Render unto Caesar…despite Caesar

Perspectives: February 26th, 2021

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Despite seemingly lacking clear evidence, the SA Government saw it fit to become the *only* country on the planet imposing country-wide alcohol sales bans between June and December 2020. The ban resulted in 41 trading days being lost to the regulated formal alcohol industry, with concomitant job losses numbering in the thousands. The self-same industry contributes upward of R70 billion annually to the fiscus through excise duties, corporate income tax, and VAT.

As could confidently be predicted and expected, the illicit informal trade moved in immediately to provide substitute product, manufactured in unsafe, unregulated food health conditions with dubious substances harmful to consumers, and with zero direct or indirect contributions to the fiscus.

Meanwhile, SA recorded its largest tax shortfall on record, collecting R213 billion less than expected. The irony is uncanny.

Losing almost 2 months of trading would cripple most businesses in most industries. Yet, despite the ban-imposed headwinds, one of our fund holdings, **Distell**, has just released a solid set of interim results – reporting their highest ever half-year revenue, profit and per share earnings. This showcases a true measure of Distell's ability to rapidly adapt to adversity – an intangible organisational quality delivering tangible results that Perspective seeks out and prizes highly.

Great news for Distell shareholders, but also great news for “Caesar”, who will collect a record R568 million in corporate income tax and R4.4 billion in excise duties from Distell alone.

Our work continues…

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