



New listing - Invest in the world's best businesses through one JSE listed share

4 November 2015

Note: This is NOT independent research. Anchor Capital has been appointed as the asset manager of Astoria and Peter Armitage is a non-executive director of Astoria and CEO of Anchor Group.

INVESTMENT THESIS

NOTE: This is a brief summary of the investment attributes of Astoria. It should be read in conjunction with the listing presentation and pre-listing statement of Astoria, both of which are available from info@anchorcapital.co.za.

Astoria is a global investment company which is inward listing on the JSE in November 2015. The objective of the company is to deliver a sustained, strong compound growth in value per share in US\$. The company invests in global, high quality equities, niche funds and private equity. By buying an Astoria share in a SA share portfolio, SA investors will have immediate access to a diversified global investment portfolio, denominated in US\$. The share is an alternative to investing in SA-listed shares with global exposure and passive index-tracking funds. Astoria has permission from the South African Reserve Bank to transfer US\$450 million offshore.

WHAT ARE THE ATTRACTIONS?

- This is the ideal investment vehicle for South African investors to access offshore investments:
 - You can invest by simply buying a share, without the hassles of externalising capital.
 - There is tax certainty, with a 3% tax rate in Mauritius.
 - It is managed by a well-respected asset manager with a global network.
 - This is a long term investment vehicle, which will enable the asset manager to make long-term investments without being concerned about monthly fluctuations.
 - You avoid the SITUS risks of 40% death duties when investing directly in offshore shares.
- South African investors cannot replicate this investment:
 - By buying a share you have access to a broad spread of global assets.
 - Some of the investments (eg. private equity) have a minimum "ticket size" of US\$5m and hence can only be accessed via an investment company.
 - The institutional size of the company will enable it to invest in funds at institutional rates and brokerage costs of 3-5 basis points.
 - The company has the mandate to gear up to 40%, which it will utilize very cautiously. Given low global interest rates, this can materially enhance returns.
- Simple and low cost structure:
 - We estimate the running costs of Astoria at US\$500,000 per annum.

LISTING DETAILS

- Primary listing on SEM (Mauritius)
- Inward listing on JSE Alt-X
- Offer opens: Mon 16 Nov 2015
- Offer closes: 12'noon on Wed 18 Nov 2015
- Net asset value per share: US\$1.00
- Issue price: Rand equivalent of US\$1.00 per share
- Targeted capital raise: US\$150m (R2.1 bn)
- Freefloat: 100%
- Minimum application: R1m (less if aggregated by broker)
- Advisers and Service Providers include: Java Capital, Standard Bank, Werksmans, KPMG
- Apply through your broker or open an account with Anchor Capital
 - Anchor Capital will earn a 1% management fee for direct investments and 0.5% for indirect investments. This is based on net asset value.
 - The total expenses will approximate 1.6% per annum of asset value at a nav of US\$150 million. This will reduce to circa 1.3% at a US\$300 million nav.
 - There are no performance fees.

WHO WILL INVEST THE ASSETS?

Anchor Capital has been appointed the asset manager of Astoria and will leverage off the following expertise and network:

- A 20-strong Anchor Capital investment team in South Africa, with eight individuals dedicated to global investment. These individuals have extensive global investment expertise and Anchor has an impressive track record in global equity investment.
- Global macro expertise, based in London.
- A strategic alliance with ACPI Investment Managers, a London-based, world class asset manager, with over R40 billion of assets under management. ACPI invests in global funds on behalf of clients and will facilitate entry into hard-to-access global niche funds and private equity opportunities. ACPI conducts due diligences on these funds. ACPI is well-networked and will present investment opportunities to Astoria.



Up to 20% alternatives / private equity

Global screen of opportunities – must offer prospect of low/medium risk of at least 10% USD IRR

Up to 20% niche funds

Utilised where specialist knowledge is required to access investment theme. This includes property

+/-60% direct listed equities

Direct equity portfolio, which is most cost effective way to invest. High quality, long term holdings in blue chip companies

- Anchor has a 47%-stake in Capricorn Fund Managers, who have a 5-strong team regularly visiting and covering global emerging markets, identifying investment opportunities.
- CEO Darryl Kaplan is based on Australia and has a network with access to investment opportunities.

WHAT WILL ASTORIA INVEST IN?

Astoria will at all times have a diversified portfolio, which seeks to maximize returns. The general principle is to invest as follows:

DIRECT EQUITIES

Approximately 60% of the net asset value will be invested in long-term global equities, with a quality and developed market bias. The focus will be on long-term growth businesses at reasonable prices, rather than value traps.

The current portfolio is as follows:

Name	Sector	Exchange	Currency
1 Alibaba Group Holding Ltd	Technology	New York	USD
2 Apple Inc	Technology	NASDAQ GS	USD
3 Berkshire Hathaway Inc-CI B	Insurance	New York	USD
4 The Blackstone Group	Financial	New York	USD
5 Facebook Inc-CI A	Technology	NASDAQ GS	USD
6 Google Inc-CI A	Technology	NASDAQ GS	USD
7 iShares MSCI Japan ETF	Index	NYSE Arca	USD
8 Johnson & Johnson	Pharmaceutical	New York	USD
9 JP Morgan Chase & Co	Financial	New York	USD
10 Mastercard Inc-CI A	Financial	New York	USD
11 Starbucks Corp	Consumer Products	NASDAQ GS	USD
12 Walt Disney Co	Entertainment	New York	USD
13 Yum! Brands Inc	Consumer Products	New York	USD
14 Admiral Group Plc	Insurance	London	GBP
15 Daimler AG	Transportation	Xetra	EUR
16 Lloyds Banking Group Plc	Financial	London	GBP
17 Nestle SA	Consumer Products	SIX Swiss Ex	CHF
18 Pandora A/S	Retail	Copenhagen	DKK
19 UBS Group AG	Financial	SIX Swiss Ex	CHF
20 Unilever Plc	Consumer Products	London	GBP
21 Toyota Motor Corp	Transportation	Tokyo	JPY

ALTERNATIVES AND PRIVATE EQUITY FUNDS

Approximately 20% of the net asset value will be invested in private equity funds and alternative investments. Private equity funds are typically of a long term nature and well-suited to this investment structure. Given low global interest rates, private equity funds are well-placed to deliver strong US\$ returns. Many of the funds being considered have track records of IRR's in excess of 20% per annum in dollars. A private investor does typically not have access to these funds given the minimum investment thresholds.

NICHE FUNDS

Approximately 20% of the net asset value will be invested in niche funds. Anchor and its investment network does not have expertise across all territories. Hence where the macro view is to take exposure to niche geographies (eg. India) and themes, Astoria will make use of specialist funds which have strong track records in their speciality.

DIRECT INVESTMENTS

While not the initial focus, Astoria will seek to make direct investments in businesses over time. These will be identified by the investment network and will done in a very risk-sensitive manner. Astoria does not intend building its own private equity team and will typically co-invest with experts in their field.

SUMMARY

Astoria's attractiveness lies in its simplicity. It is increasingly difficult to achieve broad global, developed market exposure in a SA share portfolio and Astoria addresses this problem. By buying one share, an investor has access to a broad offshore portfolio which is actively managed by an experienced team. The sole objective of the company is to deliver strong US\$ returns on a long-term basis. Astoria has a strong board and places emphasis on corporate governance and transparency. The net asset value and portfolio will be disclosed on a quarterly basis. The year end is 31 December.

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