OCTOBER 2016

UNLOCKING WEALTH

RMB PRIVATE BANK

Traditional values. Innovative ideas.

IS YOUR FAMILY'S HOUSE IN ORDER?

With vibrant Spring upon us, it's time to take stock and get our financial houses in order.

With this in mind, this edition of the RMB Private Bank newsletter takes on a holistic family focus as we turn our attention to the intricate interplay of finances within relationships and how astute planning should reflect the concerns and aspirations of the entire family unit.

As our usual market overview highlights, the South African economy is hardly robust at the moment, so legacy preservation and risk protection for business and personal assets is high on our clients' priority lists. We delve into this important topic across a series of articles, including a look at alternative investments that offer long-term growth coupled with easy access to your capital.

In line with our legacy approach to investing, we offer insights into investing for your child as well as ways in which couples can, and should, continually adapt their financial plan to their stage of life and responsibilities. This is wealth preservation for families and should be an important, and ongoing, discussion between you and your wealth advisor.

Of course, we also recognise that life's pleasures are part and parcel of enjoying your hard-earned wealth, so we take a look at the upcoming RMB WineX and share some insights into this rejuvenated industry courtesy of wine guru Michael Fridjhon.

WEALTH STARTS BEFORE YOUR FIRST BIRTHDAY

Investing in your child's future is probably the biggest and most important responsibility that comes with wealth. Many high-net-worth individuals are

WEALTH PRESERVATION BASICS FOR FAMILIES

While savvier families tend to be more strategic in their legacy planning, they can still fall short when it comes to the basics. At RMB Private Bank

THE EASTERN CAPE: A MAGNIFICENT MARRIAGE OF SEASIDE AND SAFARIS

Are you planning your next family holiday and in need of some mindful of the importance of safeguarding their wealth legacy for the next generation, but it is never too early on your career trajectory to start saving for your child's future.

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we understand that you have different needs at different stages of your life. We aim to provide you with an honest perspective on your financial position and help you to think beyond your money by getting to know you, your loved ones and your long-term business and personal goals.

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inspiration and ideas?

RMB Private Bank and eBucks Lifestyle are offering you discounts on a selection of three superb local experiences that are suitable for every age and taste. Choose from some of the Eastern Cape's magnificent luxury resort, bush and beach options.

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KEEPING IT IN THE FAMILY

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FLEXING YOUR MUSCLES

Flexible investments are of paramount importance to our clients - whether they are starting a family, nearing retirement, or building a legacy of wealth. For many, weighing up the long-term nature of investing conflicts with the need for liquidity. With RMB that need not be a concern.

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AN EYE ON THE MARKETS

Global equity markets continued to tread water in September with no clear direction coming from the international economic outlook. Developed market bond yields also ended the month more or less where they started.

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CELEBRATING SOUTH AFRICAN WINE

South Africa has recently been

Despite the challenges inherent in business ownership in South Africa, entrepreneurs are a positive lot; they see the upside, they spot opportunities and they are quick to adapt when the need arises.

They are also extremely pragmatic and recognise the need to balance their individual and business risk to sustain their wealth for both themselves and their families.

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described as “the most dynamic wine-producing country in the world right now” by British Master of Wine Tim Atkin. Wine writer Neal Martin has called our industry **“the most exciting New World country on the scene at present”**. From 26-28 October 2016 you can delight in highly-rated local wines at RMB WineX. PLUS RMB Private Bank clients will enjoy discounted ticket prices for the event.

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WEALTH STARTS BEFORE YOUR FIRST BIRTHDAY

In an uncertain economic environment, and in a country with a low propensity to save, it’s important to provide for your long-term financial goals as well as the future of your dependants. Saving and investing for your own retirement is essential, but it’s also important to teach your children how to save so they no longer depend on you financially once you retire.

In the current economic climate, with its major challenges for consumers and a savings rate of just 15.4% of GDP, an improved savings culture may seem an unachievable goal in the short term. Consumers, however, need to proactively address their low propensity to save. An early age introduction of financial concepts, such as retirement planning and budgeting, may be one of the solutions needed to improve our savings rate and reduce dependency on others.

If you are stumped as to where to start the process with

a month for 18 years into the pot, you’d have over R46 000 after 18 years. Should your child continue to contribute R100 monthly into the same account until their retirement at 65, the amount would be close to R700 000. This assumes no increase in contributions and a steady annual interest rate of 5%.

South Africa’s new tax-free savings accounts are a great option for parents to explore, and RMB Private Bank provides a range of tax-free savings accounts to suit your needs. The account allows you to save R30 000 a year, tax free, for your children. This helps you lay an invaluable foundation for your children’s financial future.

However, with such an option, investing on your children’s behalf also means that the child’s lifetime contribution limit toward tax free savings (currently R500 000) will be reduced with each premium contributed. Practically, if you contributed - over an 18-year period - premiums totalling R250 000 towards a tax-free savings account in your child’s name, the child will have a total contribution limit of R250 000 available over their lifetime towards such tax-free saving.

your children, let alone the conversation, setting learning markers for pre-schoolers, pre-teens and teenagers is recommended. A blog by investment management firm T. Rowe Price in the United States tells us that five-year-olds can understand terms like ‘savings’, ‘goals’, ‘banks’ and ‘trade-offs’. At age 10 children can understand concepts like ‘time horizon’, ‘loans’, ‘interest’, ‘inflation’ and ‘taxes’. By age 15 more complex definitions like ‘stocks’, ‘bonds’, ‘asset allocation’ and ‘diversification’ should have entered the lexicon.

While the idea of investments, with exposure to underlying asset classes such as equities, property, bonds and cash, may be daunting to some, you don’t need a fortune to start investing in your child’s future. Whether it’s R250 a month, R100 or R50, it is important to start saving as soon as possible; only then will your child receive the full benefit of compound interest over time. For example, if you were to invest R5 000 into a fixed deposit on the birth of your child and add R100

Another option is investing in a retirement annuity in your child’s name from R250 a month, depending on the institution you are dealing with. This way you equip your child with multiple years of compound growth. It also presents tax benefits, which can be passed onto the child when they take over after the age of 18.

When you consider the long-term benefits of compound interest coupled with the financial gift you give your child by teaching them about investing, saving and planning for the future, then the importance of smart investing in your child’s future becomes apparent. These actions today become the foundation on which future financial legacies are built.

For more information on our specialised savings and investments options for children and families, speak to your Private Banker

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WEALTH PRESERVATION BASICS FOR FAMILIES

The perception is that high-net-worth families have strategic wealth preservation strategies in place. In most instances, the family wealth plan will protect the generational legacy, however, the plan does sometimes fall short when it comes to the basics.

In 2015 the CNBC Millionaire Survey, conducted by Spectrem Group, found that 38% of millionaires in the US with investable assets of US$1 million

There are various mechanisms which can be used to efficiently structure your global legacy plan. At RMB Private Bank we consider all your legacy planning needs, including the countries in which your family members are based and the jurisdictions across which your assets are located. RMB Private Bank focusses on assisting you to preserve your wealth for future generations through strategic legacy planning, such as ensuring that you have an updated Will, assist with setting up and managing Trusts, dealing with family governance matters and consulting with cross-border experts to implement global legacy planning solutions.

family life. We appreciate that each family is unique, so our solutions and advice are customised to suit their distinctive requirements,” says Kempff. She reiterates that RMB Private Bank’s approach is centered on understanding not only the individual’s needs but also the needs of the entire family, making recommendations based on the whole family’s requirements. We do not only use the basic estate planning mechanisms, but always strive to find fluid and innovative bespoke solutions,” continues Kempff.

The complexities are endless, making our expert advice essential.

or more had never used a financial expert to put an estate plan in place, the first building block of effective financial and legacy planning.

With reference to our own country, Chanel Kempff, Head of Fiduciary at RMB Private Bank says: “Currently, a high number of South Africans don’t have an updated Will in place when they pass away, which essentially deprives the next generation of building on the legacy that the previous generation has created.”

The intricacies of Wills, Trusts and legacy planning can be intimidating, particularly in the complex and cross-border world of investing and financial services. Therefore, establishing a solid plan of action ensures peace of mind for both you and your family in the event of stressful and unforeseen circumstances.

Many estates lack sufficient available cash to settle debts, putting families under pressure in the event of a death. Ongoing planning for the liquidity needs of any estate is, therefore, a vital element of this essential process. Furthermore, if you have a business, legacy planning also considers issues such as how a business is structured, whether business creditors could attach personal assets and the tax ramifications of your personal affairs We recognise that your legacy planning needs change as your family and business circumstances evolve. Our expert advice will guide you, we will ensure that your plan keeps pace with the momentum of your life and is adaptable as your circumstances change.

“At RMB Private Bank we know that our clients juggle their careers and

At RMB Private Bank we have Fiduciary and Trust Specialists who can be nominated as the executor of your estate and the trustee of your Trust. Furthermore, RMB Private Bank’s Fiduciary Specialists – both in South Africa and offshore - will work with you and your Private Banker to provide a holistic and comprehensive wealth preservation strategy.

For more information on our legacy planning and other fiduciary services to help protect and preserve your legacy for future generations, speak to your Private Banker or Fiduciary Specialist.

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THE EASTERN CAPE: A MAGNIFICENT MARRIAGE OF SEASIDE AND SAFARIS

Craving a break and out of ideas about where to go next? RMB Private Bank and eBucks Lifestyle have just the inspiration you need, with three superb local experiences for every age and taste.

Dubbed the “adventure province” for its myriad outdoor activities, the Eastern Cape boasts the Big Seven and 800km of pristine coastline. Among its treasures are luxury resort, bush and beach options:

- The **Fancourt Hotel** in George offers a terrific

BIG FIVE BUSH EXPERIENCE AT KWANDWE PRIVATE GAME RESERVE

Less than two hours’ drive from Port Elizabeth, Kwandwe Private Game Reserve provides an unrivalled malaria-free bush experience.

Stay at the Great Fish River Lodge (children 12 years and older are welcome), with its private balconies, plunge pools and expansive views. Or choose the relaxed Ecca Lodge with its colourful suites (children of all ages are welcome).

Discover the secrets of the bush on early-morning or late-afternoon game drives, or on foot, accompanied resort experience at a 10% discount
- For a world-class safari destination, head to the **Kwandwe Private Game Reserve** near Grahamstown
- The **Oceana Beach & Wildlife Reserve** near Port Alfred combines the best of both worlds: a bush and beach holiday in one

RESORT EXPERIENCE AND 10% DISCOUNT AT OUR NEW EXCLUSIVE BENEFIT PARTNER: FANCOURT HOTEL

Opening offer until 31 October 2016 includes:

- VIP turndown service comprising a 350ml bottle of Graham Beck Brut and truffle chocolates
- Complimentary room upgrade to the next category (subject to availability)
- Welcome pack for children (0 – 9 years) on arrival

Whether you are travelling with a partner, friends or family, or flying solo, there is no shortage of experiences to choose from at Fancourt Hotel. Situated less than 10km from the George Airport, golf, wellness and activities for little ones and teens are all within reach.

Test your mettle on any of Fancourt's three golf courses – ranked among Golf Digest's top 20 courses in the country. After the game, celebrate (or commiserate) with a hearty meal at the Club Lounge adjoining the Montagu course, or try Monet's restaurant and deli, which overlooks the Outeniqua course. (If your golf game is a bit rusty, or you are just starting out, the resort has practice facilities and its Golf Academy offers lessons to players 7 years and older.)

If, however, you are more partial to sedentary relaxation, you can indulge in a range of treatments and packages at the paradisiacal on-site spa. And children need not feel forgotten – a menu of treatments is available especially for young guests between the ages of 8 and 15.

At the fully supervised Kidz Club, for children between the ages of 3 and 10, activities include arts and crafts, nature walks and board games. The Club provides babysitting facilities and, if your holiday coincides with a child's birthday, a party service is available.

Fancourt also caters for teenagers. The trendy teen lounge offers gaming facilities, table tennis, table football and a pool table.

by rangers. Look forward to pamper sessions in the privacy of your suite and star-lit dinners around a fire in a boma.

Minimum ages apply to some of the wildlife experiences, but there are oodles of other activities to delight and amuse young minds.

Children receive a welcome gift on arrival, which includes a Blue Crane Conservation Guide with themed games and activities, and a 'Frolicking Rhino' range of bath products. The Blue Crane Conservation Club offers great activities including, a 'Bugs & Bones' walk and making spider webs and insects from chocolate.

From: R3 325 per adult per night sharing. Family rates are available on request.

Includes two game drives per day and game walks, three meals daily with drinks (including local alcohol and premium-brand spirits) and refreshments on game drives.

BLISSFUL BUSH AND BEACH EXPERIENCE AT OCEANA BEACH & WILDLIFE RESERVE

The Oceana Beach & Wildlife Reserve, situated less than 200km from Port Elizabeth, puts both a private beach and safari activities at your disposal.

Fill your days with game drives, beach walks or picnics and therapeutic treatments at the fully-equipped spa. Or soak up the sun on the loungers next to the Africa-shaped rock pool.

Activities within 20km of the lodge include 3D archery, golf, horse riding on the beach and paintball.

Oceana Beach & Wildlife Reserve also offers family activities such as a game room, which includes a movie lounge. Child-minding services allow you the freedom to relax.

At the end of a satisfying day, wind down at the award-winning La Cantina restaurant – if you are dining with family or friends – or sample the classic European cuisine at the flagship restaurant Henry Whites on date night.

From: R968.00 per adult per night sharing in a Classic room. Family rates are available on request.

From: R2 344 per adult per night sharing in an Ocean suite. Family rates are available on request.

What are you waiting for?
Your Eastern Cape adventure awaits!

For more information on these exclusive travel benefits, contact your Private Banker or eBucks Lifestyle on 087 575 0050 or eBuckslifestyle@ eBucks.com, and a dedicated Lifestyle assistant will assist you with your travel booking.

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KEEPING IT IN THE FAMILY

Whether you are recently married or welcoming in your ruby wedding anniversary, there are very real advantages to be gained from RMB Private Bank's spousal banking offering. You save on bank fees, consolidate investment and banking approaches, benefit from tailored wealth management advice and, together, can formulate a family-focused financial plan which cuts across generations.

Tying your life to that of another person is not a half-hearted affair; it's a life-long commitment built on trust and sharing and mutual cooperation. While many people battle to talk about sensitive issues like money in their relationships this is a critically important component to any successful union.

Yes, it can be complicated when you bring another person into your financial decision-making, especially if they have a different philosophy, but the benefits in terms of approach, planning, execution and risk diversification can certainly outweigh the challenges.

the death of one spouse, for example, the inter-linked nature of spousal banking will ensure that your financial affairs can continue uninterrupted during this difficult personal time.

But those are the long-term, life changing implications. On a day-to-day basis RMB Private Bank's spousal offering means that your spouse or life partner can enjoy the same private banking experience you enjoy; from access to a RMB Private Bank cheque account, credit card and linked petro card, to overdraft facilities, a securities online trading account, a global account and Channel Islands Current Account. What's more, if your spouse maintains a credit balance of at least R100 000 on the spousal pricing option throughout the month, then their monthly account fee will be rebated.

Recognising the importance of making RMB Private Bank's exclusive services available to both partners, in order to ensure the smooth running of your finances, our spousal offering covers 24/7 Service Suite Access and personal assistance, access to the RMB Private Bank App and Online Banking, eBucks and the services of a dedicated Lifestyle Assistant, to help with any travel arrangements.

These services, over and above specialist financial

At RMB Private Bank we believe that successful financial and investment planning should reflect the concerns and aspirations of both partners or spouses, which is why we focus on fostering solid relationships and delivering consistent and expert wealth investment advice. Our new spousal offering supports this commitment.

The same way that we see ourselves as a partner in your financial journey, so too should you partner in life be as intimately involved in your wealth journey as your Personal Private Banker. Together, and taking into account each family's unique needs, investments and personality, a combined approach to family finances ensures that, at all times, the needs of your entire family – and particularly your spouse – are catered for.

This is not just a 'nice to have', there are very real and practical considerations around this too; in the event of solutions ranging from portfolio construction to fiduciary and foreign-based investments, may be invaluable, but they only come into their own thanks to the specialist advice of RMB Private Bank's experts, and the role of your RMB Private Banker; your single point of contact.

Together with a team of experts, your Private Banker can advise not just you, the account holder, but your entire family. As part of your inner circle, these experts can work closely with each member of your family to ensure you incorporate the right services, products and solutions into your banking experience. What else would you expect from family?

For more information on our spousal offering, speak to your Private Banker or contact the Service Suite on 087 575 9411.

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FLEXING YOUR MUSCLES

With many years' experience and after countless discussions with all sorts of clients, I've learnt that, irrespective of age, gender or culture, the same money worries keep our clients up at night.

They are concerned about earning and preserving their wealth, they worry whether they are managing their family's future legacy with enough insight and care, and they're often overwhelmed by the number of options available to them. These worries are heightened by unpredictable economic conditions over which they have no control. Many things keep them up at night; but investment options with RMB need not be one of them.

Two of our most popular alternative investments are the RMB Structured Plus 100 and the RMB Liquidity Enhancer. They both fit really well into a conservative investment portfolio and offer peace of mind to clients who want investment growth that exceeds inflation, hedge funds - adding a layer of diversification to the investment along with protection against the vagaries of the market through the inclusion of an explicit FirstRand capital guarantee.

Like all of RMB's alternative investment products, this is simple to access, easy to understand and effective to use. Fact sheets and returns can be tracked online.

Best of both worlds

Coming back to that cash liquidity we spoke of earlier, investors can keep their capital invested and guaranteed, and use this to borrow against at a very competitive fee, giving you the best of both worlds. You invest in the market to achieve real (above inflation) long-term growth, but also have easy access to your money - without any penalties and within five days; for anything from a new business opportunity, to unforeseen medical expenses, a wedding or the trip of a lifetime.

plus easy access to cash if they need it for a family or business emergency.

Stand-alone product

What really makes RMB Structured Plus 100 different is that it is a stand-alone product, which allows an investor to enjoy the growth of their investment, without putting their upfront capital at risk. And why should they? If they've worked long hours to accumulate their wealth then the last thing they want is to risk a cent of their hard-earned capital. This product takes a conservative approach but doesn't penalise risk-averse investors with poor returns. The investment aims for a yield above CPI, i.e. inflation plus 2% is the target. It's a 12-month investment that can be extended for a year at a time, all for a minimum investment of R250 000.

The product carries a 100% explicit capital guarantee from FirstRand Bank Limited - the biggest bank in Africa by market capitalization - which means that whatever the markets do, FirstRand guarantees the capital - all of it!

The key to this alternative investment approach lies in what we in the financial sector call 'uncorrelated underlying investments'. This means that we invest across shares, bonds, cash and alternative assets like

I remember one of my first clients to use this product. He's an export fruit farmer who often needs quick access to funds. He invested in the RMB Structured Plus 100 and, because of the guarantee, was able to access the RMB Liquidity Enhancer. This ensured access of up to 85% of the investment's guaranteed value at an attractive borrowing rate, without incurring investment breaking fees.

He continues to roll his investment every year and dip into his cash when he needs it. He simply pays back the borrowings as soon as his export proceeds are received. In all instances he says his experience has been effective, efficient and in line with his immediate financial needs. That's what our boots-on-the-ground approach always hopes to achieve.

By Emile Linde
Product Specialist
RMB Global Markets Fund Solutions

Find out more about RMB alternative investment products by speaking to your Private Banker or visiting www.rmb.co.za/investments

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AN EYE ON THE MARKETS

Global equity markets continued to tread water in September with no clear direction coming from the international economic outlook. Developed market bond yields also ended the month more or less where they started.

In the US economic indicators have been mixed. Indicators that disappointed included the ISM manufacturing Purchasing Managers index which contracted for the first time since February, retail sales, and nonfarm payrolls. On a more positive note consumer confidence improved and the services PMI more negative note mining and manufacturing sector output declined in July on a month on month basis, and retail sales were considerably weaker than expected at 0.8% growth year on year. Inflation declined to 5.9% and the MPC of the SA Reserve Bank decided to leave interest rates unchanged.

A strengthening rand held back the rand hedge heavy all share index over the period.

Market Outlook

Our cautious assessment of global and local growth assets remains intact.

also showed good gains. While the Fed kept rates unchanged Janet Yellen (the chair of the Federal Reserve) indicated that the case for an increase in the federal funds rate had strengthened in recent months.

In the Eurozone the manufacturing PMI slowed slightly and headline inflation remained unchanged at 0.2% y/y. The European Central Bank left interest rates unchanged and reaffirmed the commitment to keep the asset purchasing programme at 80 billion euros per month until March 2017 and beyond if necessary.

In China the manufacturing PMI jumped back into marginally expansionary territory registering 50.5 in August.

In Japan the BOJ adopted a new monetary policy stance by introducing a policy aimed at controlling not only money supply but also short and long term interest rates. The aim is to generate a steeper yield curve with short term rates lower than long term rates (although the 10 year rate will be capped at 0%) which will benefit the banks who borrow short and lend long. Governor Kuroda promised to keep increasing the monetary base until inflation exceeds 2% and stabilises there. The aim is to achieve a decline in real interest rates in order to stimulate economic activity.

On the local front

Local economic data was mixed. On the positive side second quarter GDP growth surprised to the upside and South Africa recorded yet another trade surplus in July which translated into a R17.4 Billion trade surplus year to date. Business confidence also improved off a low base (although it still remains subdued). On a

Uncertain global economics makes for significant earnings forecast risk and while interest rates will likely remain at low levels for some time it is unlikely that they can go meaningfully lower to offset increasing earnings uncertainty. While less austere fiscal policy could improve the outlook, a conservative approach to global risk assets continues to be adopted for now.

From a more local perspective the outlook has begun to brighten a little with a relatively strong rand, a declining inflation trajectory and a reduced current account deficit. The economy is nevertheless likely to underperform and remains hamstrung by a lack of confidence, low levels of private and government fixed investment expenditure and generally low commodity prices.

Equity market valuations have improved on the back of lower risk free rates but implied risk premiums are still below long term average levels.

While bond yields have fallen on a stronger rand and lower inflation expectations to less attractive levels bonds still represent value in that yields are still substantially above the likely long term inflation outlook. On the listed property front low yields compared to bonds could limit near term returns.

On the currency front while there are increasing signs that the current account deficit is likely to continue diminishing based on weakening import demand, there remains two way risk to the local currency. Offshore investment continues to retain investment merit from a diversification perspective.

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SUSTAIN YOU, YOUR BUSINESS AND YOUR FAMILY IN GOOD AND BAD TIMES

Entrepreneurs are the backbone of any nation, but when times get tough they are often the first to take a hit. When this happens is your family's lifestyle insulated from the fallout?

Once you have determined how much you can commit towards your personal investment strategy, then you need to quantify the period over which you intend to invest. "Investing for less than two years is considered to be short term while a period of between three and five years is regarded as medium term. Long-term

In South Africa, despite the nation's frequent calls for support for entrepreneurs and young businesses, our entrepreneurship statistics highlight the challenges of operating your own business in this market. Reports such as the GEM Monitor 2015-2016 highlight concerns like a drop in entrepreneurial intentions by almost 30% from 2013 to 2015 and the fact that some 62% of new businesses close due to a lack of profitability or appropriate cash-flow management.

That said, South Africa has a proud history of impressive entrepreneurs who have defied the odds. Some have become high-profile businesspeople on the local and global stage, but many more unsung stories dot the economic landscape from the worlds of IT to retail, digital, marketing, customer service and product development. These companies can and do thrive, driven by passionate individuals deeply committed to the growth and success of their businesses.

"Many of these individuals are RMB Private Bank clients, who seek our advice not only for their businesses but also for their personal and family investments," says Gugu Sidaki, a Wealth Manager at RMB Private Bank. "Over the years we've observed that successful entrepreneurs are those who invest not only extensively in their business, but also outside the business in order to ensure that their wealth is sustained in the down times and that their family's lifestyle remains unaffected in the event of any economic uncertainties."

In our experience, entrepreneurs are a positive lot; they see the upside, they spot opportunities and they are quick to adapt when the need arises, says Sidaki. "They are also extremely pragmatic, which is why we guide our clients towards a careful balance of individual and business risk and work hard to find ways in which to sustain their wealth for both themselves and their family."

The question is: how do you do that?

Step one, says Sidaki is doing your homework. "Work with your Wealth Manager to consider all the factors and options at hand before committing your hard-earned money to any form of investment," she recommends. "Then ensure that your investing trajectory fits your current circumstances and that the future prospects align with your requirements and objectives."

For the entrepreneur this means analysing not only your current business situation and trajectory, in the investing is anything in excess of five years," explains Sidaki.

Determining these particular needs and the right investment selection comes done to a specific approach which takes into account both the entrepreneur's business interests and well as their personal needs and wants. This ties in closely with the level of risk to be incorporated in the investment plan, or the risk/return profile.

Explains Sidaki: "As an investor you are ultimately compensated in terms of returns based on the amount of risk you take on. For example, equities are considered to be one of the riskiest assets but there is also a high probability of enjoying high returns when invested in this asset class. Conversely, keeping your money in a bank account is considered less risky, but the potential for making high returns from this investment decision is low. As an investor, you need to understand what the risk/return relationship is and select investments that best suit your risk tolerance."

As an entrepreneur, for example, you might consider the easy access to equity investments to be more favourable to tied-in, long-term investments. Or, your portfolio needs to make provision for a balance of both. For example, if your business runs into a lean patch there is always the possibility that you may need to access some, or part of, these funds immediately; so speak to your Wealth Manager about putting in layers of access in the form of liquidity enhancers which recognise the particular nature of entrepreneurship and the possibility of needing assess to easy cash.

That said, it is vitally important to ensuring the security of your family and individual investments that a business owner never makes the mistake of putting his or her personal responsibilities behind that of the business. A balanced portfolio offers the best combination of assets – from equities to bonds, property or cash – to ensure steady and stable growth, without jeopardising the future of your family's financial wellbeing.

Finally, while building a business is an absorbing endeavour, remember that even success stories like Richard Branson, Patrice Motsepe and Sol Kerzner had their rough times. The secret to riding out these periods is a phone call away: a financial planning professional can weigh up your business demands and your family obligations and arrive at a solution for the long term, which can work for you in both the good times and the bad.

context of the local and global economy, but also the status of your personal investments. In other words, financially speaking, where are you now and where would you like to be?

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CELEBRATING SOUTH AFRICAN WINE

South Africa has recently been described as “the most dynamic wine-producing country in the world right now” by British Master of Wine Tim Atkin. Wine writer Neal Martin has called our industry “the most exciting New World country on the scene at present”. From 26-28 October 2016 you can delight in highly-rated local wines at RMB WineX and learn more about what wine guru Michael Fridjhon terms below as the ‘ultimate legacy business’.

When it comes to wine production, very little can be done swiftly; so progress is often counted in generations. You can establish a vineyard in a few years, and get reasonable fruit in under a decade, but often the true quality of the site only emerges after 30 or 40 years. I remember Madame de Jessey at Domaine de Closel showing me a vineyard that had been established by her grandfather at the Clos de Papillon and explaining that she now needed to replant it “for my grandchildren”.

Fine wine is also a family business for another (obliquely related) reason: it’s not particularly profitable, and it certainly doesn’t lend itself to the short-term exigencies of conventional, publicly listed, professionally-managed enterprises. The longer the business cycles, the less they appeal to third-party investors. The moment wine ceases to be another branded commodity (in other words, the moment you are dealing with site-based rather than marketing based goods) the working time frame becomes unattractive to traders wishing to job in and out of a stock.

The Frescobaldis in Tuscany may have been bankers at the height of the Italian Renaissance, but they were also producing wine – and continue to do so seven centuries after their ancestors first owned vineyards around Florence. Likewise the Antinoris, who have traced the family’s first wine enterprise back to 1385. The Hugels in Alsace, France have been making wine since 1639, the Rothschilds have been in Bordeaux since 1853 and, in Champagne, Louis Roederer has been owned and managed by same family since 1776 – the same year as the signing of the American Declaration of Independence.

All these (and many thousands of other producers – including the Myburghs who have been at Meerlust since 1757) are legacy producers, working at – and improving on – the work of their forefathers. There may have been times of economic hardship, of deep political uncertainty, of massively traumatic events, but there has never been a complete betrayal of the founding principles which underlie all legacy enterprises. These, crudely summed up, are that blood is thicker than water and more valuable than gold, that a long-term vision requires commitment and integrity of purpose, and that true success lies in passing on to the next generation something better, stronger and more suited to the years ahead than the enterprise you inherited.

RMB WineX celebrates both the past legacy and our bright future as a wine-producing country on the world stage. This year, there is much to applaud.

Ticket sales are open through Computicket and, exclusively for RMB Private Bank clients, by quoting the code PBclient16 you can enjoy discounted ticket pricing.

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A WINE FOR EVERY PALATE

SANDTON CONVENTION CENTRE
26-28 OCTOBER
www.winex.co.za

RMB WineX
WINE FESTIVAL

We hope you find value and topics of interest in this latest RMB Private Bank newsletter, we've certainly enjoyed putting it together for you and we welcome any feedback or suggestions for future editions. Email us at newsletter@rmbprivatebank.com

For more information or any queries regarding the content of this newsletter, please contact your Private Banker or the RMB Private Bank Service Suite on 087 575 9411 or servicesuite@rmbprivatebank.com

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