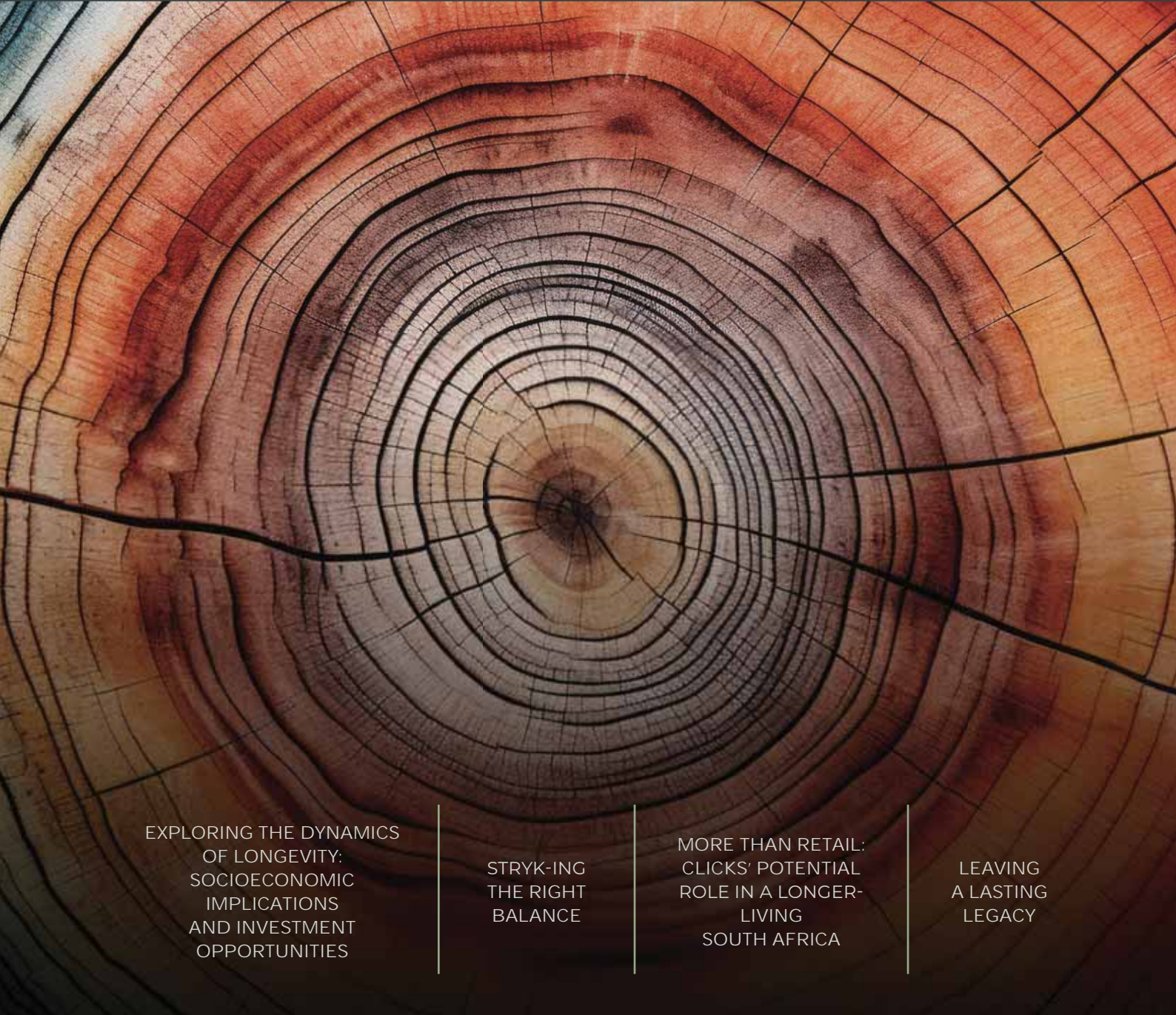


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EXPLORING THE DYNAMICS  
OF LONGEVITY:  
SOCIOECONOMIC  
IMPLICATIONS  
AND INVESTMENT  
OPPORTUNITIES

STRYK-ING  
THE RIGHT  
BALANCE

MORE THAN RETAIL:  
CLICKS' POTENTIAL  
ROLE IN A LONGER-  
LIVING  
SOUTH AFRICA

LEAVING  
A LASTING  
LEGACY

Private Clients

by  Old Mutual Wealth

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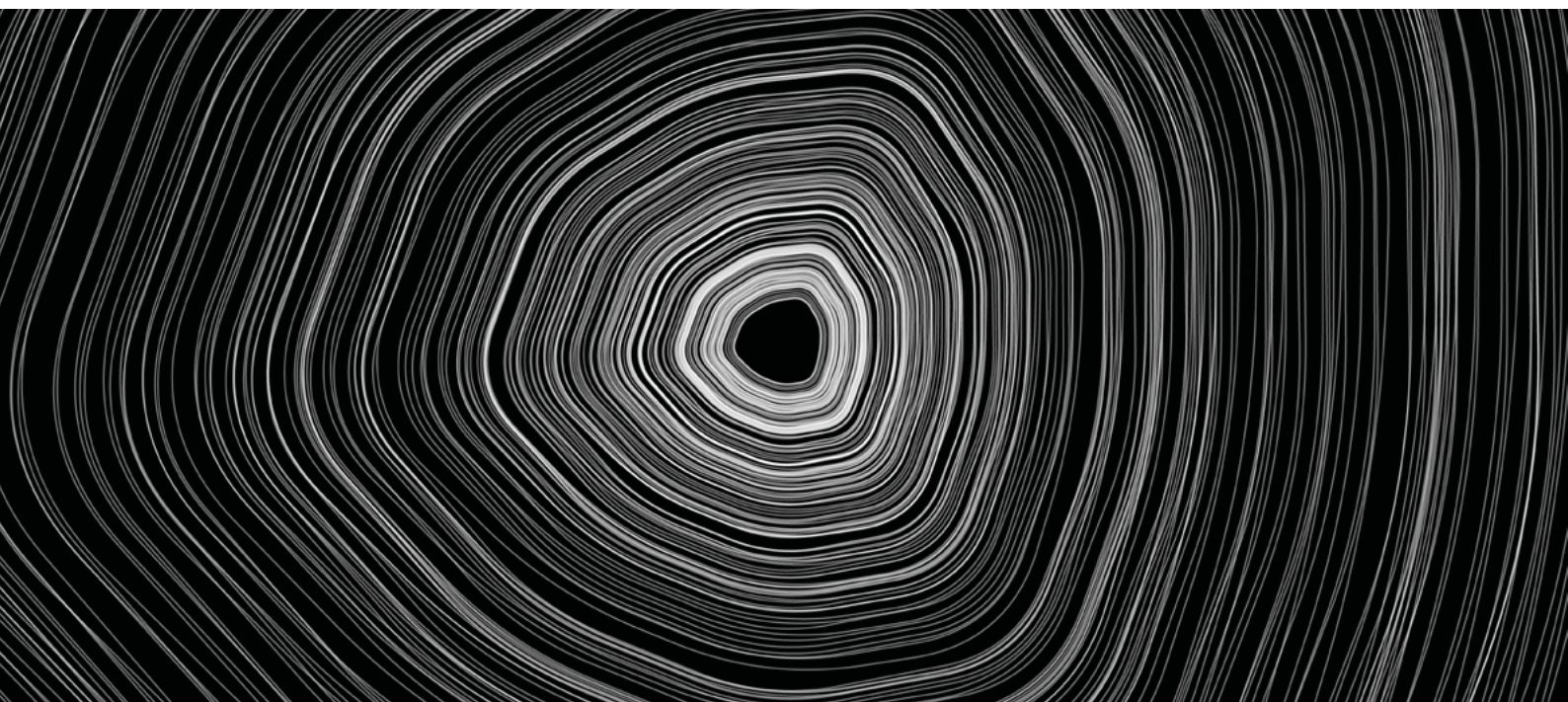
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# Exploring the Dynamics of Longevity: Socioeconomic Implications and Investment Opportunities

ANDREW DITTBERNER, CHIEF INVESTMENT OFFICER AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



**T**he age-old debate on whether ageing is a disease or a natural process has deep historical roots. One perspective argues that because ageing leads to frailty, disability and death, it should be viewed as an incurable disease. Conversely, the opposing view contends that diseases are abnormal, while ageing is universal, making it a natural process rather than a disease. But regardless of stance, there is a shared acknowledgment that the ageing process has slowed, contributing to longer and healthier lifespans. This phenomenon has given rise to the longevity economy, bringing forth socioeconomic implications and creating new investment opportunities.

“Sans teeth, sans eyes, sans taste, sans everything” is how Shakespeare in his play, *As You Like It*, described the loss of physical attributes associated with ageing. Yet, in today’s context, old age is no longer synonymous with ill health and mental decline. Instead, it signifies economic and social possibilities of an older, healthier population.

## GLOBAL LIFE EXPECTANCY ON THE RISE

There is a wide disparity between life expectancy across developed and developing nations. With data going back to the early 1800s, Gapminder.org illustrates that despite the gap, both sets of nations follow the same trend of growing life expectancy. While

little progress was made in the 1800s, life expectancy has been increasing steadily since the end of the 19th century, with the exception of a few anomalies along the way.

The early 20th century witnessed significant health innovations. Breakthroughs in germ theory and antibiotics, widespread vaccination, as well as major advances in sanitation, led to a decline in many long-leading causes of death. These advances significantly reduced infant and child mortality rates, while more recent medical advances have increased life expectancy in the older population due to improving treatment of diseases such as heart disease, cancer and diabetes.

Today, global life expectancy exceeds 70 years, with developed countries boasting over 80 years compared to around 74 years in developing countries. In South Africa, life expectancy has increased from just over 37 years in 1924 to around 66 years in 2024. This is expected to increase to just under 71 years by 2050. Although the gap between developed and developing nations persists, efforts to improve living standards within developing countries (by addressing healthcare, education and employment opportunities) is narrowing the divide.

### THE BIRTH OF THE LONGEVITY ECONOMY

We are at a turning point in global demographics. Historically, a growing younger population drove overall population expansion. In 1950, the global population was 2.5 billion, a number that has now surpassed eight billion and is expected to exceed 10 billion by the end of the century.

The growth in the global population to date has been fuelled by declining

child mortality rates and increasing annual birth rates. However, a shift is underway as, according to Our World in Data, fewer births are expected by the end of this century. Consequently, an ageing population, rather than a growing younger one, will be the key driver of global population growth.

Two factors contribute to these demographic shifts. Firstly, the baby boomer generation is reaching retirement in fairly good health; and secondly, fertility rates are declining globally. The conventional view is that an ageing population harms the economy. However, we strongly challenge this notion, as societal changes are transforming an ageing population into more of an economic and a social asset than ever before.

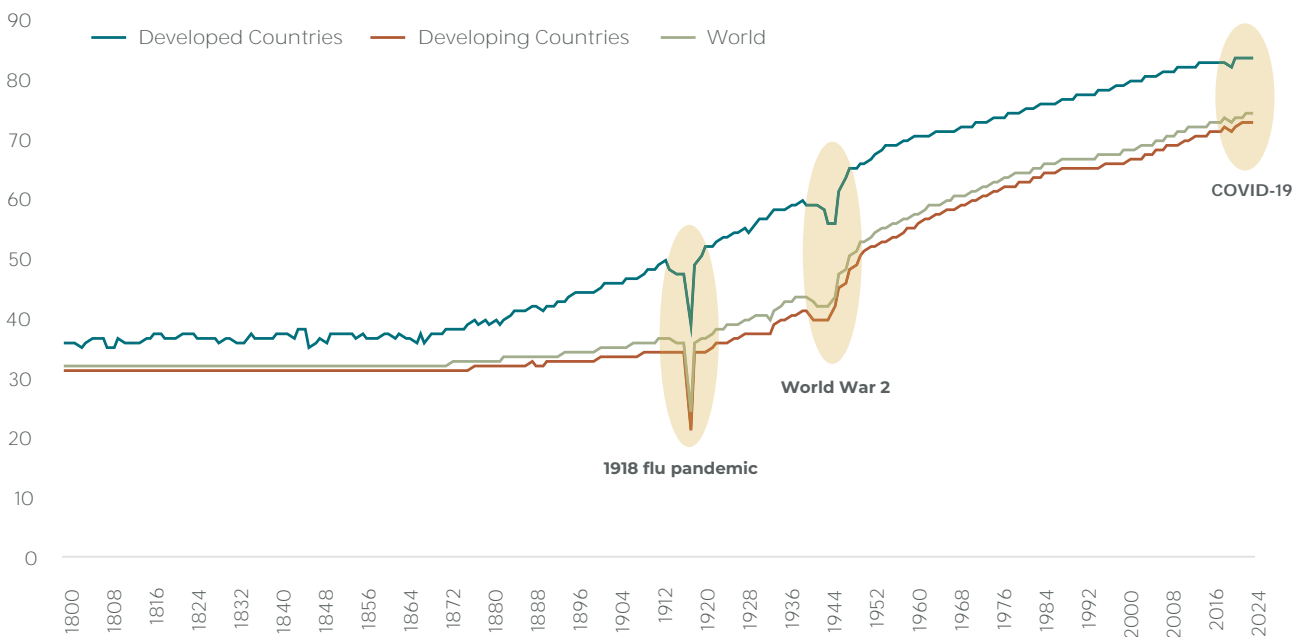
The American Association of Retired Persons' (AARP) Global Longevity Outlook Report states that people aged 50 and older are currently playing a larger role in economic activity than ever before. In 2020, this demographic contributed US\$45 trillion (or 34%) to global GDP.

By 2050, this contribution is expected to more than double, reaching US\$118 trillion (or 39%) of global GDP. Over the next 30 years, the over-50 age group's contribution to GDP is expected to rise across virtually every economy, regardless of economic development or demographic structure.

Furthermore, their spending on goods and services currently supports over one billion of the world's jobs today, generating US\$23 trillion in labour income. By 2050, this is expected to increase to 1.5 billion jobs (38% of global jobs), generating US\$53 trillion in labour income.

Finally, given that wealthier nations tend to be older while poorer nations have younger populations, it is unsurprising that nearly one-third of the contribution to GDP by the 50-plus population is driven by cross-border spend. Therefore, as the world becomes older and more connected, one can expect a sustained rise in this demographic's contribution to total GDP over time.

Graph 1: Global Life Expectancy 1800 – 2024



Source: Gapminder.org

## SHAPING THE FUTURE OF THE GLOBAL LONGEVITY ECONOMY

Some pessimists view the longevity economy as a ticking “silver time bomb”, anticipating labour shortages, economic stagnation, huge fiscal strains, asset market meltdowns and a lack of innovation. According to the International Monetary Fund, the fiscal cost of ageing in developed countries is rising rapidly, with pension and healthcare costs expected to reach 25% of GDP, if nothing is done to change the status quo.

Continuing to provide generous pensions to people for 30 years or more given that they contributed to such schemes for a similar amount of time is clearly unsustainable and poses a burden on society. However, a different perspective suggests that an ageing population, comprising of healthier and more active economic participants, could benefit society rather than hinder it.

Today, 65-year-olds are in much better health than their grandparents

were at the same age. Yet, the global retirement age has barely changed in the past century. France recently took steps to gradually increase in the retirement age from 62 to 64 over the next six years. Although this was met with resistance, the move is regarded as crucial in protecting the country’s pension system and acknowledging that a large portion of the older population can remain economically active well beyond the existing system’s constraints.

With the majority of baby boomers now past the traditional retirement age of 65, institutions and markets must adapt to accommodate longer, more productive lives. Labour markets and social support systems still view 65 as the retirement threshold, overlooking the emergence of a new life stage between assumed retirement age and actual inability to work productively. The outdated idea of a three-stage life (school, work, retire) needs to change to cater for the new concept of a multi-stage life involving continuous learning and active economic participation beyond current assumptions.

## THE OPPORTUNITIES PRESENTED BY THE LONGEVITY ECONOMY

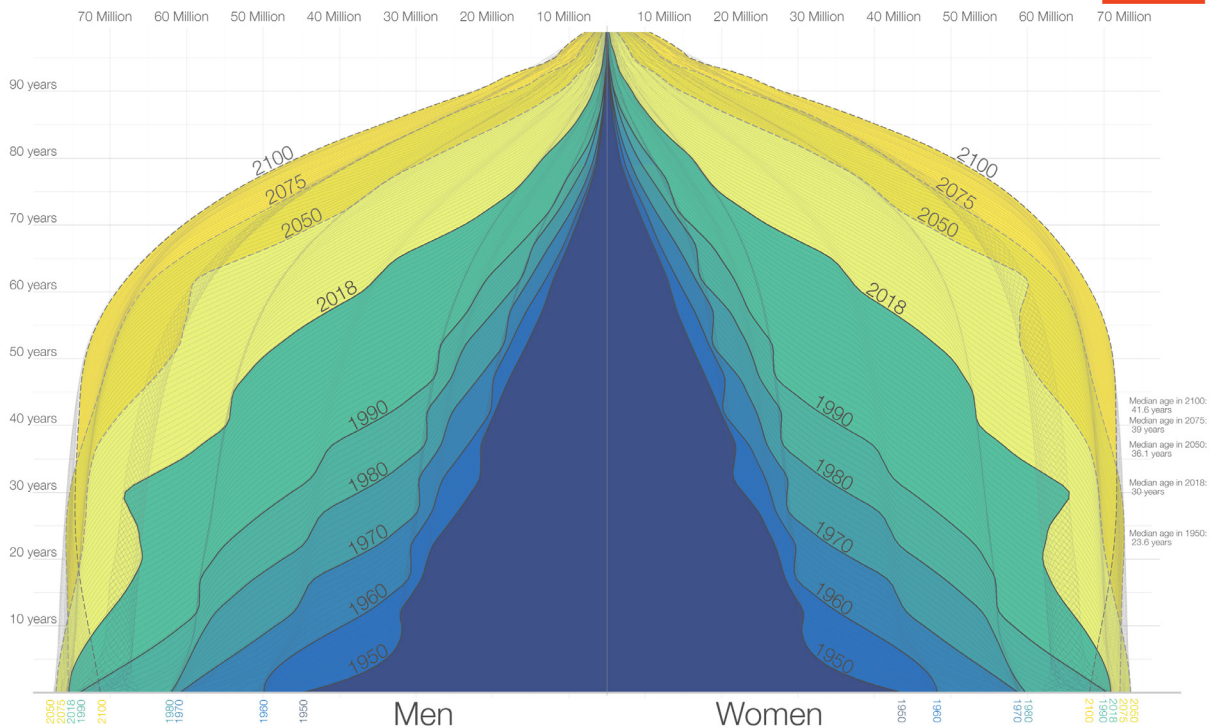
Population and productivity are the main catalysts for economic growth. Given that the longevity economy aligns with both factors, it presents an exciting opportunity for investors, provided that life trajectories and assumptions around ageing are re-evaluated. Successfully navigating this paradigm shift holds benefits for the wider economy and offers investment opportunities.

In the financial sector, bridging the gap between targeted and actual retirement income (i.e. savings) is crucial. While labour reforms can help older generations become net contributors to the economy for a longer period, financial reforms can boost savings rates. Auto-enrolment pension schemes, such as the one implemented in the UK in 2012, is an example. And importantly, individuals should prioritise financial planning.

Companies will need to offer diverse employment opportunities across

### The Demography of the World Population from 1950 to 2100

Shown is the age distribution of the world population – by sex – from 1950 to 2018 and the UN Population Division’s projection until 2100.



Data source: United Nations Population Division – World Population Prospects 2017; Medium Variant. The data visualization is available at [OurWorldinData.org](https://ourworldindata.org), where you find more research on how the world is changing and why.

Licensed under CC-BY by the author Max Roser.

all life stages to remain competitive and sustainable in the long term. An older workforce will increasingly play a vital role, and employers will need to consider how they can support health and longevity as a strategy for maintaining and growing a productive workforce. Upskilling, reskilling and lifelong learning programmes will all be key.

As an example, BMW's management team became increasingly concerned about sustaining a productive ageing workforce. The company launched a pilot programme that included roughly 70 changes to employees' work environments, such as large-handed gripping tools, wooden flooring, barbershop chairs, orthopaedic footwear, and job rotations throughout the day. Within a few years, BMW witnessed a 7% improvement in productivity and a 2% decline in absenteeism. Other companies, including Humana, Microsoft and Marriott International, have also adopted workforce policies to accommodate ageing employees.

Beyond the required policy shifts, investors need to consider how consumption patterns will change, and then identify the sectors and companies that will contribute to and benefit from the longevity economy.

Healthcare companies focused on the prevention of ageing, as well as those treating and curing age-related diseases, stand to benefit over the long term, given that older populations prioritise spending on essential services such as healthcare. Consumption patterns among the elderly differ significantly from younger generations. Home maintenance costs are likely to be higher for older populations, as homeowners focus on maintaining and improving the homes they own, while younger generations are more likely to rent or focus on paying off their bonds. Discretionary spending, on the other hand, is likely to be lower for older populations who tend to prioritise necessities over luxuries. However, older consumers

may be more willing to spend on premium products, a trend that could potentially boost premiumisation as populations age.

Lastly, while younger consumers spend more on the latest tech gadgets and subscription services such as streaming, evidence suggests that older people are increasingly spending more time in front of screens, whether it be smartphones or televisions.

It is clear that many companies and sectors stand to benefit from the longevity economy. Successfully navigating this theme requires discernible investors to identify early shifts in consumer patterns to secure the desired investment exposure.

## OUR EXPOSURE TO THE LONGEVITY ECONOMY

Within their segregated portfolios, our clients have investment exposure to various companies that benefit from the longevity theme. Notably, our local Core Equity Portfolio's exposure is more muted compared to our Global Equity Portfolio, primarily due to South Africa's relatively young population. Therefore, from a thematic perspective, longevity is not expected to be a significant tailwind for the local market for some time to come. Despite this, awareness of longevity is high among South Africans, with a widespread desire to remain healthy at a younger

age. Clicks exemplifies a business poised to benefit as more people purchase supplements for health. Another example is Remgro through its ownership of Mediclinic, the previously listed hospital group, which has operations in South Africa, the Middle East and Europe – regions where the longevity theme is more prevalent than at home. Other companies exposed to ageing populations include Stor-Age, which meets the demand for storage facilities as people downsize to smaller homes, and Sanlam, given the need for increased life insurance as people age.

Our Global Equity Portfolio invests in various businesses that will directly benefit from ageing populations. Stryker, a multinational medical technology company, aligns with the longevity theme by supplying doctors and hospitals with equipment and products for treating and curing ageing patients. Danaher – with its biotechnology, diagnostics and life sciences businesses – caters to the desire for prolonged health. Athleisure businesses like Nike can also expect to see continued demand from both young and older consumers seeking to remain active.

While not an exhaustive list, these examples highlight the extent of our portfolios' exposure to the longevity economy.

## A COMPELLING THEMATIC OPPORTUNITY

At Private Clients, we continuously seek long-term trends that have the potential to deliver excellent investment results to our clients. Global demographics are changing rapidly, with populations ageing daily. Whether perceived as a natural process or a disease, substantial investments are being directed towards research and development to slow the ageing process, improve health in later life stages, and consequently increase global life expectancy.

While we are in the early stages of embracing the silver economy, we expect this trend to gather momentum, especially with advancing technology. Transitioning from a three-stage life to a multi-stage life will drive demand for many products, whether they are recipients of the longevity economy or help create it. We are therefore confident that the longevity economy presents a compelling thematic opportunity that, if approached correctly, can serve as a tailwind for the global economy and present an attractive opportunity for investors.

# Stryk-ing the Right Balance

SAMEER SINGH, RESEARCH ANALYST AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



**R**ising healthcare spending is a well-entrenched, multi-decade theme that carries significant economic implications. As such, we view the US\$13 trillion global healthcare market as an attractive hunting ground for investment opportunities. One notable opportunity is Stryker, a US-listed multinational medical technology company. With a strong

focus on innovation and a diversified portfolio of established products and cutting-edge technologies, Stryker is well positioned to capitalise on the growth in healthcare spending and adapt to emerging dynamics, such as the longevity economy.

## ROOTED IN ORTHOPAEDICS AND INNOVATION

Stryker's inception dates back to 1941 when Dr Homer Stryker, the company's

founder, invented the turning frame and walking heel while completing a degree in orthopaedic surgery at the University of Michigan. Since then, two things have remained constant: orthopaedics remain a cornerstone of Stryker's product portfolio, and a commitment to innovation is embedded in the company's DNA.

With a market capitalisation of US\$134 billion and annual sales above US\$20 billion, Stryker is one of the

world's largest stand-alone medical device manufacturers. Its portfolio spans two broad segments: MedSurg & Neurotechnology, and Orthopaedics & Spine. Each segment comprises a diverse mix of medical consumables, implants, capital equipment and cutting-edge technology-enabled devices.

Over time, Stryker has built an impressive product portfolio through a blend of internal development and various acquisitions. This diverse product range not only provides them with exposure to high-growth markets, but also reduces risk by avoiding over-reliance on any single product or segment. Furthermore, Stryker actively invests around 8% of its annual sales in research and development, demonstrating a commitment to ongoing innovation and the introduction of new products.

### SOLID METRICS

Stryker has consistently demonstrated its ability to produce above-market revenue growth, and has boldly incorporated this target into its medium-term operational guidance. The company's success is underpinned by a strategic focus on the most lucrative segments within its expertise. This, combined with a loyal customer base and a commitment to constant innovation aimed at facilitating upgrades, and acquisitions, forms the foundation of Stryker's competitive advantage.

We regard Stryker's portfolio as both diversified and focused. Diversification is achieved through a mix of 10 sub-segments, each showcasing the company's dominance through strong market shares.

Typically, medical device markets are expected to grow in line with long-term inflation, which is around 4% - 5%. Stryker has comfortably surpassed this, maintaining a 9% growth rate over the long term. While management

attribute this to an innovative mindset and superior products, we would add astute capital allocation as a key contributing factor.

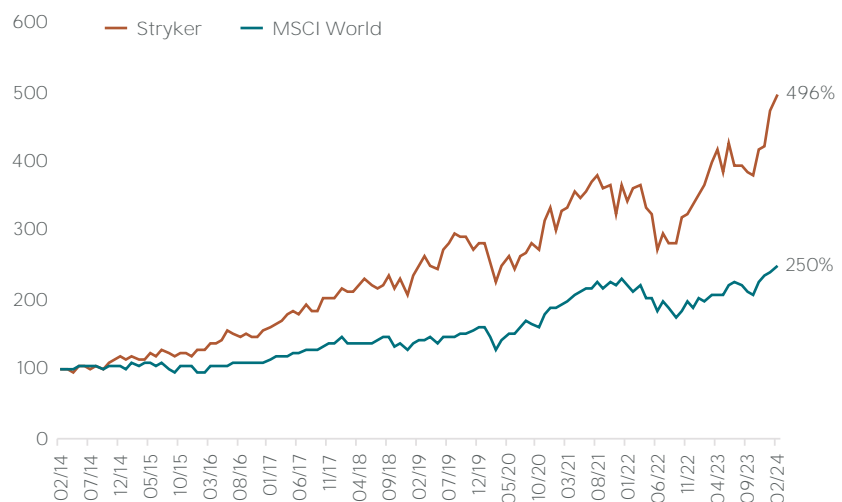
### STRATEGIC GROWTH THROUGH SYNERGISTIC ACQUISITIONS

Stryker has a proven history of successfully acquiring, integrating and commercialising innovative technologies and companies with complementary and accretive growth profiles. Over the last decade, the company concluded 50 acquisitions that have helped it more than double

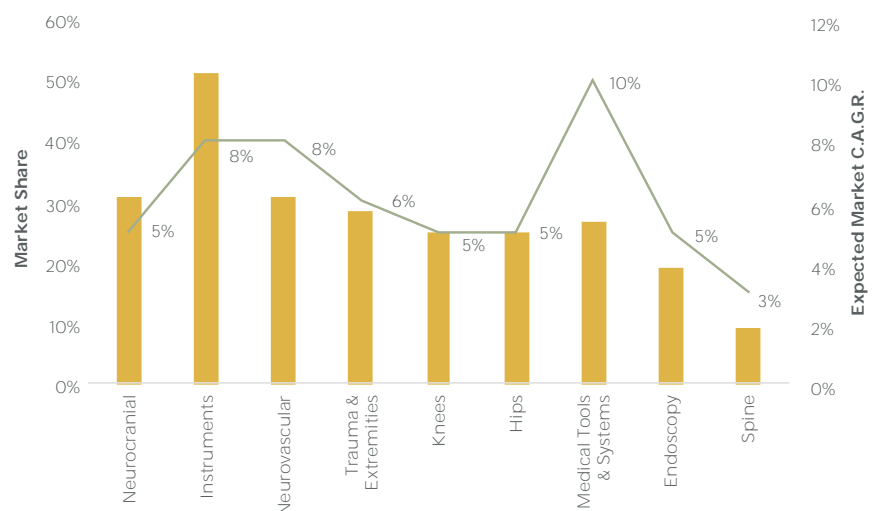
sales and boost annual revenue growth from 4% to 10%.

A recent success story is the 2022 acquisition of Vocera, a clinical communications and workflow software platform. Vocera's hands-free communication device enhances connectivity among frontline healthcare workers, enabling them to communicate completely hands-free without compromising patient care or safety. The small, lightweight device integrates with multiple clinical and operational systems, making it easy for users to communicate and

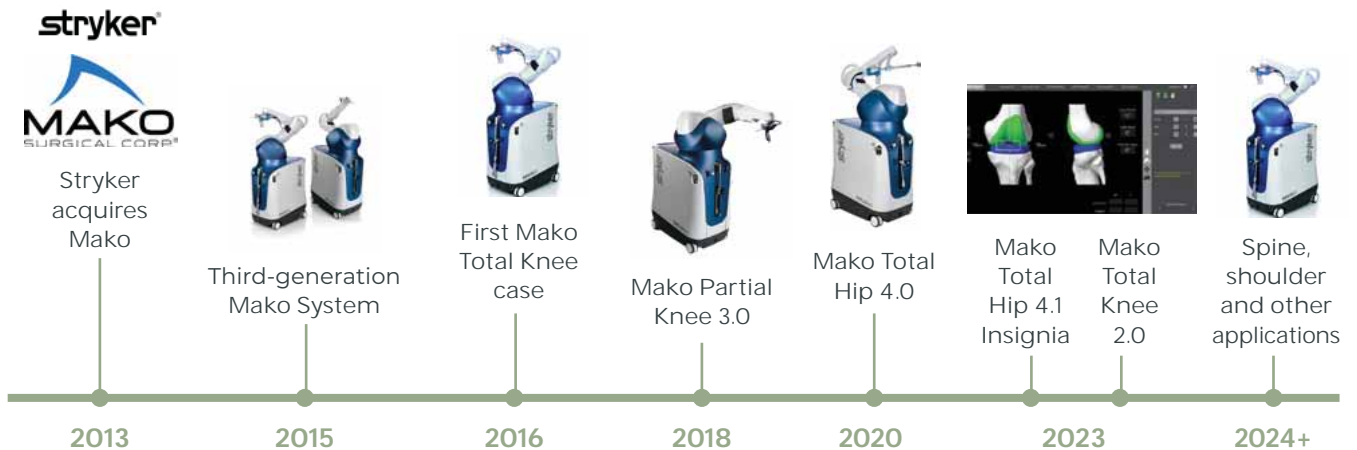
Graph 1: Stryker's long-term return vs the MSCI World Index



Graph 2: Stryker's market shares and expected market growth



## Mako SmartRobotics™



collaborate with colleagues. Hands-free communication has helped protect and connect hospital workers around the world. It enables those in isolated environments to stay connected, ask for help, request supplies, and access information without having to leave a patient's bedside or remove personal protective equipment (PPE).

In just under two years, Vocera has been seamlessly integrated into other Stryker products, creating strong cross-selling opportunities. This demonstrates how the company's acquisitions go beyond inorganic growth, driving demand for the existing portfolio. Together with a pipeline of new product launches spanning almost all sub-segments, we believe Stryker's outperformance and dominance within its product categories are set to continue.

## SMART ROBOTICS – THE FUTURE OF SURGERY

Easily the most exciting area of Stryker's portfolio is its robotic arm assisted surgery (RAS) system, Mako. We view Mako as a platform as opposed to a system, which serves as a foundation for growth for many of Stryker's other products and services.

RAS platforms like Mako are viewed as the future of surgeries, and for good reason. Mako integrates preoperative planning tools for accurate implant

positioning, intraoperative guidance during surgery, and data analytics to track and improve patient outcomes. Being technology-enabled, robot-assisted surgeries offer increased precision and accuracy leading to minimally invasive treatments, reduced surgical site infections, faster patient recovery times, and improved long-term implant performance.

For hospitals and surgeons, integrating Mako with Stryker's existing portfolio of orthopaedic implants and instruments creates a comprehensive solution for joint replacement surgeries. The most

recent statistics showed that 29% and 57% of all Stryker's hip and knee implants were performed using the Mako platform. But Mako is quickly growing beyond knees and hips. Representing a first in the market, Mako will introduce applications for shoulder and spine surgeries. Again, using a platform approach, these new applications will incorporate other Stryker products including the Blueprint pre-operative planning solution, Q Guidance surgical guidance platform and Spine Guidance software. In this way, Mako is key to Stryker's growth ambitions.

## LONGEVITY AS A CATALYST

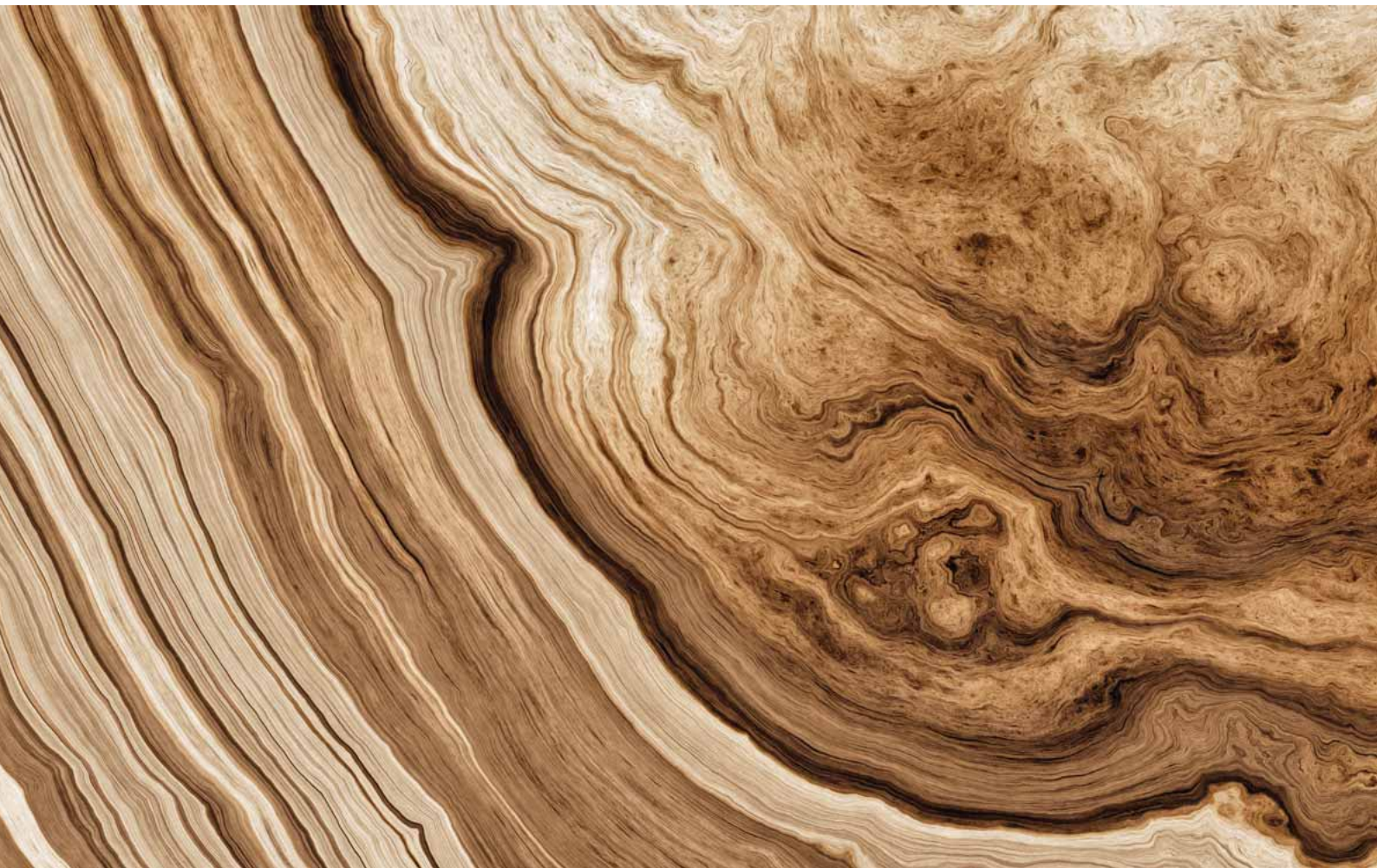
In an era of ageing demographics and increased healthcare demand, longevity becomes a positive catalyst for Stryker. With people living longer and embracing active lifestyles, the demand for joint replacements rises, and Stryker's robotic-assisted portfolio is well positioned to capitalise on this.

While it will take some time for these trends to fully play out, current market demand and penetration rates offer significant upside for Mako. According to Stryker data, over 1 500 Mako platforms have been installed across 35 countries. Considering that the US alone maintains around 6 000 institutions that could acquire a Mako (and potentially more than one), there is significant runway for growth and further market penetration.

We view Stryker as a future-fit company that strikes the right balance between a passion for innovation and an unwavering focus on improving patient outcomes. These attributes not only ensure the company's relevance amid rapid technological and societal change, but also positions Stryker as an attractive long-term investment.

# More than Retail: Clicks' Potential Role in a Longer-Living South Africa

BIANCA LAKHA, JUNIOR ANALYST AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



**T**he global pursuit of longevity paints a picture of silver-haired populations and anti-ageing serums. However, this narrative overlooks the nuances of different healthcare markets, particularly those in developing countries like South Africa. While other developing countries contend with the challenges associated with ageing populations, South Africa stands out with its vibrant, youthful demographic.

With a median age of just 27.6 years, South Africa's youthful demographic is shaped by several factors, including increasing fertility and improving child mortality rates. This young population is diverse, with a growing middle class and a noticeable trend towards urbanisation. While life expectancy is rising (currently around 66 years), it remains significantly lower than that of developed and many other developing countries.

Given South Africa's unique demographic profile, the pursuit of extreme longevity

may not be the primary concern for the majority, particularly among younger generations. This raises the pertinent question: in a nation focused on the future, how does a healthcare giant like Clicks fit into the nuanced demographic landscape?

## ABOUT CLICKS

As South Africa's leading health, beauty and wellness retailer, Clicks understands the nuances of the local landscape. Beyond simply catering to longevity aspirations, the company has built a

brand that resonates with every stage of life. Operating through two segments – retail and pharmacy – Clicks caters to a diverse range of healthcare needs.

The pharmacy segment is committed to addressing immediate healthcare requirements across all age groups, encompassing everything from childhood vaccinations to adult prescriptions and self-medication. Importantly, Clicks does not limit itself to dispensing medication. Their product range spans beauty, personal care, baby essentials, and even homeware, addressing the holistic well-being needs of individuals and families.

### OUR INVESTMENT CASE

Our investment case for Clicks lies in the company's recognition of South Africa's unique demographic reality. By focusing on accessibility and affordability, and catering to all stages of life, Clicks has positioned itself as a partner in the collective journey of a young and growing nation.

The company's business model leverages several key strengths:

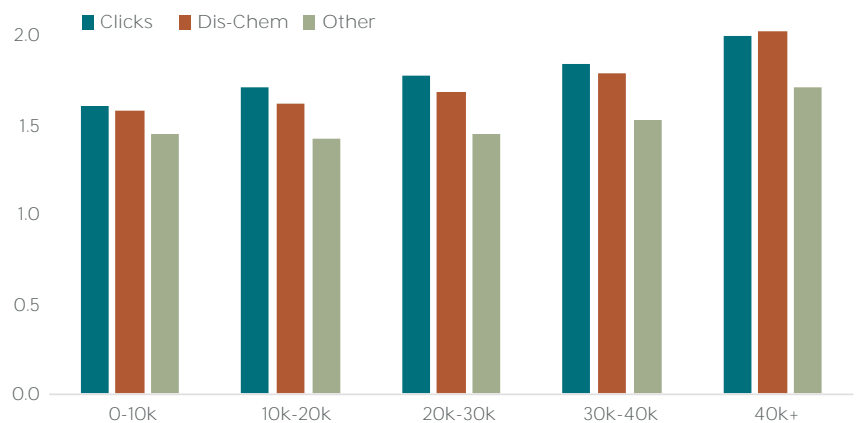
- **A diverse target market:** While the group strategically targets consumers in the growing middle- to upper-income group, it has a growing presence in the lower income areas where 26% of stores are currently located. Graph 1 shows that consumers in the middle- to upper-income group tend to shop at Clicks more than other pharmacies.
- **Loyalty programme:** With over 10 million members, Clicks ClubCard is one of the country's largest loyalty programmes, surpassing the 7.8 million Dis-Chem benefit card holders. This platform offers avenues for personalised healthcare solutions and consumer engagement.

- **Private label range:** Clicks sets itself apart by providing a wide range of private label and exclusive brands. This enables the company to offer affordable products, making essential healthcare and everyday items accessible to a wider demographic, particularly the price-conscious younger generation. In the latest financial year, the group's private label range contributed 25% to sales, which is well ahead of peers such as Shoprite.

### SOLID METRICS

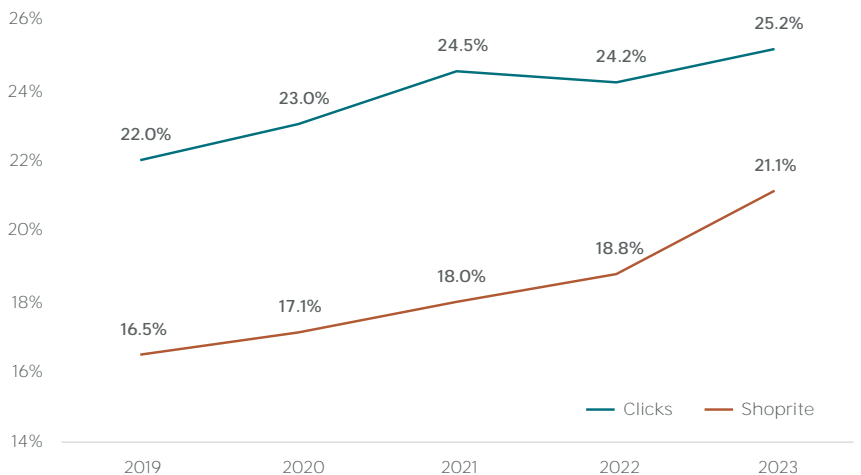
Clicks boasts impressive quality and operating metrics. Notably, the company has consistently delivered a healthy return on equity, averaging 41% over the past seven years, which is above local and global peers. This demonstrates efficient use of shareholder capital. Clicks also maintains a robust operating margin, highlighting the effective management of costs. Lastly, the company's financial strength is further underscored by its commitment to consistent and growing dividend payouts.

Graph 1: Average number of transactions per income group



Sources: Reveal Data, Private Clients by Old Mutual Wealth

Graph 2: Private label contribution to sales



Sources: Company reports, Private Clients by Old Mutual Wealth

## FOCUSED ON ACCESS AND CONVENIENCE

Rising healthcare standards present exciting opportunities for Clicks. An increased focus on preventative healthcare and wellness aligns seamlessly with Clicks' existing offerings, allowing them to broaden their products and services catering to proactive health management. This resonates particularly well with younger generations, who are driving the demand for such solutions.

While a longer life expectancy may not be the primary concern in South Africa, it offers Clicks the opportunity to adapt and address evolving needs, focusing

on targeted solutions for chronic conditions and age-related concerns. This aligns with the company's commitment to accessibility, ensuring equitable healthcare access across the longevity spectrum. Further enhancing accessibility and convenience, Clicks is pioneering the integration of healthcare professionals into retail settings, with in-store nurses providing services like health screenings and immunisations.

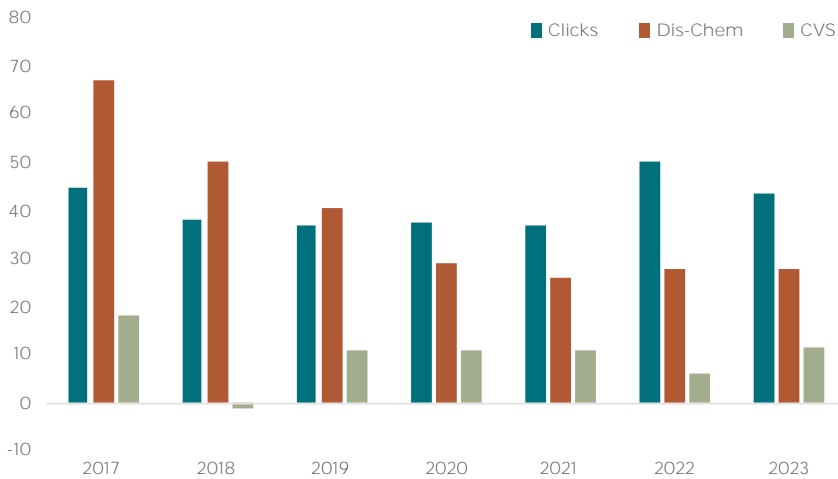
With over 880 stores, 710 dispensaries and 203 clinics nationwide, Clicks is strategically placed across diverse geographic and economic regions. Their focus on accessibility is evident

in their store roll-out plan, with 50% of the population already living within 5km of a Clicks store. This extensive reach could prove invaluable for large-scale chronic medication delivery for the elderly, especially in remote areas where Clicks pharmacies already exist.

## THE COMPETITIVE LANDSCAPE

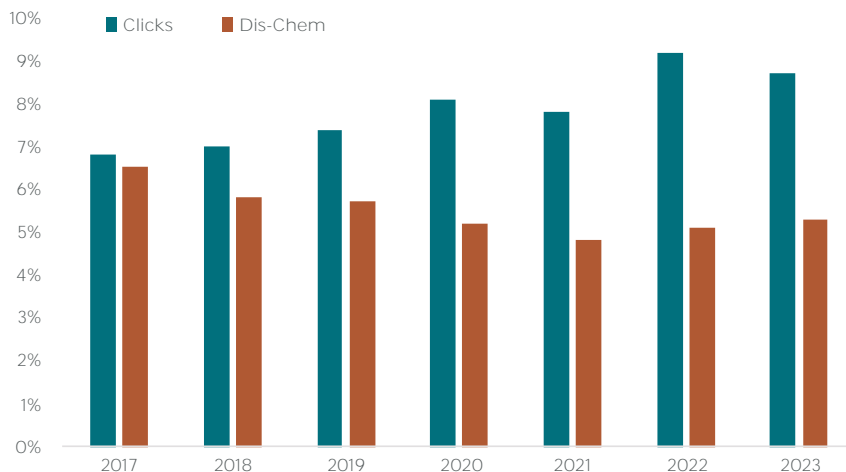
While Clicks is currently the local market leader, players like Dis-Chem and independent pharmacies are fierce competitors. Recent years have seen acquisitive trends in the industry, both with Clicks and Dis-Chem acquiring smaller players to expand their reach and offerings. Clicks' ability to navigate this dynamic landscape and maintain its edge is crucial to future success.

Graph 3: Return on Equity



Sources: Refinitiv, Private Clients by Old Mutual Wealth

Graph 4: Clicks vs Dis-Chem Operating Margin



Sources: Company reports, Private Clients by Old Mutual Wealth

## BEYOND GROWTH

Although the longevity theme in South Africa may not follow the same trajectory as in developed nations, we believe that Clicks' existing strengths position it well. The company's focus on its private labels, store roll-out, pharmacy network and loyalty programme will enable it to continue to thrive and capitalise on opportunities that arise as the demographic profile of South Africa changes.

Perhaps the true story for Clicks lies not in defying ageing, but in embracing the vibrancy of a nation on the rise. As South Africa's population thrives, Clicks thrives alongside it, providing the healthcare solutions and everyday essentials that fuel this youthful nation's future. In a country where life expectancy may not be the primary focus, Clicks ensures that quality healthcare is accessible to all, paving the way for healthy and empowered generations.

# Leaving a Lasting Legacy

MANDY DIX-PEEK, HEAD OF FIDUCIARY AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



**E**state planning conjures a variety of emotions: worry, fear and sadness, to name a few, making it an easy topic to defer. Yet, estate planning is one of the most important aspects of wealth management as it ensures a meaningful legacy. And although a will forms a significant part of any estate plan, it is too often undervalued. We spoke to Mandy Dix-Peek, Head of Fiduciary at Private Clients by Old Mutual Wealth, about some key considerations to ensure that your assets and loved ones are ultimately taken care of.

“Just as accumulating wealth takes careful planning, so too does preserving and transferring wealth to future generations,” says Mandy. “And while a will is a relatively straightforward document, it is the most crucial document you will ever draft and sign in your life, so you need to ensure that it is valid, updated and clearly reflects your wishes.”

## DISCLOSURE IS KEY

Estate planning for high net worth individuals specifically can be quite complex and it is therefore important to partner with the right fiduciary specialist to help you put appropriate

structures in place and create a suitable wealth transfer strategy aligned to your objectives. According to Mandy, this is where full disclosure becomes key, as in order to be effective, your fiduciary specialist needs to know everything about your assets, your life and even your family dynamics.

“The information-gathering phase of creating a will and estate plan is crucial. Your fiduciary specialist should have a comprehensive understanding of all aspects of your life, even seemingly insignificant details. For example, you may have a trust and believe that it is not included in your estate,

but there may be a loan account in that trust that forms part of your estate. Similarly, you may own shares in companies that you've forgotten to mention, but which will become apparent after your death. It is often the seemingly small details that can cause significant issues if they're not addressed," explains Mandy.

## TAKING FOREIGN ASSETS IN ACCOUNT

With South Africans increasingly acquiring assets offshore, many may be unaware of the unforeseen tax and fiduciary hurdles associated with ownership of foreign assets.

"This is more than simply an annoyance in the case of deceased estates. Complications can easily hold up processes when multiple jurisdictions are involved, effectively jeopardising the financial well-being of dependants and affected family members," Mandy explains.

Currently, by law, South Africans do not need more than one will if they have assets locally and elsewhere in the world. However, a South African executor is only permitted to manage matters and assets that are held domestically. An offshore asset would therefore have to be handled by a professional in that jurisdiction or permission would have to be sought for the South African executor to deal with asset assets. This process can take time and can draw out the estate administration further.

Generally, if someone dies without a foreign will and has assets in a country that recognises South African wills, their assets will devolve according to the South African will stipulations. However, some territories that are popular with South African investors, such as Portugal and other European countries, have forced succession in their inheritance laws. "If someone dies without a will in countries with

forced succession, their foreign assets may devolve according to the laws of the country in which those assets are situated," cautions Mandy.

Another factor for South Africans to consider when planning their estates is double taxation that occurs when winding up an estate. To avoid this, investors should eye jurisdictions with whom South Africa has double taxation agreements (DTAs). Currently, South Africa has DTAs with Botswana, Lesotho, Swaziland, the UK (including Northern Ireland), US and Zimbabwe.

According to Mandy, there are a few things all South Africans should consider when planning multi-jurisdictional estates. "The first port of call is engaging with specialists and getting advice on the best course of action. Broadly, this will involve the jurisdiction of choice, the nature of the assets and DTAs. Depending on how these three circumstances stack up a decision needs to be made about whether a will in the foreign jurisdiction is necessary," she says.

## SHARE YOUR WILL WITH LOVED ONES WHILE YOU'RE STILL ALIVE

Mandy believes that people should be upfront not only with their fiduciary specialist, but also with their family and their heirs. "Conflict and expensive and time-consuming litigation contesting your will or your competence as a testator can be avoided by taking the brave decision to sit down with your loved ones and explain why your will has been drafted in a certain way. If your heirs know what they are inheriting they can also help you structure and word your bequest in the most cost-effective and tax-efficient way for them and their unique circumstances."

While disclosure might seem difficult to many, it provides loved ones with an opportunity to undertake an effective testamentary process, not only from

an emotional acceptance point of view, but also from a practical, legal, tax and cost perspective. "For example, disclosure provides an opportunity to share the contents and intentions of details like living wills, ensuring that everyone knows what to do in the event of you being incapacitated. It's also important for your heirs to understand how your living will works in tandem with your insurance policies, as some policies for terminal illness stipulate specific periods of care and treatment, and if these aren't met, the policies might not pay out," Mandy explains.

## FINALISING AN ESTATE TAKES TIME

Heirs often believe that they will receive their inheritance immediately after someone passes away. However, transferring a property to an heir, for instance, can only happen when the entire estate has been finalised, which can take up to two years.

"If there are no issues with transparency, amnesty, VDPs or taxes, and no family disputes or litigation, an estate can be finalised within 12 to 18 months," Mandy says.

This, however, does not imply that dependants left behind will be unable to access money to cover living expenses and monthly deductions. "Our wills are quite lengthy, but we will not omit a single clause; every clause authorises the executor to use his/her discretion in any eventuality, like permission to pay advances to the heirs while the estate is being finalised. So make sure the person who drafts your will and estate plan is a specialist and includes all the necessary clauses and implements the most appropriate structures."

According to Mandy, taking these factors into account will go a long way towards ensuring that you leave a legacy of support and gratitude rather than inconvenience, conflict, expenses and regret.

# The Authors



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Andrew joined Private Clients in 2017 and was previously employed at Cannon Asset Managers. He joined Cannon in 2007 as a research analyst and during his tenure, he rose through the ranks to become a portfolio manager in 2011 and was then appointed CIO in 2014. Andrew has extensive knowledge of and insight into valuing businesses across multiple industries and identifying suitable investment opportunities. He holds a Master's degree in Economic Science from the University of the Witwatersrand, where he lectured for a while. Andrew also holds a PhD in Investments and Securities from the University of Pretoria.



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Sameer joined Private Clients in March 2016 and was previously employed as an investment analyst at Old Mutual Multi-Managers where he was responsible for absolute return and fixed interest asset class and asset manager research. Prior to that, he was a trainee investment analyst at SYm|metry Multi-Managers. Sameer holds a Bachelor of Commerce degree in Business Management from UNISA.



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Mandy has over 25 years' experience in the fiduciary field and is passionate about helping clients successfully navigate and manage the complexities of inter-generational succession, which includes acting as a professional trustee and executor. Following a brief stint in a private legal practice, Mandy joined Fairheads International Trust Company in 1997 and was appointed as Director of Fairheads five years later. In 2015, Fairheads was acquired by Old Mutual Wealth and Mandy was appointed as a Director and Head of Fiduciary at Private Clients by Old Mutual Wealth. Mandy holds a Law degree and a Postgraduate Diploma in Tax Law (HDip Tax).



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