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SAFEGUARD YOUR MONEY - DON'T GET SCAMMED

By Marise Smit, Certified Financial Planner® at Brenthurst Wealth Pretoria

As a result of the unfavourable market conditions over the previous several years, some investors have resorted to extreme methods in an attempt to regain their losses. And certainly, growth possibilities are something that should be sought after for all intents and purposes, but at what cost?

Unfortunately, this panic-fuelled frenzy is exactly what unscrupulous operators and criminal syndicates hope to feed off. According to a recent Financial Intelligence Centre (FIC) report, the authorities have [recovered more than R5 billion in criminal proceeds](#), including more than R41.6 million in penalties.

And you only need to glance at the Financial Sector Conduct Authority's (FSCA) news section to see the regularity with which it publishes warnings about dubious practices by firms providing financial and investment services.

The scale of the problem is staggering, and one that cannot be ignored in these times when criminals are becoming smarter and slicker. Even the most vigilant investor can be caught out by sophisticated schemes designed to part you from your money.

If you conduct your investigation on the companies offering you "investment possibilities" thoroughly, you can avoid this type of situation.

Here are four red flags to pay attention to whenever dealing with any company that claims it can assist you with your finances or investments.

1. ARE THEY A REGISTERED FSP?

Any company wanting to provide financial advice or services must be registered with the FSCA, which issues a licence for these companies to offer services to consumers. The licences cover businesses from banks, to insurers, to fund managers, financial service providers (FSP) and the like.

Because any credible company will be registered with the FSCA, this is where your 4-step checking process should start. You can [check the credentials of any authorised FSP](#) by entering the FSP number they advertise, or the company name or the ID number of the person you're dealing with.

If the company fails this initial test, then you definitely shouldn't be doing business with them.

If their details are confirmed on the FSCA database, then you're one step closer to feeling confident in the company or the deal you're considering. You can also search the [FSCA's 'Warnings and alerts'](#) page to see if this 'opportunity' or the company are mentioned as being suspicious.

Brenthurst Wealth is a registered FSP, which is confirmed in all communication that we send out. We've had instances in the past of criminals posing as Brenthurst advisors offering unbelievable investment opportunities.

So, even if the message looks real, but you have a bad feeling about it, please contact us to make sure it's legitimate. If we hear about impersonations or other scams, we'll let all of our clients know right away, but if you're not sure, you can always ask us directly.

2. ARE THEY PRESSURISING YOU TO MAKE A DECISION?

Although not illegal, high-pressure tactics are often used by scammers to get you to hit that 'pay now' button before you get to think it through properly. The need for speed is often based on a 'once-in-a-lifetime opportunity' that's too good to miss, and which will help you recoup market losses.

This fear of missing out is a key tactic that you should try to avoid at all costs. Sure, emotions can run high and the promise of getting back some of your losses is very appealing, but rather than jumping in with both feet, take a moment to make a proper assessment.

Ask yourself why there's such pressure to get a deal done, and who's offering this great deal? Was it recommended to you by someone you know or did you find it through advertising? Have you done your first check on the FSCA website to see if the company is registered and reputable?

It's not typical for a trustworthy advisor to try to pressure you into making a quick decision. Instead, they should carefully assess your current financial standing and long-term objectives before making any recommendations.



"Building long-term relationships is a key component of our philosophy and the cornerstone of Brenthurst investment approach." www.bwm.co.za

3. HOW TRANSPARENT ARE THEY ON FEES AND SERVICES?

You shouldn't jump into an investment without first understanding it fully. Whether you're making a one-time investment or working with a financial advisor over the long haul, you should always ask to receive a detailed breakdown of all the fees and costs.

Ask for clarification, if you need it, so that you aren't left wondering when and how much you're being charged.

Transparency applies to all investment opportunities and funds. A prospectus, financial statements or fund fact sheets should all be available for you to review and use to analyse the investment. In the event that you are being given the run-around or the figures you have been given do not appear legitimate and cannot be explained, then it's best to walk away.

4. DO THEY HAVE A CREDIBLE TRACK RECORD

New investment firms and opportunities are popping up all the time, so it's true that some haven't been around for decades and, therefore, don't have a track record as reference.

If this is the case, then research the personal track records of the people involved and look at their credentials and qualifications. Verify that the advisor's qualifications are consistent with what are required in the industry. You can rest easier if they have a long track record of success in a reputable organisation and have the right qualifications. But, if the person's past is cloudy or plagued with past failures, then it's generally advisable to pass on the opportunity.

Putting your retirement funds in the hands of an advisor or investment firm is a huge decision, and you need to be completely confident in their honesty and reliability. You can't achieve the kind of long-term money accumulation necessary for a comfortable retirement without a partnership founded on trust.

Don't get sucked into scams, no matter how good the deal seems. Check them out and do your research. And if you are still unsure, consult your advisor (or seek out a new one) who can give you proper advice.

SARS ALERT

It is not only unregistered companies that pose a risk to your finances. Scammers are always on the lookout for new ways to gain access to your personal information and bank details. Always check with the organisation or company that asked for the information that it is a legitimate request.

SARS recently warned about emails and SMS messages being sent claiming that taxpayers are owed a refund or that a letter of demand requires their urgent attention. SARS said in a statement that an email sent tells the taxpayer to click on a link to open the letter of demand, often leading the taxpayer to a dodgy site with the goal of getting personal information. Other examples of similar scams include emails that appear to be from **returns@sars.co.za** or **refunds@sars.co.za**.

Emails impersonating companies or authoritative government bodies fall under a category of scams called phishing scams.

These are fraudulent attempts to obtain sensitive information, such as passwords and credit card details, through fake emails, text messages or websites. SARS has warned taxpayers to ignore these emails and not click on any links. "If in doubt, please send an email to phishing@sars.gov.za," SARS said in the statement.

Throughout the past few years, the revenue service has recorded 330 new types of scams – the majority following a similar modus operandi as phishing.

ADVISOR PROFILE | MARISE SMIT, CERTIFIED FINANCIAL PLANNER® AT BRENTHURST WEALTH PRETORIA

B Com | BCom (Hons) | Post Grad Dip Fin Planning



Marise has been a financial adviser in our Pretoria office since April 2015. She was recognised as Brenthurst's Top Financial Adviser in 2020, receiving the Brenthurst Award of Excellence.

Marise obtained BCom Investment Management & BCom (Hons.) Financial Management degrees from the University of Pretoria. She also obtained a Post Graduate Diploma in Financial Planning from the University of the Free State.

Through practical experience and appropriate qualifications, she can advise clients on all investment related matters, focusing on pre-and post-retirement planning as well as offshore investments.

Marise is a CERTIFIED FINANCIAL PLANNER® professional and is fully qualified to give advice on all investment matters. Email: marise@brenthurstwealth.co.za | Phone: + 27 12 347 8240 | Mobile: +27 72 795 3604

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