

PwM CONNECT

WHERE WEALTH AND LIFESTYLE MEET

RIDING THE RAND ROLLER-COASTER

INVESTMENTS – BALANCE AND DISCIPLINE
KEY AMIDST MARKET VOLATILITY

WANT TO REMIT FUNDS FROM
SOUTH AFRICA? NEW RULES



WHAT'S INSIDE

A WORD FROM PIETER	2
ECONOMIC & MARKET OVERVIEW	
RIDING THE RAND ROLLER-COASTER	3
INVESTMENT PLANNING – PWM WEALTH MANAGEMENT	
THE FATAL MISTAKE THAT MANY INVESTORS MAKE	7
INVESTMENT INTELLIGENCE	
INVESTMENTS - BALANCE AND DISCIPLINE KEY ADMIDST MARKET VOLATILITY	8
LEGAL CORNER	
WANT TO REMIT FUNDS FROM SOUTH AFRICA? NEW RULES	10
COMPANY NEWS	
GLOBAL & LOCAL EQUITIES	14
LIFESTYLE	
PHYSICAL HEALTH	16
CONTACT US	17

A WORD FROM PIETER

Welcome to the second edition of our PWM Connect newsletter. With all the challenges we face locally and globally as investors, I thought that it may be a good opportunity to share some suggestions on how we could navigate these challenging times from an investment perspective.

Market volatility is an intrinsic characteristic of the financial landscape, and it often tests us emotionally when it comes to our investment decisions. However, by adopting a balanced view and adhering to a disciplined investment approach, we can try to ease the impact of these fluctuations and challenging times.

I would like to touch on a few topics that are important for us to take note of from an investment perspective.

DIVERSIFICATION

A key aspect of risk management is to spread your investments across various asset classes, sectors, and geographic regions. By diversifying your portfolio, you can potentially mitigate the severity of the impact of volatility on your investments.

HEDGING STRATEGIES

Hedging can be an effective tool for managing risk during market turbulence.

Our team of investment analysts is constantly monitoring the market for potentially undervalued assets. Identifying such opportunities, backed by rigorous research, can lead to attractive returns over the long term.

MAINTAIN A CLOSE RELATIONSHIP WITH YOUR FINANCIAL PLANNER

Our team of dedicated and well-trained financial planners is here to guide you through these turbulent times. Having regular review meetings and engagements with your financial planner will help ensure that your investment strategy remains aligned with your long-term goals and financial plan.

AVOID EMOTIONAL INVESTMENT DECISIONS

Making impulsive or emotional investment decisions based on short-term fluctuations often leads to outcomes that are not ideal and not aligned to your investment goals. It is key to remain focused on your long-term investment objectives and trust in the expertise of our investment professionals.

We remain committed to guiding you through uncertain times. Our extensive experience and comprehensive research capabilities enable us to adapt to changing market dynamics, always with your best interests in mind.

While market volatility can be unsettling, it can also provide occasions for growth and capital appreciation. By staying disciplined, maintaining a well-diversified portfolio, fostering a close relationship with your financial planner and avoiding emotional investment decisions, we can navigate challenging market conditions.

Please feel free to reach out to your financial planner at any time. We are here to support and help you with your investment decisions.

Trust you will enjoy the read.

Pieter



ECONOMIC AND MARKET OVERVIEW

RIDING THE RAND ROLLER-COASTER

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

The rand has been under severe pressure since the start of the year, hitting record lows against the US dollar along the way. Since it is probably the most visible financial metric, and the one that has the most impact on our day-to-day lives, everyone is talking about it.

Three questions follow: Why has the rand been so weak? What is the impact on markets and the economy? And how should we think about the currency in positioning portfolios?

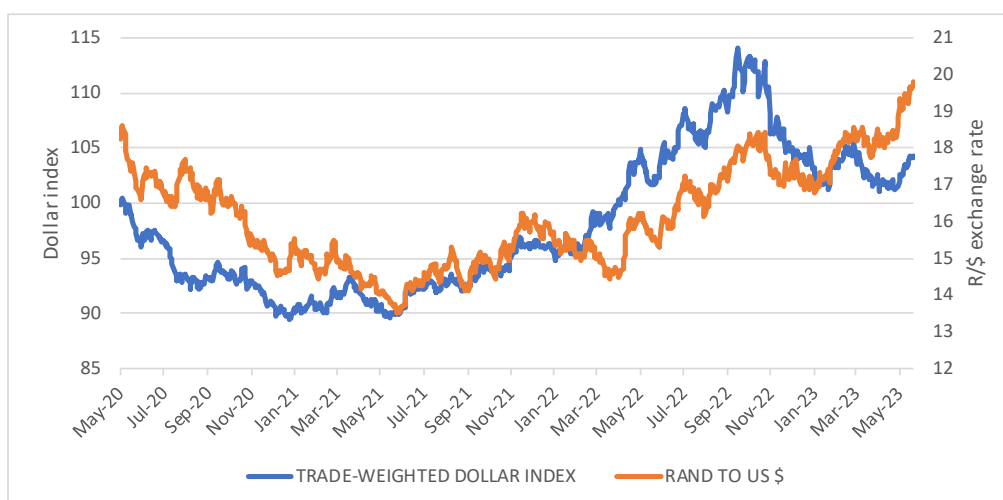
WHY THE WEAKNESS?

The rand recovered from the March 2020 Covid collapse but started falling again from mid-2021 onwards, losing 30% against the US dollar.

The rand/US dollar exchange rate is often seen as the “share price” of the currency, so if it falls, it must be bad. However, an exchange rate is not a share price but a ratio of two currencies. Therefore, there are always two moving parts that influence it. In the case of the rand/dollar exchange rate, it is both the rand and the dollar that matter. Most of the rand’s weakness over the past two years can be explained by a stronger US dollar, but since late last year, the dollar has been falling.



CHART 1: THE RAND AND THE US DOLLAR



SOURCE: REFINITIV DATASTREAM

Other emerging market currencies recovered, but not the rand. While it usually tracks its peers the rand has decoupled in the past few months. This means the most likely explanation is the fact that the intensity and expected duration of load shedding have increased steadily since late last year. There is even talk of a grid collapse, which, while unlikely, has certainly dented sentiment.

It stands to reason that a rand recovery requires some improvement in the electricity situation – perhaps if we get through a long, cold winter relatively unscathed. But it also means that a rand recovery will depend on where the US dollar goes next. If US interest rates peak and start declining relative to other countries, it could put downward pressure on the dollar and boost the rand. But the dollar also tends to rally at times of global stress. A major flare-up of risk aversion on global markets in coming months could see the dollar rally and the rand weaken even further. Clearly, it is an uncertain situation.

Nonetheless, history suggests that at some point the rand should retrace these losses. It suffered similar blowouts in 1984/85, 1998, 2001, 2008, 2015 and 2020, each time also when the dollar was strong and sentiment towards emerging markets crumbled. And each time, the rand reversed course and retraced its losses, despite popular opinion being convinced that this would be impossible and that it was definitely one-way traffic ahead.

Even after the fallout from the Rubicon Speech, the debt standstill and increased global sanctions, the rand rallied in 1986 as the dollar retreated from elevated levels.

This too shall pass.

WHAT IS THE IMPACT?

The weaker rand will put further upward pressure on domestic inflation, but fortunately, the US dollar oil price has also declined recently. The extent to which rand weakness results in higher inflation depends on how businesses pass on higher import prices. This, in turn, depends on whether these businesses believe domestic consumers can absorb the higher costs.

Nonetheless, the SA Reserve Bank raised the repo rate by another 50 basis points at the May meeting of the Monetary Policy Committee. Unfortunately, this will further weaken the economy, much as load shedding does.

On the plus side, South Africans have considerable global investments, and all else being equal, these increase in value when the rand weakens. Since the total foreign assets of South Africans exceed their total foreign liabilities, a weaker exchange rate does not result in a deteriorated national balance sheet, as is the case in many other emerging economies that borrow heavily abroad.

Exporters also benefit greatly from being able to repatriate their earnings at a more favourable exchange rate. In addition, it makes the country more attractive for tourists. And local businesses that compete with imports are advantaged, provided they don't rely too much on other imports for inputs. Therefore, the rand acts as a shock absorber for the overall economy, rebalancing activity and income at times of stress.

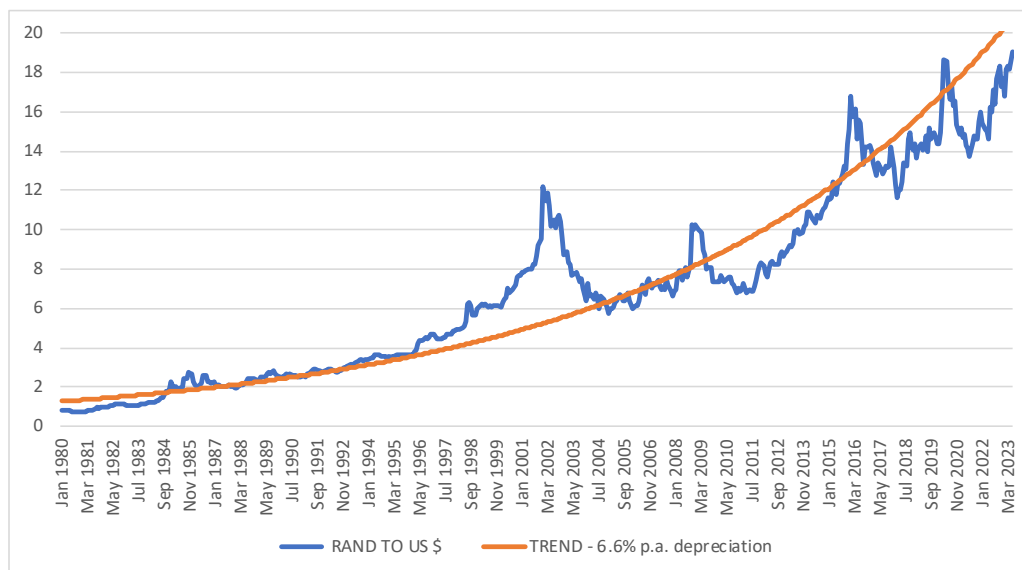
The benefit of the rand's infamous volatility is that it discourages reckless foreign borrowing and overreliance on imports. Everyone knows they can get their fingers burnt, whereas a managed exchange rate usually lulls people into a false sense of security. Moreover, with a sophisticated domestic financial system, foreign borrowing is rarely necessary. The Reserve Bank oversees this system as the regulator, but also provides credibility with sound monetary policy. Unfortunately, as we've seen with successive rate hikes, this credibility doesn't always come cheap.



HOW TO INVEST?

What should we make of all this in the context of portfolio management? The rand lost on average 6.6% a year against the US dollar over the past four decades. Around this steady weakening trend, there were several periods when it appreciated. Not surprisingly, the weakest periods were followed by the strongest, as the market corrected its overshoot. This is the dilemma for South African investors. On average, the rand will be a tailwind to offshore investments, but it can be a headwind for uncomfortably long periods.

CHART 2: LONG-TERM HISTORY OF THE RAND/US DOLLAR EXCHANGE RATE



SOURCE: REFINITIV DATASTREAM

Therefore, it is important to be clear about time horizons. If you are concerned about what happens in the next three years, then there is a good chance the rand will be stronger than it is today. This suggests tactically reducing offshore exposure or employing a currency hedge on a portion of that exposure.

On a longer-term horizon, it is a different story. The rand could rally over the next three years but still end up at R28 a dollar ten years later if it resumes its historic depreciating trend. This is not a forecast, simply a reasonable assumption, unless South Africa fundamentally restructures its economy. Again, R28 per dollar would not imply that South Africa has fallen apart – rather that the exchange rate did what was needed to compensate for the relative lack of competitiveness. And, of course, there will be ongoing cycles around this trend.

It is also very important to consider what you are buying offshore. Given high domestic interest rates, the rand would have to fall by unrealistically large margins for global cash to outperform local cash over time. The same is true for bonds. For equities, the story is different. Equities should always have a much longer investment horizon, with shorter-term currency fluctuations being less relevant. The key factor is always valuations. A weak currency is unlikely to bail you out if you bought into an expensive overseas market. If you sold cheap rands to buy expensive dollar equities, it can be a double whammy as the rand recovers and the equities underperform. This was the experience of the early 2000s that burnt so many fingers and put many people off offshore investing for a decade or more.



In summary then, here are three statements that are true simultaneously:

- It does not look good when your currency falls while your peers see theirs rallying. Especially not when one of the main underlying reasons for the decline – load shedding – could get worse before it gets better.
- A weak rand helps some sectors of the economy even if it makes life more expensive for others and puts upward pressure on interest rates.
- The currency should recover to more reasonable levels when the storm has passed, but is also very likely to eventually resume its long-term depreciating trend.

This calls for cool heads on the part of investors. There is little point responding to a sharp move in the currency after it has fallen. Always beware of a knee-jerk response and don't be surprised if the rand stages a seemingly miraculous recovery at some point in the near future. It has done so many times before. On the other hand, if you decide that a strategic long-term offshore allocation is appropriate, don't try to get too clever with timing the “perfect” exchange rate and forget to look at what you are buying on the other side. As with any investment, it is all about balance, valuation and patience.



THE FATAL MISTAKE THAT MANY INVESTORS MAKE

By Andrew Whitewood | Managing Director | PWM Wealth Management

We as investors should be investing or increasing our monthly debit order in times of uncertainty, volatility and bad news headlines, but the majority of us don't. Looking at the most recent statistics produced by Morningstar, South African money market funds are holding approximately R350 to R400 billion of hard-earned savings. To put this into perspective: if we go back to the early 2000s, we were sitting with approximately R50 billion in South African money market funds.

Now, don't get me wrong – cash-like investments have a place in any investor's portfolio, but this sharp increase in money market assets has been driven by the uptick in interest rates. Investors need to be cognisant of multiple things, but I will speak about only a few when you are looking at cash as a long-term investment.

Firstly, are you aware as an investor what your actual post-tax return on investment is? It is important to remember that all interest income above the annual interest exemption of R23 800 (under the age of 65) is taxable at your marginal tax rate.

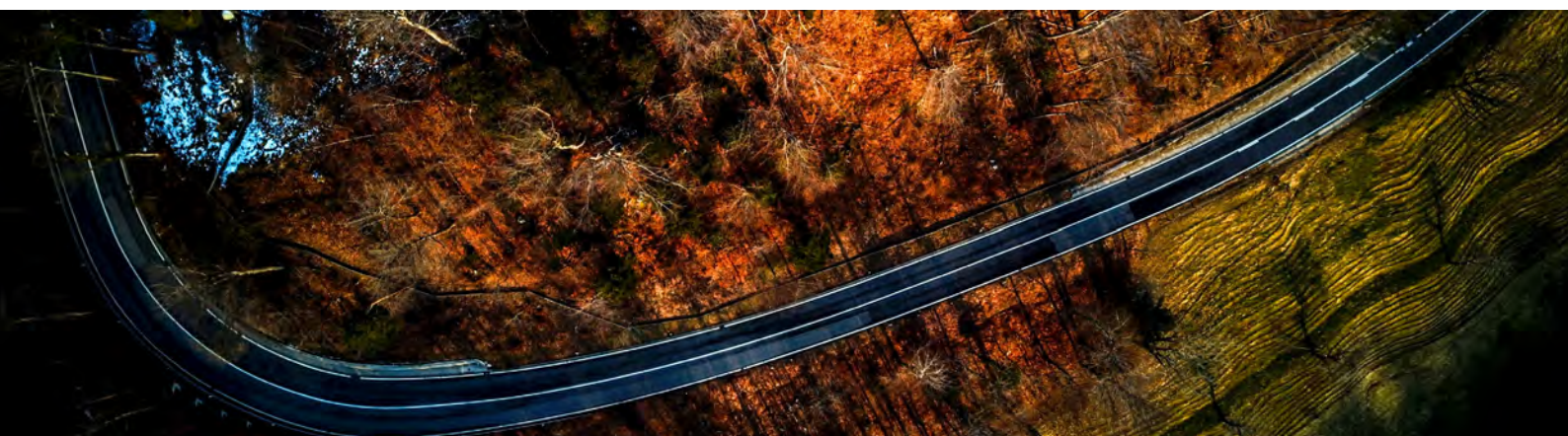
Secondly, investing in cash reminds me of the frog and the pot of boiling water. If you place a frog in a pot of boiling water, the frog will jump straight out. If you place a frog in a pot of cold water and heat up the pot over time, the frog will stay put. This is what happens when you are investing in cash for the long term – you get comfortable as an investor, but forget about the threat known as inflation.

Thirdly, once you are invested in cash, when do you as an investor switch out in order to gain exposure to growth assets? I can guarantee you now that nobody can scientifically time the switch from cash to the investment markets perfectly or consistently.

Lastly, and in closing: we are not alone with regard to all the funds invested in money market investments. At the end of April 2023, approximately \$5,3 trillion was invested in US money market funds. The question I pose to all of you is, when do you switch and align with your long-term strategy? When the news headlines are all positive, when inflation is non-existent, when central banks are cutting interest rates, when global economies are growing and commodity prices are rising? No, we do this when exactly the opposite holds true.

Disclaimer:

Please note that the information provided in this article was in line with the market performance information and statistical data available on the date of producing the article.



INVESTMENTS – BALANCE AND DISCIPLINE KEY AMIDST MARKET VOLATILITY

By Charl Roos | Financial Planner | PWM Bloemfontein

The current uncertain times highlight the importance of having a balanced and well-diversified portfolio.

Balancing your portfolio does not mean to select several different balanced unit trust funds from various fund managers but rather diversifying between asset classes which have different outcomes during different market cycles. We make use of the “drawer” concept also known as bucketing.

In short:



Top Drawer - We place 2 to 3 years' income/emergency funds, this has little to no exposure to market volatility. (e.g. money market/fixed interest fund)

The 2nd drawer has some exposure to growth assets but mainly fixed income and bonds to manage the 3 to 5 year risk and volatility, allowing for stable growth.

3rd drawer is made up of balanced funds that needs a 5 to 10 years' time horizon to achieve its desired outcome. (higher exposure to growth assets with less fixed income).

The 4th drawer houses the growth funds, maximum exposure to local and global equities/hedge funds and an investment horizon of over 10 years to achieve their desired outcomes.

The main reason for the “drawer allocation” between asset classes is to avoid selling assets at a loss for lifestyle income needs, allowing us to better manage market volatility. By way of example, if your home is valued at R3 million and someone offers you R2 million, you will not accept the offer. In this case, you still have the home (unit) and no loss – you will only realise the loss if you accept the offer. This is how we control the narrative by allowing time to accept the good offers from the market and declining the bad ones.

Another way we diversify portfolios is by looking at the correlation of the funds we select, aiming for low correlation – which means the funds outperform in different cycles. This reduces the volatility and ensures a smoother ride, taking away those deep valleys in your portfolio growth curves.

Once the diversification is in place, you need the discipline not to tamper with that portfolio allocation when markets volatility sets in. In other words, don't make emotional decisions when the market does what it has always done. Selling at a loss and losing out on the days when the market rallies is very costly and can rarely be made up once lost.

The question of when to sell becomes more of a portfolio balancing conversation that is not determined by what the markets do, but rather by what your financial lifestyle plan requires. This is why having a financial



planner who is committed to achieving the required outcome is so important, as he/she will help you navigate the emotional roller-coaster caused by negative market news, investment statements and social media hype. Keeping your cool under pressure is key here. That said, if a particular asset class has low future growth prospects, the portfolio might need to be adjusted, but do this in accordance with the lifestyle plan and based on research, not as a result of emotional decision.

While every client's circumstances and needs are unique, the financial planners at Private Wealth Management will draft a tailor-made Integrated Wealth Plan for each client, building a portfolio in accordance with the client's specific needs and requirements. Annual reviews in conjunction with the financial planner are also important to update the Integrated Wealth Plan, ensuring that it keeps track with the client's evolving needs.

How often do you need to see your financial planner? The circumstances of each client are different, but it is advisable to do this at least annually. Reviews are so important to update the Integrated Wealth Plan, thus ensuring that we are on the right track. If changes are required, it can then be made sooner rather than later.

Disclaimer:

The name(s) and/or 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 the assistance of a financial planner before taking any financial steps.



WANT TO REMIT FUNDS FROM SOUTH AFRICA? NEW RULES

Melissa Duffy, Director (Partner), Tax & Legal , KPMG Services Pty Ltd (KPMG South Africa) National Lead Partner: Family Office & Private Client, KPMG Services Pty Ltd (KPMG South Africa)

TAX AND EMIGRATION (THE NEW SARS PROCESS)

This is a landscape that has seen much change over the last two and a half years. The predominant aim of these changes has been to bring the concepts of tax residence and Exchange Control residence closer together.

A. Tax residence

The South African tax year for natural persons runs from 1 March to 28/29 February.

South Africa operates a residence basis of taxation. This essentially means that the tax treatment of the receipt or accrual of income and gains in the hands of an individual depends upon his/her tax residence status in South Africa.

- South African tax residents are subject to tax in South Africa on their worldwide income and worldwide capital gains (subject to certain exemptions and exclusions).
- Non-residents are, however, only subject to tax in South Africa on income derived from a source within South Africa and on capital gains derived from the disposal of immovable property located in South Africa.
- A tax resident who leaves South Africa may cease to be a tax resident, and therefore needs to make certain declarations to SARS.



The declaration to SARS required on ceasing tax residence

When ceasing tax residence¹ in South Africa, a taxpayer must make a declaration to the South African Revenue Service ("SARS") relating to the cessation of tax residence. The taxpayer must complete the Registration Amendment and Verification form (form RAV01) on the SARS e-filing platform. The following information is considered standard as part of the RAV01 declaration:

- The SARS declaration form indicating the basis on which you qualify (as a non-tax resident) – referred to simply as "DECLARATION: CEASE TO BE A TAX RESIDENT".
- A letter of motivation setting out the facts and circumstances in detail to support the disclosure that you have ceased to be a tax resident.
- A copy of your passport/travel diary.

Additional documentation that may be required on request from SARS includes (but is not necessarily limited to) the following:

- Schedule of Assets and Liabilities for the previous three (3) years;

¹There are a number of ways one can break SA tax residence – the mechanism and technicalities of ceasing to be tax resident are not discussed further in this article.

- The capital gains tax calculation evidencing that the so-called “exit tax” was considered in the appropriate tax return submission. The exit tax is a calculation based on the deemed disposal of worldwide assets (certain assets are excluded for the purposes of this calculation); and
- Certificate of residence (from the new tax jurisdiction) – please be aware that one can wait up to 3 months for a tax residence certificate from another Revenue Authority.

Once SARS has verified all of the documentation uploaded, the taxpayer will be issued with a letter from SARS confirming that he/she has ceased to be a South African tax resident.

Why is it important not to delay with the updating of the RAV01 form?

If you wish to extract SA retirement savings, (lump sum benefits from South African pension preservation, provident preservation or retirement annuity funds), the payment of lump sum benefits to such individuals shall only be allowed if the individual member has remained non-tax resident for at least three consecutive years. From experience, the process to secure a letter from SARS confirming the cessation of South African tax residence, is not a quick process, especially when the taxpayer is dependent on securing a tax residence certificate from the Revenue Authority of another tax jurisdiction – so the sooner one updates the RAV01 form, the better.

B. Exchange control

In recent years, the limitations for the discretionary allowance has remained ZAR 1 million per calendar year and ZAR 10 million per calendar year remains the threshold for foreign investment purposes.

Prior to 1 March 2021

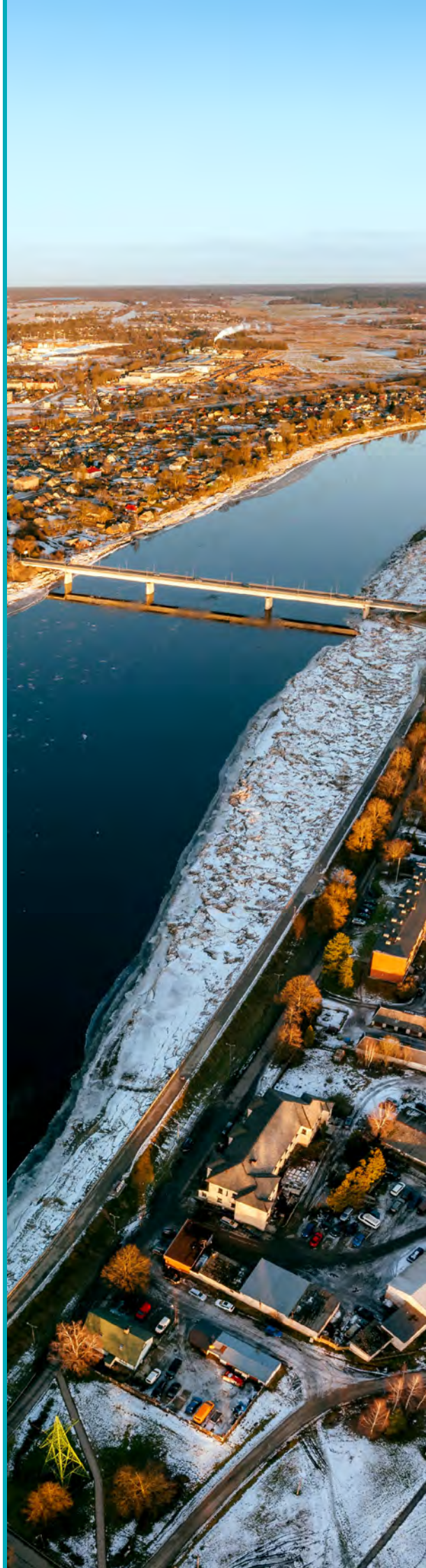
The previous process of “financial emigration” as a process administered by the South African Reserve Bank (“SARB”) fell away effective from 1 March 2021. i.e. your emigration application form (MP336b) had to be attested by 28 February 2021 by an Authorised Dealer for your emigration application to be processed by SARB.

Emigration then became a SARS process.

Foreign nationals who came to South Africa, and who held non-resident South African bank accounts and who were not permanent residents of South Africa (i.e. holders of South African permanent resident permits), were not subject to the South African Exchange Control rules.

From 1 March 2021

From this date, SARS has managed the emigration process. From a tax perspective, an individual taxpayer needs to cease tax residence (“tax emigration” referred to by some) by making the declarations on the RAV01 form as described above.



Foreign nationals who came to South Africa and who held non-resident SA bank accounts, who did not trigger South African tax residence and who were not permanent residents of South Africa (i.e. holders of South African permanent residence permits) were still not subject to the South African Exchange Control rules.

An application to SARS for a Tax Compliance System ("TCS") verification was required to be secured from SARS by persons who ceased to be tax resident. The Tax Compliance System Verification Letter would then be provided to the individual's Authorised Dealer ("AD") – most SA banks – and the AD would thereafter allow the transfer of funds offshore, on receipt of an appropriate application. What's changed ?

Effective from 21 April 2023, SARS has implemented a new declaration and application process for the remittance of ZAR funds offshore.

Reasons for the change?

The aim of the change is to ensure the consolidation, modernisation, efficiency and more transparency in relation to offshore transfer of funds. The Foreign Investment Allowance (FIA) and Emigration applications have been combined into a single application, now known as the "Approval of International Transfer" ("AIT").

1. Foreign nationals are still not subject to the South African Exchange Control rules where the following applies:
 - Natural person who comes to South Africa who held non-resident SA bank accounts,
 - who does not trigger SA tax residence and
 - who is a not permanent resident of South Africa (i.e. not a holder of the SA permanent resident permits)
2. The transfer of up to R1 million by a tax resident is not subject to any application process through SARS.
3. If you are a tax resident and you want to send more than R1 million offshore, you need to apply for an AIT certificate from SARS, to remit these funds offshore.
4. If you have left South Africa on secondment and ceased to be tax resident, you need to complete the RAV01 form (as soon as possible) - this process will trigger an audit by SARS.
5. If you have left South Africa permanently and ceased to be tax resident, you need to complete the RAV01 form (as soon as possible) - this process will trigger an audit by SARS.
6. If you have left South Africa, ceased to be tax resident and wish to remit funds offshore, you need to complete the RAV01 form (as soon as possible – when you leave), and the AIT application.



What's required for the AIT application?

When you apply for a Tax Compliance Status (TCS) in respect of foreign investment allowance for individuals, you are required to submit the following supporting documents:

- Relevant material that demonstrates the source of the capital to be invested.
- Statement of assets and liabilities for the previous three tax years (this should include disclosure of all investments, loan accounts and distributions from local and foreign companies, trusts, etc.)
- Applicable Power of Attorney where the TCS application is submitted by a person other than the taxpayer.

Once you have applied for a TCS, you will receive a security PIN which enables you to authorise any third party (an organisation or government) to view your status online via eFiling.

Former exchange control residence (now non-resident) applications

- Relevant proof that the taxpayer has ceased to be a resident for tax purposes in South Africa, including the date on which the Taxpayer ceased to be a resident, is required to be submitted.
- Detailed Capital Gains Tax Calculation schedule relating to any tax payable on deemed disposal of assets on the day before the taxpayer ceased to be a tax resident, in accordance to Section 9(H)(2) of the Income Tax Act.

While the intention of these changes is to streamline the process and ensure efficiency, it is important to fully understand the timing, requirements and supporting documentation that needs to be submitted in order to enable SARS to respond positively to an application.

Please contact your financial planner should you need more information.



GLOBAL & LOCAL EQUITIES

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



Given Apple's status as a bellwether for the state of consumers, the group's latest quarterly earnings update was among the most highly anticipated of the last few weeks. Despite investor concerns leading up to the results, the company managed to beat revenue and earnings expectations for the second quarter, which saw the share price rise in reaction to the results. However, in absolute terms, revenue for the period was 3% lower at US\$94.8bn, while earnings per share remained unchanged at US\$1.52. Average analyst expectations were for revenue and earnings of US\$93.1bn and US\$1.44, respectively.

Apple's active installed base (i.e. the total number of devices it has in the market) exceeded two billion, reaching all-time highs. Management has increasingly prioritised this metric as the group has shifted focus to its services business, which grew revenue 5% during the quarter. While service growth was impacted by a slowdown in digital advertising and mobile gaming, it still represented a record quarter for the group. Related to the group's service growth was the disclosure of over 975 million current paid subscribers across.

Apple's various services. This was an increase of 150 million from a year ago and nearly double the paid subscriptions from three years back. Apple ended the quarter with a net cash position of US\$57bn, paid dividends of US\$3.7bn, and carried out US\$23bn of share repurchases. This continues a trend of utilising excess cash on its balance sheet to reduce share count, which has been supportive of earnings growth.



Capitec reported a mixed set of full year results, with headline earnings up 15% to R9.7bn within a low economic growth and challenging consumer environment. Confirming the latter point, the bank grew loans and advances by 16% to R98bn while deposit growth (+9% to R147bn) was more in line with growth in the client base. Two million active clients were added over the year, bringing the total client base to 20 million. This effectively means that a third of the SA population have a Capitec account. Earnings from the credit life insurance and funeral plan offerings were also up strongly - 23% and 58%, respectively. Profits in Capitec's Business Bank offering, which has yet to be formally launched, more than doubled to R389m. Despite the strong growth in income across the business, signs of a strained consumer were evident, with the bank's net credit impairment charge growing by 80% to R6.1bn over the period. While this increase is significant, two factors should be considered. Firstly, the inputs inherent in the 2022 charge were prepared prior to the Ukraine/Russia conflict, an event that introduced material volatility and uncertainty into global markets, prompting downward economic growth forecasts and results. Secondly, the current credit loss ratio at 8% is not far from the pre-COVID level of 7.2%, highlighting a normalisation following the 11.4% reported in 2021 and 4.9% reported in 2022. Further evidence of this normalisation can be seen in the moderation in the Expected Credit Loss coverage ratio, which improved to 22.9% from 26.9% in 2021. Nonetheless, evidence of a constrained consumer is clear. Over the period, despite technology-related expenses rising by 47%, Capitec's operating costs declined by 5%, largely as a result of fewer staff incentives. This saw the bank's cost-to-income ratio declining to a more normalised level of 39% from 47% in the prior period. Furthermore, Capitec maintained an industry-leading return on equity (ROE) ratio of 26%, which is not far off pre-COVID levels of 28%. With the bank remaining well capitalised, the board declared a final dividend of 2 800 cents per share, taking the full year dividend to 4 200 cents per share, up 15% year-on-year.



Property REIT, Stor-Age, reported a mixed set of results for full year 2023. While the group's South African operations continued to benefit from the positive trends experienced since the onset of COVID, the UK operations experienced a slowdown in the second half of the reporting period. Overall, rental income and net property operating income were up 17.3% and 15.3%, respectively. Across both regions, the group reported strong growth in average rental rates (+8%), however, occupancies across the two geographies diverged.

The group's SA operations reported an increase in occupancies from 90.1% in the prior year to a record high of 92.2%. The UK operations experienced a decline in occupancies from 90.4% in the prior year to 85.4% as the region's property market is increasingly being impacted by persistent inflation and rising interest rates. The group reported an increase in dividends per share of 3.6%, lower than the 8.3% increase in distributable earnings. The increase in the number of shares in issue, post the capital raise in 2022, accounted for the difference in dividend and distributable income growth. Over the period, Stor-Age continued to make progress with its development pipeline. A growing part of its pipeline has been via joint ventures in both the UK and SA. In the local market, the group operates a joint venture with Nedbank where Stor-Age is developing four new properties.

Stor-Age will earn fees from developing and managing the properties until an acceptable occupancy level is reached. This arrangement is similar to the one in the UK with Moorfield, where Stor-Age has a 24.9% interest as well as a recent partnership with US investment manager, Nuveen. Management views joint ventures as a way to increase scale and generate revenue from managing properties the group does not fully own, while simultaneously mitigating the risk of delays in reaching favourable occupancies at new properties



PHYSICAL HEALTH

Embrace the joys and benefits of running



The benefits of physical activity, such as running, start immediately. “A little bit is good, but a little bit more is probably better,” Harvard Health Publishing (Harvard) quotes cardiologist Dr Aaron Baggish.

The “feel good” factor

It’s common to feel good after a run, Johns Hopkins Medicine (Johns Hopkins) neuroscientist David Linden says, “Exercise has a dramatic antidepressive effect ... it blunts the brain’s response to physical and emotional stress.”

Other benefits include “improved working memory and focus, better task-switching ability, and elevated mood”.

Extending life

Harvard discusses a study that found “even five to 10 minutes a day of low-intensity running is enough to extend life by several years”. The study followed a group of more than 55,000 men and women, ages 18 to 100. About a quarter of them were runners. “Over 15 years, those who ran just 50 minutes a week or fewer at a moderate pace” had a lower risk of death from cardiovascular disease or any cause.

Baggish adds: “There is no question that if you are not exercising and if you make the decision to start — whether it’s walking, jogging, cycling, or an elliptical machine — you are going to be better off”.

Immediate benefits

The Centers for Disease Control and Prevention says after “a single bout of moderate-to-vigorous physical activity” (running is considered vigorous, notes the NHS), you may sleep better and reduce anxiety and blood pressure.

Regular physical activity “provides important health benefits for chronic disease prevention”, lowering risks for:

- dementia (including Alzheimer’s disease) and depression,
- heart disease, stroke, and type 2 diabetes,
- eight cancers including breast and colon,
- as well as helping bone health and weight control.

If you’re counting steps

Verywell Fit gives an approximate idea: “Running 12 minutes per 1.6km (8km per hour): 1,951 steps per kilometre”. Bear in mind that running strides are longer than walking strides. And individual stride lengths vary.

If you’re starting out

The U.S. Department of Health and Human Services guidelines advise you “increase physical activity gradually over time ... Inactive people should ‘start low and go slow’ ... with lower intensity activities and gradually increasing” length and frequency.

It recommends appropriate gear and “making sensible choices about when, where, and how to be active.”

It’s advisable to consult a doctor before you start running.



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