



REALFIN

CAPITAL PARTNERS

Global Multi-Asset Investment Services

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COMPANY OVERVIEW

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Company Registration Number	2011/122951/07
Financial Services Provider Number	43784
DIRECTORS	
Steve Doidge	Chief Executive Officer
Kerry Mitchell	Director
SERVICES OFFERING	
Multi-Family Office	
Investment Management	
Specialised Investments	
Trustee, Tax & Estate Planning Services	


Since its inception in August 2003, the RealFin Group has earned a widely acknowledged reputation as a leader in specialist asset management, advisory, and structured financial solutions to the institutional market (pension funds, life companies, asset managers, and stock-brokers).

To provide South African private clients direct access to multiple asset classes worldwide and without restrictions, a strategic decision was taken to expand the Group's specialist asset management service to include global discretionary asset management to the private client market. RealCap was therefore founded by Steve Doidge in 2012 under the umbrella of the RealFin Group.

Although based in Cape Town, South Africa, RealCap's offering is global. Through our counterparties, RealCap offers specialist, global investment management services to our sophisticated investors with a focus on sectors and countries where we believe our unique skill set provides us with positive information asymmetry. In addition to focused investment management services, RealCap is fully proficient in managing and advising our clients on all related aspects of investment and financial management, such as estate and tax planning, private equity management and advisory, and bespoke structured investment solutions.

Transparency and fiduciary responsibility form the foundation of RealCap and together with a driven, passionate, and committed team of people who are obsessed with providing excellent client service, we offer our investors a truly unique and all-encompassing investment management service.

WHY GLOBAL?

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- South Africa drastically underperforms peers over time.

 - South Africa makes up an immaterial portion of total global GDP & market capitalization.

 - Global GDP growth outstrips South Africa's over multiple time horizons.

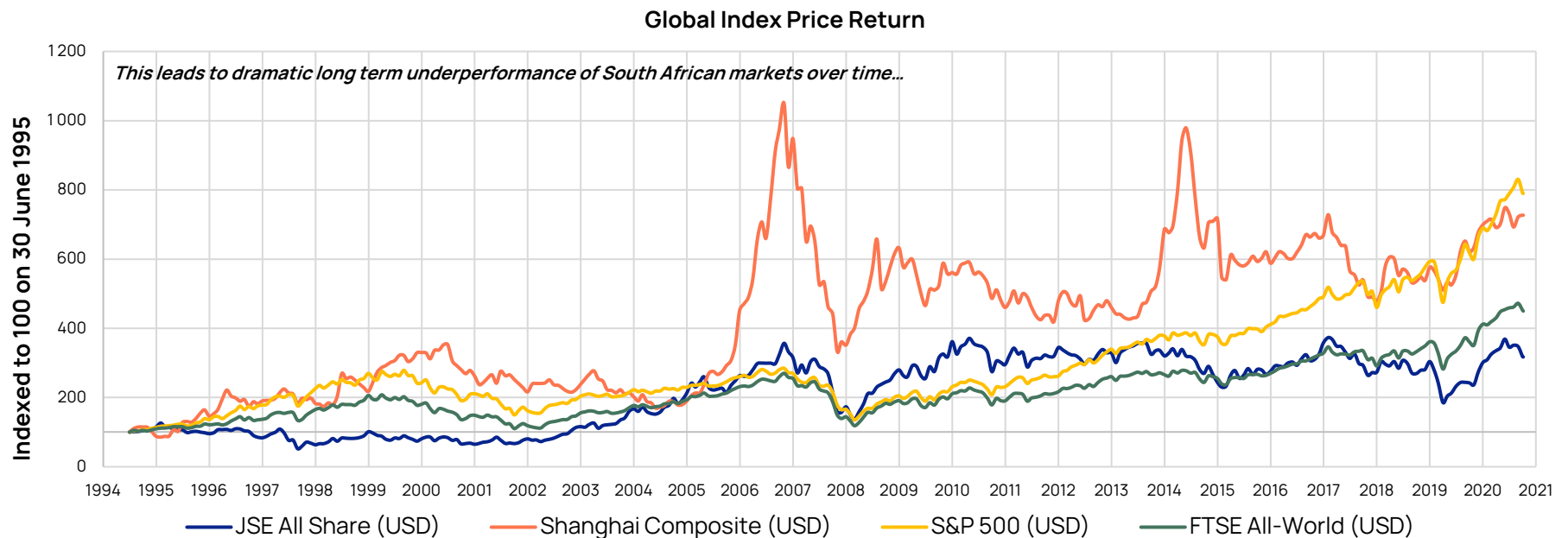
 - Hard currencies store value far better than emerging market currencies.

South Africa Drastically Underperforms Peers Over Time

Since 1994, in US Dollars, the South African listed equity index, the JSE All Share, has underperformed the global FTSE All-World index by 132%, the Chinese Shanghai Composite index by 410% and the United States S&P500 by 472%.

We believe that this is stark reality for South African investors to understand and adapt to being driven by persistent macro-economic factors.

Partnering with a skilled and determined investment team that will invest and manage one's global balance sheet gives a South African investor the best chance to maintain and compound their growth assets.



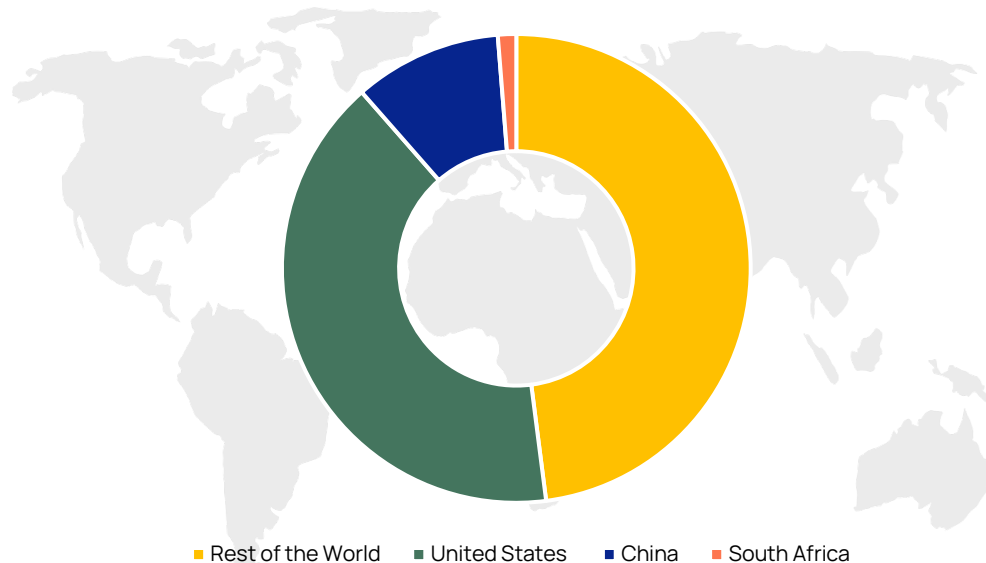
Note: All prices in US Dollars
Note: Data as of 22 October 2021
Source: FactSet

Investing in Assets Anywhere in the World

THE FLAW OF “HOME BIAS”

Why should a South African investor's portfolio be constructed differently to that of an investor in another country? As an example, what makes South African investors so reluctant to move beyond approximately 1.26% of the global listed securities universe and start participating in the remaining 98.74% available to them? It is a much-researched phenomenon known as “home bias” and at RealCap, we feel strongly that the vast majority of South African investors have a limited offering when it comes to the management of offshore investment assets. By focusing solely on South African markets, investors are missing out on global opportunities for investment. Furthermore, South Africa is considered an emerging market – one that is traditionally riskier than developed markets.

Global Listed Equity Market Capitalization



GLOBAL BALANCE SHEET

RealCap adopts a global balance sheet approach to investment management which dictates that besides those assets an investor needs to match any local based liabilities - debt, lifestyle expenses etc. - the remaining “growth assets” need to be put to work on a global basis.

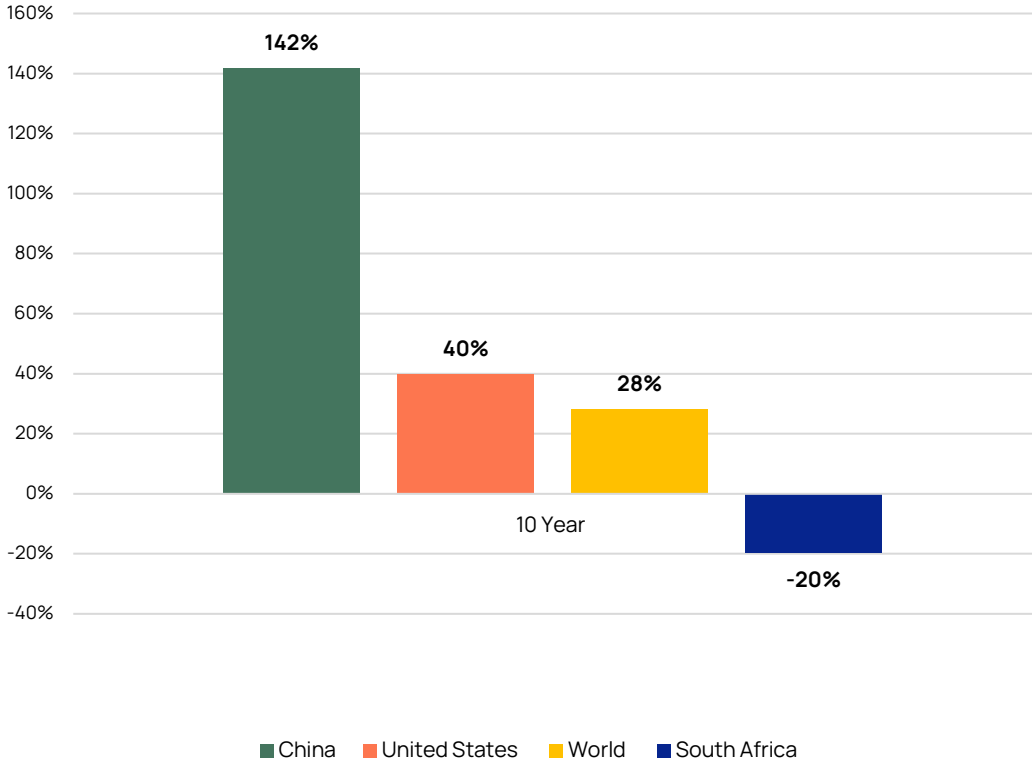
Investing in a portfolio that is diversified not just globally, but also across asset classes, improves risk-adjusted returns by exposing your portfolio to more opportunities and reducing the concentration of risk in one particular geographic market and asset class.

By partnering with RealCap, investors will obtain liquid exposure to the following asset classes on global exchanges:

- Equity
- Bonds/Cash
- Property
- Commodities (Producers & Physical)
- Specialist Opportunities

Global GDP Outstrips South African GDP Over Time

GDP Growth vs Peers Over 10 Years



South African GDP in US Dollar terms has underperformed global GDP by 48% over the last 10 years, the United States' GDP by 60% and China's GDP by 162%. This is also the case over longer and shorter time periods.

This is due to a combination of poor policies and misallocation of resources, and our view at RealCap is that these trends are set to continue.

Observable macro-economic factors lay the foundations for ongoing regional and sector value creation.

Being exposed to geographic regions and sectors which are generating increasing amounts of value each year is critical for maintaining and growing your wealth on an ongoing basis.

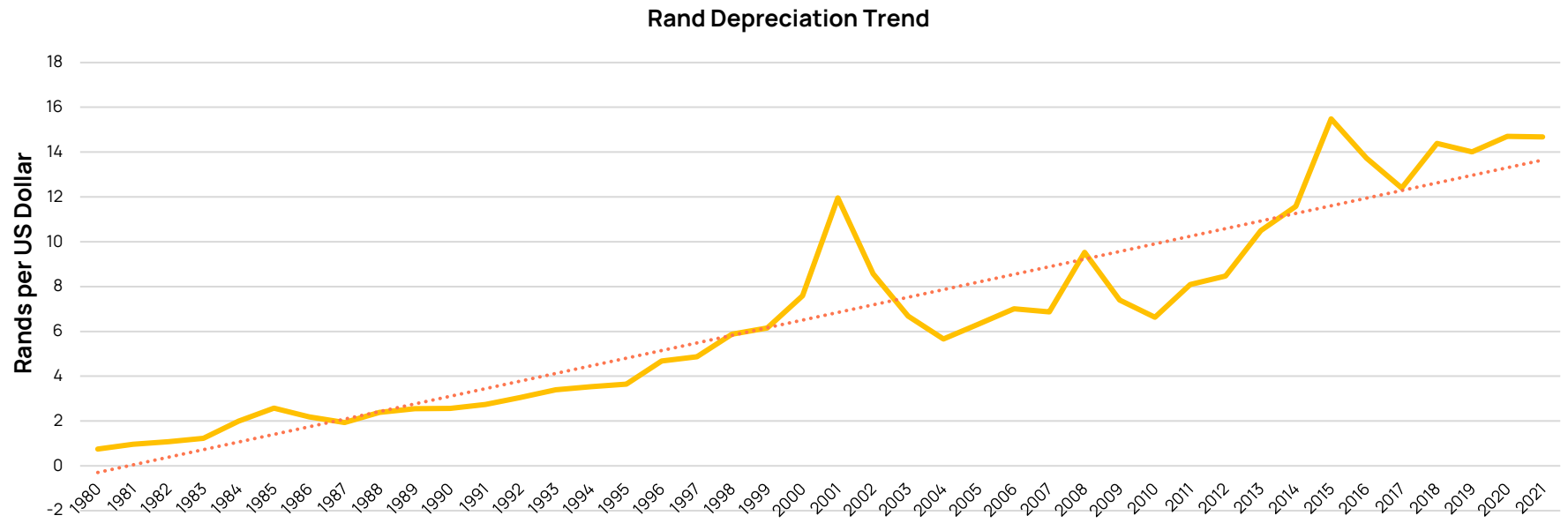


Hard Currencies Store Value far Better Than Emerging Market Currencies

Since 1980 the South African Rand has depreciated 1 868% against the US dollar.

Emerging market currencies, in general, have higher inflation than developed markets globally. These inflation differentials with the developed world lead emerging market currencies, along with the South African Rand, to depreciate relative to hard currencies over time.

In many areas around the world, economic growth could be enough to outweigh inflation causing positive real economic growth (economic growth after inflation), however, our belief at RealCap is that the departure point should be from the safety of hard currencies, with the benefit of investing and disinvesting at will in emerging market economies.



Note: Data as of 22 October 2021
Source: FactSet

REALCAP GLOBAL MULTI-ASSET INVESTMENT SERVICES

GLOBAL

Investing in assets
anywhere in the
world.

MULTI-ASSET

Equities, bonds/cash, real
estate, commodities &
specialist.

INVESTMENT SERVICES

Tailored investment
services to provide
global diversification and
Alpha.

“managing your global balance sheet locally”

PORTFOLIO COMPOSITION

MULTIPLE ASSET CLASSES

Investors need to have portfolios that are diversified beyond the typical equities and bonds and must include global real estate, commodities and specialist opportunities in order to generate alternative sources of return.

CORE AND SATELLITE

RealCap's management approach provides investors with a core foundation of strategic multi-asset holdings, comprising 80% of the portfolio. The remaining 20% of the portfolio is invested in a specialist satellite exposure which is designed to deliver Alpha returns - outperformance relative to traditional benchmarks.

CORE ALLOCATION

Within the core assets, we assign minimum and maximum allocations per asset class. The asset class constraints as well as the core-satellite allocation provide a disciplined framework for making investment decisions.

SATELLITE ALLOCATION

The specialist satellite opportunities have no asset class, geographical or sector-related restraints placed on them. We will invest in assets which, in our view, will provide the best probability-weighted returns possible through a concentrated portfolio of our best ideas. We aim to generate market-beating returns, thus generating Alpha returns over the long term. More risk-tolerant investors can invest solely in the satellite.

PORTFOLIO ALLOCATION

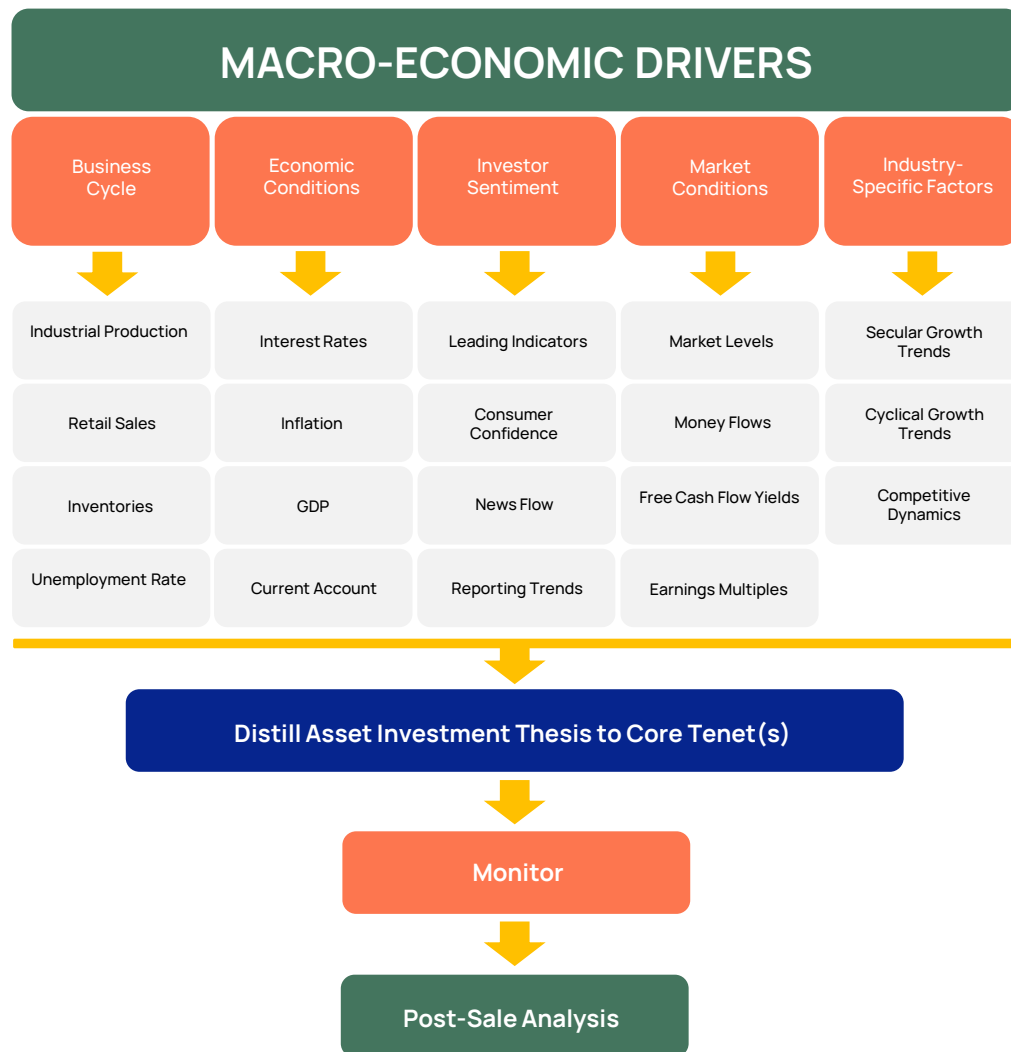
CORE ALLOCATION – 80%

EQUITIES	BONDS/ CASH	REAL ESTATE	COMMODITIES
MIN – 30%	MIN – 10%	MIN – 10%	MIN – 10%
MAX – 70%	MAX – 50%	MAX – 30%	MAX – 30%

SATELLITE ALLOCATION – 20%

SPECIALIST – HIGH CONVICTION OPPORTUNITIES

Core Allocation – Investment Process



CAPITAL ALLOCATION DECISION

The determination of “how much” to allocate to a particular asset class, geographical region, sector, or subsector is made by the investment team. The team will consider a range of factors and research continuously to determine a view on each asset class and geographical region, however, typically one or two factors will be driving the value creation at any point in time.

INVESTMENT THESIS

An investment thesis is generated for each region and asset class selected and critiqued by the team. Every effort is made to condense the idea to its core tenet(s).

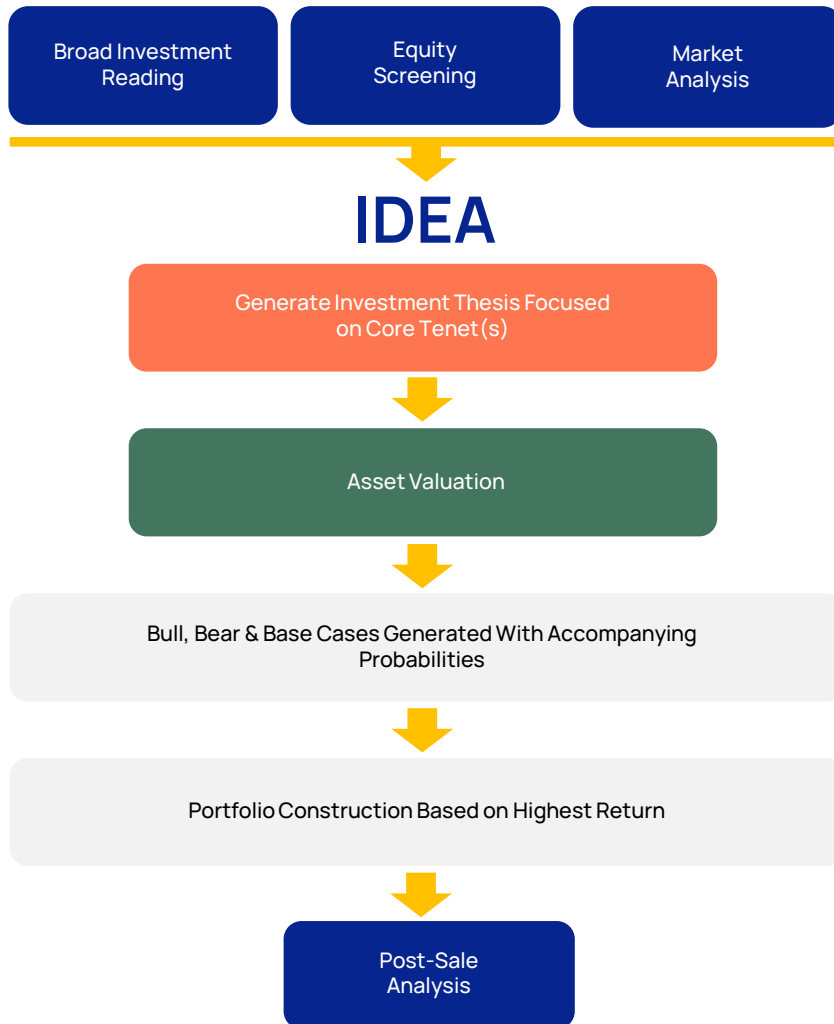
MONITORING

Regions, countries or sectors of interest are constantly reviewed, leading to a confirmation or rejection of the investment thesis on a bi-weekly basis.

POST-SALE ANALYSIS

After the sale, an analysis is conducted to determine where the investment succeeded or failed and what the learnings are.

Satellite Allocation – Investment Process



IDEA GENERATION

We get ideas from market analysis, broad investment research, and equity screening based on both quality and value metrics. We live every day in the markets.

ASSET VALUATION PROCESS

Whether we are valuing equities, real estate, commodities, or fixed income, we determine value based on future cash flows generated from these assets using multiple valuation techniques from discounted cash flow models to justified multiples and any method that gives us further insight.

An investment thesis is generated and critiqued by the team. Every effort is made to condense the idea to its core tenet(s).

SATELLITE PORTFOLIO CONSTRUCTION

Each asset class type has a return estimate for bear, base and bull cases with accompanying probabilities and reasoning and therefore, the portfolio is constructed to maximise possible returns.

MONITORING PROCESS

Each asset has a series of drivers which drive the value of the investment and are monitored at each investment meeting to determine progress of the investment.

POST-SALE ANALYSIS

After the sale, an analysis is conducted to determine where the investment succeeded or failed and what the learnings are.

Salient Features of our Approach

PORTFOLIO STRUCTURE

Our Global Multi-Asset offering can be accessed directly through a direct segregated account held with Credit Suisse, Saxo Bank or Edmond de Rothschild.

WHO SHOULD INVEST

The offering is suitable for an investor's growth assets – investable assets that the investor does not require for matching liabilities in their country of residence.

MINIMUM INVESTMENT

The minimum investment into GMAP is USD 250,000. However, RealCap may accept smaller investments into the core portfolio only.

LEVERAGE

No leverage is employed.

REDEMPTION NOTICE

There is no lock-up period and investors may terminate their mandate on a quarterly basis (subject to 60 days notice).

PORTFOLIO CURRENCY

United States Dollars.

Fees¹

Investment Amount (US Dollars)	Management Fee (per annum)	Performance Fee ² (only applicable to satellite portion)
250,000 - 2,000,000	1.50 %	20 %
2,000,001 - 5,000,000	1.00 %	20 %
More than 5,000,000	0.50 %	20 %

1 All fees quoted exclude South African Value Added Tax (15%) and furthermore exclude third party broker's commission, and any third party's charges, government levy, stamp duty, withholding taxes (if any) and further charges of external settlement agents or custodian entities.

2 Applicable only to holdings designated as part of the satellite portfolio component and based on a high watermark and a performance benchmark of US 12-month Treasury Bill Rate.

FREQUENTLY ASKED QUESTIONS

What is your minimum investment amount?

Typically, our minimum investment is USD 250,000 (or the South African Rand equivalent).

What if I do not meet the minimum investment amount?

We offer a range of other investment opportunities. Please contact one of the Investment Consultants listed on our contact page to discuss these alternatives.

How do you effectively gain asset-class and geographic diversification?

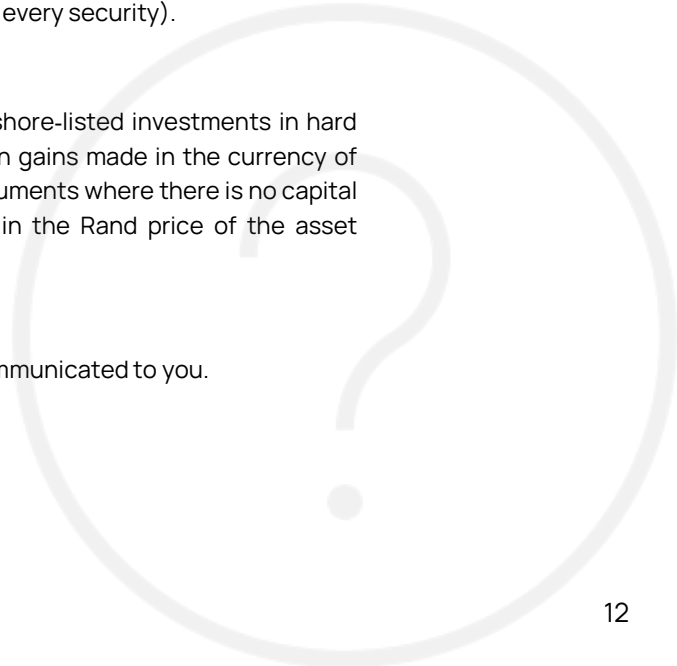
Although not exclusively, we frequently make use of ETFs (exchange-traded funds) which enable us to construct a portfolio that is cost-effectively exposed to a variety of asset classes and is diversified geographically. These ETFs provide exposure to a large basket of underlying securities, providing critical and efficient diversification - without the need to individually purchase each security (which would incur trading costs on every security).

What are the tax advantages of direct offshore investment?

Capital gains tax law in South Africa makes it more favourable to have direct, offshore-listed investments in hard currency rather than locally-listed offshore exposure. Capital gains tax is levied on gains made in the currency of investment, hence there is a plausible scenario for locally listed hard currency instruments where there is no capital gain in hard currency terms, but a significant depreciation in the Rand results in the Rand price of the asset experiencing a capital gain.

How often will I receive a statement from RealCap?

Investor statements will be prepared on a quarterly basis. These quarters will be communicated to you.



FREQUENTLY ASKED QUESTIONS

Do you invest in unlisted assets?

No. Our investment universe is limited to liquid securities which are listed on recognised global exchanges.

If you don't invest in unlisted assets, how do you gain exposure to real estate and physical commodities?

Our real estate exposure is obtained through listed Real Estate Investment Trusts (REITs) or ETFs which track a specific property index. As such we have real estate exposure without the limitations of owning physical property. Regarding physical commodities, we utilise ETFs which give us liquid exposure to an underlying physical commodity.

Why do you show performance in US Dollars?

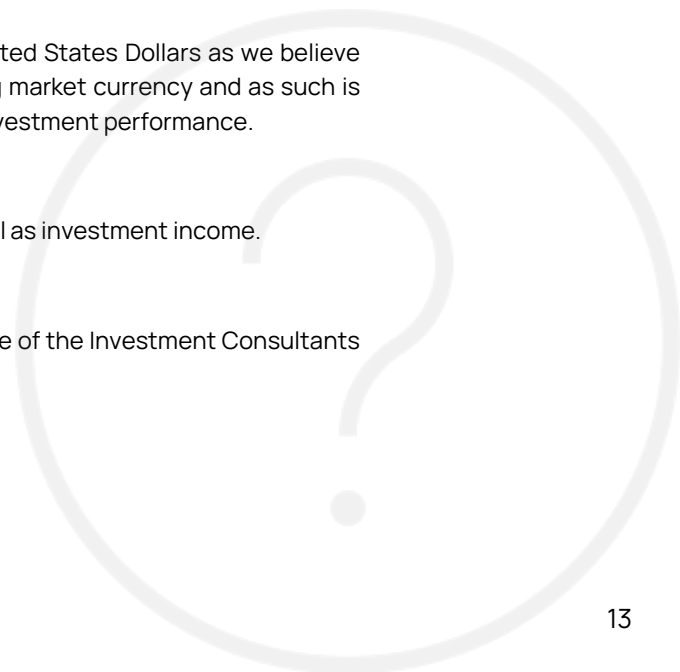
We provide performance reports in the base currency of the portfolio, namely United States Dollars as we believe this to be a good measure of an investor's global wealth. The Rand is an emerging market currency and as such is volatile. We do not want Rand volatility to cloud our investors' assessment of our investment performance.

Do you provide tax reports?

We provide tax reports after the end of the tax period detailing realised gains as well as investment income.

Do you provide additional tax services?

Yes, we provide tax filing, advisory and estate planning services. Please contact one of the Investment Consultants listed on our contact page to discuss these services further.



FREQUENTLY ASKED QUESTIONS

Do you provide for investment income?

We do not provide for regular income and all interest income and dividends are reinvested. Should you require regular income, this would take the form of a redemption from your portfolio which can be arranged if required.

I currently invest in a local South African brand name unit trust which offers offshore exposure – what differentiates you?

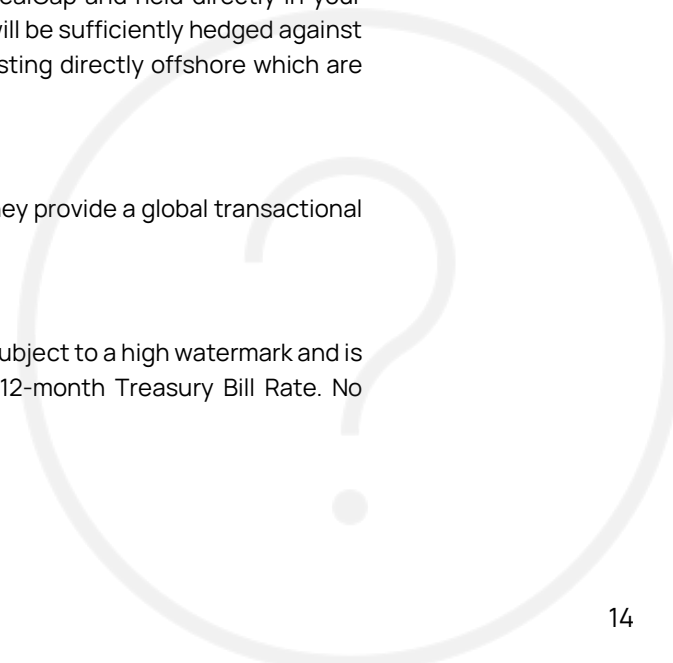
The vast majority of these unit trusts invest exclusively in equity – our offering provides investors with critical diversification across asset classes. Furthermore, not only do investors not have offshore access to their funds, but one is also not truly hedged against South African political risk by investing in these products as they are subject to changes in the South African Reserve Bank's policies which could potentially require repatriation of offshore funds. Unlike with a local unit trust, by investing in an offshore portfolio managed by RealCap and held directly in your name, you will have full access to your funds anywhere in the world and therefore will be sufficiently hedged against South African geopolitical risk. Finally, there are significant tax benefits from investing directly offshore which are detailed below.

Who is your offshore counterparty?

Our offshore counterparty is Credit Suisse, Saxo Bank or Edmond de Rothschild. They provide a global transactional platform.

Do you charge a performance fee?

We charge a performance fee only on the satellite portion of your portfolio. This is subject to a high watermark and is taken on positive gains in excess of our performance benchmark which is US 12-month Treasury Bill Rate. No performance fee is charged on the core portion of your portfolio.



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