

# PWM CONNECT

WHERE WEALTH AND LIFESTYLE MEET

HOW DID WE GET HERE?

“NOISE” - WE’VE BEEN THROUGH THIS BEFORE

THE IMPORTANCE OF HAVING A  
FINANCIAL PLANNER

PRINCIPLES TO HELP YOU SECURE YOUR  
FINANCIAL FUTURE



# WHAT'S INSIDE

A WORD FROM RUDOLPH	2
ECONOMIC & MARKET OVERVIEW HOW DID WE GET HERE?	3
MARKET COMMENTARY – PWM WEALTH MANAGEMENT “NOISE” - WE’VE BEEN THROUGH THIS BEFORE	7
FINANCIAL PLANNING THE IMPORTANCE OF HAVING A FINANCIAL PLANNER	9
LEGAL CORNER IMPORTANT ASPECTS RELATED TO A POWER OF ATTORNEY	12
FINANCIAL PLANNING PRINCIPLES TO HELP YOU SECURE YOUR FINANCIAL FUTURE	13
COMPANY NEWS GLOBAL & LOCAL EQUITIES	16
MENTAL HEALTH WHAT IS HAPPINESS, ACCORDING TO SCIENCE?	18
LIFESTYLE EVENTS	19
CONTACT US	21



# A WORD FROM RUDOLPH

Welcome to the second edition of our PWM Connect newsletter. We've reached the half-way mark of 2022 and winter has arrived and in full swing.

## PWM WEALTH MANAGEMENT'S SOLUTIONS ARE AVAILABLE ON MULTIPLE INVESTMENT PLATFORMS

In our previous edition I've shared some exciting news that our investment business, PWM Wealth Management, has reached the R1 billion mark of funds under management. Given the current turmoil in financial markets, we regard the accomplishment of this target, so soon after launch date, as a great achievement. Once again, I would like to recognise the role that you, our valued clients, played in this achievement. We could not have done this without your trust and support - Thank You!

Over the past few months, we managed to register our solutions on a range of investment platforms. This puts us in a position to provide you with choice when implementing any of our solutions. The PWM Wealth Management solutions are available exclusively via PWM on the Old Mutual Wealth, Ninety One, PPSI, ABSA, Allan Gray, Momentum, Glacier and Prescient platforms. Please speak to your financial planner for more information.



## PWM ON FACEBOOK

I am excited to share with you that we've decided to expand our social media footprint by signing up to Facebook. We will use this platform to share interesting information and videos by our financial planners. Have a look at the latest video shared by Leon Rheeder, Financial Planner in Pretoria, about our PPS product offering to the professional market. Follow and like our page here: <https://www.facebook.com/PrivateWealthManagementPtyLtd>

## APPOINTMENT OF LEGAL EXECUTIVE

I am excited and privileged to announce the appointment of Carl Muller, CFP® as the Legal Executive for our business. Carl started with PWM on the 1<sup>st</sup> of May 2022.

Carl comes to us with more than 14 years of legal industry experience and holds a BLC and LLB degree from the University of Pretoria. He obtained his LLM (Tax Law) degree from Unisa in 2008. He also completed the Postgraduate (2008) and Advance Postgraduate (2009) Diplomas in Financial Planning at the University of the Free State. Carl is a CERTIFIED FINANCIAL PLANNER® professional and a member of the Financial Planning Institute of Southern Africa.

A heartfelt welcome to Carl. I know that he will make a valuable contribution to our business, and we are excited to have him as part of our team.

**Stay warm! Trust you will enjoy the read.**

**Rudolph van Eck**  
CEO

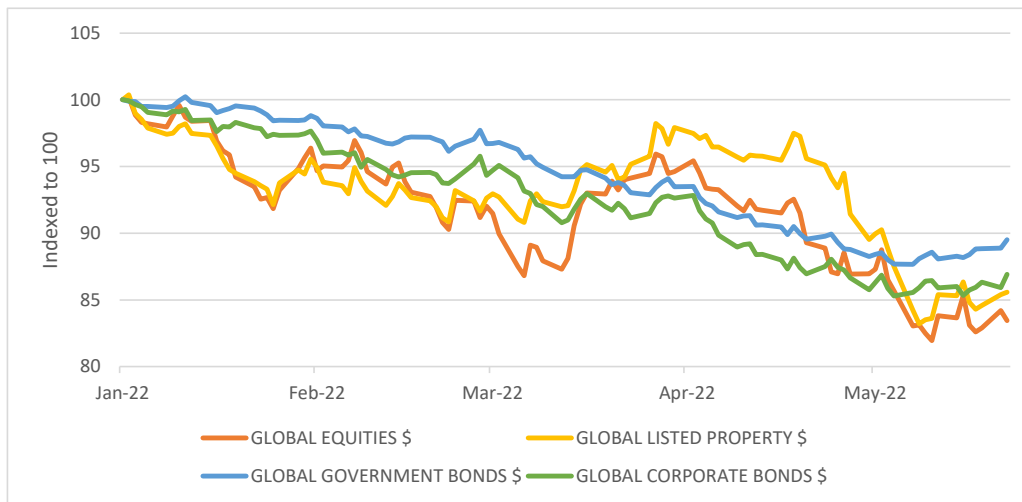
## ECONOMIC AND MARKET OVERVIEW

# HOW DID WE GET HERE?

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

Believe it or not, but the first half of the year is almost over. Unfortunately, it has not been a great year to date for local rand-based investors. However, sometimes you must count your blessings. US dollar-based global investors are even worse off, as bonds and equities are down sharply, and they've had nowhere to hide.

CHART 1: GLOBAL EQUITIES, LISTED PROPERTY AND BONDS IN 2022 (US\$)



SOURCE: REFINITIV DATASTREAM

Ironically, the year started with quite a rosy outlook for global growth and investment returns. But three big changes in the macro environment since January have weighed on investor sentiment.

## WAR AND COMMODITIES

Firstly, Russia's invasion of Ukraine has put upward pressure on commodity prices that were already elevated at the start of the year. This means lower real incomes for companies and workers around the world, and adds to inflation risks. The most notable affected commodity is oil since Russia is a major producer, but Russia is also a notable supplier of other commodities while, together with Ukraine, it is an important food producer. Higher commodity prices tend to act as a tax and a drag on growth. We all need to move around and, in the absence of alternatives, just have to cough up the higher petrol price. Similarly, we all need to eat. And while you can switch to cheaper foods, you have to buy something. That means there is less money to spend on everything else.

Beyond a certain unknown point, however, the drag on people's purchasing power is too great, firms close, jobs are shed and the need for oil and industrial commodities drops. This is called demand destruction and is what normally happens when commodity prices stay too high for too long. In addition to demand destruction, high prices also stimulate production. Therefore, commodity prices never stay high forever, but they can do so uncomfortably long.



Higher commodity prices clearly benefit producers, including South Africa. Coal prices have increased even more than oil, and this means South Africa's terms of trade have improved, boosting the economy, markets and the fiscus. But Transnet inefficiency means SA now exports less coal than before the pandemic.

## LOCKED DOWN, AGAIN

Secondly, the world's number two economy China continues to maintain a zero-Covid policy, hurting its economy and also adding to the disruptions of global supply chains through hard lockdowns. Business activity in services and manufacturing have been deeply impacted. This is bad news for global inflation and growth.

Economic growth numbers for the second quarter are likely to show a decline, an unusual event in China. The economy looks set to underperform Beijing's 5.5% growth target unless there is major stimulus. The International Monetary Fund lowered its 2022 growth forecast for the country to 4.4% from 4.8% in January 2022 and 5.6% last October. Even 4.4% might be a challenge.

There is scope for further interest rate reductions that can ease pressure on borrowers. Inflation in China has been much lower than on the US and other developing countries despite China being a commodity importer. But the sort of large-scale stimulus that unleashed a wave of credit after previous slowdowns seems less likely now since debt is already too high. Indeed, attempts to reduce excessive debt and speculation in property were weighing on the Chinese economy even before the latest Covid wave.

The Covid restrictions will clearly come to an end at some point, but in the meantime they are adding to pressure on the Chinese and global economy. Together with other episodes of regulatory tightening (notably in property and technology), they have also damaged Beijing's economic management credibility.

## RISING RATES

The third big macro risk is elevated inflation and the central bank response to it. Inflation initially seemed to be transitory due to supply chain bottlenecks and pandemic-related distortions (such as the shift in spending from services to goods).

However, inflation has broadened out, especially in the US, and looks to be not only high but increasingly sticky. In particular, while goods inflation should fade in the months ahead, services inflation seems to be rising.

Therefore, central banks have belatedly started acting by hiking rates and reducing liquidity injections in financial markets.

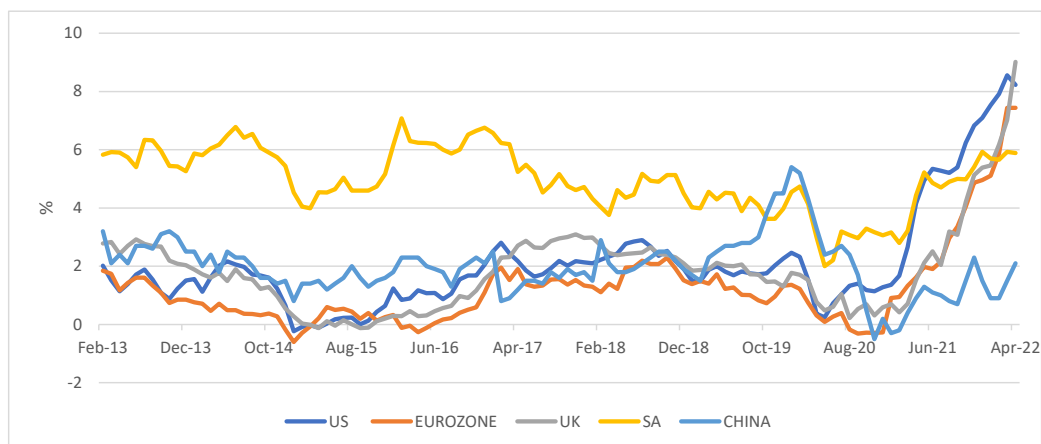
The most important central bank is the US Federal Reserve. It is now expected to raise rates to around 3% by the end of next year. Importantly, the US economy is still quite strong at the moment with very low unemployment, but the Fed is determined to bring inflation down. If it has to slow growth substantially, it will. It wants a "soft" landing where inflation falls without a recession, but recognises that this is a challenge and a "hard" landing might occur.





In South Africa too, the Reserve Bank has been raising interest rates even though inflation has been relatively well behaved (unusually, SA inflation has been lower than in the US and UK this year).

## CHART 2: INFLATION RATES IN SELECTED COUNTRIES



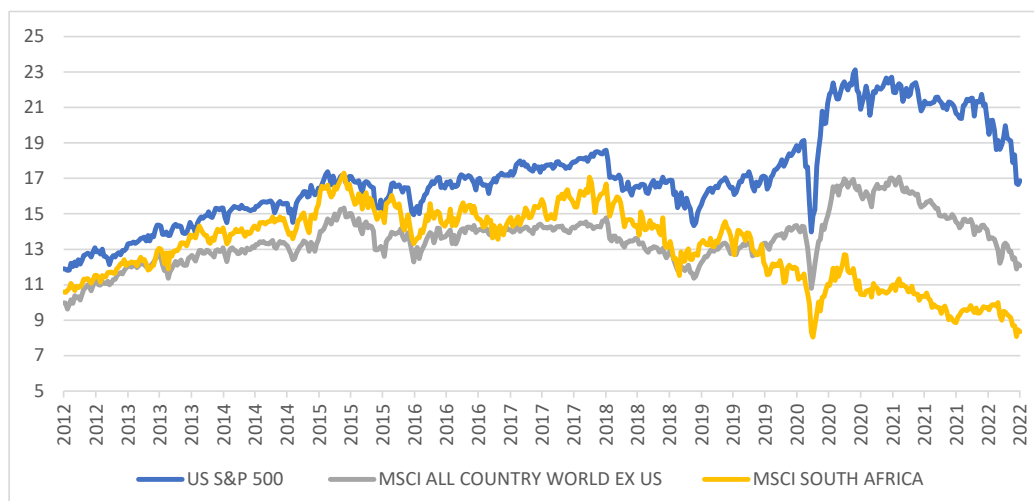
SOURCE: REFINITIV DATASTREAM

Long-term interest rates (bond yields) have already moved up sharply in anticipation of global central banks' rate increases. In doing so, the bond market has already delivered a sharp dose of monetary tightening way before the central banks have. Even more so if you consider that private borrowers pay a spread over the government's yield.

The segments of the equity market that are most sensitive to higher interest rates – notably, the big technology shares that performed so well in recent years – have fallen the most this year. Investors are prepared to pay less for each dollar worth of profits in an environment where they have more options to earn interest income and where they are generally more risk averse.

This means the price-earnings ratio, a workhorse valuation metric, has declined substantially and global equities are now priced in line with longer-term averages while SA equities continue to be cheap. This means that while returns have been disappointing this year, prospective returns are better as valuations have improved.

## CHART 3: PRICE:EARNINGS MULTIPLES FOR VARIOUS EQUITY MARKETS



SOURCE: REFINITIV DATASTREAM



The big risk ahead – and uncertainty – is whether the robust profit growth can continue or whether it will be upended by a recession. It is crucial to understand that as much as we will try to analyse recession risk, forecasting it accurately is difficult and therefore we cannot position the portfolios we manage for a single outcome. There is also a plausible scenario where growth reaccelerates later this year if China pulls back on Covid lockdowns, inflation cools and interest rate increases halt. Faced with multiple scenarios of how the future can unfold, appropriate diversification remains the best policy.

## IN SUMMARY

The world is unusually uncertain at the moment. While still recovering from the pandemic, we are now also dealing with new threats like the renewed Chinese lockdown, Russian war and the impact of many central banks tightening policy at the same time. While the environment might be unique, volatility on equity markets is not. We've been here before. History shows that equity market drawdowns are frequent but rarely have a lasting impact on portfolios, provided investors avoid making knee-jerk changes. The key is to have an investment strategy that is properly diversified to ride out the inevitability of volatile markets. Markets are already discounting a lot of bad news, and for the patient investor there are enough valuation opportunities in local and global assets to set the stage for future real returns.





# “NOISE” – WE’VE BEEN THROUGH THIS BEFORE

By Andrew Whitewood | Managing Director | PWM Wealth Management

On a daily basis, dramatic headlines are drafted and spread across the world more rapidly than ever before. These headlines, I agree, don't make for pleasant reading, as they usually focus on the negatives and not the positives.

Currently, you are reading about inflation, interest rates, Covid and the war in the Ukraine. Once again, I agree, unsettling but we have been here before. Are we just going through a phase of normalisation? For example, in developed markets, investors were experiencing a negative 10-year bond yield. So simply put, if you invested your hard-earned money in a 10-year German government bond, you were “earning” a negative interest rate – surely, this isn't normal.

Increasing interest rates are going to place more pressure on consumers, especially those with debt like bonds, car repayments, etc. Looking specifically at South Africa, however, the prime interest rate is still well below pre-Covid levels, so context is important.

Are rising interest rates bad for equity markets? A quick look at the data that is readily available out of the US confirms that a rising interest rate environment is not necessarily bad news for equity markets. Looking at the last five interest rate “hike” cycles in the US, equity markets in general provided positive returns, so it's not per se all doom and gloom.

Lastly, equities trend up. Yes, it can be a bumpy ride, but over time the general theme is that equity markets increase in value. The graphic below summarises events that you and I have experienced together over the past decades. You will notice the upward trend despite the speed bumps.



SOURCE: REFINITIV DATASTREAM/OLD MUTUAL MULTI-MANAGERS



In closing, within the PWM Wealth Management strategies, we have been proactive in these volatile times. We have been buying into the global equity volatility as the market has become cheaper. The strategies we manage and that your financial planner uses to underpin your financial plan are diversified. You have exposure to many different companies, governments, asset classes and countries across the world. The key thing for all of us to do, is to stay committed to our investment strategies.





# THE IMPORTANCE OF HAVING A FINANCIAL PLANNER

By Francois le Roux, CFP® | Financial Planner | PWM Pretoria

The Financial Planning Institute (FPI), the governing body of all professional financial planners in South Africa, defines financial planning as follows:

“Financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet life and financial goals. The process of financial planning involves reviewing all the relevant aspects of the client’s current situation and comparing them with the client’s desired situation, and designing a plan to assist the client on their journey of financial independence.”

This description highlights the importance of having financial goals, being part of a process to analyse your current situation and determine what you would like your financial situation to be in the future. It also emphasises the importance of having a plan to assist you in reaching your financial goals.

Asking yourself the following important questions will help you assess whether you need to engage and have further discussions with your financial planner:

- Are you confident that you fully understand your financial position as if today were your retirement day?
- Do you understand how much is enough to sustain you through your retirement years?
- Do you have a clear picture of your dependants’ financial position if you were to pass away today?

If your answer to any of the above questions (and similar questions relating to your personal finances) is “no”, then you need to speak to your financial planner. Your responses to these questions are vital to enable your financial planner to consider the way forward, as part of our comprehensive financial planning process.

## WHY DO YOU NEED A FINANCIAL PLANNER?

The role of a financial planner is to address any potential financial gaps you may have, like those listed above, and to construct a financial plan that translates into tangible plans and strategies to help you achieve your financial goals and dreams. Having a clear strategy and with your goals documented in a lifestyle financial plan, shifts the emphasis from your idea of investment risk to the lifestyle you wish to lead in the future.

Through this process the following aspects can be examined:

- Your current financial position
- Risk planning (life cover, disability cover, dreaded disease cover and short-term insurance)
- Savings planning





- Investment planning
- Tax planning
- Estate planning (wills, trusts etc.)

Very few people have the technical expertise to address all of the above. Even if you do have some expertise and insight into some of these aspects, it remains advisable to seek an objective professional opinion on your personal planning. That's why securing the services of a competent professional is always a good idea. As Joseph Hansen said: "A man who acts as his own lawyer (financial planner?) has a fool for a client." Sometimes, a little distance goes a long way to provide clarity. Making wise decisions today can add many care-free years to your retirement later, to name but one significant potential spin-off.

In practical terms, having regular review meetings with your financial planner would be like getting assistance to carefully put together the pieces of your personal financial puzzle, ultimately presenting both of you with a crisp and clear picture of the state of your financial wellbeing. This provides an objective basis on which a skilled planner can build and make appropriate recommendations.

## ASSESSING THE WORTH OF THE ADVICE YOU'VE RECEIVED

Advice by itself is intangible, so demonstrating the value it adds can sometimes be a challenge. Research done by Vanguard (Putting a value on your value: Quantifying Vanguard Advisor's Alpha, Vanguard research, March 2014) suggests that value-add can be quantified objectively by comparing the investment performance of clients' portfolios where financial planning and wealth management techniques are applied. This includes aspects such as:

- Suitable asset allocation
- Portfolio rebalancing
- Behavioural coaching
- Tax-efficient vehicles
- Advice on the income withdrawal order from different investment vehicles.

Vanguard's research compares advised and non-advised portfolio performance, indicating that getting advice leads to better investment returns.

However, it does not stop here, as a single intervention by your planner during difficult market conditions to assist you to stay the course, could offset years of advisory fees. While the value of this wealth creation is very real, the difference in performance between staying invested according to a plan, as opposed to abandoning it, does not show up on any client statement.

A comprehensive financial needs analysis would be an objective confirmation of the state of your finances, e.g. measuring to what extent you are on track for retirement. If you have accepted and implemented proposals to close an identified retirement gap, the progress can be monitored and measured when your planner reviews your initial plan. As such, your progress can be measured against your personal investment objectives – a powerful tool to retain commitment to a long-term planning strategy.

Financial planning is designed to be a process that could potentially move you from one point to a better place, in financial terms. If you work with a skilled planner, you will not only build a stronger balance sheet, with more assets and fewer liabilities, but also experience value-add beyond mere balance sheet affluence.

## IN SUMMARY

The continued confirmation that you are on track to reach your financial goals and aspirations makes for a more content person and puts you firmly in charge, providing peace of mind in an uncertain world. Talking about value: for some people this might be priceless!

**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.**





# IMPORTANT ASPECTS RELATED TO A POWER OF ATTORNEY

By Carl Muller | PWM Legal Executive

A power of attorney can briefly be defined as a document whereby one person (generally referred to as the principal) gives another person (generally referred to as the agent) authority to act on their behalf in matters related to property, business affairs, financial matters etc.

A distinction is made between a general power of attorney and a special power of attorney. The scope of a general power of attorney is wider and usually allows the agent to make decisions and act on behalf of the principal in numerous types of transactions and perform a variety of acts in this regard. A special power of attorney is more limited, and generally relates to a single transaction or authorises the agent to act on behalf of the principal in relation to a specific matter or specific assets.

It is important to note that, unlike the legal position in certain foreign jurisdictions, South African law does not make provision for an enduring power of attorney. This means that a power of attorney will automatically be terminated if the principal becomes of unsound mind, resulting in the principal being incapable of managing his/her own affairs. In such an instance there are two possible solutions:

- i. The appointment of an administrator by the Master of the High Court in terms of the Mental Health Care Act; or
- ii. The appointment of a “curator bonis” (to look after the financial affairs of the incapacitated person) and a “curator ad personam” (to manage the day-to-day affairs of the incapacitated person) by the High Court.

Although appointing an administrator is a simpler and cheaper process than appointing a curator, its application is limited as it only pertains to mentally incapacitated persons with an annual income below R24 000 and an estate value of less than R200 000.

It should further be noted that a power of attorney will lapse when the principal dies, as the latter's estate will then be dealt with and wound up by the appointed executor of the deceased estate. A power of attorney will likewise expire when the principal becomes insolvent, as the principal's financial affairs will then be managed by an appointed trustee.

## IN CLOSING

Where an individual wants to bequeath assets for the benefit of a mentally incapacitated or an insolvent person, using a trust for the benefit of such person should be considered.

### Disclaimer

This article is not intended as and does not constitute financial or any other advice. The article does not take into account your personal financial circumstances. For this reason it is recommended that you speak to your accredited financial planner to consider all your options and draw up a plan to achieve your financial goals.



# PRINCIPLES TO HELP YOU SECURE YOUR FINANCIAL FUTURE

BY Rory Shea | Financial Planner | PWM Cape Town

I'm often asked by younger clients, "What can I do now to secure my financial future in 25 years' time? Are there some principles I can apply that will really make a difference over the long term?" Below are some suggestions to help you improve your finances this year.

Make this the year that you take the time to get a snapshot of your current financial situation and create a personal financial plan to achieve your long-term goals.

## HAVE A PLAN, WORK YOUR PLAN, REVIEW YOUR PLAN REGULARLY

What kind of life do you want to live in the future? What are you wanting to save towards? What does your preferable future look like? Visualise it. What are you going to do to make it happen?

"Without vision, there is no direction, without direction there is no purpose, without purpose there are no targets, without targets there are no priorities. Without priorities there is no plan, and without a plan there is no hope." – Dr David Cormack

I often relate the story in Alice in Wonderland, when Alice asks the Cheshire cat, "Which way should I go?" And the cat responds, "Well, that depends on where you want to go." If we don't know where we want to go, then, as Ben Gaye III commented, "No amount of travel on the wrong road will bring you to the right destination." Nobody plans to fail, but many people fail to plan.

After assessing your financial situation and your life goals, think about how you are going to make it happen. Create a financial plan based on your unique needs and goals. It is important to regularly review your plan to make sure your goals are on track, and to make the necessary adjustments when your personal circumstances change.

## PAY YOURSELF FIRST

Invest at least 10% of your income (excluding your retirement contributions) through a monthly debit order with an annual escalation rate in line with inflation. This means that you will more than likely forget about it and won't notice a drastic change in your lifestyle. Try not to touch this investment (exercise delayed gratification) to benefit from the miracle of compound interest – the 8th wonder of the world, according to Albert Einstein.

"If you want to become really wealthy, you must have your money work for you. The amount you get paid for your personal effort is relatively small compared with the amount you can earn by having your money make money." – John D. Rockefeller.





“Do not save what is left after spending but spend what is left after saving.” – Warren Buffet

## THE GIFT OF GIVING

Be grateful and help others that are less fortunate. Furthermore, donations of up to 10% of your taxable income to public benefit organisations (PBOs) can also give you a tax deduction. If these PBOs are registered with SARS and comply with section 18A of the Income Tax Act, you will receive a valid tax certificate for your donation, which will reduce your taxable income. Learn to be content and to live on the remaining 70% or less of your income.

“Earn all you can; save all you can; give all you can.” – John Wesley

## SARS IS YOUR FRIEND – MONEY FOR NOTHING

Save at least 10%-15% of your gross income towards your retirement. You will need about 12-15 times your current annual income saved to maintain your standard of living (assuming no debt). You however need to note that this is just a rule of thumb - you still need to consult with your financial planner to do a proper needs analysis to ensure a proper financial plan is put in place to satisfy your retirement needs. A tax deduction is allowed for contributions to retirement funds (pension, provident or retirement annuity fund) up to 27.5% of your taxable income or remuneration, limited to a maximum of R350 000 per tax year. Any contributions in excess of these limits are carried over to future tax years. The government is your friend! Not only do you get a tax benefit (money for nothing) on retirement fund contributions, but all the growth inside retirement funds before retirement is completely tax-free.

## CONSIDER INVESTING IN A TAX-FREE SAVINGS ACCOUNT

You can invest up to R36 000 per tax year (the equivalent of R3000 a month) with a total contribution of R500 000 over your lifetime into tax-free investments without being taxed a single cent on any of the returns on these investments.

## CREATE AN EMERGENCY FUND

Covid has taught us that emergencies happen, and you must be financially prepared when unexpected expenses occur. Aim to have at least two to three months' net salary readily available in cash or a money market account (or even in your bond) in the event of a financial shortfall.

## PROTECT YOUR INCOME

Your biggest asset is your capacity to earn an income and you must make sure that it is protected should something happen to you. If you have a family or dependants, the best investment you can make for them is sufficient life, disability and dread disease cover (compare the cost of that versus how long it will take you to save R1 million, for example).





## MAKE SURE YOUR WILL IS UP TO DATE

Ensure that your will is properly drafted and valid. All your beneficiaries must be listed and up to date. Apart from leaving money for your family, you can also be a blessing to others by donating to charities of your choice. A bequest to an approved public benefit organisation will also serve as a deduction for estate duty purposes.

## BUILD ASSETS THAT GENERATE POSITIVE CASH FLOW RATHER THAN LIABILITIES

Manage your cash flow. Make sure that you have a surplus every month and are not living beyond your means. Building wealth takes time – there are no quick shortcuts.

## BEAT THE POVERTY MINDSET

Change your thinking to realise that income is plentiful, not limited. Sometimes, as Peter Sage says, “You don’t need more money, you need a better strategy.” Write down a financial goal once a week, such as how to cut down on your groceries, or increase your income and come up with a practical solution to achieve your goal. Continue to tackle one goal a week until your financial situation starts improving. Invest in yourself, through financial education/literacy as well as your own skills. Remember that the more skilled you are, the more you deserve to earn.

## PAY OFF YOUR DEBT AND BE CAUTIOUS ABOUT TAKING ON MORE

Make an effort to pay off bad debt (store and credit cards) starting with the highest interest rate first. David Chilton wrote, “Over the past fifty years, borrowing has gone from a shameful vice to the national pastime.” It’s generally better to pay more into your bond every month and shorten the payment term than putting money into a market account or a fixed deposit.

## STRETCH YOUR SAVINGS, BE SAVING SAVVY

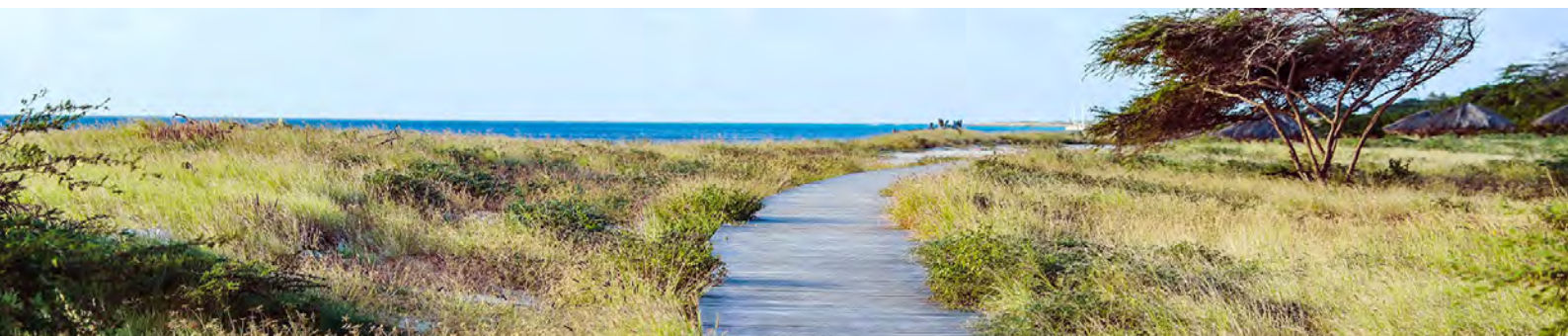
A rand saved is two rands earned. In other words, the salary you take home each month has already had income tax, UIF, your pension fund contribution and sometimes medical aid deducted. For every two rands you earn, you might actually see only one rand. But for every two rands you save, by shopping around for example, you keep the entire two rands. Savings aren’t taxed! Therefore, saving R400 on a TV set may be the same as getting a R680 increase at work. People will do a lot to earn some extra cash, but not to save money.

## IN CLOSING - TAKE CONTROL

Have a budget. “A budget is telling your money where to go, instead of wondering where it went.” – John C. Maxwell. Take control of your finances by recording all your expenses for a month, to get an idea of where your money is really going. You will probably find that you are spending money on non-essential items like coffee and lunch at work. Be careful about small expenses. Make a list of your expensive habits and try to eliminate unnecessary expenses one at a time. Stop impulse buying. When you want to buy something think: “How much time would I need to work to pay for this?”. If the amount of time shocks you, put it back on the shelf and move on. See where you can cut, save or donate to others.

### 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.





## COMPANY NEWS

# GLOBAL & LOCAL EQUITIES

By Michelle Matthews | Portfolio Manager | Old Mutual Wealth Private Client Securities



Reckitt – UK-listed manufacturer and seller of health, hygiene and home products – released a first quarter trading update that showed a strong start to the current financial year. Comparable revenue growth for the quarter was up 5.6% to £3.4 billion, well ahead of consensus expectations of a 1.5% increase. Price increases and a better product mix drove most of the revenue growth. Volumes were up 0.3%, with management commenting that they saw strong momentum across all business units, with most of their main product ranges gaining market share over the quarter. Improved trading within the Health segment, which houses the group's cold and flu remedies, was an additional key driver for the group. With the return to a somewhat normal flu season in the Northern hemisphere, Reckitt's over-the-counter products experienced strong growth compared to the corresponding quarter in 2021.

For the full year, management guided to comparable growth towards the upper end of their previously guided range of between 1% and 4%. Despite the significant inflation headwinds, management expect operating margins to be in line with the prior year, as the group looks to improve their efficiencies and pass on some of the cost increases to consumers.



Mr Price announced that it has entered into a transaction agreement to acquire 70% of Blue Falcon from RMB Ventures. Blue Falcon owns the Studio 88 group of businesses. The transaction is valued at R3.3 million and will be funded by the group's existing cash resources. Studio 88 is SA's largest independent retailer of branded leisure, lifestyle and sporting apparel and footwear, and the transaction will give Mr Price a controlling stake. The Studio 88 group appeals to a wide range of age profiles of trend-conscious customers and is expected to contribute 18.9% to Mr Price's sales revenue. This supports the group's move to diversify into a different product segment.

Mr Price management highlighted that Studio 88 is a highly cash generative business, presents opportunities for growth in the menswear segment (which is currently under-represented), and enables Mr Price to enter the high-growth urban wear and athleisure segments of the market. The acquisition will see Mr Price's store footprint increase to 2 400 stores – of which 711 stores are Studio 88 stores spread between Skipper Bar, Side Step, John Craig and Speciality stores.





Standard Bank provided a three-month operational update to 31 March 2022. The group reported 28% higher earnings relative to the same period last year, supported by continued performance from its core franchises. Higher average interest rates across the majority of its operating regions (including Angola, Ghana, Mauritius, Mozambique, Namibia, SA and Zambia), together with a larger balance sheet, supported the group's net interest margin and net interest income growth. The continued recovery in consumer and business activity also boosted transactional activity, resulting in fee growth.

On the trading side, global market volatility and higher commodity prices drove client activity and trading revenue, with the latter slightly ahead of last year. Key positives from the update were that credit performance was largely in line with expectations, together with lower credit impairment charges across the Consumer, High Net Worth, and Business and Commercial segments, and the reduction of risks related to ICBC Standard Bank Plc (ICBCS). The bank reduced counterparty provisions that were impacted by the Russia/ Ukraine crisis while ICBCS delivered a small operating profit. Despite increased uncertainty, the group should still deliver an improving return on equity in 2022.







## MENTAL HEALTH

# WHAT IS HAPPINESS, ACCORDING TO SCIENCE?

Despite the “overflowing sea of resources” about happiness, finding advice that can easily be applied to daily life is not as easy as you’d think. So says researcher Alina Ivan in a review of a BBC podcast called The Happiness Half Hour in The Psychologist, (the official monthly publication of The British Psychological Society).

### Flow – but don’t drift

One route to happiness can be found in flow [not the same as going with the flow], according to psychologist Mihaly Csikszentmihalyi. “The best moments in our lives are not the passive, receptive, relaxing times”, “The best moments usually occur if a person’s body or mind is stretched to its limits in a voluntary effort to accomplish something difficult and worthwhile” (Csikszentmihalyi, quoted in Positive Psychology).

Doing this can put us ‘in the zone’, says Positive Psychology. You feel time slow down, you feel the task become effortless, and the chatter in your brain quiets down.

To encourage flow, Positive Psychology suggests you choose a challenging but not out of reach task that you love (it’s not about the money).

### Reach out to others

“The majority of studies agree that there is a significant association between caring for other’s well-being and increased positive affect”, says Pursuit of Happiness, a leading positive psychology information website.

For example, an article in the International Journal of Behavioral Medicine summarised the existing research.

The authors found that “with some caveats” there is a strong correlation between “the well-being, happiness, health, and longevity of people who are emotionally and behaviorally compassionate, so long as they are not overwhelmed by helping tasks.”

Pursuit of Happiness adds several more things that science has found can make a difference:

- Relationships: “the ability to express genuine interest in what people say, and respond in encouraging ways” can “powerfully enrich relationships”.
- Exercising and eating well have “a large clinical impact” on depression.
- Finding meaning in life through religious or spiritual practise: “through the meaningful life we discover a deeper kind of happiness”.
- Finding your character strengths and using them for a purpose beyond your own goals is “an essential component of human flourishing”.
- A mindset of optimism and gratitude leads to “greater positive emotion”.

The review says happiness not just the pursuit of pleasure. Elation (great happiness and exhilaration) fades. Many of us come to believe we have “no choice in life but to suffer.” Happiness, it seems, is investing in tasks that challenge you, as well as in nurturing those around you.

## LIFESTYLE EVENTS

# KNYSNA WINE FESTIVAL



The Knysna Wine Festival will once again take place during the Knysna Oyster Festival on 8 and 9 July, from 17:30 to 21:00. In addition to wine, guests can enjoy craft beer, gin, various liqueurs, whisky tastings as well as a taste of some South African artisan craft cheeses and olive oils.

When: 8 & 9 July from 17:30 to 21:00

Where: Premier Hotel Knysna, Eden, George Rex Drive, Hunters Home, Knysna

E-mail: [infoknysnawinefestival@gmail.com](mailto:infoknysnawinefestival@gmail.com)

# THE DELHEIM JAZZ & CHEESE FONDUE SERIES



Celebrated Stellenbosch wine destination Delheim Estate is proud to announce the return of its top-notch mini-Jazz Festival and a line-up of some of the best South African talent. The hearty cheese fondues are served with relevant accoutrements and are popular not only for their flavours, but also as a way to beat the chills of cold Cape winter Sundays.

Where: Delheim Wine Estate, Knorhoek Road, Stellenbosch

When: Every Sunday from 3 July to 28 August 2022

Reservations should be made via Quicket.



# 2022 DURBAN JULY



On the first Saturday of every July, nearly 60 000 people head towards Greyville to experience “July Fever”. Africa’s best horse racing event, the Durban July, takes place every year at the Greyville Racecourse. It’s not all about the horses! It’s a fashion and an entertainment extravaganza where everybody wants to be seen.

Where: Greyville Racecourse in Durban

When: Saturday 2 July 2022

For more information visit: <https://www.hollywoodbetsdurbanjuly.co.za/>

# ROMANZA



ROMANZA is a Spanish-inspired guitar and dance programme featuring music from James Grace’s recent SAMA-winning album ANADALUZA – MUSIC OF SPAIN III, including specially arranged works by composers such as Albéniz, de Falla and José Galván, with original choreography by Carli Olivier.

Allow the sway of skirts electrified by flamenco dancers, with the sounds of guitar and castanets, to transport you to the beauty and romance of Spain.

Where: Montecasino, Montecasino Boulevard (Cnr William Nicol Drive and Witkoppen Road), Fourways, Sandton

When: Wednesday 27 July 2022 from 20:00 to 22:00

For more information visit: <https://allevents.in/johannesburg/200022370932944>



## CONTACT PRIVATE WEALTH MANAGEMENT

National Office  
Tel: **021 555 9300**

BEDFORDVIEW  
Tel: **011 455 8600**

BLOEMFONTEIN  
Tel: **051 110 1179**

BRYANSTON  
Tel: **011 685 7400**

CAPE TOWN  
Tel: **021 555 9300**

DURBAN  
Tel: **031 267 5800**

GEORGE  
Tel: **044 803 1200**

MOSSEL BAY  
Tel: **044 601 9000**

GQEBERHA (PORT ELIZABETH)  
Tel: **041 394 1700**

PRETORIA  
Tel: **012 366 1100**

RONDEBOSCH  
Tel: **021 658 2600**

RUSTENBURG  
Tel: **014 533 1883**

Private Wealth Management (Pty) Ltd | Reg no: 2019/470597/07 | Block F, Ground Floor, The Estuaries, Oxbow Crescent, Century City 7441 | Tel: +27 21 555 9300 | Web: [www.privatewealth.co.za](http://www.privatewealth.co.za) | Email: [pwm@privatewealth.co.za](mailto:pwm@privatewealth.co.za) | A Category I Authorised Financial Services Provider (FSP No: 50787).

### Disclaimer:

These articles are for information purposes only and do not constitute financial advice in any way or form. It is important to consult a financial planner to receive financial advice before acting on any information contained herein. PWM and its directors, officers and employees shall not be responsible and disclaim all liability for any loss, damage (whether direct, indirect, special or consequential) and/or expense of any nature whatsoever, which may be suffered as a result of, or which may be attributable, directly or indirectly, to the use of, or reliance upon any information contained in these articles.