

## **AltVest Stock Take Competition: Summary Page**

### Company Background

ALTVEST Capital, is a company that allows investment by the public in private equity assets from as low as R100, initially listed as a cash shell on the Cape Town Stock Exchange (CTSE) on May 5.

### Market Value Vs Intrinsic Value (Rands per share)

Market value	5.05
Upside	10.91
Intrinsic value	15.96

Therefore, my recommendation is to buy and hold AltVest shares.

## AltVest Valuation

AltVest Discounted Cash Flow in ZAR'm	2023	2024	2025	2026	2027
Date	28-Feb-23	29-Feb-24	28-Feb-25	28-Feb-26	28-Feb-27
Time periods	-	1	2	3	4
Year Fraction	0.6	1.6	2.6	3.6	4.6
EBITDA	(35.8)	(6.4)	1.3	14.7	44.3
Less: Cash taxes	-	-	-	-	(2.3)
Less: Capex	(0.1)	(0.3)	(0.5)	(0.8)	(1.4)
Unlevered FCF	(35.3)	(4.1)	5.4	20.5	49.2
Levered cash flows	(31.8)	(3.1)	3.4	10.7	21.3

### Intrinsic Value

Enterprise value	149.76
Plus: Cash	9.80
Less: Debt	-
Equity value	159.56
Equity value/share	15.96

### Market value

Market Cap	50.50
Plus: Debt	-
Less: Cash	(9.80)
Enterprise Value	40.70
Equity value/share	5.05

### Terminal Value

Perpetual Growth	149.27
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### Rate of Return

Target price upside	216%
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### Market value vs Intrinsic value

Market value	5.05
Upside	10.91
Intrinsic value	15.96

Therefore, AltVest's share is undervalued, thus buy and hold

### Key Assumptions

Key Assumptions	Reason
Tax rate	27% South African Tax rate
Discount rate	20% Cost of Equity per Company presentation
Perpetual growth rate	5% South African long term inflation rate
Transaction date	31-Jul-22 Listing date as per Company documents
Current price (market value)	5.05
Number of shares outstanding	10 000 000 Per listing documents
Debt	0 Per listing documents
Cash	9.8 Per listing documents
Capex	

## Strategic Considerations

Consideration	Definition
Company Overview	ALTVEST Capital, is a company that allows investment by the public in private equity assets from as low as R100, initially listed as a cash shell on the Cape Town Stock Exchange (CTSE) on May 5.
Company objectives	Developing a platform that will democratise; educate and raise awareness of alternative investments by bringing bespoke investment opportunities to ordinary people; through use of trusted media platforms.
Partnerships	AltVest's partners include BankerX, Arena Holdings, BizNews and the Lion Cage, organisations that seek to educate financial literacy and knowledge.
Barriers to entry	The business model requires investment in tech-solutions and personnel as it is an online trading platform. The limited supply of tech solutions and qualified personnel in the country serves as a risk and barrier to entry into this market.
Power of suppliers and customers	<ul style="list-style-type: none"> <li>Suppliers of AltVest will include the platform developers and maintenance personnel. Their power should be limited as most of the relationships should be contractual.</li> <li>The customers have a much higher power as the choice to invest in the platform is purely discretionary. However, the minimum of R100 as an investment limits the customer's power.</li> </ul>
Growth expectations and competitive advantage	<ul style="list-style-type: none"> <li>The online trading platform faces reasonable amount of growth. AltVest is the first of its kind as it affords retail investors an opportunity to invest in Private Equity (a market previously reserved for mostly institutional investors).</li> <li>Moreover, the trend of passive income and high unemployment rate in the country can also drive the Company's growth as it provides the ability to make money without working actively for it.</li> </ul>
Competition	The Company's competitors include the likes of Easy Equities, an online trading platform for listed equity for retail investors. This is not a direct competitor as it only deals with listed equities while AltVest targets unlisted equities.
Customers	Customers of the Company include any individual and/or investors with an interest in investing into private equity markets.
Key value drivers and material uncertainties	AltVest's operation depends mostly on its ability to raise enough cash from the public to be able to acquire the 30% of the targeted investee companies through subscription to the underlying preference shares. This plays directly into the emotional and discretionary decisions of the retail investors.
Target investee Company	The current targeted investment is Umganu Lodge, a 5-bedroom luxury lodge situated in the Elephant Point development, providing offering game viewing directly and via the Kruger National Park (5 min drive). This investment will fall under the luxury real estate cohort.

Therefore, based on the qualitative and quantitative information provided above, my recommendation is to buy and hold AltVest's shares as they have shown to be undervalued at listing and current date.