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June 2024

COVER

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INSURANCE TRENDS FOR
THE HIGH-NET-WORTH SECTOR

NAVIGATING THE COMPLEXITIES
OF SOUTH AFRICA'S HIGH-NET-WORTH SECTOR

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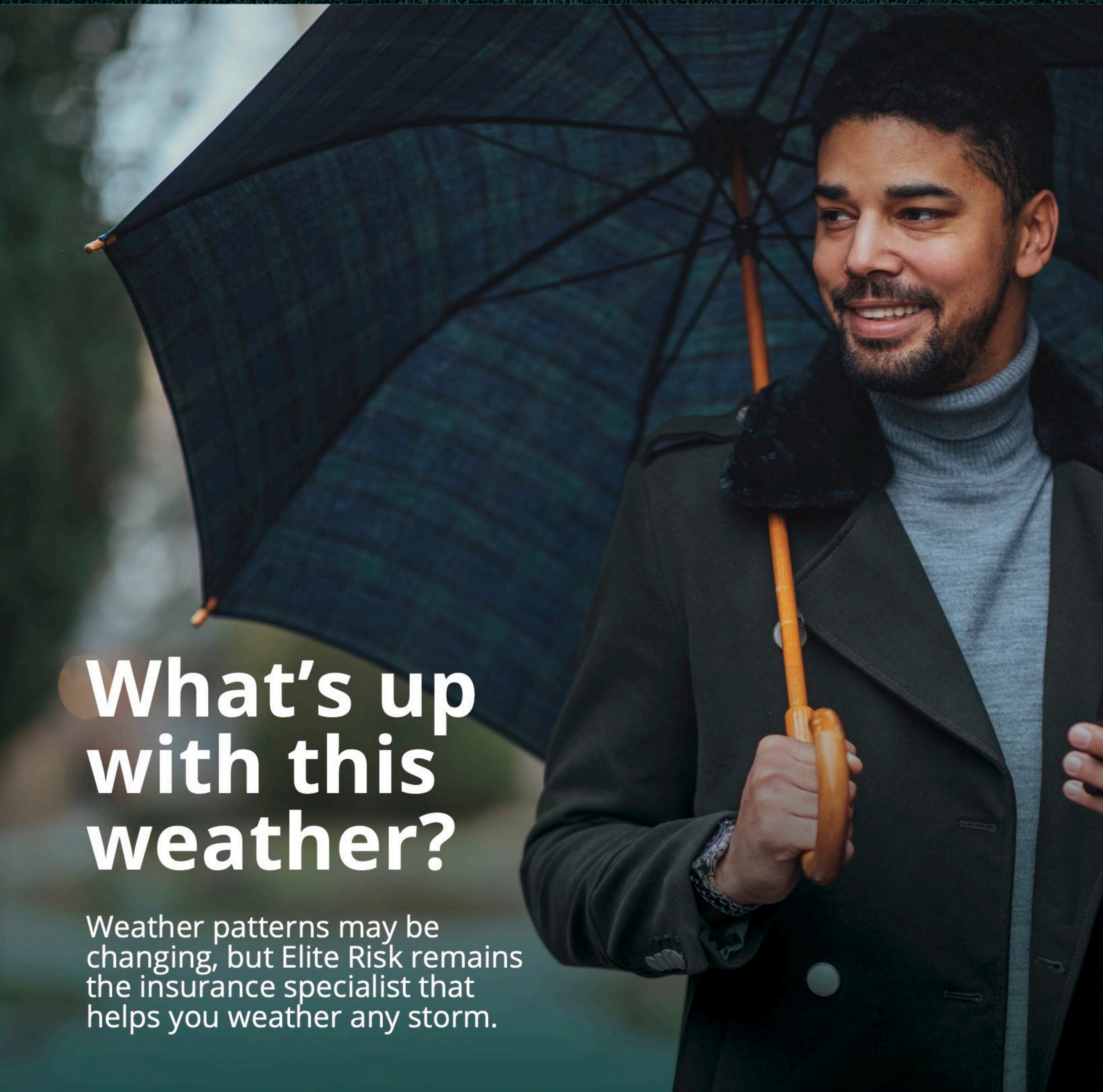

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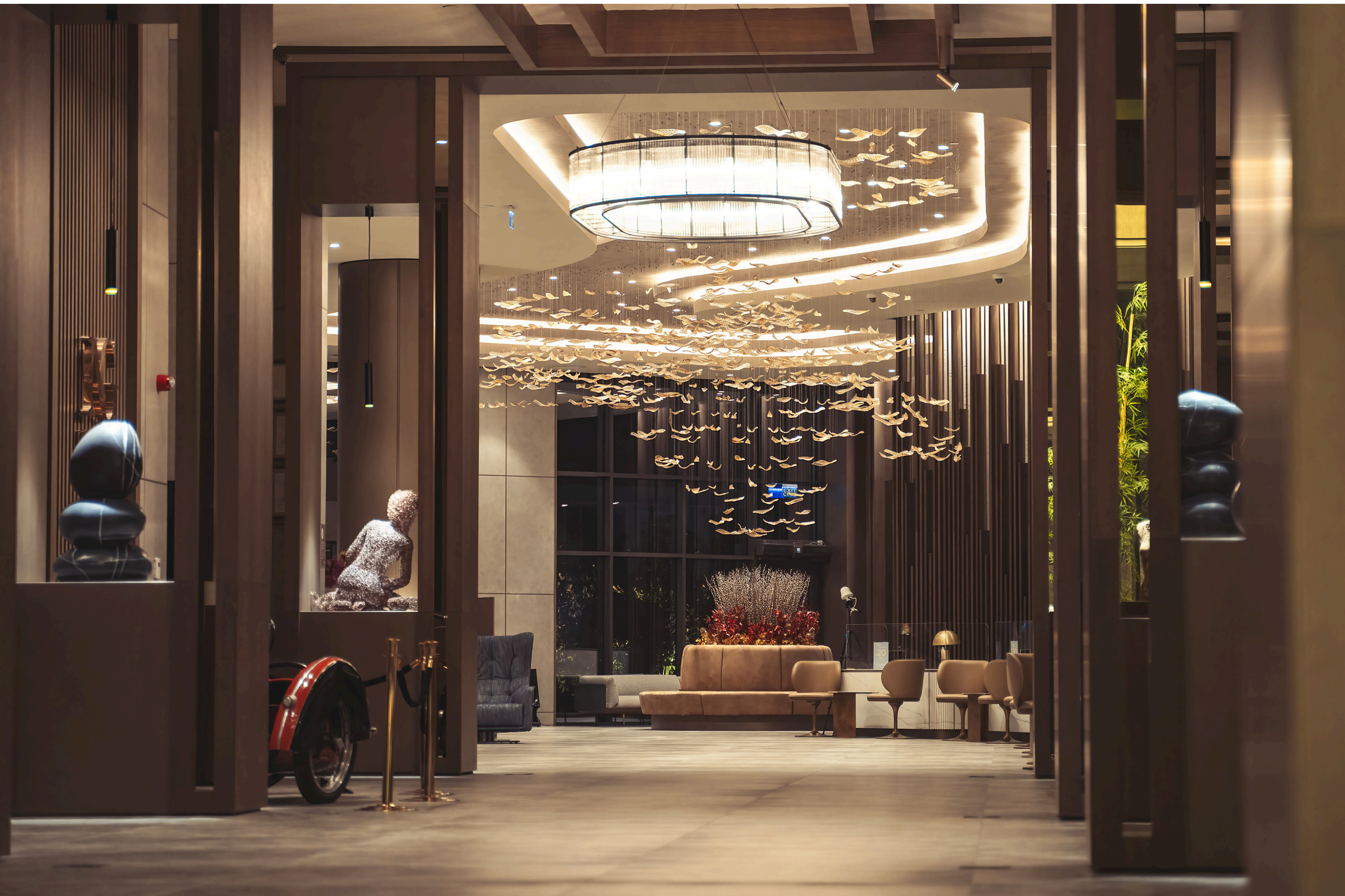
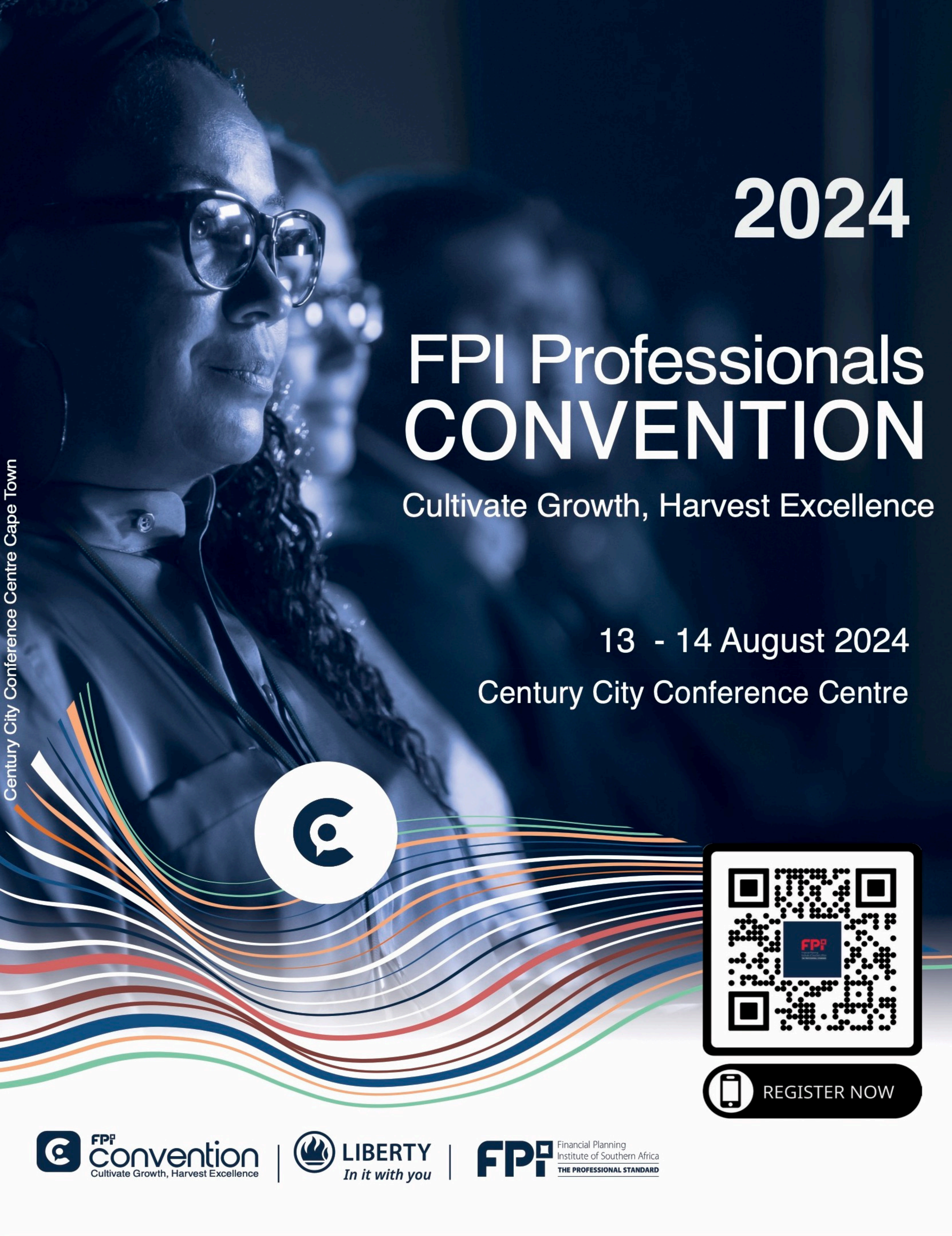
High Net Worth

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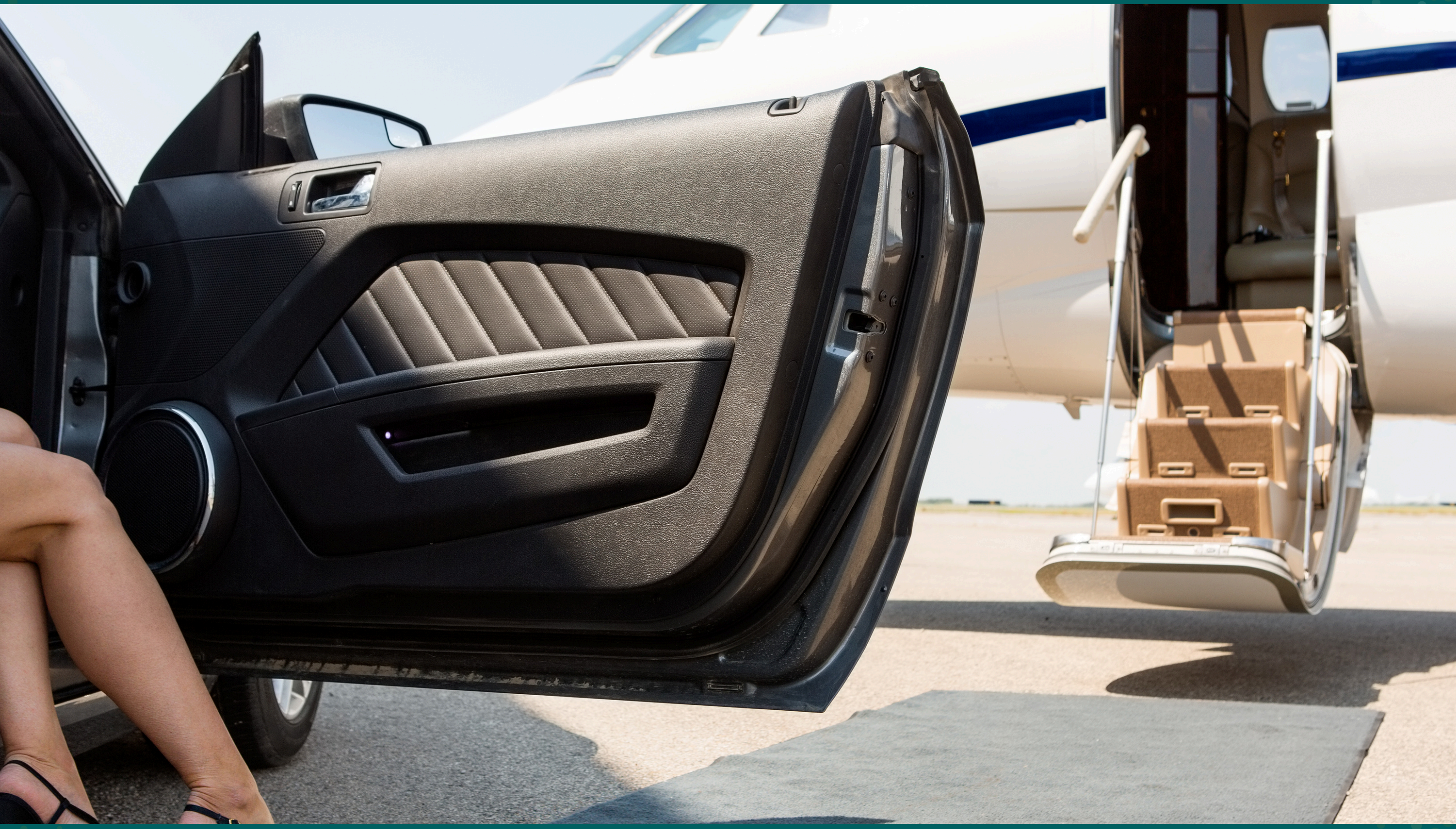
NAVIGATING NEW HORIZONS IN WEALTH MANAGEMENT



Diving into the June 2024 edition of COVER Magazine, we are in a period of significant transformation and opportunity within the insurance and financial services sectors. The articles presented this month highlight the evolving landscape of wealth management, the increasing demands of high-net-worth individuals (HNWIs), and the critical role of innovative solutions in addressing emerging challenges. The high-net-worth sector in South Africa is under strain, grappling with rising crime rates, economic pressures, and a notable emigration trend.

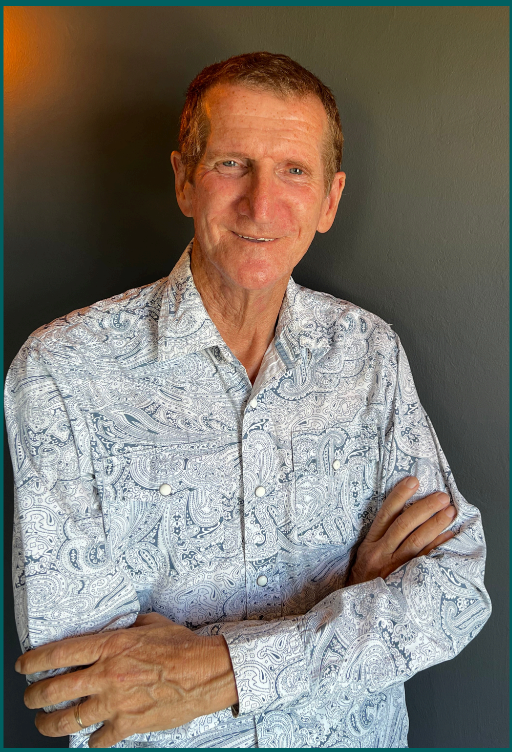
The question that looms is whether this sector is genuinely shrinking or if we are merely adjusting our benchmarks. The African Wealth Report 2024 by Henley & Partners indicates a 20% decline in South Africa's millionaire population over the past decade, yet it also projects a 65% growth in Africa's millionaire population over the next ten years. This dual narrative underscore the complexities and potential within this market.

In response to these dynamics, financial advisers and investment platforms must differentiate their offerings to meet the unique needs of HNWIs. The shift towards a more inclusive approach to wealth accumulation, including non-traditional investments and entrepreneurial ventures, is crucial. This issue of COVER delves into how investment platforms can customise solutions, leverage technology, and provide global mobility solutions to help clients navigate this complex environment.

Our feature on family offices offers insights into securing generational wealth. The five essential ways family offices can support ultra-high-net-worth (UHNW) families include centralising family wealth, managing the transfer of wealth across generations, handling complex family affairs, ensuring discretion and privacy, and addressing the softer issues such as family constitutions and philanthropic management. These entities are becoming increasingly vital in offering comprehensive support to families with intricate financial and estate management needs.

Additionally, we explore the insurance needs of HNWIs, emphasising the importance of personalised solutions that cater to their distinctive lifestyles and asset collections, where there is significant opportunity for insurers who can offer differentiated and bespoke products. The role of specialist insurance brokers is highlighted, particularly in navigating the unique challenges posed by the South African market, such as load shedding and the demand for sustainable and technologically advanced properties.

Furthermore, the upcoming Two-Pot Retirement System represents a landmark shift in retirement savings in South Africa. Financial advisers are urged to educate themselves and their clients about the system's tax implications and the importance of avoiding premature withdrawals. This new system presents both challenges and opportunities, and advisers must be prepared to guide their clients through these changes effectively.



As always, we aim to provide valuable insights and practical advice to help professionals navigate these new horizons. From innovative insurance solutions to comprehensive wealth management strategies, our goal is to equip you with the knowledge and tools needed to excel in this dynamic environment. Enjoy the read, and may it inspire you to embrace the opportunities and challenges that lie ahead.

Tony van Niekerk Editor-in-Chief,
COVER Magazine

NAVIGATING THE COMPLEXITIES OF SOUTH AFRICA'S HIGH-NET-WORTH SECTOR

Hymne Landman, CEO: Wealth Management at Momentum Investments Group

We are firsthand witnessing the increasing challenges facing our economy. Rising crime rates, economic pressures, and a significant emigration trend are reshaping the landscape for high-net-worth individuals (HNWIs) in South Africa.

This sector, once considered stable and lucrative, now faces unprecedented volatility and uncertainty. The pertinent question is whether the sector is shrinking or if we are lowering the bar for what constitutes high net worth. Additionally, it is crucial to consider how investment platforms and financial advisers can differentiate their offerings to meet the evolving needs of HNWIs.

The South African high-net-worth sector is undoubtedly under strain. The economic environment, characterised by slow growth and rising inequality, has made it harder for individuals to achieve and maintain high net worth status. Concurrently, increased crime rates and political instability are prompting many HNWIs to seek safer havens abroad. This trend is not just anecdotal; data supports a significant outflow of wealth and talent, impacting the local economy and investment landscape. According to the African Wealth Report 2024 by Henley & Partners and New World report, South Africa's millionaire population has declined by 20% over the past decade (2013 to 2023). This decline is attributed to two main factors: emigration and the decrease of wealth due to economic circumstances.

Despite these challenges, the report also highlights that South Africa remains home to over twice as many HNWIs as any other African country, with 37 400 millionaires, 102 centi-millionaires, and 5 billionaires. For the purposes of the report, a HNWI is defined as someone with liquid investable wealth of USD 1 million or more. * This suggests that while the number of wealthy individuals has decreased, there is still a significant high-net-worth sector in South Africa. The report also predicts a 65% growth in Africa's millionaire population over the next 10 years, indicating potential for future wealth creation despite the current challenges.

In response to these dynamics, there is a noticeable shift in how high net worth is defined. While traditional benchmarks still hold, there is a broader recognition of the need to adapt to the changing environment. This includes a more inclusive approach that acknowledges the varied forms of wealth accumulation, including entrepreneurial ventures and non-traditional investments. In this challenging climate, investment platforms must go beyond offering standard services. Differentiation lies in a deep understanding of the unique needs and concerns of HNWIs. This involves a multifaceted approach, including the ability to customise investment solutions to align with specific investment needs and goals, leveraging cutting-edge technology to provide real-time reporting so that clients can make informed decisions and global mobility solutions to help clients understand tax implications, investment opportunities and regulatory requirements in multiple jurisdictions.

Financial advisers play a pivotal role in this ecosystem. They are trusted partners who form the bridge between clients and investment platforms. Their role is multifaceted and includes guiding clients through the current economic turbulence with robust financial plans and investment strategies to ensure that they are prepared for a range of possible outcomes. Long-term planning is challenging in an environment where factors impacting financial security can change rapidly. Financial advisers must emphasise the flexibility of the financial plans they create for clients and educate them about the importance of staying the course and not making impulsive decisions based on short-term market movements. Clear, consistent communication is essential to maintain trust and confidence.

Given the current economic climate, a diversified portfolio is more critical than ever, and clients should consider holding various asset classes across geographical boundaries. With an increasing number of HNWIs becoming global citizens, planning for global mobility is essential. A solid understanding of jurisdictional nuances, seamless financial transition and cross-border planning is critical. The high-net-worth sector in South Africa faces significant challenges, but with the right strategies, investment platforms and financial advisers can help clients navigate this complex environment. By focusing on personalised solutions, tax considerations, leveraging technology, and providing holistic wealth management, we can differentiate our services and meet the evolving needs of HNWIs. Together, we can help clients achieve their financial goals, even in the face of economic volatility and global mobility.

Financial advisers and investment platforms must collaborate closely to deliver exceptional value and ensure that HNWIs can confidently pursue their financial objectives, irrespective of the uncertainties that lie ahead.

This partnership is the cornerstone of a resilient and thriving high-net-worth sector in South Africa. Investing is a personal journey.

At Momentum Wealth, we believe that an investment platform should be personal and personalised too, for the client and for our financial adviser partners.

Speak to your Momentum consultant or visit momentum.co.za to learn more.

* Source: The Africa Wealth Report 2024 | Henley & Partners (henleyglobal.com)

Hymne Landman, CEO: Wealth Management at Momentum Investments Group

FIVE WAYS A FAMILY OFFICE CAN SECURE GENERATIONAL WEALTH

Jodi Suchard , Partner at Citadel Advisory

As more ultra-high-net-worth (UHNW) South African families look to secure their wealth, specialised family offices are coming to the fore to offer financial and related services to families with complex financial and estate management needs.

As we commemorate Family Day, we look at ways in which to secure generational wealth. Not only a South African trend but a global one too, the Global Family Office Market Report and Forecast of 2023 estimates that the global family office market reached a value of USD 87.18 billion in 2022, and with a compound annual growth rate of 7.5% would reach a value of USD 133.60 billion by 2028. These legal entities provide an umbrella of services to support wealthy families, typically in five important ways.

1 - Family offices assist with the centralisation of family wealth

UHNW families often need extensive solutions for the structuring, centralisation, protection and growth of their wealth by way of a sustainable multi-generational wealth strategy. The process typically starts with a conversation with the head of the family to understand the family's structure and unique needs. This is followed by the design of a bespoke management solution for the family's financial and related affairs. The overall financial plan for the family may include offshore structuring and tax implications; philanthropy and donations; jurisdiction-specific investments; liquidity requirements; cash flow analysis and diversified asset allocation.

2 - Family offices secure the transfer of wealth across generations

Centralising the management of family wealth and managing the transfer of wealth across generations are important to consider. Securing next-generation wealth is critical to UHNW families. A family office can assist families create and define a clear family purpose and align their investment strategy to ensure their legacy is sustained across the different generations. A well-run family office can support families with the full or partial exit of their business and manage how this impacts the family's wealth and future generations.

Families can be advised on how to invest in intercorporate ventures to achieve optimal results for current and future generations. Family offices can also advise families on the integration of their wills and trusts in line with the tenets of their family constitution and carry out the wishes of the family patriarch or matriarch, whose will and testament provided the family with their intergenerational wealth.

3 - Family offices support UHNW families to manage complex family affairs

“There is a definite need amongst South African families with material wealth to have access to a professional family office solution. In most cases these families have very complex requirements around their wealth, business and family; and they need an umbrella of services to support them,” says Citadel New Business Partner, Caren Rennie. Family offices often assist with conflict resolution and communication within families and may even bring in psychologists and mediators to resolve family disputes.

4 - Family offices provide discretion & privacy

“One of the most appealing benefits of an offshore family office structure is that it can assist greatly in the management of issues around family privacy and discretion for families who want to keep their wealth and affairs confidential,” states Rennie. These families need a financial guardian, a trusted advisor who shows up as the family manager and a gatekeeper of their privacy.

5 - The next generation

“Family offices can also provide strategies for softer issues including family constitutions, philanthropic management, next-generation education and financial coaching, emigration services, dispute resolution, protection of the family brand, personal security, and even aspects such as private air travel,” notes Rennie. To govern the family’s affairs, roles and responsibilities holistically, a family constitution sets out the vision and guiding protocols of the family regarding ownership and management of the family wealth, family trusts, and other related entities under the collective ownership of the family.

“The purpose is to bring strength, reassurance, and unity around a shared value system. It also defines the leadership structure, tools for succession management, conflict resolution guidelines, risk tolerance and long-term family business goals,” she explains. Philanthropic endeavours are also important to UHNW families. As the first donor-advised fund of its kind in South Africa, this is what the Citadel Philanthropy Foundation specialises in. It enables families to set up one foundation with many sub-accounts and vetted beneficiaries, without additional costs or an administrative burden.

A family office solution is essential to protect family wealth across generations in accordance with the family’s values.

INSURANCE TRENDS FOR THE HIGH-NET-WORTH SECTOR

Tarina Vlok, MD of Elite Risk Acceptances

The 2024 Africa Wealth Report, a collaboration between Henley & Partners and New World Wealth, recently published, reveals that Africa's total investable wealth stands at $2.5 trillion.

Key insights from the report include that South Africa remains the wealthiest country on the continent, hosting 37400 millionaires, followed by Egypt, Nigeria, Kenya, Morocco, and others. Looking ahead, Mauritius, Namibia, Morocco, Zambia, Kenya, Uganda, and Rwanda are all projected to see significant growth in their millionaire populations by over 80% by 2033. The report forecasts substantial growth in millionaire populations in cities like Cape Town, the Whale Coast, Kigali, Windhoek, Swakopmund, Nairobi, Tangier, and Marrakech.

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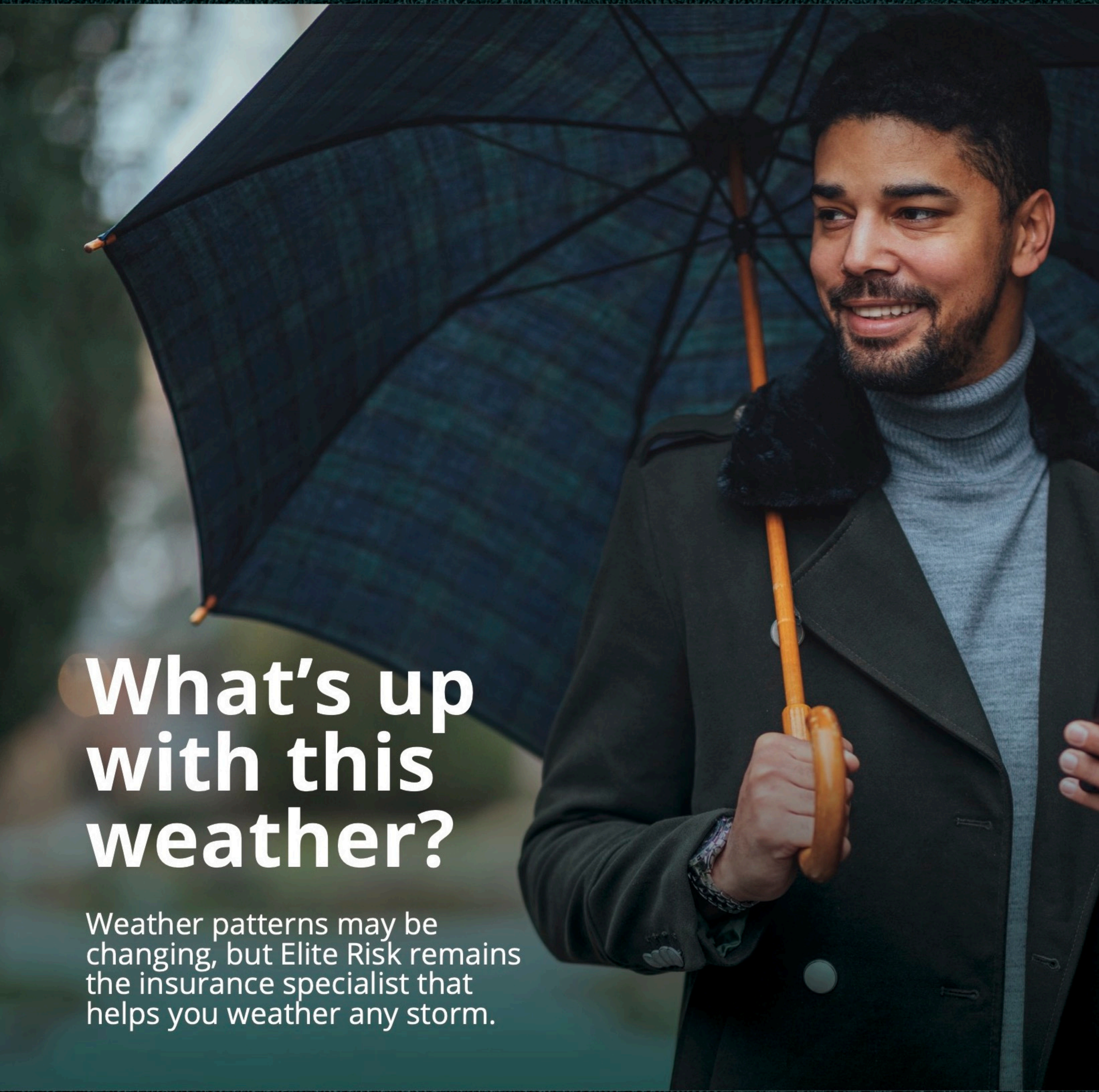

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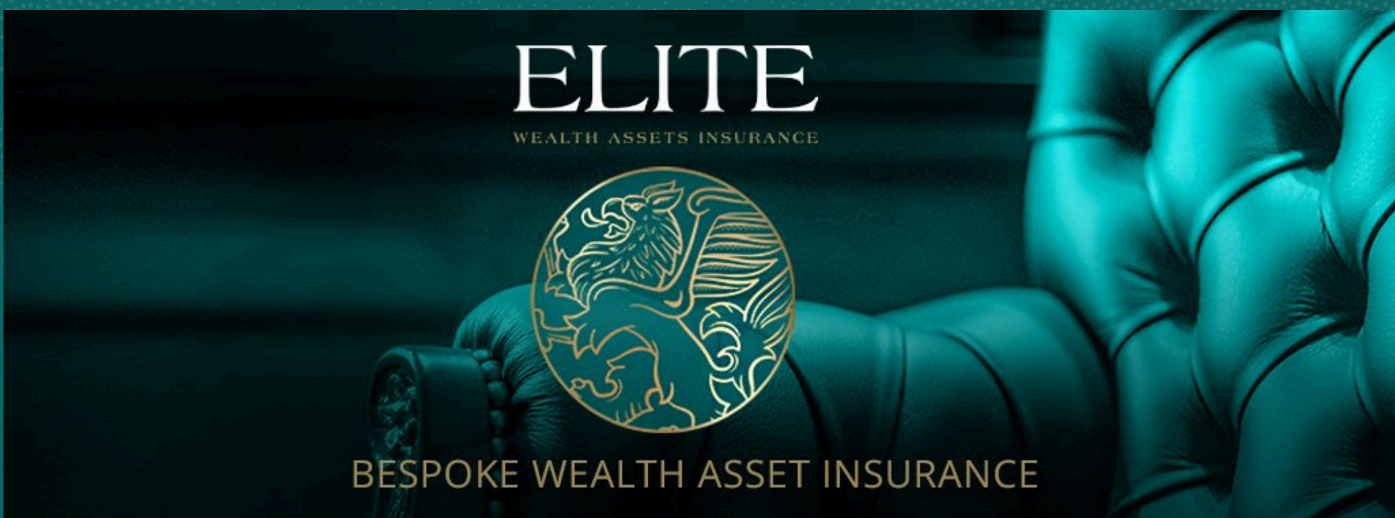
The report's findings mirror the trends we are seeing, with semi-gration being significant amongst the affluent. We continue to see an uptick in insurance demand in areas like the Whale Coast, the Cape Winelands, the Garden Route (Plettenberg Bay in particular) and others. The report also discusses South Africa's position in the global luxury real estate market, highlighting its young population and rapid urbanisation as key factors boosting the demand for luxury properties. It adds that ultra-high-net-worth individuals are increasingly building their lives along international wealth corridors, shaped by their lifestyle, geographic preferences, and legal and regulatory frameworks. There are many African millionaires choosing to buy luxury property in areas like the Atlantic Seaboard, as Cape Town is still a location of choice worldwide for the affluent.

This presents good future opportunity for brokers and insurers. However, for those with assets like property and cars across multiple jurisdictions, it is important to work with "specialist insurers in the country where that property is located." Another insight from the report is that Africa's millionaire population is set to rise by 65% in the next decade. There are pockets of opportunity that are revealing themselves on the continent, and this is in turn likely to unlock growth for insurers who have an established African footprint. When we think of growth, areas like Mauritius comes to mind, however, we have also noted demand from Zimbabwe. These gaps are creating an opportunity for insurers who have a reputation for a differentiated and bespoke product offering. Against this climate, brokers that they need to stay close to insurers and remind policyholders that they must choose their insurance provider carefully. Not all high-net worth insurers are created equal.

There are opportunities for brokers within the semigration trend, but it's important to understand how to service clients; services in the affluent areas of Johannesburg are not the same as in small coastal towns like Hermanus or Paternoster, for example. Work with the insurer to tap into their service networks. Now is a good time for brokers to remind policyholders about their responsibilities ahead of winter, especially given that climate change and changing weather patterns are causing significant challenges for insurers and drastically changing the risk landscape. One of the top reasons claims are rejected is because the loss is not unforeseen, but rather because it is a result of poor maintenance. Policyholders must regularly inspect gutters, roofs and exterior walls of their homes for debris, leaks or poor condition and attend to problem areas. Tyres, windscreens and cars must also be checked before the wet, frost and icy weather conditions set in.

The role of the relationship between broker and insurer will continue to be important against the current uncertain landscape. We are transitioning from payer to proactive partner: Relationships with brokers are based on true collaboration and partnership, with the goal of delivering value to our mutual clients. It is the responsibility of the insured to look after their possessions, which will in turn allow the specialist insurer take care of their assets. However, the trick is in finding the right specialist insurer, with relationships and accessibility being cornerstones of the partnership.

Find a specialist insurer that understands the unique needs of the HNWI and that has the backing of an established blue-chip brand, which has the know-how to quickly and elegantly respond when something goes wrong.



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INNOVATIVE, SMART SOLUTIONS NEEDED FOR EMIGRATION & OFFSHORE

Kemp Munnik, Head of Structured Solutions: Bravura

Ultra High Net Worth Individuals (UHWNI) and families globally are consistently in the spotlight for various reasons for example lavish life styles, divorces, tax evasion etc.

In South Africa this is certainly similar but the reasons for the spotlight are a bit different. Currently with the uncertain political environment and South African Revenue Authorities putting pressure on the wealthy to collect more tax South African UHWNI are seriously considering formally emigrating or at least obtaining a second passport in a jurisdiction which is more stable or at the very minimum seek to externalize a portion of their wealth.

But maybe before we continue, it is worthwhile to determine who qualify to be called an UHWNI. The latest Knight Frank Wealth Report 2024 defines dollar millionaires as individuals with investable assets of over $1 million (approx.R19 million), centi - millionaires are individuals with more than $100 million (approx.R1,9 billion) in investable assets. The South African Revenue Services has initiated an Ultra High Net Worth Unit to specifically focus on wealthy individuals in South Africa.

Their definition of an UHWNI is someone with assets whose market value equals or exceeds R75 million according to the latest information on their website. Based on the report South Africa was, at the end of 2023, home to around 37 400 US dollar millionaires which includes 102 centi - millionaires and five billionaires. This is a 20 % decline from 2013. The report also shows that South Africa lost 11 UHWNI in the last year while thousands more millionaires have been lost in the last decade.

The loss of the super - wealthy could be through emigration or destruction of local wealth because of the poor performing economy, additionally because of the exchange rate movement. Recently there have been numerous discussions or proposals around implementing a wealth tax to increase tax collections from the wealthy but so far nothing has come to fruition, although in certain constituencies this idea has not died down.

The introduction of the National Health Insurance adds fuel to the fire as this would ultimately result in another form tax to fund the programme. Safety, security and worries about education and healthcare are key considerations for Ultra-High Net Worth Families. Formal emigration has increased of the last few years and the latest New World Health Report supports this fact. As a business we experience more and more clients coming to us to assist with their planning and actual implementation of their plans to either emigrate or externalize some of their wealth.

Whichever decision such individuals take - either to emigrate or externalize some or all their assets - they cannot do it on their own. The rules and or requirements to comply with SARS Regulations is too onerous and complex. In South Africa there are complex tax and exchange control rules to consider and when getting it wrong could be very costly. Additionally, linked to this are the rules and requirements to adhere to in the foreign jurisdiction that is to become their new home.

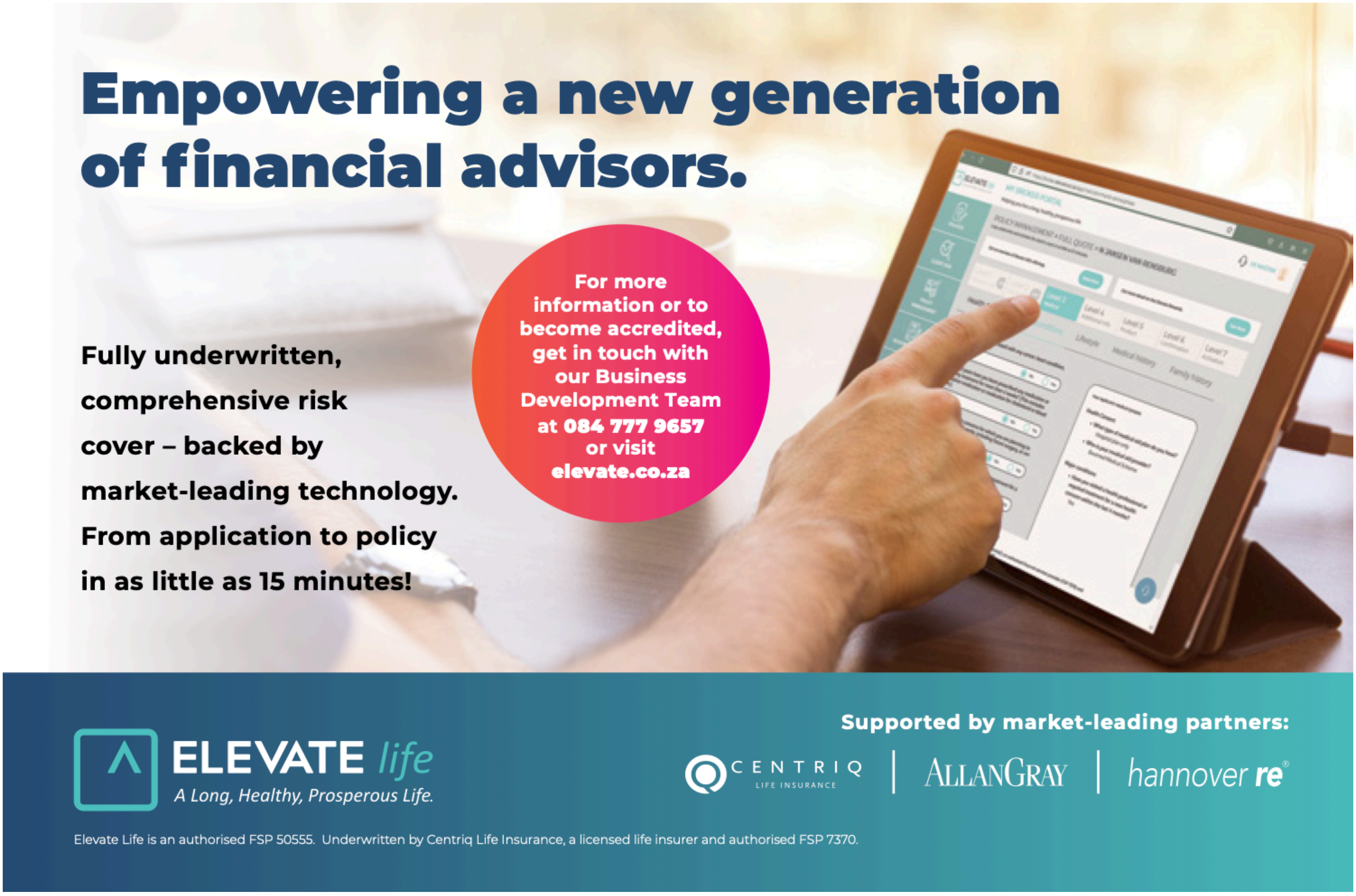
For example, we recently had a family who was not aware of all the exit tax charges applicable and when finally comprehending this, they had no liquidity to settle the outstanding tax and had to realize certain assets at a huge cost which they did not plan for.

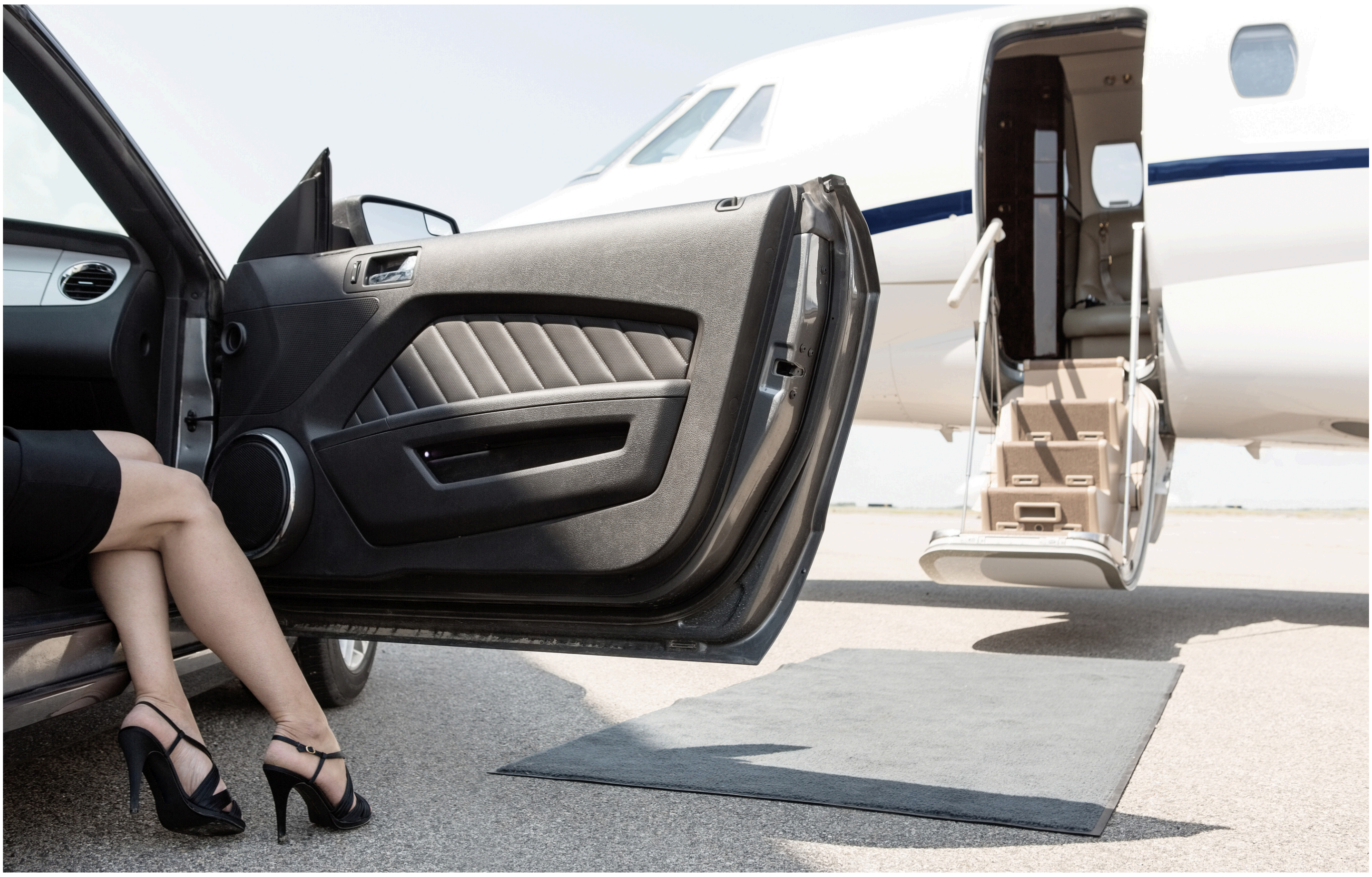
> "The current wave of UHWNI leaving South Africa, although not good for South Africa, provides an opportunity for advisors to add value to their clients and ensure they play a role in realizing their client's dreams. "

This is where the role of the advisors become critical be it investment advisors, tax advisors or emigration specialists who understand the environment of moving families to foreign countries. Advisors with international networks are even more important as this usually ensures a smooth process and gives assurance to the individual that all aspects are covered.

For UHWNI it will be worthwhile to engage with the various advisors well in advance in order for the advisors to work together in developing a robust strategy around timing, investment allocation and effective tax planning. Supporting this approach is where a family is currently planning to relocate to the UK and we, together with the investment advisors as well as the advisors in the foreign jurisdiction are drafting a strategy to ensure the assets that are being externalised do not fall within the UK estate net and the minimum exit tax charges applicable in South Africa are paid .

The current wave of UHWNI leaving South Africa, although not good for South Africa, provides an opportunity for advisors to add value to their clients and ensure they play a role in realising their client's dreams.





NAVIGATING SOUTH AFRICA'S EVOLVING HIGH-NET-WORTH INSURANCE LANDSCAPE

Christelle Colman, CEO and founder of Ami Underwriting Managers

The insurance market in South Africa is undergoing significant transformations, particularly in the segment catering to High-Net-Worth Individuals (HNWIs).

These shifts are prompted by a complex mix of economic, demographic, and societal factors, which demand a nuanced and strategic approach. Current trends indicate a considerable projected increase in the continent's millionaire population by 42% over the next decade, emphasising a dynamic growth in the wealth sector. There's an ongoing debate in our industry about whether the high-net-worth sector is shrinking or if we're just broadening our definition of wealth. Despite economic challenges, this sector remains robust, fuelled by a new wave of wealthy individuals who redefine what it means to be 'wealthy.'

When considering the industry's strategic adaptations, many insurance companies and UMA's have now established dedicated teams for HNWI coverage, recognising the unique needs and opportunities within this niche. This strategic focus is crucial as the global economic slowdown has influenced wealth management strategies worldwide, necessitating innovations and customised service offerings in the insurance industry. One prominent trend in the HNWI insurance landscape is the increasing demand for personalised insurance solutions that accommodate the distinctive lifestyles and asset collections of HNWIs. The growing complexity of global wealth movements, especially post-COVID, with an uptick in foreign investments in regions like Western and Southern Cape, further complicates the insurance needs, requiring sophisticated solutions that address cross-border asset protection and risk management.

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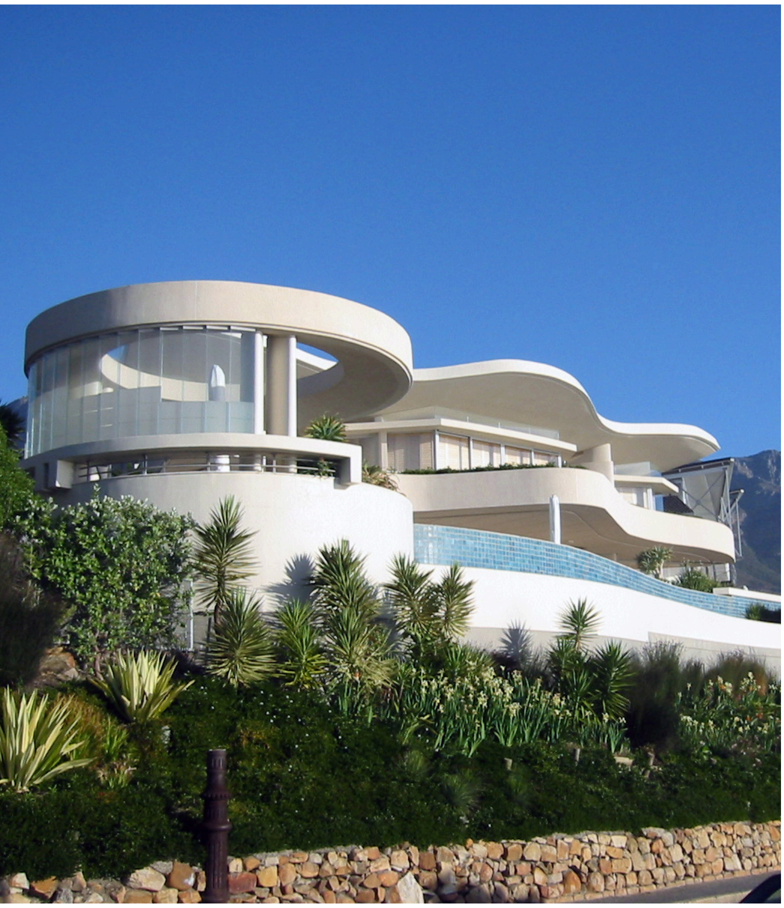

> The international allure of Cape Town's luxury real estate market is a prime example, drawing global investors to its high-value properties.

The international allure of Cape Town's luxury real estate market is a prime example, drawing global investors to its high-value properties. The role of specialist insurance brokers is crucial in navigating this market, ensuring investments are securely protected. These brokers provide tailored insurance solutions that reflect the true replacement value of luxury properties, safeguarding against the financial devastation of underinsurance. Moreover, with the growing demand for properties that feature sustainability and advanced technology, there is a heightened need for specialised insurance coverage that addresses these modern requirements. Specialist brokers are equipped to handle these new insurance considerations, from eco-friendly features to smart home technologies.

We have specific challenges in the South African market, such as load shedding, which presents risks to security systems, digital assets, and high-end appliances—common features in HNWI homes. The industry's response involves adapting their offerings to mitigate these risks, often revising their policies to cover damages from power fluctuations or failures in security systems. The evolving nature of the South African HNWI insurance sector is not diminishing, it is evolving.

This evolution is driven by shifting demographics, global movements of wealth, and new challenges like load shedding. Navigating this dynamic environment, specialist HNWI underwriters like Ami play a critical role in understanding these unique needs and crafting bespoke solutions.

This comprehensive approach underscores the continued resilience and vibrancy of the high-net-worth insurance sector in South Africa, poised for significant growth and innovation in response to changing global and local dynamics.

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WEALTH MANAGEMENT FOR THE HIGH-NET-WORTH SECTOR

Craig Sher, Head of R&D, Discovery Invest

Wealth management for high-net-worth individuals (HNWIs) involves a unique set of challenges and opportunities.

Challenges Faced by High-Net-Worth Individuals

While the amounts involved are significantly larger, HNWIs share common investment goals with the broader population: maximising returns, minimising taxes, and ensuring wealth is efficiently passed on to dependents. However, their investment needs and strategies can be more complex due to varying risk appetites, time horizons, and tax planning requirements. They often seek specialised investment structures and prefer their assets to generate returns in hard currencies.

Discovery Invest's Differentiated Approach

Discovery Invest distinguishes itself in the HNW sector by offering a diverse range of investment products and leveraging global partnerships. Sher explains that the Discovery platform prioritises providing the latest and most effective investment options from around the world. This includes traditional unit trust funds, offshore share portfolio funds, unique structured products, and discretionary fund management solutions. For larger clients, these offerings can be further personalised through Cogence in collaboration with BlackRock, the world's largest asset manager.

One innovative product is the USD Capital 200+, which guarantees a 100% return in US dollars if a share portfolio remains flat or increases by at least 0.01% over five years. Additionally, Discovery facilitates offshore money transfers below the prevailing exchange rate, enhancing clients' investment flexibility. We also introduced a Bitcoin Fund housed in a tax-efficient endowment wrapper, specifically designed for clients with high tax liabilities, demonstrating their commitment to providing cutting-edge solutions.

The Shared Value Model

A unique aspect of Discovery Invest's approach is its shared value model, which incentivises clients to adopt behaviors that lead to better long-term investment outcomes. Research indicates that optimal investment results are achieved by saving longer, saving more, and withdrawing less. These behaviors not only benefit clients by maximising their economic gains but also generate excess profits for Discovery, which are then used to reward clients for their prudent investment behaviors.

For HNWIs, the larger asset sizes mean they generate up to 7.5 times the value of an average client, enabling us to offer even more substantial benefits. This led to the creation of the Purple client offering, a suite of tailored products for HNW clients. Purple clients receive significant capital boosts to their investments, which they retain if they remain with Discovery, as well as discounts of up to 100% on administration fees and reduced asset management fees. Additionally, we enhance the service experience for these clients, ensuring a high level of personalised attention and support.

Preparing Advisers for Success

To thrive in the HNW sector, advisers need access to top-tier products and investment opportunities. Sher emphasises the importance of partnering with providers that offer market-leading propositions. While there is a temptation to offer highly personalised solutions, Sher warns that customisation for its own sake can be a mistake. Often, the best solution for a client might be the one that aligns with the provider's most robust and well-researched offerings, even if it is not entirely bespoke.

Managing wealth for HNWIs involves understanding their unique challenges and providing innovative, effective solutions. Discovery Invest, through its diverse product offerings, global partnerships, and unique shared value model, exemplifies how to successfully cater to this sophisticated market segment.

By focusing on both client benefits and company growth, we create a win-win situation that drives better outcomes for both the firm and its clients.

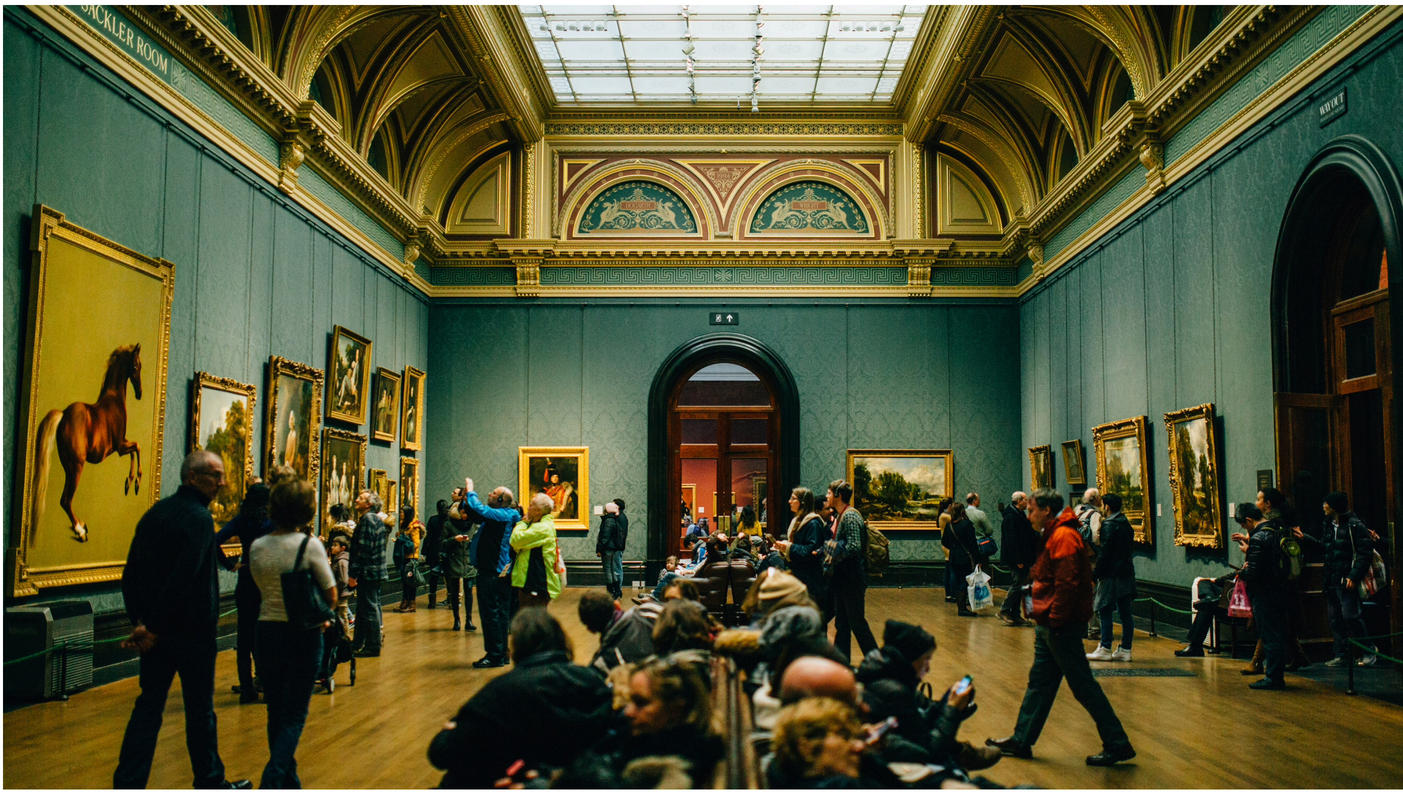
LUXURY INVESTMENT MARKET TRENDS
INSURING ART & COLLECTABLES

In a country grappling with soaring unemployment rates and an urgent need for small business development, initiatives fostering entrepreneurship and job creation are essential.

In the dynamic landscape of luxury investments such as art, jewellery, coins, designer apparel, classic cars and the like, staying abreast of market trends has never been more imperative. As the allure of these high-end assets continues to captivate discerning investors, the role of risk knowledge becomes increasingly pivotal in navigating this exclusive realm. Selecting the right luxury investment demands a nuanced understanding of evolving market dynamics, emerging sectors and potential risks. Equally significant is the strategic consideration of safeguarding and insuring these valuable assets, which can profoundly impact the trajectory of one's portfolio and its preservation.

According to the latest wealth report by Knight Frank1 on the luxury investment market, the following markets experienced growth in 2023 with record-breaking examples of high-end purchases:

- The value of art has increased by 11%, with Femme à la montre by Picasso selling for US$139.4m.
- Jewellery's value has grown by 8%, with the purchase of a Bleu Royal ring featuring a 17.61-carat vivid blue diamond for US$43.8m.
- The market for luxury watches rose by 5%, with a Patek Philippe Ref 2523J gold two-crown world-time wristwatch selling for US$8.5m.
- The value of coins increased by 4%, with a 1795 US$10 Capped Bust Gold Eagle 9 Leaves coin selling for US$2.7m.



According to Ann Cloete from insurance brokerage and risk advisors Aon South Africa, insuring high-value investment pieces such as art and collectables goes beyond conventional coverage. The realm of insurance for collectables is highly specialised, offering customised coverage tailored to the unique nature of investment pieces. In most cases, prestige collections are unique and cannot be replaced, which lends itself to a different set of criteria when it comes to assessing the insurable value of these items. The value of a collectable item is determined by among other things the provenance and history of ownership, condition of the object, the value of pairs and sets, trends in the market, the size of the collection and the name of the artist.

"Given the complexity around correctly scoped insurance covers for these appreciating assets - art, antiques and collectables are insured on an agreed value. It is necessary to enlist the proficiency of an expert in the field to assess the value of the collectable items in order to determine the necessary sum insured. This ensures accurate evaluation and effective management of both the value of the art and any associated claims," Ann explains. Safeguarding against loss or damage of these priceless assets starts with being better informed about the risks that a collector is faced with.

"In the unfortunate event of damage, owners may choose to have the piece repaired, but it's crucial to understand the resulting loss of value. Similarly, the theft of a collectable item, often perpetrated by professional syndicates, makes it imperative to have a solid insurance plan. In case of theft, the stolen item will be listed on theft registers to hinder resale. Owners should also verify if their items are insured for a defective title, protecting against scenarios where stolen items are purchased by an unsuspecting buyer, potentially leaving the owner with a considerable loss," she adds. "Working with a specialist insurer and broker with expertise in managing the complexities of value, loss and repair is absolutely essential to protect the value of your luxury investment," Ann concludes.

Ann Cloete from insurance brokerage and risk advisors Aon South Africa

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Tailoring Wealth Management for High-Net-Worth Individuals

Wealth management is progressive and high net worth individuals (HNWIs) require a specialised approach tailored to their unique needs and aspirations.

As the financial environment continues to change, it is essential for wealth management firms to offer personalised investment strategies that align with their clients' long-term goals and risk tolerance. Professional Provident Society (PPS), has long recognised the importance of a tailored approach when working with HNWIs. The company's ethos of mutuality, which places the client's best interests at the heart of every decision, has been a driving force behind its success in the HNWI sector.

A Personalised Approach

We understand that each client's financial journey is distinct. Our team of seasoned professionals takes the time to meticulously understand the intricate details of a client's financial portfolio, risk tolerance, and long-term goals. This holistic approach allows us to craft tailored strategies that align seamlessly with the client's vision, whether it's preserving generational wealth, funding philanthropic endeavours, or planning for a comfortable retirement. One of the key benefits of PPS Wealth's specialised approach is its commitment to transparency and personalised communication. Clients are kept informed every step of the way, with regular updates and open dialogues fostering a deep sense of trust and collaboration.

This level of engagement ensures that clients feel heard, understood, and confident in the decisions being made on their behalf. Moreover, our strategies are designed to deliver consistent, long-term growth by leveraging a diverse range of asset classes and market-leading research. By carefully balancing risk and return, the company's portfolio managers work tirelessly to safeguard and grow clients' wealth, positioning them for financial success in the years to come. Our clients entrust us with their most valuable asset – their wealth. We take that responsibility seriously, constantly exploring new opportunities and strategies to ensure their financial security and prosperity.

The Ethos of Mutuality

PPS Wealth's approach is deeply rooted in the ethos of mutuality, which is especially beneficial for high net worth individuals (HNWIs). Unlike traditional financial services firms, PPS operates without shareholders, allowing the firm to focus solely on the best interests of its members. This unique model shapes every facet of the organisation, driving a commitment to shared success and collective well-being. By eliminating conflicts of interest and aligning the company's success with that of its clients, PPS Wealth nurtures a symbiotic relationship built on trust, transparency, and shared success, providing HNWIs with the personalised attention and ethical management they require.

Long-Term Benefits of Mutuality

Membership in a mutual is particularly advantageous for high net worth individuals (HNWIs) as it promotes accountability and transparency. Board members are elected by members, ensuring that decisions are always made in the best interests of the members. This structure not only builds trust but also facilitates significant wealth growth, as members share in the business returns, leading to substantial long-term benefits. In recent years, we have produced over 10,000 "Profit-Share Millionaires"—members who have received over R1 million in allocations to their notional PPS Profit-Share Accounts™. Additionally, tens of thousands more members have significant balances in these accounts, significantly enhancing their retirement savings and financial security.

Mutuality in Action

From a risk management perspective, PPS believes that high net worth individuals (HNWIs) among graduate professionals form an excellent risk pool, given the professional ethics and inherent risk management skills intrinsic to many professions. This benign risk pool, combined with the sense of ownership that comes with membership, results in PPS having lower-than-industry lapse rates. A prime example of the distinctiveness of mutuality is PPS Health Professions Indemnity, a business developed in response to medical members' calls for a sustainable solution to practitioners' liability needs in an increasingly litigious environment.

Mutuality benefits all stakeholders within the ecosystem, particularly HNWIs. For instance, intermediaries benefit from accessing the PPS academy for training programs designed to enhance their skills and empower them to perform better. In 2023, PPS paid R6.12 billion in gross benefits, covering members in various ways, from sickness benefits to short-term insurance claims. PPS processed 15,931 claims, averaging 64 claims per day, with an average of R16 million paid out per working day. Specifically, PPS paid R849.1 million in permanent incapacity claims, showcasing its robust support system and commitment to member well-being.

The Future of Wealth Management

As the wealth management landscape changes, PPS Wealth is poised to capitalise on the remarkable growth projected for high-net-worth individuals (HNWIs) in Africa's wealthiest countries, including South Africa. According to a recent industry report, HNWIs in these regions are expected to increase by an average of 65% over the next decade, driven by rising economic prosperity, increased investment, and Africa's growing prominence as a global economic force. Recognising this trend, PPS Wealth has positioned itself as a trusted partner for affluent clients, offering a comprehensive suite of tailored solutions to help them navigate the complexities of wealth management.

With a deep understanding of the unique needs and aspirations of HNWIs, PPS Wealth's team of seasoned professionals delivers personalised strategies that unlock the full potential of their clients' assets, secure their financial legacies, and pave the way for a future filled with endless possibilities. As the wealth management outlook continues to evolve, PPS Wealth remains at the forefront, leveraging its expertise and innovative approach to empower HNWIs across South Africa to achieve their most ambitious financial goals.

By prioritising clients' needs and aligning their interests with those of the company, PPS Wealth not only safeguards wealth but also promotes a community of shared success.

This long-term, sustainability-aligned way of thinking sets mutuals apart, embodying the principle that success is better shared.

Linda Sherlock, Executive Head: Wealth Advisory at PPS.


It's greater than a qualification.
It's number-crunching that creates accountability, sustains businesses, safeguards jobs and keeps our collective bottom line above board.
In 2023, PPS paid R530 million in claims to the financial sector.
Read about mutuality for the greater good in the 2023 Financial Results Highlights.
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SINCE 1941
Life Insurance | Investments | Financial Planning | Short-Term Insurance | Medical Aid
Success is better, shared.
PPS is a licensed life insurer, controlling company and authorised FSP.