

## BITCOIN: INVESTMENT OPPORTUNITY OR NOT?

**Bitcoin** is the most famous of the new digital means of exchange or currencies. Its dramatic rise in price has led to widespread public interest. The price has moved from under \$1000 at the beginning of 2017, to over \$5800. It was trading at around \$12 just five years ago.

The block-chain technology enables direct cash-less peer-to-peer payments (without central bank or government oversight), and with complete anonymity. The technology is fast and efficient and is monitored by decentralized databases. New bitcoins are "mined" by contributing computing power to facilitate the logging, accounting and auditing of bitcoin transactions.

It is likely that block-chain technology and cryptocurrency payments will become widespread in the near future.

Is Bitcoin an alternative to cash?

To a certain extent, yes. There are already many things that can be purchased using Bitcoin.

Unfortunately, this has resulted in many negative aspects of cash transactions arising; Bitcoin has been used for tax evasion, money-laundering, bypassing of capital controls and many other illicit activities.



- Bitcoin has been highly volatile. This is not normal for cash, or a currency.
- There is a theoretical limit to the number of Bitcoin that can be mined, and therefore it should hold relative value.
- However, there are an infinite number of cryptocurrencies. There are already over a thousand competitors, and the big financial institutions are starting to build their own.
- Bitcoin does not hold exclusive rights to block-chain technology.
- As cryptocurrencies become more popular the risk of government intervention rises. It is likely that they will attempt to tax/control/outlaw cryptocurrencies soon.

### What are the benefits?

- The price momentum has been phenomenal. However, it does show the characteristics of a bubble.
- The technology is exciting.

This is a purely speculative play. PW Harvey & Co does not hold any Bitcoin investments, nor are we encouraging our clients to do so. However, we can facilitate an investment into a NYSE-listed Bitcoin ETF should our clients want that type of exposure. For a more detailed article on Bitcoin and the blockchain technology please visit our **Facebook** page.

## South Africans disclose R35bn in offshore assets to taxman

Cape Town - South Africans have declared almost R35bn worth of foreign assets under the government-initiated special voluntary disclosure programme (SVDP) that closed last month. This figure was revealed in a written article by Finance Minister Malusi Gigaba. Gigaba said that 2002 SVDP applications were received by the cut-off date



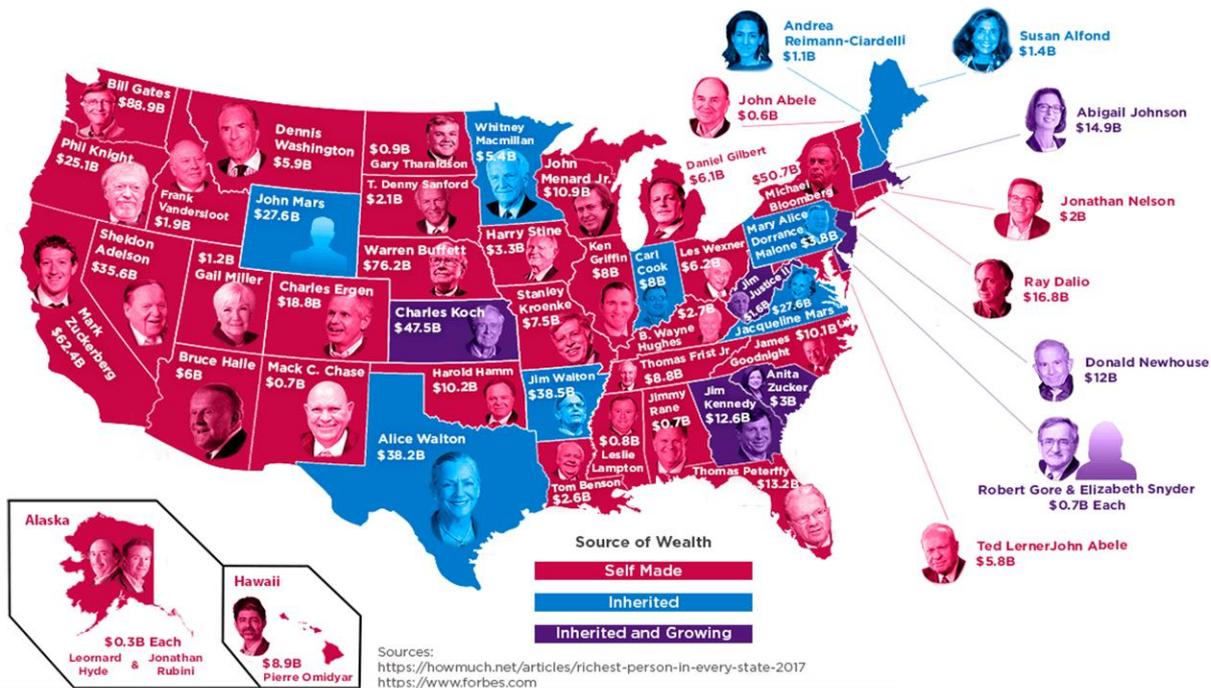
of August 31, and the government had already identified over R1bn in tax liabilities.

"Of the 2002 applications received, 305 applications have been processed, resulting in 280 SVDP agreements being concluded with tax liabilities totalling R1 031 627 067," he said. Of this amount, R822m in tax has been collected to date.

Gigaba added that the total tax top-up to SA's coffers from the voluntary disclosure programme could be as much as R4bn.

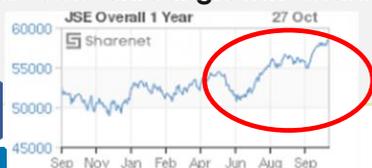
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## THIS AND THAT

- **bitcoin** market value is now larger than Goldman Sachs and Morgan Stanley. Bitcoin would be the 15th largest component of the NASDAQ and the 58th largest by market cap on the NYSE.
- **NETFLIX** adds 5.3 million subscribers during the third quarter, beating analysts' estimates.
- **VISA** announced it is enabling Visa payments on Fitbit's first smartwatch, Fitbit Ionic.
- **Naspers** agreed to pay 660 million euros (US\$775 million) to boost its stake in Germany's Delivery Hero AG as Africa's biggest company increases its exposure to the online food-delivery market. The Cape Town based media and technology business will buy stock from Rocket Internet SE at 29.50 euros a share, it said in a statement last Thursday. That's a discount of 12% based on Wednesday's closing price, making the South African company the biggest investor with a stake of 24%.
- If you would have **got out** of the **JSE in June** you would have **missed** some **unreal growth**. Thanks a lot, to **Naspers**



He also scooped almost 148 000 N shares as part of his long-term incentive benefit.

- **Global losses** from disasters total US\$44bn in first six months of 2017.
- **A sneeze** in Beijing could chill **Naspers** to the bone.
- **STARBUCKS** is launching in Durban in November.

### Bidding war for PPC looms as

### LafargeHolcim enters fray

**PPC**



The stage is set for a bidding war for SA's largest cement producer PPC, which has received a nonbinding expression of interest from global cement group LafargeHolcim to add to the Afrisam-Fairfax Africa partial offer for PPC's assets.

An offer from LafargeHolcim, which already has a strong presence in SA and the rest of Africa, could raise significant competition issues as a merger would give the combined company almost half of SA's cement market. However, the shape of a potential deal is far from clear at this stage, with Swiss-based LafargeHolcim announcing on Friday that it would submit a firm intention offer only in the week of November 20, following a due diligence of PPC.

It contemplated a combination of certain African assets, a partial cash offer and a special dividend, it said on Friday.

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Articles from: Financial Mail, Business Day, Sunday Times, STANLIB, Allan Gray, Old Mutual, Sanlam, Coronation, Ashburton, PSG and Investec were in developing the article presented in this newsletter

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