

Dividends vs Interest

Dividends

Interest

Investment type

Ownership of equity in a company.

Typically associated with debt instruments such as bonds, loans, or certificates of deposit.

Tax Treatment

Dividend are taxed at a fixed rate of 20% within South Africa and at a rate of 0% between businesses.

Interest is taxed at a natural person's marginal income tax bracket in South Africa.

Recipient

Received by shareholders (owners) of a company's stock.

Received by lenders or bondholders who have provided a loan or purchase a bond.

Interest Rate Risk

Equity investors feel the long-term effect of changing rates but remains diversified from the debt asset class as a product.

When interest rates rise, banks offer similar returns through guaranteed products that can become increasingly more attractive than private debt where there is no guarantee of returns.

Interest Rate Dependency

Equity investments are dependent on the performance of the underlying business to increase in value and/or generate a cash flow.

Debt investments strongly rely on interest rates and become increasingly vulnerable on the decisions of the Reserve Bank.

A comparison of interest vs dividends

- calculated for individual clients according to tax bracket.

Client in 31% tax bracket

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	31%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R161 510
Net Growth	R512 000	R478 490

Client in 39% tax bracket

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	39%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R203 190
Net Growth	R512 000	R436 810

Client in 45% tax bracket

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	45%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R234 450
Net Growth	R512 000	R405 550

Why Everest Wealth?

Challenging the trust, in traditional investment opportunities by offering above-average returns through tangible, stable and credible investments alternatives.

Six reasons to choose

Private Equity with Everest Wealth

1 Everest Wealth provides a **consistent return** over the investment period, not fluctuating.

4 Everest Wealth produces **double digit returns**, net of taxation and fees.

2 Everest Wealth provides a **diversification** from the traditional investment portfolio by focusing our investments through a pure private equity fund that is less correlated to general investment solutions.

5 The investor buys a preference share into the fund that will be **taxed through dividends** as the investor buys equity, rather than a debt agreement as per most usual investment vehicles. Natural persons will thus be taxed at a flat rate of 20% in and businesses at 0%.

3 Through the unique structure between Everest Wealth and Laudian Investment holdings, there will be **no upfront fee** charged to the clients' initial capital investment.

6 Everest Wealth provides a **special dividend** to all clients investing in our Strategic Income range at maturity equal to 10% of the investors' initial capital investment.