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# CREATING A PORTFOLIO OF HIGH YIELDING ASSETS

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# Sunstone Capital

Sunstone offers investors an opportunity to earn **stable and dependable** dividends. This is done by purchasing operating assets and renting them for fixed monthly amounts, building **low risk, diversified portfolio**, boasting a full deployment of capital.

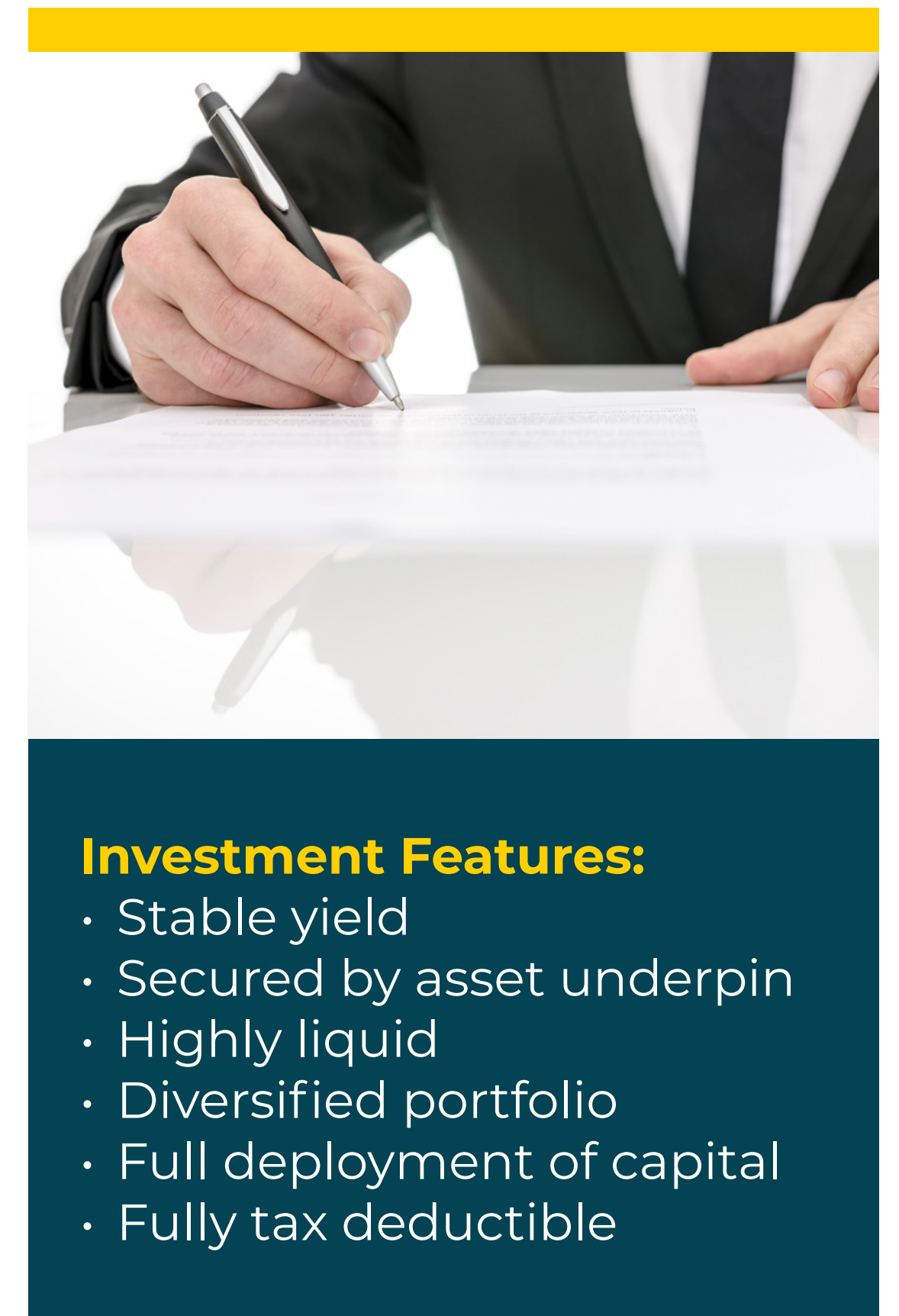
### Grovest Group:

Sunstone is part of the Grovest Group, which manages over R1.4 Billion of boutique Section 12J private equity investments. The Grovest Group continues to be the pioneers, prominent leaders and innovators of Section 12J policy in South Africa. Acting as administrative managers for more than 40 Venture Capital Companies ("VCC's"), making up a large portion of active VCC's in the South African market with nine managed funds of their own, which include Sunstone Capital.

### Historic investments:

Our portfolio is diversified across a number of asset types:

1. Commercial fleet vehicles.
2. A ride-hail fleet managed by the official partners of Uber.
3. Outdoor media assets.



### Investment Features:

- Stable yield
- Secured by asset underpin
- Highly liquid
- Diversified portfolio
- Full deployment of capital
- Fully tax deductible

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# Medical Equipment

Sunstone recently partnered up with leaders in the medical leasing space to provide an effective asset rental solution to medical professionals looking to secure machinery and equipment for their practices.

### Five reasons we are excited by this:

1. It's a prime example of an asset underpinned investment helping South African businesses grow and scale.
2. Creditworthiness - we are working with reputable medical professionals and have a stringent due diligence process ensuring we only enter into agreements with partners who have an established track record and stable financial position.
1. Substantial pipeline ensuring we maintain our track record of full deployment.
2. Reduced risk through a diversified portfolio of assets and offtakers
3. Lastly, this meets our investment hurdles meaning that we will be able to deliver our targeted returns to our investors.



Secure Machinery



Medical Equipment Rental

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## Section 12J

- Investors that invest into a SARS approved section 12J company can claim a **full tax deduction** on their investment.
- This means that up to **45%** can be claimed back from SARS within 8-10 months, **reducing risk capital to 55%**.
- The fund uses that capital to invest into asset backed businesses which **generate returns**.
- Tax deduction is made **permanent** after an investment has been held for 5 years.

 SARS



Investors



Sunstone



Companies Which  
Own Assets

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## Motion. Stability.

Targeted Return Profile  
*Table indicates targeted cashflows over a 5 year investment period.*

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Investment into Sunstone	1 000 000					
Section 12j Tax benefit (45%)*	(450 000)					
Risk Capital	(550 000)					
Dividend Yield		66 177	78 109	90 686	103 238	56 257
Dividend tax (20%)		(13 253)	(15 622)	(18 137)	(20 648)	(11 251)
Capital Returned						895 761
Capital Gains Tax						(161 237)
Net Cashflows	(550 000)	66 177	78 109	90 686	103 238	790 781
Net Cashflow after Dividends Withholding Tax (DWT)	(550 000)	52 941	62 487	72 549	82 591	779 530
Internal Rate of Return (IRR)	18.9%					
Internal Rate of Return After DWT	16.3%					

\*Assumes tax charged at the highest marginal rate

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## Salient Features

	Unit Trust @9%*	12J Investment @7.9%
Free Cash	1 000 000	1 000 000
Tax Paid to SARS	-450 000	-
Risk Capital ***	550 000	550 000
Return on risk capital before Taxes	9%	18.9%
Return on risk capital before Taxes	7.59%	16.3%

\*Assumption being that the unit trust returned 10% annually for 5 years

Feature	Detail
Investment Horizon	5 Years
Industry sector	Movable assets
Maximum investment amount	R 5 million
Targeted Return over 5 year period	18%+
Targeted Annual dividend yield	5% - 7.5%



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