Covid-19 patient, despite being fit and healthy.

Having a plan in place

Helping loved ones by keeping emergency contacts, medical scheme details and healthcare records organised and in an easy to access location is important. Not only can this save precious time but can also alleviate additional stress for a family or friend that is already taking strain. Putting a plan of action in place for an emergency healthcare situation and talking it through with those nearest and dearest would by no means be taking things too far – a great many lives and endless heartache could be spared with such foresight.

Indeed, if the pandemic has taught us anything it is that life is unpredictable. The young and the fit are also vulnerable. Reliable healthcare cover is an absolute must. Matching this need to affordable and sustainable medical scheme options is imperative for the financial security of individuals and families, and forms part of their long-term planning as well.

However, when it comes to preparing for healthcare events it does not end there, and there is an important area where healthcare and estate planning overlap – leaving an advance directive.

An advance directive

While an advance directive does not form part of your wishes after your life has ended, it is no less important

than the division of your assets, as those of us involved in the healthcare industry are all too aware. A document that deals with the healthcare decisions you would wish to be carried out on your behalf, should you ever be in a situation where you are no longer able to make those decisions, is surely essential. Including instructions in your living will regarding potentially life-sustaining interventions in cases where there is no hope of recovery is better than nothing. However, an advance directive that legally pre-appoints a substitute to communicate healthcare decisions on your part in such cases would serve an individual and their loved ones best of all.

Such a document can detail what treatments and interventions you would and would not like to receive in the unfortunate event that you fall into a permanently irreversible, non-responsive state, including pain management, artificial life support and organ and tissue donation, for example.

While never easy to discuss, such conversations can ease suffering and protect the dignity of the individual in question. At the same time, this will ensure that the family is unencumbered by difficult decisions and is free to focus on the care of their loved one in their final days and hours.

If planning ahead is to be done thoroughly, it must surely take into account the possibility of moments such as these. After all, what is our health if not the most foundational element of life, from our very first breath to our last?





If You Have Felt Lonelier Since The Onset Of The Covid-19 Pandemic, Reach Out And Connect

Many reports speak to an increase in the levels of loneliness experienced by people since the onset of the COVID-19 pandemic. Feeling lonely can impact your mental health negatively, especially if this sense of loneliness lasts for a long time.

If you are living with a sense of loneliness, it is important to make an effort to reach out and connect socially with other people, even if this means connecting in a safe way virtually. Remember to focus on creating meaningful opportunities for connection, rather than just posting a message on social media and checking who responds to it. This can involve:

	Making time to really connect with friends and family, even if this happens telephonically or via a video call.
	Try joining a virtual class or group to connect with people who share hobbies, interests or experiences that are similar to yours.
	If you find yourself struggling with your emotional wellbeing, share this struggle with a trusted person and let them know what they can do to be of support to you.
	Let others who you care about know that you are available to support them if they are feeling down.
	If you are working from home, make time to connect with colleagues, managers and mentors and try to do so on video whenever possible.

In this time of social distancing, you can achieve some of these things by, for example, setting up a virtual coffee date as an alternative to seeing someone face-to-face.

If you are completely overwhelmed remember that strong people get help. Your mental and emotional wellbeing should not take a backseat to your other healthcare needs. Should you need clinical support, speak to your healthcare provider, a psychologist or psychosocial counsellor to get the help you require.

LIFESTYLE EVENTS

COVID-19 IMPACT – EVENTS ARE POSTPONED UNTIL FURTHER NOTICE.

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CAPE TOWN
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GEORGE
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