

A NEW STAR IS BORN

September 2017 saw the unbundling and listing of Steinhoff's African retail operations (STAR). This new listing includes well known outlets Pep in South Africa and the rest of Africa, Poco, Russells, Ackermans, Bradlows and Rochester, as well as Buco/Pennypinchers, Timbercity, The Tile House, Incredible Connection, HiFi Corporation, Dunns, John Craig, Refinery, Shoe City, Tekkie Town, Sleepmasters and Flash, a digital payments provider.

The new listing offers investors a broad exposure to mainly the South African consumers purchasing furniture, electronics, building materials, home appliances, apparel, and household products.

The Initial Public Offering (IPO) price came in at R20.50 and was 5-times oversubscribed, and the share has subsequently risen to R21.92.

The share is expected to be tightly held, with Steinhoff International holding about 78.3% and BEE partner Lancaster unlikely to sell any of its 8.8%. This will leave a free float of about 12%.

The rationale behind Steinhoff International unbundling these companies would be two-fold: to separate the international developed market assets from the African assets in order to make both shares more appealing to investors looking for exposure to retail in the respective markets – this results in higher ratings as investors get the exposure they are looking for.

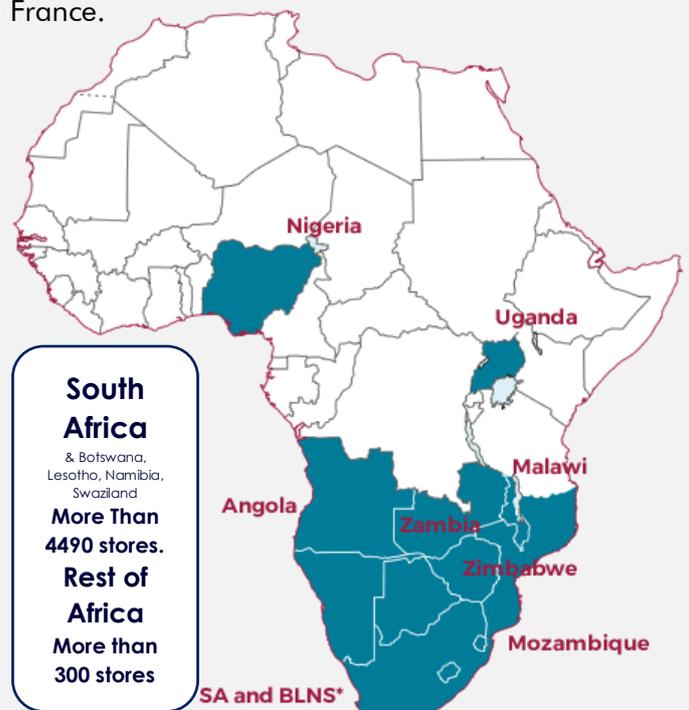
The unbundling also enables a future partnership deal with Shoprite, and potential future BEE deals. Star is expected to acquire a 26% economic interest in Shoprite.

The inclusion of Shoprite is expected create huge advantages in terms of scale and logistics, particularly in the roll-out of new shopping centres in Africa.

Steinhoff is the world's biggest furniture retailer after Sweden's IKEA. Steinhoff International owns Poundland in Britain, Mattress Firm in the United States and Conforama in France.



STEINHOFF AFRICA RETAIL BRAND HOLDINGS:



THIS AND THAT

- **Chinese regulator** launches probe into Tencent, Weibo and Baidu for alleged breaches of Chinese government draconian cyber security laws.
- **Investors to tackle Naspers** chairman Koos Bekker over company's remuneration policy.
- **The Economist's Intelligence Unit** has released this year's edition of their Global Liveability Report which ranks 140 cities across the world based on their quality of life across these categories: stability, healthcare, culture and environment, education and infrastructure. Here is the top 10:

1. Melbourne, Australia
2. Vienna, Austria
3. Vancouver, Canada
4. Toronto, Canada
5. Calgary, Canada
6. Adelaide, Australia
7. Perth, Australia
8. Auckland, New Zealand
9. Helsinki, Finland
10. Hamburg, Germany



For the seventh year in a row, Melbourne has been named the world's most liveable city. For Australia and Canada the results look good, as each country has three cities in the top ten. The United States missed the top ten.

- **Global losses from disasters** total US\$44bn in the first six months of 2017. Of the total losses in the first half of this year, US\$23bn were covered by insurance. A series of severe thunderstorms in the US caused some of the largest losses. Globally, around 4400 people lost their lives or went missing. Other large events include tropical cyclones in Australia, floods in Peru, and severe frost damage in Europe. Heat waves and record high temperatures with dry weather have also ignited wildfires in many parts of the world.
- **South Africans disclose R35bn in offshore assets to the taxman.** The government initiated special voluntary disclosure programme (SVDP) has received 2002 applications by cutoff date 31 August 2017. To date 280 SVDP agreements have been concluded with tax liabilities totaling over R1.03bn. Of this amount, R822m in tax has been collected. **Finance Minister Malusi Gigaba** said that the total tax top-up to SA's coffers from this programme could be as much as R4bn.
- Five **medical schemes** have announced their **contribution increases for 2018**. Genesis Medical Scheme is the lowest at 5.8% and Medshield the highest at 10.9%. Keyhealth announced a weighted increase of 8.6% while Momentum Health announced an average increase of 8.3%. Over the last 16 years, the average year-on-year increase of medical scheme contributions has been 7.6%. Open schemes that have yet to announce: Bestmed, Discovery, Fedhealth, Hosmed, Medihelp, Compcare Wellness, Makoti, Thebemed and Spectramed, to name a few.

SAXO MAKES A MOVE INTO BITCOIN ETN'S

As a result of all the market activity and bitcoin excitement, Saxo decided to offer exchange traded notes. This fund will provide investors with indirect exposure to bitcoin's price. A Financefeeds article elaborated:

"In response to this growing interest, Saxo has added two new Exchange Traded Notes (ETNs) to its offering. Saxo clients can now get exposure to Bitcoin through these two new ETNs designed to track the movement of Bitcoin against the US Dollar (BTC/USD)."

One note is referred to as "Bitcoin Tracker One" and is traded in Swedish Krona, and the other note is the "Bitcoin Tracker Euro." It is traded in Euro. The site details both notes are issued by XBT provider AB, and traded on Nasdaq OMX.

Due to the increasing interest in Bitcoin, PW Harvey & Co would like to inform our clients of the availability of a "bitcoin tracker". The "tracker" will be available to our clients on the offshore Saxo trader platform.

What is Bitcoin?

Bitcoin is a digital and global money system (currency). It allows people to send or receive money across the internet, even to someone they don't know or don't trust. Money can be exchanged without being linked to a real identity. The mathematical field of cryptography is the basis for **Bitcoin's** security.

What is the meaning of Bitcoin?

Bitcoin is a digital currency (also called crypto-currency) that is not backed by any country's central bank or government. **Bitcoins** can be traded for goods or services with vendors who accept **Bitcoins** as payment.



Where is Bitcoin?

Bitcoin is a new currency that was created in 2009 by an unknown person using the alias Satoshi Nakamoto. Transactions are made with no middle men – meaning, no banks! There are no transaction fees and no need to give your real name.

FINANCIAL PLANNING WEEK OCTOBER 2017

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