German prison would be far easier for Markus Jooste

Paul O’Sullivan, the corruption-busting entrepreneur and founder of Forensics for Justice, joined the BizNews Power Hour to weigh in on Markus Jooste, the former Steinhoff CEO, who has been charged with fraud in Germany. O’Sullivan will be speaking about State Capture at the inaugural BizNews Investment Conference to be held at Champagne Sports Resort on 17 March 2021.

Listen to the full interview on Spotify

Paul O’Sullivan on Markus Jooste and the fraud charges in Germany

“The investigations in Germany probably started a year – or maybe even more – before any investigation started in South Africa. The South African investigations were triggered by the prompt resignation of Jooste, after the auditors refused to sign off the accounts. He resigned and that led to a collapse in the share price. Then all the bad things started coming out of the woodwork.

I think it was only at that time that South African authorities started an investigation. Up until then, South Africa was blissfully unaware of the criminal docket that had been opened in Germany. Remember, the company was originally based on the JSE and then it moved to Germany. In fact, I think it had a dual listing. So the Germans had a good head start on it. There were people in Germany that had their noses out of joint as a result of what was going on. They had already laid the criminal complaint. We investigate corporate fraud, and some of the corporate fraud cases we investigate can take two to three years to unravel what, essentially, has been going on for quite a number of years. It’s only after you’ve interviewed so many people and obtained so much documentary evidence that you’re in a position to join the dots. It would be premature to arrest, charge or prosecute anybody unless you have all the facts. Otherwise you’ll get surprises in the criminal trial and in Europe – as is the case with South Africa – they have these double jeopardy laws. If you’re charged and not convicted – you’re acquitted – you can’t be charged with the same offence."

Read also:
Will Markus Jooste finally don orange pyjamas in Germany?
Will ex-Steinhoff Markus Jooste finally don orange overalls in Germany?

Read also:
Markus Jooste FINALLY fined millions. But, is penalty big enough?

Standard Bank reports 51% profit decline
Index shows average rent in SA increased by just R10 the past year
SA economy contracts 7% in 2020
MTN adds 29m customers but suspends dividend
Sanlam takes 60% profit hit as it warns of rising excess claims

OrbVest takes the worry out of growing your wealth by providing safe and compliant access to previously unattainable global real estate investment opportunities.

Visit BizNews TV for the latest videos
Jooste will use up every delay tactic available

Paul Hoffman SC, director of Accountability Now, joined the BizNews Power Hour to weigh in on charges brought against Markus Jooste. The ex-Steinhoff CEO has been charged with fraud in Germany. Hoffman details how the extradition process would work to see Jooste face his charges in Germany. — Jarryd Neves

Paul Hoffman on whether the media should pay attention to corrupt corporate bosses, like Markus Jooste

"I think that’s a fair question. The answer is that public anger tends to be focused on politicians and public servants, because it’s clear that the misappropriation that is taking place is misappropriation of public money. Whereas when there is corruption between different business entities or within a business entity, it is shareholder’s money that is affected. Shareholders can vote with their feet and vote with their investments, whereas the public in general just pays tax and bleeds."

On whether Markus Jooste will face the music in Germany

"I think that is certainly on the cards. Given the fact that our National Prosecuting Authority (NPA) is in such disarray, it might be a relief to the NPA in South Africa that he is sent to face the music in Germany – where the criminal justice administration works along inquisitorial rather than adversarial lines and is certainly much stronger than it is in South Africa.

It has not been a victim of state capture. In fact, constitutional democracy in Germany is as strong as it is anywhere else in the world. Since the leadership of Konrad Adenauer after World War II, they learned their lesson very well in Germany and are great advocates of the rule of law and constitutional democracy.

I think that if the investigations in Germany are done with normal German precision, he will have a lot to answer for. The investigations in South Africa are rather hobbled by the fact that the NPA does not have at its command, the forensic accounting skills that are needed to unravel many years of the balance sheet fraud. There’s a lot of work involved in proving beyond a reasonable doubt that Markus Jooste was involved in all of the shenanigans that went on on the balance sheets of the various entities in the Steinhoff Group."

On State Capture

“State Capture is the repurposing of the state to suit the agenda of a greedy patronage network or cartel that decides that it would like to have the benefits of the taxpayer’s largesse – the state’s income. In relation to the NPA, what has happened in the Zuma years has been a huge hollowing out of its capacity to counter corruption.

Those with long memories will recall that when Zuma came to power in December 2007, the NPA had a unit of bright-eyed and bushy-tailed investigators and prosecutors who were called the Scorpions. They were making life very difficult for people with the propensities that Zuma has apparently displayed over the years.

The first thing that the Zuma administration did was urgently resolve to close the Scorpions down and they were closed down. He then had to appoint a new national director of public prosecutions, and he made such a poor appointment that the Constitutional Court confirmed decisions of lower courts that it was irrational to put in charge of the prosecuting authority a man who was known to have lied under oath in an inquiry.

Listen to the full interview on Spotify

Cryptocurrency faces major SA crackdown

South Africa played host to one of the world’s biggest crypto scandals when Mirror Trading International investors couldn’t withdraw their funds and took the local trading platform to court. The Financial Sector Conduct Authority found that the company was unlicensed and appeared to be one of the biggest Ponzi schemes in the country. MTI had kept no records, aside from a comprehensive email database. The company was placed under provisional liquidation and the case was handed over to the police. The investigation was a wake-up call for regulators, who immediately announced plans for more stringent regulation in the sector. Traders are frustrated at the slow pace of regulation and are leaving the uncertainties and scepticism of the South African environment behind.

— Melani Nathan

By Lonii Prinsloo and Roxanne Henderson (Bloomberg) – The world’s biggest cryptocurrency scam of last year was a jolt to South Africa’s regulator — and not everyone will want to see how it shakes out.

As major financial hubs like Singapore redraw legislation to lure crypto firms and with the UK government facing calls to embrace digital currencies, South Africa’s burgeoning exchanges say they are having to move headquarters abroad due to uncertainty over potential government regulation.

Behind the frustration is a lack of oversight and limits on marketing to potential customers. Revix, a Cape Town-based operator specialising in bundles of different coins, is shifting its head office to the UK and planning another location in Germany to fuel growth. Luno, Africa’s largest digital-currency platform, is registered in London and has a presence in Singapore.

South African authorities “have been incredibly slow in terms of regulating the industry and that leads to businesses looking internationally,” Revix Chief Executive Officer Sean Sanders said in an interview. “In an unregulated environment, a customer arrives at our platform with scepticism, and rightfully so.”

Digital currencies are moving from the periphery of the finance world to the mainstream, with Elon Musk’s Tesla ploughing $1.5bn into Bitcoin and wealthy hedge-fund managers like Paul Tudor and Stanley Druckenmiller supporting the currency. The interest from institutional investors has propelled Bitcoin to a record of more than $58,000 last month before the token pared some of its gains, emerging as a hedge for inflation risk just as fears about price pressures escalate.

But in a watershed for the industry in South Africa, a suspected Ponzi scheme may have caused investors to lose as much as $1.2bn worth of the most famous cryptocurrency.

Read the full article here
How Covid-19 immunity works

As Covid-19 continues to spread, scientists have discovered a number of mutations. This has caused concern for many who wonder whether the vaccines will continue to offer efficacy and protection against the current variants and potential mutations in the future. Here, Dr Michael Yeadon and Marc Girardot of PANDA note that, ‘The recent downward trends in cases and in hospitalisations across the globe seem to indicate that the virus has probably not mutated in any way that would make it much more dangerous and that a healthy immune system is very capable of dealing with these new forms of the SARS-CoV-2 virus’. Below, the authors detail how Covid-19 immunity works.

By Dr Michael Yeadon and Marc Girardot

As the SARS-CoV-2 epidemic continues across the globe, many genetic modifications have started to appear in the virus. These are being sequenced, analysed and monitored by many scientists. This well-known phenomenon occurs continuously for Influenza as well as for Coronaviruses. Health authorities and mainstream media have been very wary of supposed heightened risk profiles of these new variants. They are also adamant about a potential risk of evasion from immunity, whether that immunity was acquired via infection or vaccination.

Some evolutionary virologists consider that viruses ‘attenuate’ or evolve towards less virulent forms. Some feel that novel pharmaceutical and non-pharmaceutical interventions – or specific circumstances – could possibly disrupt this evolutionary process and favour a more severe variant or threaten acquired immunity.

SARS-CoV-2 also known as 2019-nCoV, the virus that causes Covid-19.

The recent downward trends in cases and in hospitalisations across the globe seem to indicate that the virus has probably not mutated in any way that would make it much more dangerous and that a healthy immune system is very capable of dealing with these new forms of the SARS-CoV-2 virus. Indeed, patients have been shown to recover naturally in most instances just like they did from the original form of Covid-19. The paucity of confirmed re-infections with the virus, accompanied by clinical symptoms, despite hundreds of millions of infections over the last year, is consistent with a lack of ‘immune escape’.

Acquired immunity is fundamentally based on the recognition of a large series of three-dimensionally shaped protein markers called ‘epitopes’. These markers are formed from a virus’s genetic code. When a virus mutates it can stop expressing some of these proteins, and, in principle, trump the immune arsenal specifically targeting these.

IN SHORT

Business confidence falls in a fragile economy

The RMB/BER Business Confidence Index (BCI) declined from 40 to 35 in the first quarter of 2021. This means close to seven out of 10 senior executives expressed their dissatisfaction with prevailing business conditions, up from six previously. Such low confidence levels continue to highlight the fragility of the economic recovery. The first-quarter survey covered about 1,300 businesspeople.

Eskom, Sasol must comply with emission limits

Eskom Holdings SOC Ltd. and Sasol Ltd., SA’s two biggest polluters, must comply with emission limits even if it costs them tens of billions of rand. Environment Minister Barbara Creecy said the companies, which use coal to produce electricity and gas respectively, have sought to avoid installing so-called blue-gas desulphurization units at their facilities to reduce sulfur dioxide pollution because of their cost.

Transnet to scrap contracts worth billions

Transnet SOC Holdings Ltd. applied to the nation’s High Court to have the contracts for 1,064 locomotives set aside because they were based on a “flawed market demand strategy,” it said in a statement. The value of the contracts, which were also awarded to CRRC E-Loco Supply Ltd. and CNR Rolling Stock South Africa Ltd., was R54.4 billion.

Zuma’s faced ‘unfair persecution & prosecution’

The top six leaders of South Africa’s ruling party held an online meeting with former President Jacob Zuma on Monday to discuss his refusal to testify before a panel that’s probing graft during his rule, but their seven hours of talks failed to produce a decisive outcome. Zuma told the African National Congress’s leaders that he’d been subjected to unfair persecution and prosecution over the course of two decades.

South Africa’s economy at its worst in a century

South Africa’s economy contracted the most in a century in 2020 as restrictions to curb the spread of the coronavirus pandemic ravaged output and disrupted trade. GDP shrank 7%, compared with a 0.2% expansion in 2019, according to a report released by Statistics South Africa. That’s the biggest decline since 1920, when output dropped by 11.9% during the two-year post-World War I recession.

Visit BizNews.com for the latest business and finance news

BizNews Power Hour with Jackie Cameron

The BizNews Power Hour, hosted by Jackie Cameron, airs weeknights at 5:30 – 6:30pm on Cape Town’s Fine Music Radio and is livestreamed worldwide. Here are some of this week’s top interviews for your listening pleasure.

Advocate Paul Hoffman SC, director of Accountability Now and constitutional expert, joined the BizNews Power Hour to weigh in on charges brought against Markus Jooste. The ex-Steinhoff CEO has been charged with fraud in Germany and Hoffman details how the extradition process would work. He reckons that Jooste will use up every delay tactic available.

Magda Wierzycka joined the BizNews Power Hour to discuss Sygnia’s Itrix 4th Industrial Revolution global equity ETF. The fund currently has about R2bn in assets under management, with 100% offshore equity. The fund currently has about R2bn in assets under management, with 100% offshore equity. If you were to invest R100 in December 2017, it would be worth R250 just three years later.

Candice Paine explains the benefits of tax-free investments. “The longer you save, the bigger the tax saving,” says Paine. An individual can contribute a yearly amount of R16,000 up to a lifetime maximum of R500,000. “As the money grows, all the returns on that investment are tax-free.”
Raymond Ackerman’s message of hope

To be turning 90 seems unreal. It’s a very long time, and if I think back on the many ups and downs - the difficulties we’ve been through as a nation - it’s quite amazing to be writing this at all.

The past year has been brutal. So many families have been bereaved, so many breadwinners have lost their jobs, and so many businesses have gone under. At times, the situation has seemed hopeless. Yet we are still standing, and the way in which people have got on with life in the most trying circumstances, and cared for one another along the way, is a source of great hope for the future.

It’s true we have enormous difficulties, like most countries, and some particular South African challenges. We will always have difficulties, but I believe very strongly that we have a sound country. I think back to 1960 when many people were leaving South Africa, and my family and I chose to stay because we believed there was a great opportunity to work for the end of apartheid and to build a business in a new dispensation.

The foundation of that business and the key to its success was the principle of consumer sovereignty – an idea I had learned at university and which was reinforced during a stay in the United States. This is the recognition that the aim of business is not simply to maximise profit, as so many business leaders believe, but rather to respect and be a part of the community.

Respect for everyone has been at the core of Pick n Pay’s success and I believe it remains the key to our future as a country.

My advice to anyone starting out in the retail business is to understand that, to be successful in retail, you’ve got to really care about your community, care about your society, and care about your people, and thereby achieve your objective of being a successful retailer. It doesn’t happen the other way around. The role of business, perhaps now more than ever, is to give back and to do good, not only by keeping prices down and fighting with suppliers to keep prices low but to help make changes in the country that affect people.

In short, doing good is good business. If we rebuild our economy on this basis, our future will be secure. The other important thing is to be positive. I have a lot of faith in the future, and I’m not just saying that. Recently, I spoke in a meeting and I was talking about us being very positive about the next 60 years. They thought I was mad. They thought, well, he’s getting old and we don’t quite understand what he’s saying. But if I was not 90, I’d be planning very strongly for where Pick n Pay should be over the next 60 years.

Yes - there are problems - there always will be - but actually what I miss most in retirement is tackling problems. We’ve always had to build Pick n Pay by trying to be positive, interpreting trends and having a vision for the future. It was never good enough to continue doing as we had always done - we had to inject new ideas into the business to keep it fresh. These are the qualities that I think will carry us through the tough times we’re experiencing now. We should never forget that, as hard as things may be today, they were infinitely worse not too long ago.

Just as many people today feel things can only get worse, there was a pervasive sense of despair in those years. We were a country at war with itself and the economy was on a downward spiral. And then, as if by a miracle, Nelson Mandela was released and democracy arrived. Everything that so many had dreamed of suddenly came true. We are in a much better place today.

I’m extremely proud of the way Pick n Pay and our consumers responded to the Covid crisis, through the Feed the Nation programme, which helped to feed 20 million people in this difficult time.

It was a reminder of the principles on which Pick n Pay was founded, of caring for the community, and the most exciting thing for me is that this principle has not only stood the test of time, but it has been successful. Without it, Pick n Pay would not be the business it is today.

In South Africa, we have a sound future. You all have the strength and ability to make it a great one.

Agricool: Online marketplace for emerging farmers

Learning from personal experience just how hard it is for a small-scale farmer to secure funding to start and grow a business in SA, KwaZulu-Natal based Zamokuhle Thwala set up Agricool, an online marketplace that links smallholder farmers and buyers to markets. Thwala has just been awarded the joint first prize in this year’s SAB Foundation Annual Social Innovation Awards, for which he received R1.3 million in grant funding and business support. A total of R12.6 million was given away to 17 finalists. This is one of many prizes that Agricool has recently won, owing to the social impact of their business model. He told BizNews how the Covid-19 pandemic and lockdowns forced him to new thinking - opening new business avenues. Thwala also mentioned that he wanted to make farming cool to a new generation of farmers and that he thinks women make better farmers. - Linda van Tilburg

Zamokuhle Thwala on the inspiration behind

© Mercantile Bank’s website: Pick n Pay founder Raymond Ackerman

Agricool

I’ve been a smallholder farmer myself and I have struggled with access to market and finance. I’ve tried to source finance from various institutions like banks and other funding - but I was not fortunate to do that. That’s how the idea came about. I decided to quit farming so I could try to solve this problem."

On what he was farming prior to creating Agricool

“At that time I was farming cabbage, spinach, and peppers – it wasn’t dependent on the season - but mostly, it was cabbage that I was selling to the local people. When I struggled access to market, I started to sell to hawkers and informal traders who were selling vegetables. That’s how the idea came about, because I couldn’t sell to formal retailers. They had requirements with food safety. It’s easier for the hawkers - they don’t ask questions. When you’ve got something that looks nice and that’s big in size – as long as they get their value for money, then they are more likely to buy and also resell to the customers. So at Agricool, we are helping smallholder farmers get access to market. Our market is divided into two groups. We are supplying your informal markets, which comprise the hawkers – people selling on the street - and also your formal market, made up of formal retailers like Boxer, Usave, Farm Fresh and many others.”

On the effects of Covid-19

“It had a catastrophic effect on us because even the schools were closed. That is one of our markets as well.”

Listen to the full interview

Invest to Inspire

KISBY SME FUND

POWERED BY AFRICA EXCHANGE
Upside of an unexpected global pandemic

Brought to you by Brenthurst Wealth

It is now one year since the first Covid-19 patient was identified in South Africa. Since that date, the pandemic has spread to all corners of the country and the government, like many others around the world, stepped in with measures in attempt to curb the spread of the virus.

The impact this had on the local and global markets was swift and, in some cases, severe. It also served as a wake-up call to consumers and investors to review their financial affairs. According to the 2020 Momentum UNISA Household Financial Insights report, the financial behaviour of many households changed – in some cases forcefully due to lower incomes or job losses and in others due to fear.

The impact of the pandemic not only changed household expenditure, it also made investors realise that they need to review their existing financial plans and actually interrogate their portfolios and range of investment products, the returns achieved, and the costs associated with the investments.

The local currency reached R19 to the US dollar in April last year. Markets everywhere, the rand and markets have since recovered, due to the vast choice available. A common refrain is that unit trusts can be costly while their open-ended structure and regulatory restrictions can be limiting.

Investment companies (ICs), also known as closed-end funds or investment trusts are described as the “City’s Best Kept Secret”. ICs provide another option for investors looking to build a global investment portfolio. Professionals in London’s financial centre favour ICs for their personal investments.

There are numerous compelling advantages. ICs have been around since the 1860s. They are listed on the London Stock Exchange (LSE) and there are hundreds to choose from so professional advice is recommended. ICs comprise the FTSE Equity Investment Instruments Index, which has increased its weighting over the past ten years from 4% to over 7% of the FTSE All Share Index.

The use of gearing can add value. ICs can pay uncovered dividends from revenue reserves and capital reserves. During the Covid pandemic, ICs were a reliable source of income even at the height of the crisis. Global dividends fell substantially in 2020 due to the pandemic while ICs were able to maintain their dividend payments.

The fees are low because ICs are controlled by shareholders and so interests are aligned. In fact, if the appointed asset manager of the IC underperforms, the manager will be replaced or in some cases the IC will be merged or taken over.

A very popular feature with investors is that ICs can pay uncovered dividends from revenue reserves and capital reserves. During the Covid pandemic, ICs were a reliable source of income even at the height of the crisis. Global dividends fell substantially in 2020 due to the pandemic while ICs were able to maintain their dividend payments.

The use of gearing can add value. ICs can borrow money to invest. If the IC earns more than the interest paid on the loan, the gearing will boost investment returns. This is one of the reasons that ICs can produce better returns than unit trusts. Not all ICs use gearing.

• The South African economy was already under stress before Covid-19 arrived but the pandemic had a serious negative impact on business activity resulting in, amongst other issues, dramatic increases in unemployment. This impact and the prevalent risks of investing in the local market made investors realise that they need to adapt portfolios to include more offshore exposure.

• The review of existing investment products, e.g., retirement annuities and pension fund investments.

• Comprehensive analysis of their overall financial plans and investment strategy, including components like wills, saving strategies for children, tax efficient investment options, risk cover and estate planning.

The major changes implemented on behalf of clients:

• Adding offshore exposure in portfolios in rand and international currencies.

• Switching retirement annuities to living annuities.

• Updating wills.

• Opening offshore bank accounts through the Brent Wealth office in Mauritius.

Offshore: investing in a world without borders

By Overberg Asset Management

It is common wisdom that investing in overseas markets is a good idea, not only to diversify risk but to take advantage of the vast array of investment opportunities available across the world. How does one proceed?

Constructing a share portfolio around individual companies’ shares is an option but where does one start? There are 5,000 shares alone listed on India’s largest stock exchange. Another option is to construct a portfolio around Exchange Traded Funds (ETFs), passive tracker funds which mirror the performance of stock market indices. They have done well and investors will never be able to outperform the index and this may become problematic if erstwhile market leaders, which have such heavy index weightings, start to de-rate in favour of cyclical shares in an economic recovery. Does one really want to be forced to own Tesla shares, valued on a +/- 1700 price earnings multiple?

Nick Downing is the CEO and CIO of Overberg Asset Management.

There are so many ETFs these days that the choice has become bewildering and some professional advice is recommended when constructing an ETF portfolio. Collective investments such as unit trusts or mutual funds are another option. Again, professional advice is also helpful in making selections due to the vast choice available. A common refrain is that unit trusts can be costly while the open-ended structure and regulatory restrictions can be limiting.

Investment companies (ICs), also known as closed-end funds or investment trusts are described as the “City’s Best Kept Secret”. ICs provide another option for investors looking to build a global investment portfolio. Professionals in London’s financial centre favour ICs for their personal investments.

There are numerous compelling advantages. ICs have been around since the 1860s. They are listed on the London Stock Exchange (LSE) and there are hundreds to choose from so professional advice is recommended. ICs comprise the FTSE Equity Investment Instruments Index, which has increased its weighting over the past ten years from 4% to over 7% of the FTSE All Share Index. They do incur fees, but no more than commercial companies incur overheads. The fees are very low, sometimes as low as 0.2% and seldom above 1%, well below the fees charged by most unit trusts.

The fees are low because ICs are controlled by shareholders and so interests are aligned. In fact, if the appointed asset manager of the IC underperforms, the manager will be replaced or in some cases the IC will be merged or taken over.

A very popular feature with investors is that ICs can pay uncovered dividends from revenue reserves and capital reserves. During the Covid pandemic, ICs were a reliable source of income even at the height of the crisis. Global dividends fell substantially in 2020 due to the pandemic while ICs were able to maintain their dividend payments.

The use of gearing can add value. ICs can borrow money to invest. If the IC earns more than the interest paid on the loan, the gearing will boost investment returns. This is one of the reasons that ICs can produce better returns than unit trusts. Not all ICs use gearing.
The ‘free lunch’ of the investing world

Candice Paine, of PR Financial Services, explains the benefits of tax-free investments. “The longer you save, the bigger the tax saving,” says Paine. An individual can contribute a yearly amount of R36,000 up to a lifetime maximum of R500,000. “As the money grows, all the returns on that investment are tax-free.” – Jarryd Neves

On tax-free savings
“Tax-free savings are open to everybody – even minors. The big benefit of it is that the longer you save, the bigger the tax saving in your tax-free account. What the government did – National Treasury – I think it’s about six years ago now, started tax-free savings where you could contribute an annual amount. Currently, that annual amount is R36,000 up to a lifetime maximum of R500,000. As that money grows, all the returns on that investment are tax-free. I’m not sure everyone is aware, but we are taxed on the returns on our investment. So you’re taxed on a capital gains. That’s basically when your share price goes up, you’re taxed on the interest income that you earn and you’re taxed on dividends that the shares pay out.

In your tax-free savings account, none of those taxes are applicable to the underlying investment. So the key is to stay in the investment as long as you can, have the benefit of the compounding and obviously no tax.”

On investment caps
“Those caps are just on the money that you put into the investment. So if you contribute your R36,000 per year up to your lifetime cap of R500,000, I’ll probably take you about 15 years to reach that cap. But the returns – 15 years of compounded growth – is what you’re really after. What I say to clients is you need to view your tax-free savings account as a long-term investment, because it’s only after you’ve put in quite a considerable amount of money into the tax-free savings account that you start getting the benefit of the tax-free returns.

For example, the first R40,000 of a capital gain is tax-free. So your investment has to grow quite substantially for you to have made R40,000 and only thereafter are the returns tax-free. You need to view it as a long-term saving and just by rote every year – if you can – put in your R36,000 and let the investment grow.”

On setting up a tax-free savings account
“I would advise everybody who can find R36,000 or who can set up a debit order for R3,000 a month to do it. The benefit comes in the longer term. This is where investor behaviour becomes really important – that you actually stick to this way beyond the 10-year mark. Because that’s when the compounding kicks in of your underlying investment and that’s where the tax-free bit comes in. It also brings into the conversation, what do you actually need? What is that underlying investment? Many people understand there is a tax-free savings account. They understand the R36,000 – but they don’t really maximize on where you can invest. You can actually invest anywhere, in any of South Africa’s unit trusts. The rand denominated ones as well, the random nominated offshore funds. There’s a lot of conversation about investing offshore, and your TFSAs can be invested 100% offshore in rand-denominated offshore funds. A lot of people tend to get stuck in sort of interest bearing accounts, which isn’t really that beneficial because we know that cash is not a long-term investment strategy. You don’t really want to be growing your returns in interest income. You want to be in the share market, getting those capital gains because you’ve committed to this long-term period, so that the returns are tax-free at the end.”

Planning to buy your first property?

Budding stock market investor and BizNews journalist Jarryd Neves sends out an invitation to anyone who wants to ask questions about share investing – but is too embarrassed to ask. Write to jarryd@biznews.com and tune in for his regular Monday column: On the Money.

ON THE MONEY
By Jarryd Neves

I’m not sure about you, but I can spend hours trawling Property24 looking at myriad townhouses, flats and homes to see what would suit me best. Never mind the price, it’s time to dream.

Playing around with the bond calculator, you can see whether said property is something you can potentially afford. It’s one of my favourite pastimes – and I’m told many people my age spend countless hours doing the same. It’s quite entertaining. Looking at multimillion-rand mansions and ‘passing’, because the kitchen is not to your liking. Enjoyment factor aside, I look because, God willing, I plan on buying my own property in a few years. It’s a very special milestone in one’s life. Saving up for a substantial deposit takes time and patience. Even shopping for the right property takes the patience of a saint. Not only is the process long-winded and laborious, but you have to contend with chippy real estate agents who try to pawn a matchbox off on you, using keywords like ‘bijou’ and ‘quaint’. As exciting as this can be, it can also be a very trying time. Let’s look at some tips to alleviate the stress that comes with buying your first property.

First and foremost, you need to determine affordability. Yes, you may have a sizeable chunk of a deposit to slap down, but what monthly repayments can you afford? What about rates and taxes?

Standard Bank also reminds first-time buyers to not forget the potential extra costs that come with home ownership. ‘Apart from the levy or rates and taxes, you may need to maintain a pool, hire a garden service or pay for security.’

Once you’ve calculated what sort of property best suits your pocket, you need to find a reputable and reliable – real estate agent who puts your needs first, not theirs. Many are out there just to make a good living for themselves. That’s not to say there aren’t any trustworthy realtors out there. Ask for references of past first-time buyers they’ve helped. Find out what they’ve done for other clients and how they can help you find the best deal.

Thirdly, take your time. Don’t feel pressured to make an offer on a property just because there is plenty of interest in it. Rushing big financial decisions such as this never goes well. Taking your time also allows you to give the property a thorough inspection. Have it checked for leaks, structural issues and mould. With Covid-19 being a reality, many people are hesitant to attend open houses. Thankfully, the internet is your friend.

Virtual house tours and detailed pictures can give you a good idea of a house, but be warned – pictures can be altered, or taken in a way to make rooms look bigger. If you’re keen on a house, it’s always best to see it in person.

If you’ve decided on a property, negotiate. Never pay the list price. Chances are, the owner is willing to budge on the list price. This saving can be used to carry out repairs or renovations your new home may need. Perhaps the most important tip is to insure your purchase. Property is most likely the most expensive thing you will ever purchase. So it’s essential that you protect it. Accidents happen, and you don’t want to be caught off-guard if the worst occurs.

Last week, I asked you to send me your finance and investment queries. Here, Johan Steyn and Leslie Greyling share their expert advice by providing answers to your questions.

Nick asked,
With regards to tax-free investing, is it really more feasible than a normal fixed deposit? The fixed deposit has a higher interest rate usually. I’m running a five-year one that’s currently on 8.5% PA. That’s way more than what a tax-free would have given me. That would have been around 5.75%.

Johan answers,
When you invest in a TFSAs, the interest earned on the investment is not subject to tax. The interest earned on your fixed deposit would be taxed. There is, however, an exemption of for the first R23 800 per annum interest earned by any natural person under 65 years of age. Therefore, depending on your marginal tax rate, you could invest a certain amount outside the TSA where the interest won’t be taxed.

Johan Steyn and Leslie Greyling share their expert advice by providing answers to your questions.
**Nora Thiel remembers ‘Spatz’ Sperling**

**W**ine expert Carrie Adams chats with Nora Thiel, daughter of the legendary Michael Hans ‘Spatz’ Sperling, about her pioneering father and his amazing story in the SA wine industry. Nora is the director of Delheim Wines. – Jarryd Neves

Nora Thiel on Delheim’s history

“I’m going to rewind you to 1930. My dad was born in 1930 in Germany and World War II hit them in ’39. At the time, his aunt and uncle were living in South Africa. They were architect builders, initially in Johannesburg, and they moved to Cape Town with his father to help build UCT and the harbour.

If ever you visit Delheim, look at the house that was built by them when they purchased the farm. A lot of the features are replicated out of the UCT building. Even the ivy growing on the house has a similar flair from those beautiful buildings. You might spot a granite slab or two on the steps outside the house.

In 1939, they bought the farm. It was more an investment in land – being Germans and realising there was a World War at hand. Not really being farmers, they had a few friends that suggested they try wine. They even built a cellar in 1944 with Halian prisoners of war. And so the foundations were laid.”

On her father Michael Hans ‘Spatz’ Sperling’s involvement in the wine industry

Nora Thiel

Nora Thiel, Delheim’s winemaker, explains that her father’s love for wine started after World War II when they moved to South Africa. They purchased a farm near Cape Town where they started planting grapes and vines. Nora refers to the winemaking process as a “true valley in that it’s formed by mountains on three sides. I like authenticity and I like living in a place where there’s an authentic expression of nature. When we were in Franschhoek, it always gave us an extra lift and we always felt that this is really the place that we want to be. Then the farm came up for auction and it was about the time that Auction Alliance was having their fun.

We had an auction and it became quite clear that we were the only people who were seriously interested, because I’d ask lots of questions in the weeks before the auction. Every question that I asked took them to do so. To be quite honest, they’d done a great job of planting the right varietals in the right places on the farm. They built some great buildings, but they were too old and their heart wasn’t really in it. They’ve been there for 10 years and had created what was there. I think they just got to a point where they wanted to move on and probably retire.

About four weeks later, we were in Germany and my phone rang. It was this very good friend, Hans Ambrosi – who with him and another friend – got involved in the wine industry, through bumping into my dad down the valley. He was very instrumental in rootstocks and experimentation. Through all those connections, they were very much trial and error. Planting, making, seeing if it worked or didn’t work. It was stop/start all the time.”

On ‘Spatz’ Sperling’s involvement in the wine estate legislation

“Their involvement was minor, but they were instrumental in a few things, but it was my dad and his associates who realised that the big brand names were putting ‘estate’ on their labels. They realised that by putting ‘estate’ on a label without actually giving it the sense of origin, people were thinking that these wines had a sense of origin.

My dad was always the outsider. He was the German. One of his associates was Jewish – so he was also an outsider of the industry. I always giggled at what was possible down here. You wouldn’t be able to do this today. I mean, they took the industry head on and said, ‘this is not acceptable.’ They sat down and wrote legislation that said, ‘protect the wineries [and] the name estate, so that [gave] people who grow and make wine on their property estate legislation. If you didn’t have a sense of humour back then, I think you wouldn’t have made it the way they did.”

Read also:

- “We are very passionate about our local market” – Anthonij Rupert Wines

Listen to the full interview

**Gerard Holden joins Carrie in her wine corner**

Gerard Holden joins Carrie Adams in her wine corner. Together with his partner, Migo, the couple searched for something with ‘amazing, beautiful landscapes’ and settled in Franschhoek. Together they founded Holden Manz, an award-winning winery. He tells Carrie about the decade-long journey of the gorgeous winery and the battles the industry faced with Covid-19 restrictions. – Jarryd Neves

Gerard Holden on choosing South Africa to call home

“We wanted to be in a place which shared the same time zone as our families. So in my case, the UK and Migo’s case, Germany. South Africa was already high up on the list. We were looking for somewhere with amazing and beautiful landscapes, with proximity to the sea and the ability to have great food, great wine and a lovely place to be. We’ve met lots of South Africans over the years and we’ve enjoyed our time with them all.”

On choosing a farm to start Holden Manz

“We looked at close to 50 farms in South Africa. A whole variety of regions, and we kept coming back to Franschhoek – which has got a certain charm to it. It’s incredibly beautiful and it’s a true valley in that it’s formed by mountains on three sides. I like authenticity and I like living in a place where there’s an authentic expression of nature. When we were in Franschhoek, it always gave us an extra lift and we always felt that this is really the place that we want to be. Then the farm came up for auction and it was about the time that Auction Alliance was having their fun.

We had an auction and it became quite clear that we were the only people who were seriously interested, because I’d ask lots of questions in the weeks before the auction. Every question that I asked took nearly a week to get answered. It was clear that nobody else was asking questions. It also became clear that the people who were selling had to sell and the bank was forcing

Wine judge and columnist Carrie Adams

And he said, ‘I’ve got an offer. I can put to you that you can have a look at and see whether it works.’ We negotiated a bit over the weekend and got to a place we were comfortable with. I guess three weeks later, we were there and we were the owners of the wine farm.”

On winemaker, Thierry Haberer

“You’ve ended up with Thierry Haberer, who I think is one of the best winemakers in the country. Thierry is making cracking stuff. He grew up in Corsica and his father was a rosé winemaker. He made his first rosé with his father when he was 14-years old. It’s in his blood.”

Listen to the full interview on Spotify
Travelling wild with the Ford Ranger FX4

By Miles Downward

The current Ranger is now well-established and so the mid-life variations are starting to roll out. Not long ago, we sampled the Ranger Thunder and XL Sport. Now it was time for the new FX4.

The FX4 is a limited run of Ranger bakkies – that slots in just below the Wildtrak in terms of equipment and price – but has some other bits that set it apart. Most obvious are the distinctive styling cues, such as the black mesh grille, bespoke 18-inch wheels and tubular sport bars around the load bin. Bold FX4 badging is dotted around the bodywork, too.

Inside, you’ll find a soft-touch leather-trimmed dashboard with red stitching, which is also carried over to the leather-trimmed seats that have embossed FX4 logos. Bespoke 18-inch wheels and bold badging differentiates the FX4 from other models.

With 132kW and 420Nm it’s not going to win any drag races but will certainly do just fine in everyday life, including those times when you need to tow a boat, caravan or trailer. It’s a refined and fairly efficient motor, having done especially well in the recent Wesbank Fuel Economy Tour. In normal use, it will likely yield around 9.5 L/100km.

The FX4 can be had in 4×2 – or as we experienced on a trip through the Wild Coast – 4×4 guise. It’s exceptionally capable when the tarmac ends, boasting low range, hill decent control and a locking rear differential. There’s very little that’s insurmountable to a Ranger, be it navigating rocky passes or traversing sandy rivers.

We tackled all manner of terrain on the journey from Port St John’s little airstrip on top of the hill, down the coast to the not-so-secret ‘secret camping grounds’ near Mpande, back up to a hidden gem known as ‘the Kraal’ for some braai’d oysters before an overnight stay on the banks of the Mngazi river. It’s an absolutely magical part of South Africa, largely untouched by modern civilisation and I’d implore all South Africans to take the road less travelled to visit the area.

Something else we were able to experience on the launch was the introduction of Ford Pass. It’s an app that connects to your vehicle, allowing you to remotely start the engine (for climate control to kick in before your departure), lock and unlock the car, and view various bits of information like fuel level etc.

Paddock diary: Confidence is a dangerous thing

By Miles Downward

Thursday, 18h00 – Packing, my worst nightmare

I rushed home from the office knowing I had a lot to get done before nightfall. Load and hook up the trailer, pack the car and get all my ducks in a row – something I’m not very good at. True as Bob, I left my camping chairs at home.

Next time I make a checklist.

Friday, 08h30 – Arrival, in good time?

I arrived at Red Star Raceway with an hour to spare before the first practice session which seemed plenty. I’d already done all my nuts and bolts checks in the week preceding the race, so what else could go wrong? I offloaded the car and got to saying hello to my fellow competitors. Then I realised too late that I hadn’t hooked up my timing equipment, or checked tyre pressures. About that checklist…

Friday, 09h55 – A solid first practice

Arriving back at the pits I was feeling alright. It was a decent first session. The car ran well and felt okay – even on my old tyres from last year – which were destined to be my practice set. No idea what times I had done, of course. But soon Ben came up to me and said, “You were quick!”

It didn’t feel that way but the timesheets reflected otherwise, showing me fastest by a margin. Thinking back on the lap I had a sensation that I’d absolutely nailed the penultimate corner, so it seemed to add up. “Great. I’m on it”, I thought to myself.

Friday, 10h20 – Oh dear…

Having won “Rookie of the Year” in 2020, I came into the new season with a bit of confidence. Setting the fastest lap in the first session confirmed it for me. Confidence is a dangerous thing when you still have a lot to learn, though. Rolling out the pits, I had planned to take it easy as my timing device needed to calibrate to the circuit configuration, which meant I needed to push a button every now and then at the various sector splits to have it register the layout. I stayed out of the way and did that for two slow laps. With that done, I decided to turn up the wick and soon found myself behind André and Juan. Into turn one, I thought I’d have a go passing Juan when next thing I lost the car and felt a thud. I spun around and caught a glimpse of Juan headed into the veld.

Friday, 10h45 – Assessing the damage

I limped back to the pits, having waited the session out next to a marshals post. I knew something was bent given the angle of my left rear wheel.

I whipped off the wheel and saw a mangled upright. Needless to say I was angry with myself for such a stupid error, in practice of all things. At least Juan’s car was fine. Head down, I set to changing the broken pieces with some help from our car supplier, Leet Racing.