MURRON

WEALTH MANAGEMENT

AUTHORISED FINANCIAL SERVICES PROVIDER 14099

OUR BUSINESS

Started in 1996

Based in East London

Led by a team of professional advisers

Focused on building trusted relationships

With clientele countrywide - individuals and entities

Free to affiliate with any product and investment provider

Cornerstone of our business is independent financial planning

With full capability to construct bespoke investment portfolios

We strive towards being an industry leader!

PHILOSOPHY

Independence

Specialisation

Client centric

MURRON
WEALTH MANAGEMENT

OFFERING

QUALITY ADVICE

Regular review of new and existing providers in marketplace to ensure unconstrained, objective, best advice.

STRATEGIC PARTNERSHIPS

Alignment with partners that offer specialised skill and knowledge in key areas.

HOLISTIC PLANNING

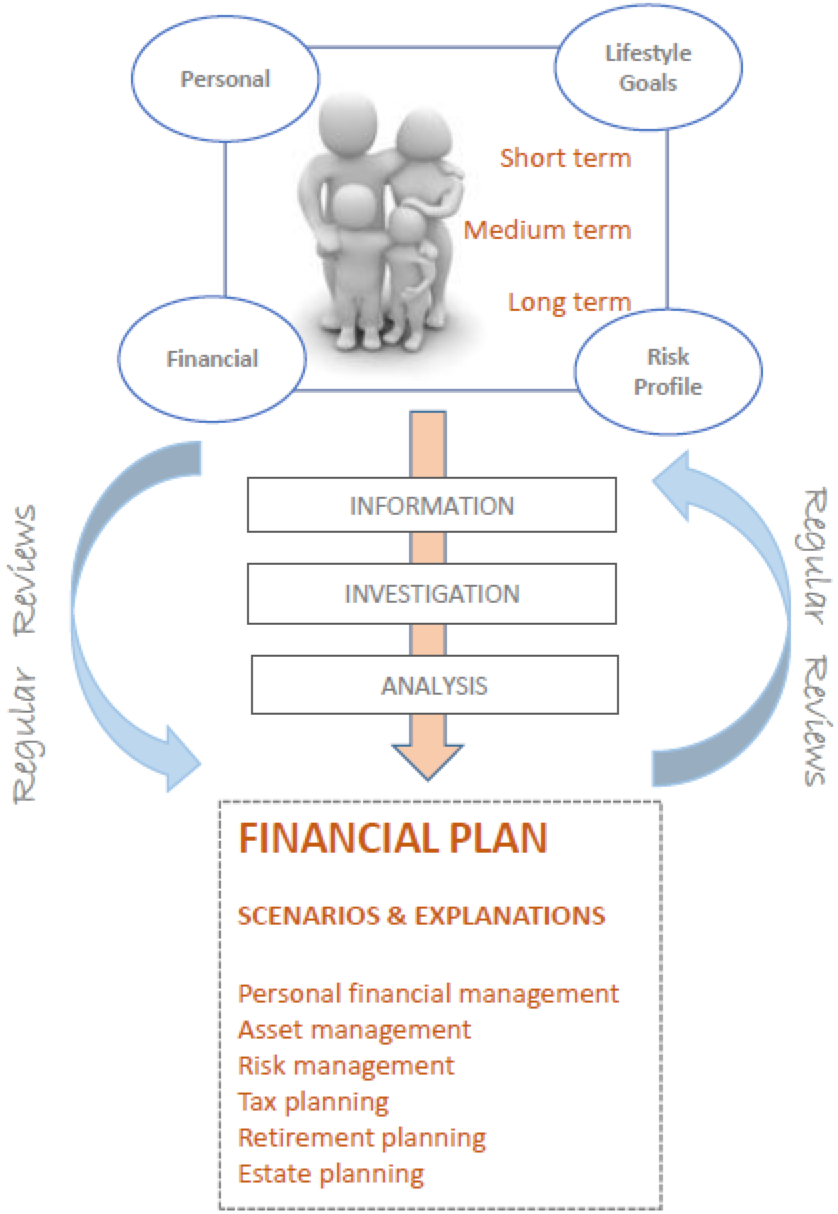
Managing a holistic financial plan enables accuracy, prioritisation and greater scope to unlock value.

CLIENT PARTICIPATION

Promote active participation and engagement in the process of financial planning

- Quarterly investment reporting
- Annual financial plan review
- Educational seminars

WHAT IS FINANCIAL PLANNING



WHAT IS A FINANCIAL PLAN

An ongoing process...

To determine one's short, medium and long-term financial goals...

Considering purpose, priorities, resources, risk profile and lifestyle...

Culminating in a balanced and realistic plan that is regularly reviewed...

As a guide to prudent management of financial resources and achievement of ones goals...

BENEFITS OF A PLAN

Enabling and empowering to manage finances smartly

Maximising wealth during your lifetime

Financial independence after retirement

Making sure everything is in order for death

Managing the effects of taxes

Providing for emergencies

Reducing debt

6 STEPS OF FINANCIAL PLANNING

Establish and define relationship with client
Inform client of planning process and competencies
Determine whether adviser should engage
Define scope of engagement

Collect client's information
Determine client's personal and financial objectives, needs and priorities
Collect quantitative & qualitative information

Analyse and assess client's financial situation
Analyse client information
Assess (compare) against clients stated objectives, needs and priorities

Develop recommendations and present
Identify and evaluate financial planning strategies
Develop recommendations
Present recommendations

Implement recommendations
Agree on areas of responsibilities between adviser and client
Identify and present products and services for implementation

Review client's situation
Agree on areas of responsibilities between adviser and client
Review and re-evaluate client's situation

FINANCIAL PLANNING REPORT

Title page

Contents page

Introduction

Client's personal circumstances

Clients risk profile

Objectives of financial plan

Assumptions

Goals & objectives of client

Areas of planning:

- Personal financial management
- Asset management
- Risk management
- Tax planning
- Retirement planning
- Estate planning

Make recommendations together with supporting explanations

Plan of action and allocate responsibilities between client and adviser

Date of review

Annexures

AREAS OF PLANNING:

- Personal financial management
  - Assets & liabilities
  - Cash flow, income and / or financial obligations
  - Use of bank accounts, credit and other cards
  - Debt
  - Present and future budgets
  - Current savings and planned spending
- Asset management
  - Investment holdings covering all asset types
  - Current asset allocation
  - Cash available for investment
- Risk management
  - Existing insurance coverage
  - Potential financial obligations and inadequately covered risks
- Tax planning
  - Tax position
  - Taxable nature of clients assets and liabilities
  - Parties relevant to clients tax situation
- Retirement planning
  - Potential sources of retirement income
  - Estimated retirement expenses
- Estate planning
  - Legal agreements and documents that impact estate planning strategies
    will / testamentary contract / prenuptial agreement / company agreement / trusts
  - Matrimonial property regime and assets subject to exceptions

OUR SERVICES

Protect

Risk Planning
- Life Cover
- Income Protection
- Capital Disability
- Severe Illness

Business Assurance
- Buy and Sell
- Key Person
- Contingent Liability
- Preferred Compensation

Medical Aid
- Hospital & Savings Plans
- Comprehensive Plans
- GAP Cover

Manage

Wealth Management
- Analyse
- Solve
- Implement
- Manage

Growth

Investment Planning
- Guaranteed investment
- Flexible Investment
- Endowment
- Tax Free Savings
- Share Portfolios
- Alternative Strategies
- Private Banking
- Forex

Retirement Planning
- Pension / Provident Fund
- Retirement Annuity
- Preservation Fund
- Living Annuity and Life Annuity

Will & Estate Planning
- Wills
- Trusts
- Estate Planning
- Estate Administration

RISK PLANNING

YOUR MOST VALUABLE ASSET IS YOU AND YOUR ABILITY TO GENERATE INCOME.

Policy purposes:

- Family protection
- Income protection
- Debt security
- Estate liquidity
- Business protection
- Business assurance
- Employee benefits

Policy benefits:

Life cover	Provision in event of death
Income disability	Provision in event of temporary or permanent disability
Capital disability	Provision in event of permanent disability
Severe illness	Provision in event of clinical diagnosis of an illness

RISK PLANNING

UNIQUE DIFFERENTIATORS

Life Cover
Income Protection
Capital Disability
Severe Illness

TRADITIONAL

INVESTMENT AND RETIREMENT PLANNING

The cornerstone of our business is to help grow clients wealth. We offer holistic advice and service covering a broad spectrum of investment options to help you save; whatever the need. We have built strong partnerships with reputable product providers and fund managers with a successful track record of helping our clients growth wealth.

Investment Planning

Guaranteed investment
Flexible Investment
Endowment
Tax Free Savings
Share Portfolios
Alternative Strategies
Private Banking
Forex

Retirement Planning

Pension / Provident Fund
Retirement Annuity
Preservation Fund
Living Annuity and Life Annuity

PRINCIPLES OF INVESTING

COMPOUND INTEREST

ASSET CLASS ALLOCATION

RISK AND RETURN

INVESTOR BEHAVIOUR

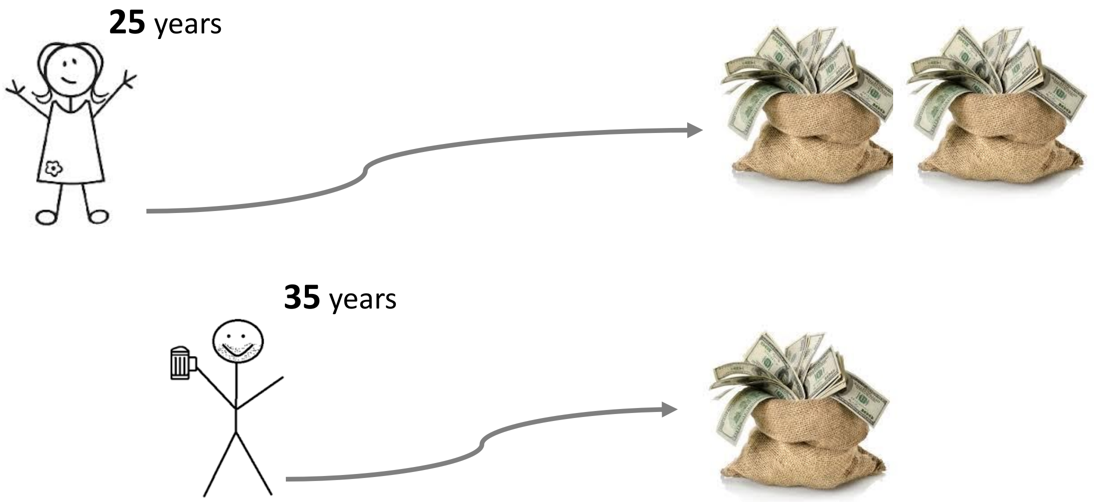
COMPOUND INTEREST – THE PRINCIPLE

Saving R100 per month - earning 6% per annum		
	contributions	plus growth
1 year	R1200	R1250
3 year	R3600	R4000
5 year	R6000	R7000
10 year	R12000	R16500
20 year	R24000	R46000

The Rule of 72

72 ÷ interest rate = number of years to double your money

72 ÷ years = interest rate you need to double your money



Pumza and Peter invest the same amount…

Pumza starts at 25 and Peter starts at 35…

At age 65 Pumza has twice as much as Peter…

as a result of COMPOUND INTEREST!

COMPOUND INTEREST – THE HYPOTHETICAL

Thickness of piece of A4 paper: 0.05mm

Folding the paper in half a third time will get you about the thickness of a nail

10 folds and the paper will be about the width of a hand

23 folds will get you to one kilometre

30 folds will get you to space - your paper will be now 100km high

42 folds will get you to the Moon

81 folds and your paper will be 127,786 light-years, almost as thick as the Andromeda Galaxy

103 folds, you will get outside of the observable Universe, which is estimated at 93 billion light-years in diameters

COMPOUND INTEREST – WHY WE MUST START EARLY

Starting at working age 20

15% of pre-tax salary x 40 years of employment = 20 times income required at age 60

- In this example, someone starts working at age 20 and saves 15% of their pre-tax salary every month for their entire working career. And, in the event they change jobs, they preserve their existing retirement savings. This proverbial unicorn is one of the minority who can retire comfortably at age 60.

Starting 10 years later

30% of pre-tax salary x 30 years of employment = 20 times income required at age 60

- A more realistic example is where someone does not start providing for their retirement from age 20 or does not preserve their retirement benefits when they change jobs in the first 10 years. They are then required to save twice as much of their pre-tax salary for the shorter 30-year period to achieve the same outcome (or retire at 70).

Starting 20 years later

60% of pre-tax salary x 20 years of employment = 20 times income required at age 60

- The more extreme outcome of the example above requires an improbable savings rate of 60% of pre-tax salary (or retirement at 80!).

COMPOUND INTEREST – WHY WE MUST TAKE SOME RISK

Fixed Fixed Variable

Miss B Retired

- RETIREMENT CAPITAL = CONTRIBUTION (ESC) x TERM (years) x RETURN (per annum)

- R1000pm (6%) x 30yrs x 10%pa return = R3700000 (FV) → approx. R4000pm income in retirement in (PV)
- R1000pm (6%) x 30yrs x 13%pa return = R6116000 (FV) → approx. R6600pm income in retirement in (PV)

- **Opportunity Cost of being to conservative**
  - <u>R1653pm</u> (6%) x 30yrs x 10%pa return = R6116000 (FV) → **extra R653pm contribution**
  - R1000pm (6%) x <u>35yrs</u> x 10%pa return = R6116000 (FV) → **extra 5 working years**

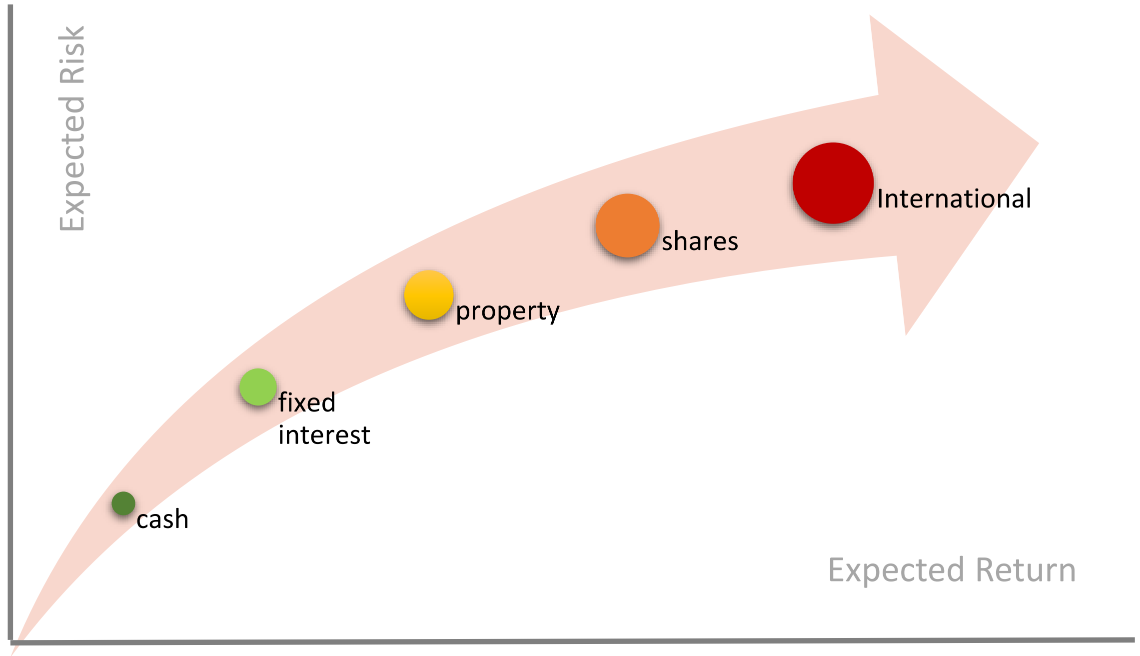
3% extra return over your working life adds **over 65%** more to your **capital at retirement**

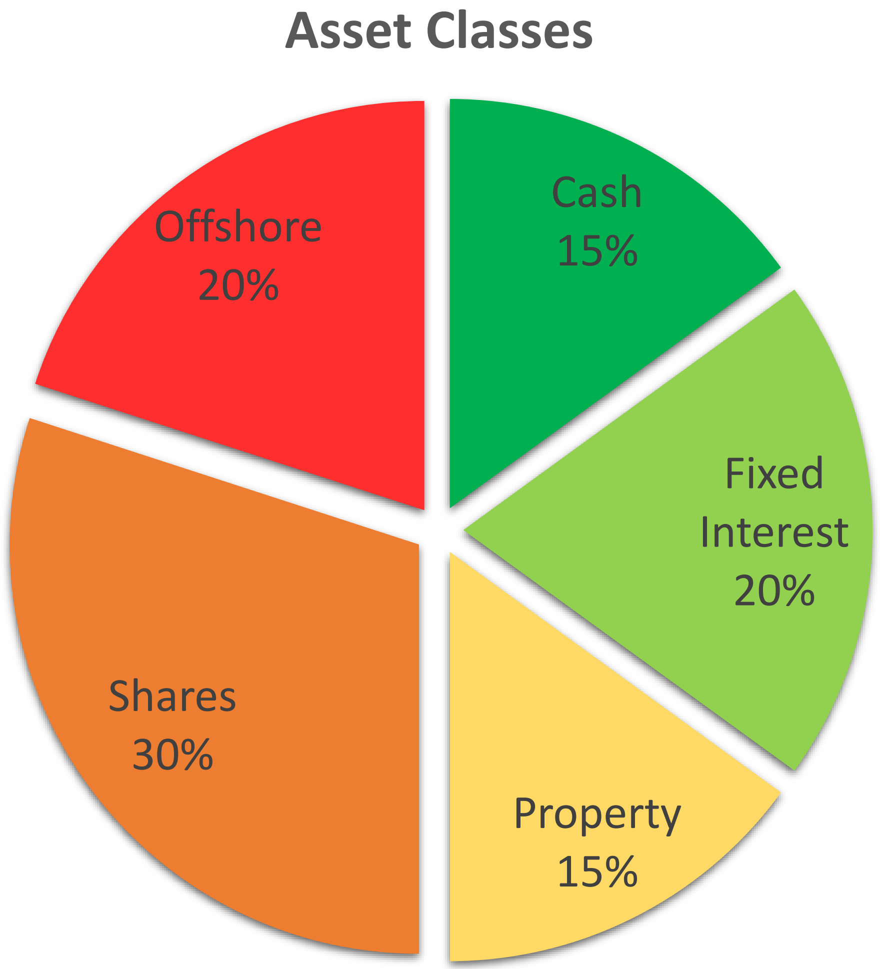
ASSET CLASS ALLOCATION

DIVERSIFICATION IS THE ONLY FREE LUNCH.

Strategic allocation to meet long term objective.

Tactical allocation to exploit short term opportunities or threats.





RISK AND RETURN

A PROPER INVESTMENT STRATEGY MUST CONSIDER THREE IMPORTANT PRINCIPLES:

RISK REQUIRED

The risk associated with the return that is required to achieve the individual's goals from the resources available.

RISK CAPACITY

The ability to sustain worse than anticipated outcomes without severely compromising their goals - individuals capacity for loss.

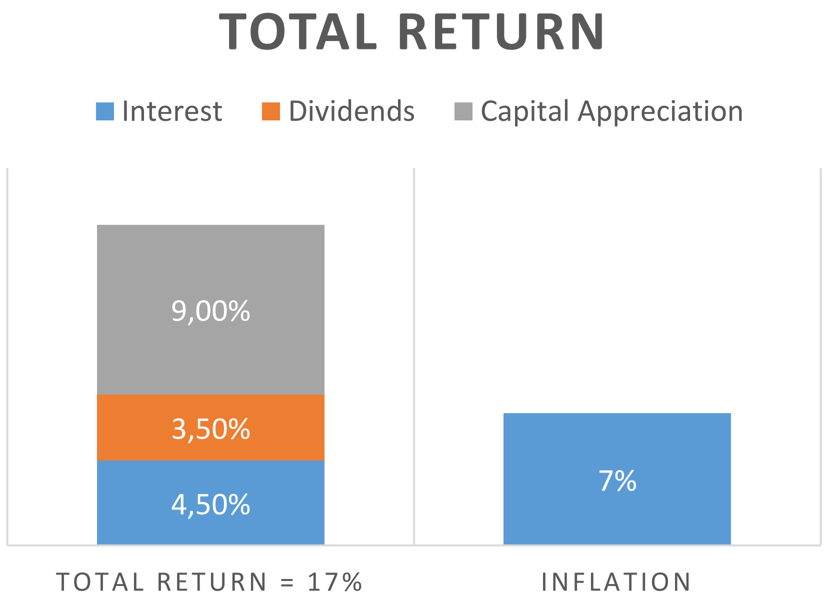
RISK TOLERANCE

The individual's general willingness to take financial risk – a psychological trait.

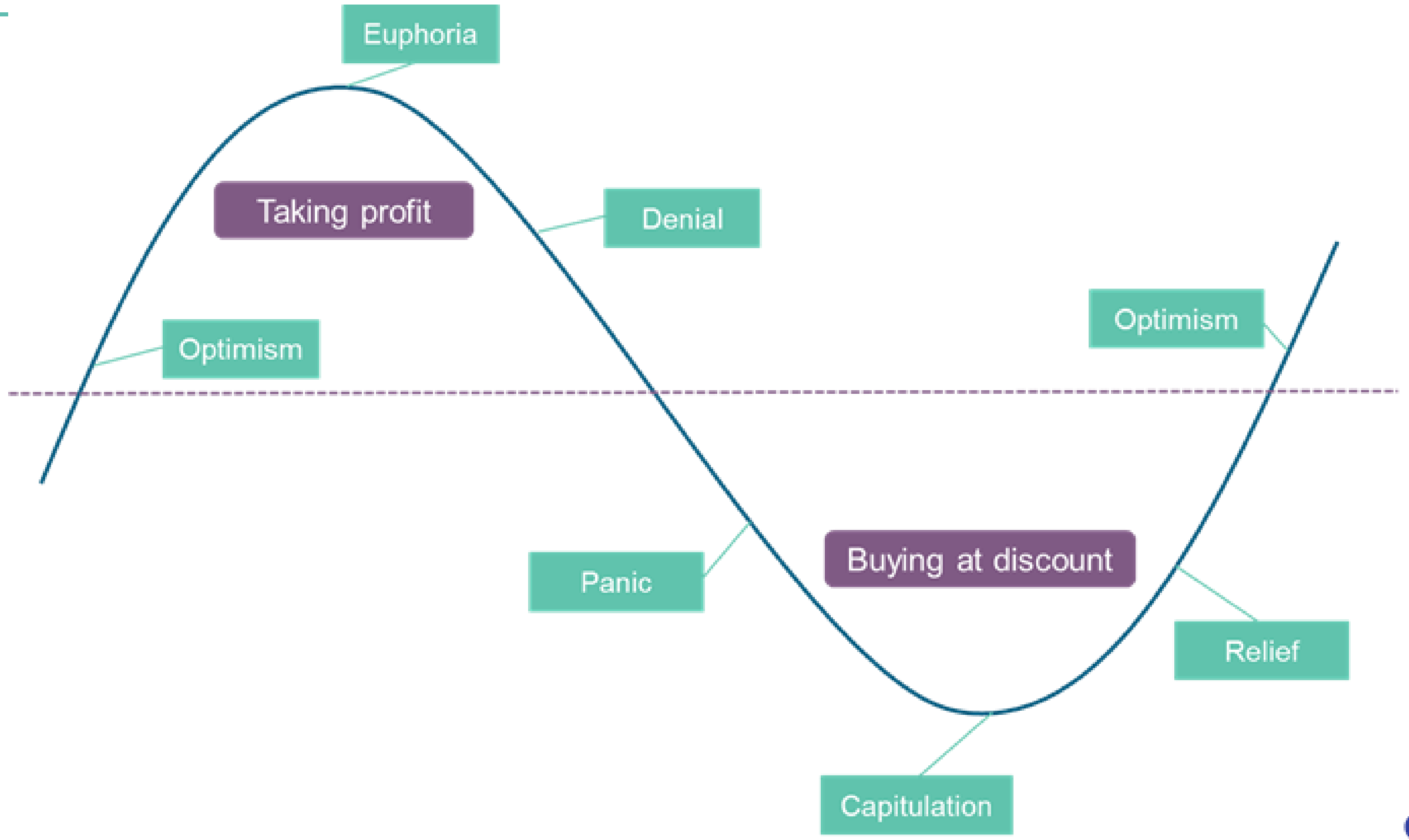
RISK AND RETURN

- **Capital Risk –** the risk of permanently losing capital (volatility)
- **Inflation Risk** – the risk on not having enough capital for sustainable income
- **Total Return:**
  - **Capital appreciation** – increase in the price or value of an asset
  - **Dividends** – a payment made by a company to a shareholder (income)
  - **Interest** – payment made for the use of borrowed money (income)

A moderate investment strategy with balanced asset class allocation and a tilt towards growth assets can help reduce risk and capture inflation beating returns.



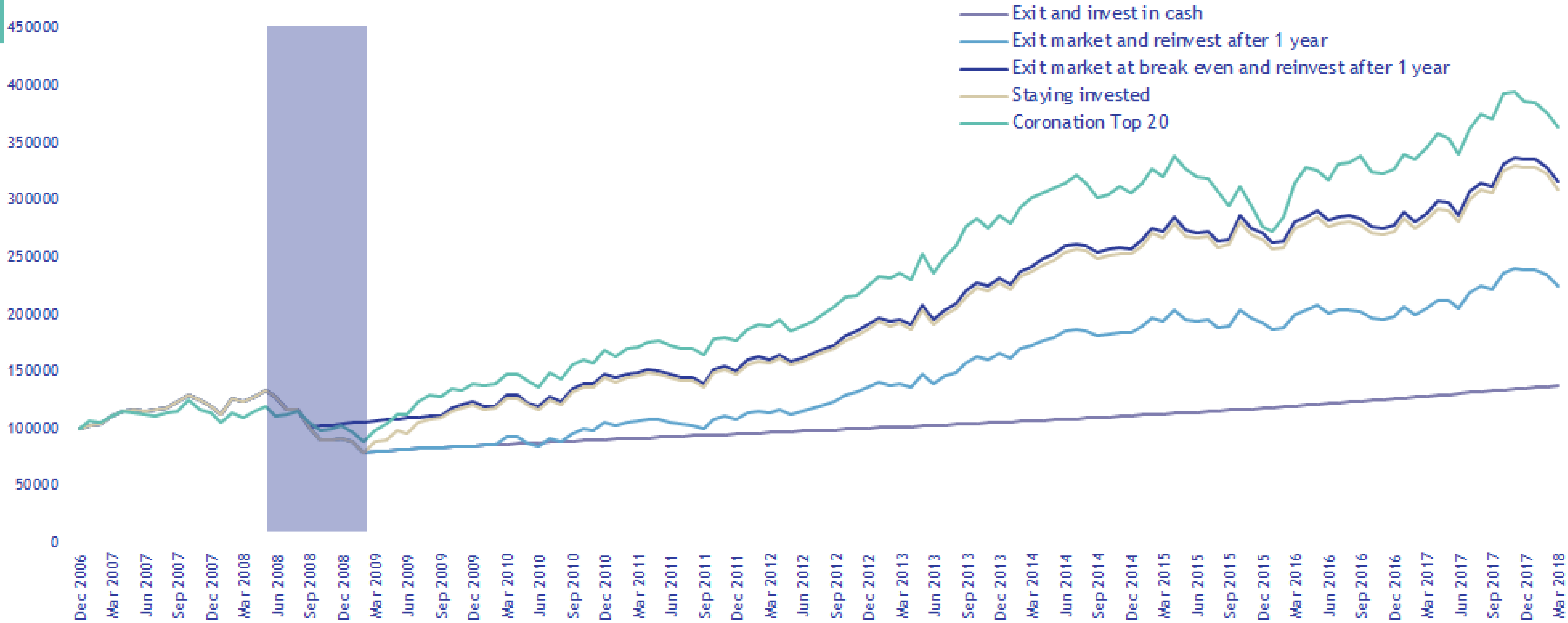
Faster news cycle = Faster emotional cycle



MANAGING BEHAVIOUR

Staying the course

The rational response to market drawdowns



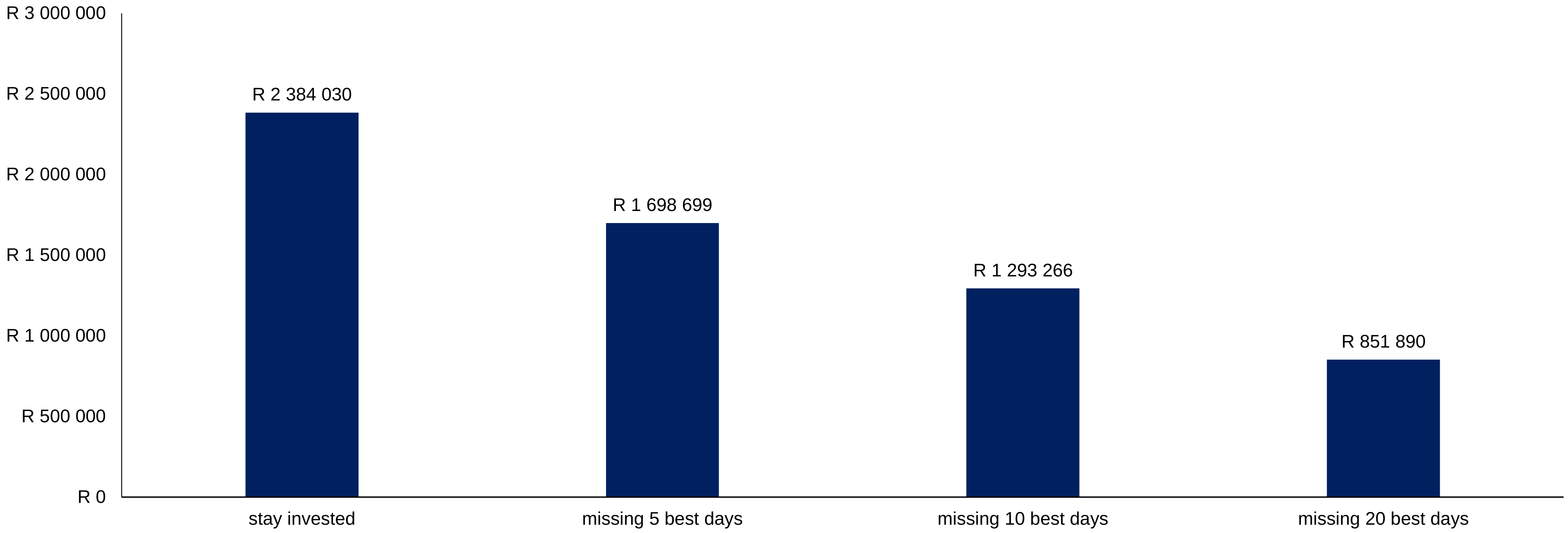
CORONATION

TRUST IS EARNED™

Source: Morningstar, Coronation as at 31 March 2018

MANAGING BEHAVIOUR

THE IMPACT OF MISSING THE BEST 10 DAYS



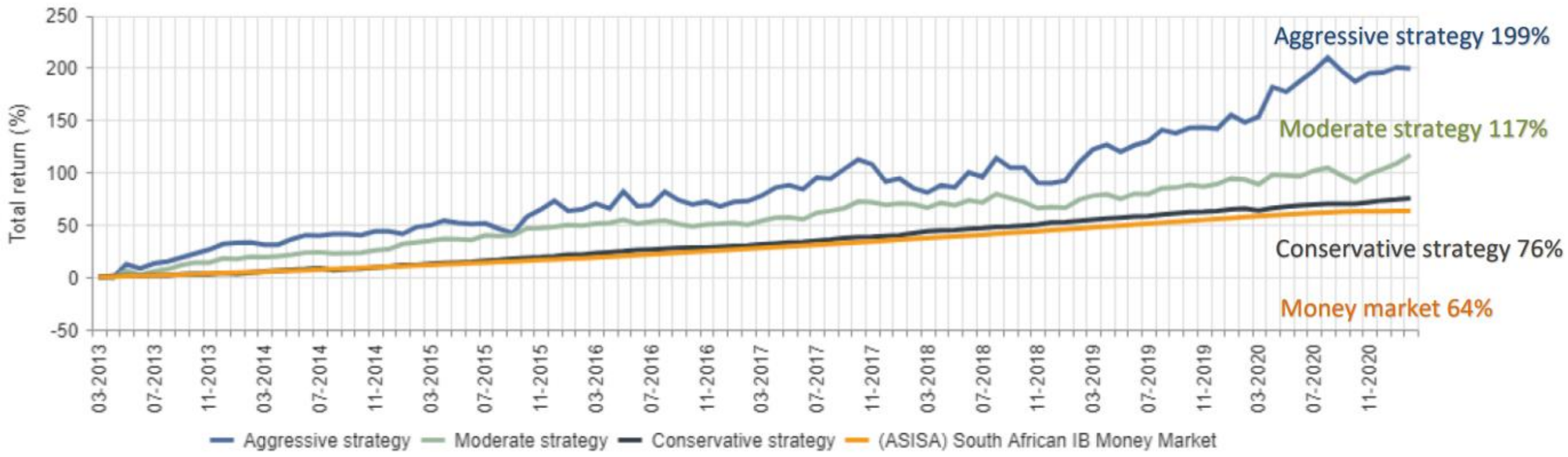
Missing the 10 best days can mean your investment values halve

Source, I-Net Bridge. 15 years, daily data. Initial investment amount R1 000 000.00

THE RIGHT INVESTMENT STRATEGY

IS ONE OF THE MOST IMPORTANT DECISIONS TO GROW WEALTH!

Cumulative performance : April 2013 to February 2021



Performance data : April 2013 to February 2021

Investment funds	%	Inception date	1 year %	3 year %	5 year %	10 year %	Worst rolling 12 months %	Worst drawdown
Aggressive strategy	100.00	-	20.74	17.33	12.68	-	-8.54	-14.84
Moderate strategy	100.00	-	12.21	8.52	7.73	10.92	-3.23	-7.57
Conservative strategy	100.00	-	6.13	7.28	7.61	7.96	4.05	-1.87
(ASISA) South African IB Money Market	-	-	4.61	6.48	6.96	6.32	4.61	.00

WHY THE DIFFERENCE

- COMPOUND INTEREST
- ASSET CLASSES
- RISK AND RETURN
- MANAGING BEHAVIOUR

INVESTING IN A GROWTH STRATEGY

WILL RESULT IN SHORT TERM VOLATILITY

BUT IS THE ONLY WAY TO BEAT INFLATION.

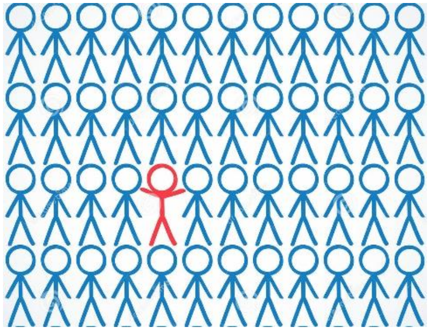
HOW DOES INVESTING WORK

Ordinary **investors** pool money into a **unit trust fund/s,** sometimes via an **admin platform.** The unit trust **fund manager** invests this collective pool of money into **assets** in pursuit of the investment strategy….

Outsourced Partnerships

2IP INDEPENDENT INVESTMENT PARTNERS

Investor



Adviser

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Platform

Product

Flexible

Endowment

Tax Free Saving

Retirement Annuity

Living Annuity

Portfolio

MODEL PORTFOLIOS

MURRON WEALTH MANAGEMENT + 2IP INDEPENDENT INVESTMENT PARTNERS = Model Portfolios

Murron CPI + 2%

Murron CPI + 4%

Murron CPI + 6%

Murron CPI + 6% (discretionary)

Tax Free Growth Strategy

Global Balanced Growth Strategy

Outsource key function to specialists in investment management services

SHARE PORTFOLIOS

MURRON
WEALTH MANAGEMENT

Outsource key function to specialists in investment management services

Investec
Asset Management

Sanlam
Private Wealth

PLATFORMS

LOCAL INVESTMENT PRODUCTS

Flexible

Monthly or lump sum

No contribution limit

Unlimited risk profile
- *Unit trust*
- *Model portfolio*
- *Share portfolio*

Tax on growth at investors marginal rate - max 45%:
- *Interest @ max 45%*
- *Dividends @ 20%*
- *Capital gains @ max 18%*   ** only on units sold*

Full access in 10 days
No tax on withdrawals
Forms part of investors tax return
Payable to estate at death
Estate duty and executor fees apply

Endowment

Monthly or lump sum

Contribution limit applies – 120% rule

Unlimited risk profile
- *Unit trust*
- *Model portfolio*
- *Share portfolio*
- *Structured product*

Tax on growth at company rate - max 30%:
- *Interest @ max 30%*
- *Dividends @ 20%*
- *Capital gains @ max 12%*   ** only on units sold*

5 year term - 1 surrender and withdrawal
No tax on withdrawals
Does not form part on investors tax return
Payable to beneficiaries therefore no executor fee
Estate duty could apply except if spouse

Tax Free Savings Account

Monthly or lump sum contribution limit

R36000 pa and R500000 lifetime

Unlimited risk profile
- *Unit trust*
- *Model portfolio*

No tax on growth – OPPORTUNITY – see TFSA illustration

Full access in 10 days
No tax on withdrawals
Payable to estate at death
Estate duty and executor fees apply

LOCAL PRE RETIREMENT PRODUCTS

Retirement Annuity

Monthly or lump sum
No contribution limit
27,5% tax deduction limit

Limited risk profile – regulation 28

- *Unit trust*
- *Model portfolio*
- *Share portfolio*

No tax on growth – OPPORTUNITY – see TFSA illustration

Access at age 55, disability, divorce and death
Payable to beneficiaries
No estate duty or executor fees

Preservation Pension and Provident

One lump sum per product only

No contribution limit

Limited risk profile – regulation 28

- *Unit trust*
- *Model portfolio*
- *Share portfolio*

No tax on growth – OPPORTUNITY – see TFSA illustration

One option to withdraw before age 55
Access at age 55, disability, divorce and death
Payable to beneficiaries
No estate duty or executor fees

Pension and Provident

Monthly or lump sum
No contribution limit
27,5% tax deduction limit

Limited risk profile – regulation 28

- *Unit trust*
- *Model portfolio*
- *Share portfolio*

No tax on growth – OPPORTUNITY – see TFSA illustration

Generally the same features as above, except:
Access on fund exit – resignation or retirement

LOCAL POST RETIREMENT PRODUCTS

Living Annuity – Market linked

Lump sum only

No contribution limit

Unlimited risk profile

- *Unit trust*
- *Model portfolio*
- *Share portfolio*

No tax on growth – OPPORTUNITY – see TFSA illustration

Income choice – 2,50% and 17,50%
Income tax on annuity
Remaining capital payable to beneficiaries
No estate duty or executor fees

Life Annuity – Guaranteed income

Lump sum only

No contribution limit

No risk profile choice

No growth of capital

No income choice after inception
Income tax on annuity
Remaining income payable to beneficiaries within guarantee term
Risk of losing capital after guarantee term
No estate duty or executor fees

OFFSHORE INVESTMENT PRODUCTS

Flexible

Monthly or lump sum

No contribution limit

Unlimited risk profile
- *Unit trust*
- *Model portfolio*
- *Share portfolio*

Tax on growth at investors marginal rate - max 45%:
- *Interest @ max 45%*
- *Dividends @ 20%*
- *Capital gains @ max 18%*

Full access in 15 days
No tax on withdrawals
Payable to estate at death
Estate duty and executor fees apply

Endowment

Monthly or lump sum

Contribution limit applies – 120% rule

Unlimited risk profile
- *Unit trust*
- *Model portfolio*
- *Share portfolio*
- *Structured product*

Tax on growth at company rate - max 30%:
- *Interest @ max 30%*
- *Dividends @ 20%*
- *Capital gains @ max 12%*   ** only CGT on roll up funds*

5 year term (1 surrender & withdrawal)
No tax on withdrawals
Payable to beneficiaries
No executor fee
Estate duty could apply except if spouse

PRIORITIES IN THE PLAN

PLAN

Financial Needs Analysis

Determine rate of return required to meet your investment objective

Risk required
Risk capacity
Risk tolerance

PORTFOLIO

PROFILE	STRATEGY
Conservative	Unit trust
Cautious	Model portfolio
Moderate	Share portfolio
Assertive	Hedge fund
Aggressive	

PRODUCT

Flexible

Endowment

Tax Free Savings

Retirement Annuity

Endowment

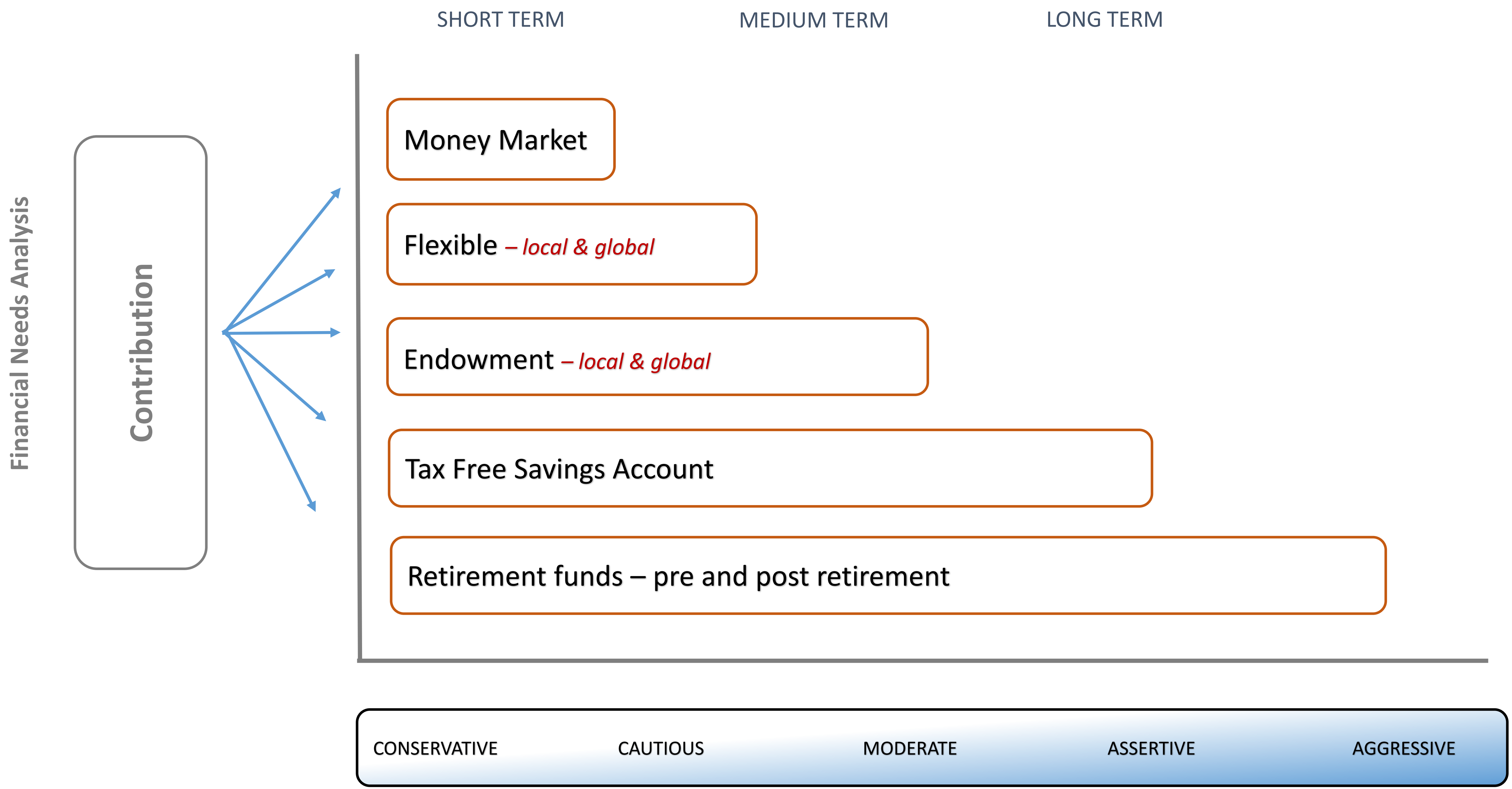
Flexible

PLATFORM

Products

Investment Strategies

PERFECT INVESTMENT PLAN



PRODUCTS IN THE PLAN

Tax comparison between different investment options				
	Endowment	Voluntary investment plan	Tax-free investment plan	Retirement annuity
Tax deductibility of contributions	Non-deductible	Non-deductible	Non-deductible	Deductible up to prescribed limits
Taxation of fund growth	Interest taxed at 30% Dividends taxed at 20% CGT taxed at 12%	Interest taxed at 45%* Dividends taxed at 20% CGT taxed at 18%*	Tax free	Tax free
Taxation of maturity value	Tax free	Tax free	Tax free	Lump sum taxed according to tax table; annuity taxed as normal income
Estate duty	Subject to estate duty	Subject to estate duty	Subject to estate duty	Only the excess contributions made to the fund are subject to estate duty

*After exemptions have been exhausted.

Tax impact on investment example				
	Endowment	Voluntary investment plan	Tax-free investment plan	Retirement annuity
Contribution	R1 000 p.m.	R1 000 p.m.	R1 000 p.m.	R1 818 p.m.
A tax-deductible contribution of R1 818 to a retirement annuity equates to a non-deductible contribution of R1 000, as R818 will be saved on taxes.				
Term of investment	15 years			
Pre-tax fund growth	10.8%			
Post-tax fund growth	8.93%	8.17%	10.8%	10.8%
See table below for assumptions used. CGT on endowment and VIP is deducted annually.				
Maturity value	R378 823	R353 690	R450 306	R818 656
Tax on maturity value	R0	R0	R0	R294 716
Taxed at 36% as this is the average rate for an individual earning R1 500 000, and top band of lump sum tax table.				
Net maturity value	**R378 823**	**R353 690**	**R450 306**	**R523 940**

Growth assumptions							
	% invested	Asset class return	Pre-tax return	Tax on VIP	Net return on VIP	Tax on endowment	Net return on endowment
Cash	40%	6%	2.4%	45%	1.32%	30%	1.68%
Equity growth	60%	11%	6.6%	18%	5.41%	12%	5.81%
Dividend growth	60%	3%	1.8%	20%	1.44%	20%	1.44%
			10.8%		**8.17%**		**8.93%**
Assuming a balanced portfolio of 40% cash and 60% equities. Returns are deemed to be net of costs.							

IMPORTANCE OF TAX-FREE GROWTH

Marginal tax rate (%)	25
Age (in years)	20
Annual contribution (Rand)	36 000
Investment term (in years)	50
Nominal rate of return (% per annum)	10
Investment profile	Moderate
Intermediary fee (excl VAT)	
Initial (%)	0.00
Annual (%)	0.60

Tax-Free Investment Plan vs Investment Plan

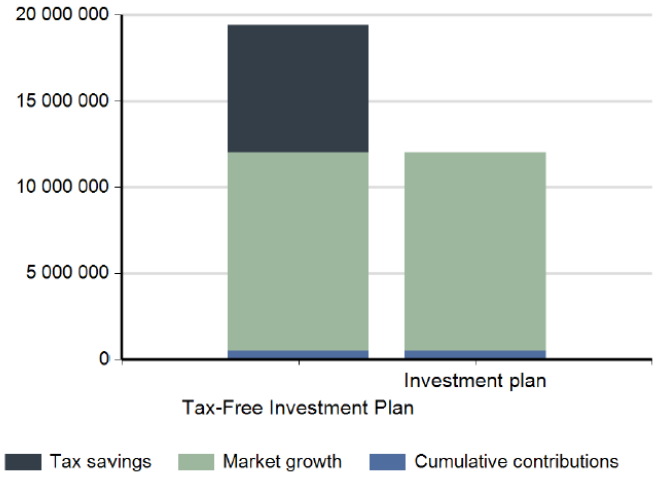


Table of results

Year	Tax-Free Investment Plan	Investment plan	Tax savings	Cumulative contributions
10	551 504	534 782	16 723	360 000
20	1 524 809	1 359 977	164 832	500 000
30	3 529 907	2 805 770	724 137	500 000
40	8 251 957	5 791 479	2 460 479	500 000
50	19 418 826	11 985 881	7 432 945	500 000

MURRON
WEALTH MANAGEMENT

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Thank you for your time.