

# Small Talk Daily Page

11/26/2015

Anchor Group Holdings



Anchor's new fund Astoria opens at my expected 'small premium'

JSE: ARA  
JSE: ACG

1462 cents  
1798 cents

Mcap: R1,850m  
Mcap : R2,939m

52 wk Hi/Lo: -- / --  
52 wk Hi/Lo: 1820c / 695c

Yesterday saw the debut on the Alt-X market of Astoria, the JSE & Mauritian-listed permanent capital offshore investment fund managed by Anchor Group. The fund raised US\$127m (R1.8bn) of new investor money and was priced at the time of IPO at US\$1 or R14.23 at the (then) R vs. \$ rate.

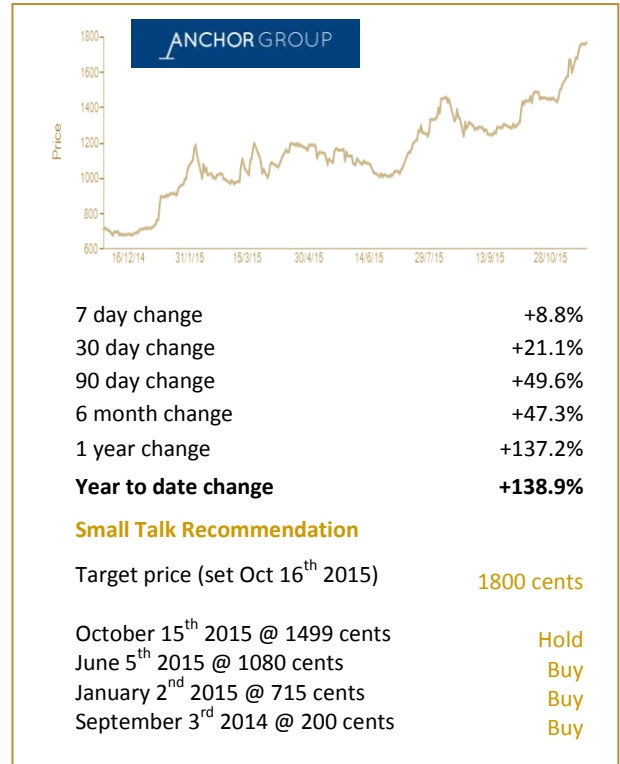
The stock had a good trading day and I forecast opened at a small premium (I predicted a 2 – 4%) as only 90% of applicants allocation was allotted on subscription; a savvy and sharp way to create 'after market' demand. It certainly worked.

That listing demand saw Astoria trade 2.653m shares traded on the opening day with a value of R38.6m with the counter closing at my expected "modest premium" of +2.7% at 1462 cents.

The marketing and road show of Astoria was a huge success, not just for the R1,8bn of new capital raised BUT for the flow through benefits to Anchor which has risen by over 20% in share price in the past month and attained my third price target of 1800 cents; I chose Anchor in my Top 5 Portfolio of 2015 at 715 cents on January 2<sup>nd</sup> and its year to date return (including dividends) is 155% making it my portfolio's top performing selection.

Astoria raised US\$127m (R1.8bn) but has Reserve Bank approval to expand its size to US\$450m (R6.3bn). With a 1% management fee in place back to Anchor, Astoria could become a very profitable venture above & beyond Anchor's existing asset management operations. This, I believe, has been the driver of the recent Anchor share price. On a simplistic fashion, Astoria on IPO value, gains Anchor @11cps to earnings and if it's gets to US\$450m it could earn Anchor 35cps. The bigger its grows...the more earnings Anchor makes.

Named 'Astoria' after a pink, paint peeling guest house passed by in Port Elizabeth (true story) the fund will have a balance of offshore blue chip equities (60%) global private equity funds (20%) and niche listed offshore equity funds (20%). A domestic individual private investor would not be able to easily replicate the Astoria fund and if they could certainly not for the fee structure Anchor/Astoria has attained. Further as a US\$ based fund listed in Mauritius and on the JSE, the fund is a way to 'get around' the offshore investing allowance to 'bump up' offshore exposure without contravening the current Reserve Bank rules and the Reg 28 requirements. I can confidently say that this (currently unique vehicle is a counter that any private individual should own in a diversified portfolio. I maintain my positive stance. Now we need performance.



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SECURITIES

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\*Fixed interest and money market trading conducted in Vunani Capital Markets (Pty) Ltd

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