

# STORMBERG PIGGERY

## ACTIVELY MANAGED CERTIFICATE (“AMC”)

### STORMBERG PIGGERY

### INVESTMENT STRATEGY

The investment objective of the AMC is to deliver 80% over 5 years (16.00% p.a. net of fees), through loans to Stormberg Piggery, an existing pig farming operation that is in the process of expanding its operations by acquiring more farmland and adding additional farmhouses. Investors gain access to a farming operation that aims to uplift and develop its employees, and aims to provide sustainable and greener farming; kinder to Mother Earth, the environment, and its animals.

Stormberg Piggery aims to strategically position itself among the most admired global marketers and distributors of pork meat in the World. The goal is to serve the nutritional needs of local and global communities and grow responsibly by focusing on a platform of pig production and slaughter on the farms.

For any uninvested funds, the objective is to preserve capital, provide shareholder liquidity by limiting credit, market, and liquidity risk, and ensure that the underlying assets can be easily bought or sold in normal market conditions.

### FACTS AND FIGURES



ISIN Available on Request\*



Issuer Eurydice PCC Limited  
Product Sponsor Orpheus Capital Limited



Strategy Manager Shire Capital (Pty) Limited



Paying Agent ISP Securities AG, Switzerland



Custodian/Broker Swissquote Bank SA, Switzerland



Issue Price CHF 1,000



Currency Swiss Francs



Fees

Issuance fee	1.00%
Management fee	1.00% per annum
Administration fee	1.00% per annum
Distribution Fee	Up to 5.00%



Estimated Return 80% over 5 years (16% per annum)

# STRATEGY GUIDELINES

1. The Product will invest in Stormberg Piggery (Pty) Limited, to enable them to expand their existing operations.



- The business has the objective of becoming a broad-based and dynamic service provider or facilitator representing and supporting the South African pig industry as well as the farming sector within South Africa. Its goal is to become a major role player in food security. **The company's objective is to achieve profitability and sustainability through an increased local market share and an improved export initiative.**
- **The main product of the farm is Pork.** The farm is in production and has a good breeding stock that has been bred over past couple of years. More breeding stock will be bought, bred, and raised on the farms through the PIC (Pig improvement Company) system with the existing gilt stock. Feedstock will be bred and fed for the required period.
- The current average demand for pork in South Africa is approximately **260,000 tonnes per annum**. The pork sector generates approximately **ZAR 5.5 billion (300 million USD) annually** at the producer level. The average South African consumes approximately 4.7 kg of pork per year. South Africa imports more pork than it exports, creating an opportunity for local producers to increase their market share.
- The project will contribute to food security, provide a source of income and foster confidence in a brighter future for all stakeholders, directly or indirectly, by offering infrastructure, expertise and market access.
- Sustainability is achieved through the application of **modern technology, sound and ethical management practices**, and a commitment to profitability through safety, protection and concern for the environment.
- **Environmental consultants** will oversee the design and construction of farming infrastructure to ensure compliance with environmental regulations.

2. The Product will follow a short-term, low-volatility money market strategy for any monies not invested in private investments in high-quality fixed-income securities and money market instruments. It may also invest in deposits with credit institutions (e.g. banks) and consider other short-duration ETFs.

3. The Strategy-Components will be selected, adjusted and rebalanced by the Strategy Manager regularly.





## INDUSTRY ANALYSIS

- The pig farming industry of South Africa has changed quite drastically over the last few decades.
- The South African pork industry is relatively large in terms of the South African agricultural sector, contributing around **2.1% to the primary agricultural sector**.
- The world's climate is getting warmer and drier, and agriculture is under more pressure to produce nutritious and cheap food for Earth's growing population.

Despite this, the "developed world" is throwing away a third of the food that is grown for human consumption, while many countries are still desperately short of protein to provide the full range of essential amino acids needed in a human's diet. The world's meat industry is adapting as a natural consequence and is producing a range of proteins to fill the major needs in poor-resource communities.

*The South African pork industry contributes around 2.1% to the primary agricultural sector*  
*The world's most popular meat named pork in 2023*  
*South Africa consumes about 200 000 tonnes of pork meat (fresh and processed) per year*

### Meat consumption in South Africa

It is said that South Africa (SA) has no more than 15% arable land and the increasing demand for human food necessitates animal production with high yields in intensive systems. To supply good quality protein for 55 million people, pigs and poultry are being farmed successfully in "factory farms" in South Africa, yet only **0.5% of the world's pork is produced in South Africa**. South Africa consumes about **200 000 tonnes of pork meat** (fresh and processed) per year.

South Africa exports a small amount of pork to Namibia, Mauritius, and Mozambique. Ten times more poultry than pork is consumed in South Africa at a similar price per kilogram indicating a huge potential market for fresh and processed pork products.

### Pig production can help to address the growing demand for animal protein.

The total global meat production is reliably recorded and reported by the Food and Agriculture Organization of the United Nations (FAO). In 2023, a total of over 380 million tonnes of meat protein were consumed. The world's most popular meats were in order of production (millions of tons) pork (123), which is 33% higher than the previous year

Pork production as per SAPPO September 2024 statistic amounts to nearly 200 000 ton (2.9 million slaughtered pigs with an average carcass mass of 70 kg), importing another 25 000 tonnes. This represents just over 4,7 kg per person per year more than the African non-Muslim population but insignificant compared to people in Asia, Western Europe, and North America. Import countries include Germany, France, Spain, Canada, Brazil, and the USA. Frozen and specially treated cuts like spareribs made up 60% of the imports.

## Pig Product in South Africa



Feed can make up **75% of the cost of production**.

The pig industry in South Africa has three main sectors. Large-scale modern, efficient, intensive production units have between 600 and 5 000 sow units. There is a tendency for farm units to "get big or get out".

The advantages of the economies of scale apply to input costs and marketing. The middle and small commercial pork producers in South Africa are getting fewer and unless they find a niche market or have other income, they are vulnerable to the rising costs of balanced feed which makes up 75% of the running costs in a piggery.

The thousands of small pig farmers with a very low input cost of housing and feed. There is little incentive for them to put up housing and buy balance feed as they have no permanent security of tenure. With shelters from scrap material and expired feed (often low in protein), they can nevertheless make a significant financial contribution to their own family's finances.

Records further show that over the past decade, rising carcass weights and improved efficiency have been the main constituents of production growth, as opposed to increased sow numbers. While improving efficiency is no doubt positive, significant increases in production in the future will be dependent on continued improvements in efficiency as well as greater investment and expansion of the sow herd.

On top of this outlook the SA pork industry is losing 4'000 to 6'000 sows per year due to noncompliance to the new environmental legislation, food security and animal welfare requirement from the processors and supermarkets as well as the pressure of economies of scale on the older and smaller pork producers. Taking this situation in account as well as a forecasted annual growth of 3.0% in domestic pork consumption over the next decade, the national pork herd must grow with 7'000 to 9'000 sows annually.

### COMPETITIVE ADVANTAGES

- Experienced owner-operator.
- Management team with a successful track record of managing farming operations.
- Availability of natural resources within the Group of shareholders.
- Good breed of pigs.
- Ample water supply.
- Location close to market.
- Comprehensive insurance (Asset, PLI, Fire & Theft, Weather, Disease, Vermin)
- Existing client base built up over several years.

### OPPORTUNITIES

- Growing market.
- Ventures into crop and cattle rearing (risk diversification).
- Export market opportunities.
- Automization to reduce labour cost in the market.
- Direct trading with the public to ensure higher profit margins.
- Ability to reduce the cost of processing by developing own abattoir and processing facilities to increase profit margins and guarantee quality to the consumers.



# MARKET ANALYSIS



**Demand.** The average demand of pork in South Africa is about 260 000 tonnes per annum. The pork sector generates about R 5.5 billion annually at the producer level. The per capita pork consumption in South Africa is about 4.7 KG per annum.



**Prices.** The price of pork in South Africa is vulnerable to international markets and price shifts of beef or chicken as they are considered substitutes. The average producer price of pork is R21-R35 per kg, exclusive of VAT.



**Customer Groups.** Abattoirs, hotels, restaurants and fast-food outlets, meat processors, butcheries, and individuals.



**Uses.** Nearly 55% of the pork industry's production is processed into ready-to-eat products, sausages, fillets, chops, and bacon. The other 45% goes to the fresh meat market where it's bought for consumption.



**Market Segmentation.** The pork industry evolved from a highly regulated environment to one that is totally deregulated today. Since the deregulation of the agricultural marketing dispensation in 1997, the prices in the red meat industry are determined by demand and supply forces. The local market for pork is split into the fresh meat market and the processed meat market, where 45% goes to fresh market and about 55% goes to processing meat market.

# MARKETING STRATEGY

Stormberg Piggery has an existing footprint in the local market and the aim is to increase this footprint. The marketing strategy is Product (service), Price, Promotion, and Placement (distribution).

## Product

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The porkers and baconer's are of healthy, of high quality, and are visually appealing to buyers.

## Price

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The business minimizes production costs so that it can offer a more competitive price on the market. It uses feed concentrates which are mixed with maize grown on the farm in order to reduce feed costs. The prices of the products are determined by the market forces, and the business will not lower prices below the industry's average as that will affect profitability. By using the market's prices, all the products will be bought, so there is no need to lower prices. The business will not try to increase prices above the industry's average, as it will lose customers as the prices are very elastic. Discount will be offered to those who buy in bulk to gain customer loyalty.

## Direct Marketing

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The business will use various ways of promotion to gain more customers and increase general awareness of the farm.

## Community Involvement

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Maintaining and enhancing our reputation with families and in the community will be crucial in obtaining the planned market share growth of this target market.

## Placement / Distribution

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The farms are located close to major cities, which makes the supply of stock easier to abattoirs and processing facilities.







## ENVIRONMENTALLY FRIENDLY OPERATION

- Establishment of a 1500 sow pig farm and increase its capacity to 10 000 heads of pig in a 5 - 7 year period.
- A FSSC 22000 accreditation to be obtained for the proposed abattoir and processing facilities.
- Bio Security to be an integral part of the entire farming operation, as set out and prescribed by the industry watchdog – pork360.
- Only proven genetics to be used on the farm – PIC (Pig Improvement Company)
- Only residue free pigs to be bred and sold to the market.
- Traceability to be a major contributor to the farms day to day operation and existence.
- The electricity demand for the farming operations will be harvested from natural resources: ie solar, wind. The farm will be completely off grid from the onset.
- Rain water harvesting to be a major contributor of water consumption on the farm and to alleviate the burned on our natural water resources.
- Effluent to be re used for irrigation of grass fields and crop fields.
- Solid waste to be turned into natural fertilisers and used on grass fields and crop fields.
- The establishment of a natural bio – filtration systems to preserve and address environmental concerns.
- A natural wet lands to be created to act as a natural bio filtration system on the farm to preserve our valuable part of our rich heritage and to address environmental concerns naturally.
- Only Bio degradable liquids to be used on the farm.
- We aim to have a farming operation that is kind to the earth in all aspects, and aim to put back into the earth than just harvest from it.
- A Training academy with an accredited institution to be established to transfer skills and develop employees
- Employees taking part in the training will receive accreditation.



## SHIRE CAPITAL

Shire Capital is a discretionary fund manager regulated by the FSCA that was created to serve the specific needs of the client through traditional and alternative investments. It partners with like-minded investment professionals who share its values. Shire Capital believes in collaboration and authenticity and manages personalised securitisation solutions.



## ORPHEUS CAPITAL

Orpheus Capital engages with Family Offices, Wealth Firms, Banks, Brokers, Structured Product Providers, Asset Managers, Hedge Fund Managers, Venture Capitalists, Private Equity Specialists, UHNWIs, and Project Owners. They put Personalized Securitization and mass-customised portfolio management in their clients' and investors' hands and continue to expand the possibilities, participate in financial markets, and foster greater inclusivity and innovation.

Their Personalised Solutions include Equities, Fixed Income, Multi-Asset, Managed Funds, Structured Products, Hedge Funds, Venture Capital, Private Equity, Private Credit, Physical Commodities, Carbon Markets, Fine Wine, Diamonds, Whisky, Vintage Cars, Agri-Tech, Green Student Villages, High-Frequency Trading, Mining Projects, Global Macro CTAs, Litigation Finance, ESG and Impact Investments.

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