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## **Overview**

Altvest Capital (**4AAVC**) is a disruptive African FinTech company that is currently listed on the new Cape Town Stock Exchange. Altvest's ethos is to disrupt traditional private equity by democratizing access to exclusive alternative assets through fractional ownership. The company has 10 000 000 issued shares currently trading at 505ZAC per share valuing Altvest Capital at R50 500 000.

## **Business Description**

The Altvest business model combines the best of listed equity principles with the unique advantages of a portfolio of quality and diversified assets, focused on proven operating models in high-growth sectors, sound governance and reporting to protect capital and identify operational bottlenecks.

Altvest takes sizeable, non-controlling, stakes (15%-49%) to enable close collaboration with management to drive operational efficiency and streamlined decisions. This allows the implementation of 3–5-year strategies which leverage global best practice to maximize value and stakeholder returns.

Altvest revenue streams comprise of the following:

- Capital Raise Fees,
- Annual fees from retail investors
- Fee income derived from a percentage of revenues
- Distribution from companies Altvest holds interest in.

The company has created solid partnerships with key media houses that form part of the shareholding of the business. BizNews and Arena Holdings (Sunday Times et al publisher) hold significant stakes in Altvest, which reduces the necessary capital outlay regarding roadshows in order to raise awareness of potential new listings/acquisitions.

Altvest recently acquired Umnganu Game Lodge, a 5 bedroom luxury lodge situated in the Elephant point development in Blefast, Mpumalanga. The lodge offers game viewing directly and via the Kruger National Park which is a 5 min drive away.

A key figure in the Umnganu Lodge is ex cricketer, Kevin Pieterse who aids in marketing the lodge through his extensive network of high-net-worth foreign patrons. The lodge is managed by Legacy Hotels which is a Southern African developer/operator with over 300 lodges under management.

## Industry Analysis / investment Risks

### **1. Strengths**

- Altvest has a highly competent management team that would be tough to replicate amongst competitors
- The main competitors, private equity firms, are closed off to the public due to the high capital requirements to participate in transactions.
- Being a tech first company, allows the company to be agile allowing repeated disruption in the industry.
- The only investment platform that gives ordinary people access to closed off luxury asset.
- Altvest's current and only investment, Umganu Lodge is in a very competitive industry however its position in Elephant point is strong and isn't replicable.
- Umganu has a strong network of foreign potential patrons which increases earning potential
- Umganu is a top 2 lodge in its region.
- The quality of investments will dictate the clientele (i.e. the only way to own Umganu Lodge is through Altvest).

### **2. Weaknesses**

- The finance industry has high beaurocracy which will cannibalise agility from time to time
- New, untested model. The price of being a pioneer is if you are right, you are right big but if you are wrong, you are wrong really big.

### **3. Opportunities**

- Alternate asset owners will be open to this new method of capital raising, increasing prospects of quality investments
- Being a pioneer, Altvest will always enjoy industry leader status with good investments and solid returns
- Public interest in investing is at an all time high
- SME's in South Africa are underfunded

### **4. Threats**

- The economic outlook is grim meaning Altvest's primary audience, retail customers do not considerable disposable income to invest
- The industry may reject the model (the price of being a pioneer)
- Small threat of return to lockdowns which will affect the initial investment outlook of Umganu Lodge

## **Valuation**

Market Value: R5.05

Upside: R10.31

Intrinsic Value: R14.97

## **Recommendation**

I recommend that one buys and hold Altvest shares as the trajectory of the company and the pioneer status is the marker for something special