

SAVCA PE Conference May 2022: Day 1 in review



The annual Southern African Venture Capital and Private Equity Association (SAVCA) private equity (PE) conference for 2022 kicked off on 25 May as a hybrid event, with three dynamic streams offering a fluid experience for delegates. The Converse stream followed a World Café format where delegates attending in person chose which conversations to join. These varied from discussions about gender lens investing and attracting diverse talent to the PE industry, to what the industries of the future are and what a good co-investment looks like. Delegates engaged in robust discussions, shared ideas, compared experiences and networked for this first session of the conference.

The Convey stream followed the more traditional conference format, consisting of panels, speakers and interviews. The stream was attended by in-person attendees as well as those attending remotely via the virtual platform. The conference was opened by MC Lynette Ntuli, CEO: Innate Investment Solutions, who paid tribute to outgoing SAVCA CEO Tanya van Lill and thanked her for all she's done for the organization, highlighting how it's grown under her guidance and remained a relevant organization throughout her tenure.

SAVCA Chairman, Lelo Rantloane, Executive Director & Chairman of Investment Committee: Ata Capital, also provided a warm welcome to SAVCA's first in-person PE conference since the advent of Covid-19 in early 2020. Introducing the conference theme "fluidity", he spoke about how we're living in a time of constant change, where we're all having to adapt to uncertainty and variability on an ongoing basis.

Turn the tide

The first Convey stream presentation was delivered by Peter Attard Montalto, Director & Head of Capital Markets Reserve: Intellidex. Keeping with the fluidity theme, he discussed some of the macroeconomic challenges facing South Africa – the various tides working against our economy – and looked at some of the ways in which we could turn these tides.

Two of the tides the country is facing are inflation and the withdrawal of global liquidity. But despite being a self-proclaimed "bear" (a term that implies a negative stance on an issue), he pointed out that inflation may not be as much of a problem for South Africa compared to other economies given we are net exporters of food. He also spoke of how rising metal prices have had a positive impact on our trade balance and that our current account surplus should stand us in good stead during the imminent, so-called quantitative tightening.

How do we turn the tide in the right direction for SA? From Peter's perspective we need to solve our energy constraints faster, we need to make ambitious changes to our debt position at a sovereign level and rethink the role of institutions in pushing the reform agenda.

The ebb and flow of the regulatory environment

During the second Convey session, Langa Madonko, Investment Principal: Summit Africa, President: Summit Africa Foundation was in conversation with Hardin Ratshisusu, Deputy Commissioner: Competition Commission of South Africa. The pair discussed how the Competition Act and the Commission are charged with the unique task of balancing competitive market forces and South Africa's various socioeconomic goals. Given the country's checkered past, it's crucial that healthy competition is allowed to flourish so that businesses thrive and contribute to the country's economic wellbeing but also that these businesses contribute to society and play a role in redressing the inequalities of the past. Hardin believes that while there are persistently high levels of concentration in South Africa, and plenty of key markets in which barriers to entry are too high, there have been some significant transactions that have had a very positive impact on the economy, among them the likes of ABInbev and SABMiller.

In the final segment of the day, Tanya van Lill, SAVCA CEO, interviewed Alessandro Scalco, Head of Legal: Ashburton Investments. They focused on the upcoming legislation, the COFI (Conduct of Financial Institutions) Bill. The bill seeks to regulate various areas of the financial sector but in particular there will be a specific conduct standard relating to PE and alternative investment funds. The two discussed how the legislation will bring a level of certainty to an industry that previously didn't fit neatly within the regulatory environment, but that it will introduce increased compliance costs. Alessandro mentioned how receptive the regulator has been to enhancing its understanding of the mechanics of the PE industry and that because alternative investing is further advanced in developed countries like Europe, there is a form of jurisprudence that our regulator can rely on.

Thank you to our delegates for attending and making the first day of our conference a success!