



PRIVATE CLIENT ASSET MANAGEMENT BROADCASTS SUCCESSFUL EPIC INVESTMENT WEBINAR **PCH SPONSOR POWERHOUSE CAPE EPIC TEAM** **EMPLOYEES ARE OUR MOST VALUABLE ASSET** **WHAT TO KNOW BEFORE CEASING TO BE AN SA TAX RESIDENT**



Private Client Asset Management Broadcasts Successful Epic Investment Webinar

Allan Bothma, Portfolio Manager and Senior Equity Analyst at Private Client Asset Management, and PCH Director Andrew Ratcliffe, recently hosted an Epic Investment webinar at which pro-athletes, Mari Rabie and Hayley Preen, as well as Chief Investment Officer at BIP Tavonga Chivizhe, were interviewed about the commonalities between successful investing and Epic race strategies.

Mari Rabie summed it up when she said that to be a professional athlete takes hard work, resilience and an ability to bounce back and keep on working hard. To focus on the process and not just the end goal. "When the going gets tough, you need to keep the long-term goal in mind and work consistently towards this through the ups and downs and not make dramatic changes or panicky emotional decisions."

As an investor, when you have reviewed your goals and have a strategy to achieve them, it is important that you are able to exercise the discipline required to stick to the strategy you have put in place. Investing can be emotional, but do not be tempted to deviate from your plan. By focusing on long-term fundamentals and taking emotions out of the investment decision-making process, investors can better navigate through market volatility or unpredictable market conditions with confidence that their long-term financial plans are secure.

Trying to time markets or allowing emotions to dictate investment decision-making only degrades long-term investment performance and could potentially put your long-term financial plan at risk.

It is important to remember that investing typically involves episodes of gains, losses and volatility within an overall upward trend. Good times do not last forever, but neither do bad times. Periodic bouts of market volatility should be expected; they should not come as a surprise.

Being prepared for these episodes and maintaining investment discipline will add to long-term total investment returns.

“Aligning yourself with the right team of experts is essential to help you stick with your investment goals.”

Rabie went on to say that professional athletes need to work with the right people to achieve success and must align themselves with top coaches and mentors. The same applies to successful investing and at PCH we recognise how working with the right people to achieve investment success is important.

In this light, Tavonga Chivizhe and BIP act as independent consultants to our Private Client Asset Management Investment Committee and provide extremely valuable input which assists us in our portfolio construction process. During the webinar Allan and Tavonga focused on the impact of the war in Ukraine and associated geopolitical risks, COVID inflation and oil price inflation, and the impact these factors have on growth assets and how we have positioned our clients' segregated portfolios.

Global studies have shown that personality traits and characteristics of professional athletes who constantly deal with volatility, uncertainty, setbacks and obstacles exhibit a high level of resilience, determination, optimism, adaptability, perseverance, innovation and agility - all attributes that make up resilience. Top equity managers have these same traits and require great resilience to operate in an environment full of volatility, uncertainty, and obstacles.

Ultimately, by working with the right people, focusing on long-term fundamentals, and not allowing short-term noise or emotions to dictate decision-making, investors - and professional athletes - can effectively and consistently achieve their long-term goals.



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The Directors Desk



There has never been a better time than now to re-evaluate your personal wealth positioning and ensure your financial affairs are in order.

The year is well underway and like the previous few, is keeping us all on our toes. While we thankfully continue to recover from the impact of the Covid pandemic, new challenges have arisen which affect the markets - most notably the war in the Ukraine. As mentioned in the article on the cover page, PCH recently held an investment webinar where Tavonga Chivizhe, CIO at BIP, chatted about investments and the current markets and how the Ukraine war is, and potentially could, impact these.

Amongst his many great insights, Tavonga's advice was not to panic and to stay your course - an approach that we at PCH adopt consistently. Mari Rabie and Hayley Preen, the professional cyclists that PCH sponsored to ride the 2022 Cape Epic (you can read more about their spectacular Cape Epic results on page 3), also joined in the webinar and chatted about how wealth management and investing are similar to professional sports - not least of which being the fact that they both require resilience, discipline and commitment to the long-term goal, as well as a culture of performance.

At PCH we certainly encourage such a culture amongst our team. At the same time, we strive to ensure that our employees - who are our most valuable asset - are being fostered through a variety of initiatives, which are unpacked on page 4.

With upheaval brings uncertainty, and there are those who are considering moving abroad. The article from Private Client Financial on page 6 discusses what you should know before approaching SARS about ceasing to be an SA tax resident.

Internally at PCH we remain consistent and proudly on track. We recently renamed our Portfolio's division, Private Client Portfolios, to "Private Client Asset Management" to more accurately reflect the multi-manager and segregated offerings we provide, and the scope of the role that this team undertake. The only thing that is changing is the name.

Grant Alexander

HAVE YOU HEARD?

PCH and The Grape Hustle event in Plettenberg Bay

Nicola Langridge CFP® and Mark MacSymon CFP®, Wealth Managers at Private Client Wealth, recently hosted a wine tasting and PCH presentation at the Sky Villa Boutique Hotel in Plettenberg Bay. The team introduced guests to the PCH Family Office approach to wealth management and reminded them of how vital the retirement planning and estate planning processes are, and the importance of understanding the implication of international tax laws if you generate international earnings or own assets offshore.

The PCH team were joined by Nick and Jo Lowe from The Grape Hustle, who introduced a selection of unique wines from boutique cellars in the Western Cape. We look forward to another event with the Grape Hustle, this time in Knysna, in the coming months. Please contact Nicola Langridge on nicola@privateclient.co.za if you are in the area and would like to join us.



A fond farewell



We recently bid farewell to Rhoda Arendse, who joined PCF along with the Kirkman Lanfear team, where she was employed for an incredible 33 years. To celebrate her retirement, we organised a farewell gathering and in true Rhoda style she surprised the office with a huge pot of her home cooking and treated everyone to a delicious lunch. Rhoda's giving and compassionate nature will be sorely missed! Below we share some of Rhoda's parting words:

"It is with great sadness that I am choosing to retire. I had a great innings with Kirkman Lanfear after starting work for Mr Kirkman in 1989! Mr Kirkman never started his day without greeting all of his employees personally, and he knew everyone's names and stories. A real and true gentleman. As were all of my bosses - and I was honoured to work with all of them, and the team, who were always there for me throughout the years.

It has been an amazing and memorable journey and to me it always felt like I was going to my family and not to my work. If I could do it all over again I would!"

We wish Rhoda a peaceful and blessed retirement spent doing the things she loves surrounded by the people she loves and thank her for her years of service and loyalty.



Private Client Holdings Sponsor Student and Banker Powerhouse Cape Epic Team - With Great Results!

Private Client Holdings were pleased to sponsor a dynamic powerhouse ladies duo in the recent Absa Cape Epic cycle event.

This gruelling eight-day mountain-bike stage race is known for having a different route each year, but usually involves a distance of about 700km and 17 250m vertical ascent. The race must be completed by both members of a two-person team with only 680 teams allowed to compete each year.

“ Double Olympian, and now a Corporate Finance Transactor at RMB, Mari Rabie and SA Road Champion and UCT engineering student, Hayley Preen did us proud in the field ”

Double Olympian, and now a Corporate Finance Transactor at Rand Merchant Bank, Mari Rabie and SA Road Champion and UCT engineering student, Hayley Preen did us proud in the woman's field - which was considered the most competitive to date with the cream of the global stage and local champions competing. Mari and Hayley placed 3rd on three days and finished 4th overall. A phenomenal achievement!

They also competed for the red Absa African jerseys - a thrillingly entertaining competition that forms part of the Cape Epic and which requires both riders to hold valid African passports.

The jerseys were ultimately won by Candice Lill and Mariske Strauss, two South African Olympians. However, Mari and Hayley kept the winners under real pressure.

“ Mari and Hayley placed second in the Absa African Women's Jersey Competition. ”

"Going into this year's Epic, Hayley and I realistically thought that if we had an exceptional week of riding and mechanical good luck, we could finish 5th. Thus, finishing 3rd as we did in three stages during the week was incredible," says Mari Rabie.

"We were dubbed "the people's team" and received so much support as people bought into the story of this "student and banker" team racing against professional teams at the highest level. None of this would have been possible without the support of PCH, who in line with their company ethos, has nurtured cyclists from university teams to now a podium at a race accredited as hors catégorie (beyond categorisation) by the Union Cycliste Internationale. The involvement and support from the PCH team, as well as having Grant and Debbie Alexander at the finish, speaks to the true caring and commitment of PCH in all that they do."

Well done to both of these exceptional athletes who have demonstrated what focus, planning and determination can achieve!





Our Employees Are Our Most Valuable Asset

“If you hold a seed in your hand, you recognise that there is great potential inside of it...if you take care of it. People in a business are the same. There is great potential inside of everyone if they are nurtured and taken care of.”

Many companies go to great effort to recruit suitable candidates, however often the effort to develop and foster this employee stops there. At Private Client Holdings we realise that the most important asset that we have is our team of employees, and investing in this talent is vital for our business growth and success.

FURTHER EDUCATION AND TRAINING

Ongoing education and skills development is important, not only for an employee's personal knowledge but also for their career development and overall sense of wellbeing and success. Evidence shows that employees are inspired to work if there are opportunities for career advancement and training. Further education creates confident and motivated employees who are excited about their jobs and have the desire to strive for better work quality and outcomes.

At PCH we recognise this and endeavour to assist our team members through company supported further education and training and we work with our team to identify what training and skills development is going to position them to be most successful, not only for their job now but their future career development. We expect our team to be proactive in self development and growth.

In our experience, investing in our people by nurturing them through effective training is one of the best business decisions we can make to produce excellent results.

A HOME/OFFICE WORK BALANCE

Covid changed the way we operate and during hard lockdown we all worked remotely - putting systems in place to support this. Working from home brought both its benefits and its challenges.

We acknowledge the benefits of both a work from home approach for some of our staff members, as well as the benefits of an in-office work force, and so have implemented a flexible work week. Research has shown that a work from home / work from office balance leads to happier and more committed employees. We are very cognisant of reducing stress and focusing on keeping our team healthy.

The intention and hope is that, with more time at home to rest, restore and to manage the demands of home life, coupled with reduced commute time, staff will return to the office feeling energised, happy and ready to take on new challenges.

MINDFULNESS IN THE WORKPLACE

The past two years were certainly challenging for everyone. At PCH we are committed to supporting our team to cope with the stresses that the global changes and challenges have placed on them, coupled with the everyday stress of juggling life's commitments.

We all appreciate that excessive stress is a health hazard. What is less talked about are the effects of burnout on business performance. Studies show that stressed employees exhibit far higher absenteeism rates and are significantly less effective when they are at work. Stress makes people nearly three times as likely to leave their jobs, temporarily impairs strategic thinking, and dulls creative abilities.

We are great proponents of the mindfulness movement as an aid to mental wellness and stress management. To assist our team we run regular mindfulness sessions in the workplace. These sessions are led by Dr Debbie Alexander, a Clinical Psychologist with a PhD in neuropsychology and a Postgraduate Certification in Mindfulness Based Interventions. Debbie is married to PCH Director Grant Alexander and is part of our extended family.

Nurturing employees is about providing the space they need to grow and prosper in our organization whilst also recognising that a work life balance is important.

“Acknowledging each individual for who they are, where they are in life and their contribution to our organisation's success as a whole.”



Marsan Cooper, Head of PCH HR
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The importance of Proper Succession Planning for Successful Business Continuity

By Sarah Love CFP® FPSA® and Sue Blake CFP® CA(SA)

“Business life policies, such as a keyman policy or a contingent liability policy, are an important aspect of ensuring the long-term survival and continuity of a business.”

A keyman policy is intended to help the business survive the death or disablement of a person key to the ongoing operations of that business. Individual talents are becoming critical to the success of many companies and every business has very valuable employees who contribute significantly to the running and growth of the company. It makes sense to insure against the unfortunate event of their untimely demise,” explains fiduciary practitioner, Sarah Love, of Private Client Trust.

“Contingent liability insurance refers to a policy taken out by a business on the life of an employee or director who stands surety for the debts of the business. The amount of cover taken out should be equal to the loan amount adjusted for tax. If the person who stands surety dies before the loan has been settled, contingent liability insurance ensures that the outstanding loan amount is repaid in full, which means that the person who stands surety's estate is absolved from further liability and the business is not placed under undue financial strain.”

TAX TREATMENTS

According to Sue Blake, tax practitioner at Private Client Financial, there is a big difference in the tax treatment of business life policies. Blake explains that section 11(w)(ii) of the Income Tax, Act 58 of 1962 allows a company to claim a tax deduction on the insurance premiums paid on the life of an employee so long as the policy certain requirements are met.

“In the event that such a policy pays out, it is necessary to consider whether the proceeds will be subject to income tax or capital gains tax. If a choice was made in terms of section 11(w)(ii) to deduct the premiums for income tax purposes, then the proceeds received are regarded as falling into the definition of gross income and will be subject to income tax in the hands of the company.”

“Where the premiums were not deductible or the election in terms of section 11(w)(ii) was not made, the proceeds received will be regarded as being of a capital nature and so not subject to income tax. These capital proceeds are also exempted from capital gains tax so long as there was no cash or surrender value attached to the policy, and the company is the original owner of the policy.”

KEYMAN POLICY

In terms of the Estate Duty Act, life policies attract estate duty as a deemed property.

However, Love explains that there are a few exceptions, including one for a keyman policy, if certain requirements are met.

BUSINESS SUCCESSION - THE SHAREHOLDING

According to Love, the second part of astute succession planning is to look at the ownership and assess what you want to happen with your ownership in the business. “There are a few options when it comes to business succession; your heirs inherit your interest/shareholding, the other shareholders/members buy each other out, the business can repurchase your interest/shareholding or your interest/shareholding is sold on the open market.

“The best option depends on the type of business you are involved in and if the business requires active involvement by the shareholders. If you opt for a buy-and-sell or share buyback, there are two elements to consider the obligation on the co-shareholder/business to purchase your interest/shareholding and the funding of the purchase.

It is critical that the obligation on the business partner/company exists before finalising the funding, as without this the plan may fail.”

ESTATE DUTY CONSIDERATIONS

“Should the purchaser be the business (share buyback) one would need to look at contingent liability cover. Should the purchaser be a co-shareholder one would look at buy-and-sell life policies,” says Love.

“A buy-and-sell life policy will be exempt from estate duty if the policy owner and the life assured are business partners; if the policy was taken out to fund the purchase the life assured business interest; and if the life assured did not pay the premium. If any of these conditions are not met, then the life cover would need to be adjusted for estate duty.”

Love cautions that business succession is not as straightforward as it may seem, and that it is critical to be supported by an independent financial advisor, tax practitioner or accountant and Fiduciary practitioners advise to ensure you fully explore that there is an executable plan in place.

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Planning to Cease Being a South African Tax Resident? Here's what you should know before approaching SARS

By Sue Blake CFP® CA(SA)



A New World Wealth Africa report indicates that over the last 10 years as many as 4,200 high net-worth individuals have ceased to be resident for tax purposes. According to some studies almost half that number over the last few years.

A taxpayer ceasing to be a tax resident of South Africa must declare this change to SARS - and in light of the increase in the number of wealthy and skilled South Africans emigrating, SARS recently announced that another channel has been made available for taxpayers to inform SARS that they are ceasing to be tax residents.

“ A “Declaration Cease to be Resident” may now be submitted along with the necessary supporting documentation. This submission is done via email and may be preferable where taxpayers require written confirmation of their status as non-resident. ”

Sue Blake of Private Client Financial explains that you can now also inform SARS by capturing the date on which you ceased to be a tax resident through the Registration, Amendments and Verification Form (RAV01) available on eFiling, at a SARS branch or you can inform SARS by capturing the date on the ITR12 tax return.

However, Blake cautions that while this might make it seem a simple matter to break South African tax residency, informing SARS via any channel could trigger unintended consequences and the implications of ceasing to be a tax resident should be well understood before any decisions are made.

According to Blake, it is not as simple as filling in a form. Numerous factors are taken into account in determining whether a taxpayer has ceased to be a tax resident of South Africa.

An individual, who is resident by virtue of the physical presence test, ceases to be a tax resident when that person has been physically outside the Republic for a continuous period of at least 330 full days. An individual who has become a tax resident of another country through the application of a double tax agreement will also cease to be a resident for tax purposes in South Africa.

A company is deemed to be South African tax resident either if it was incorporated here or if its place of effective management is located locally. A company's place of effective management may no longer be located in South Africa, for example, when the majority of a company's board of directors move offshore on a permanent basis. If a company becomes a tax resident of a jurisdiction with which South Africa has a double tax agreement, the company would normally cease to be South Africa tax resident.

Blake explains that the intended outcome of informing SARS of breaking tax residency is that the taxpayer is no longer taxed in South Africa on worldwide income. Instead, they are taxed on South African source income only.

“ However, it may have unintended outcomes. Informing SARS via any channel will trigger a request for various documents and substantiations, which taxpayers are obliged by law to provide. ”

In many instances, advising SARS that you or your company intend to cease to be a tax resident will trigger an audit. For individuals, ceasing to be a tax resident triggers a deemed disposal of worldwide assets and exposes the taxpayer to possible capital gains tax. Where a company ceases to be a South African tax resident, a capital gains tax may also be triggered and an additional dividends tax may arise, among other possible unintended consequences.

“Given the complexity of the provisions and potential tax liability, it is recommended that taxpayers rely on professional advice covering not only their South African tax position, but also their tax position in their new country of residence, well before approaching SARS,” concludes Blake.



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WHO TO TALK TO

Our Private Client Holdings experts are available to field your questions. Don't hesitate to contact us for wealth management advice.

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