

**Insights into the
Southern African
Private Equity Industry**

SAVCA 2022

**Private Equity Industry
Survey**



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Foreword



The annual SAVCA Private Equity survey has been published for 22 years. It provides a benchmark for the state of the industry and shows how the Private Equity industry continues to grow and evolve. The report helps us to advocate for the asset class, but also provides proof points to tell the 'Private Equity Story' and the important role that the industry plays in the economy.

This year, our story will once again take the form of a single report and will showcase the activity for the 2021 period ending December 2021. Although trading conditions in some sectors have not returned to pre-Covid levels, we have returned to some "normality", including being able to host our annual conference in person earlier this year which provided a great opportunity for industry participants to reconnect.

As you read through the survey, you will notice that we have once again incorporated global comparisons around key issues, with local market sentiments being expressed. The consolidated report provides for ease of access and a single report from which to reference.

Our findings show us that among the respondents, the top three strategic priorities aside from asset growth are the same for Southern African PE firms as they are globally, namely: product/strategy expansion, ESG initiatives, and talent management.

The survey shows that as an industry, we continue on our journey from a transformation and diversity perspective, with 51% of fund manager respondents having greater than 50% black ownership and 65% of fund manager respondents having greater than 50% black management according to the B-BBEE codes. Our findings also tell us that increasing gender representation was the top priority in hiring and onboarding talent for both Southern African and global PE firms, and that Southern African PE firms have improved their gender diversity from 2020 to 2021.

PE investments increased to R14.9 billion in 2021, up from R14.5 billion in 2020. As per previous years, infrastructure continued to attract the largest portion of capital, albeit down from 2020 and 2019 levels.

Finally, Funds Under Management increased to R206.2bn at 31 December 2021 from R195.1bn at 31 December 2020 and R184.4bn at 31 December 2019.

We would like to thank our members who participated in the survey, as well as those who have taken up advertising space. Your continued support makes it possible for SAVCA to continue with its role in promoting the asset class by showcasing the long-term value that Private Equity creates.

We'd also like to thank our research partner, EY, who has worked tirelessly in collecting the data and interpreting it in an insightful and easily understood manner. We look forward to continuing our work with them on this important research collaboration.

As always, SAVCA is committed to supporting our members and the wider ecosystem and we hope that the information included in this report will be useful to all stakeholders.

Shelley Lotz

SAVCA Acting CEO/Head of Policy & Regulatory Affairs

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Southern Africa Private Equity Survey

HIGHLIGHTS

Broader strategic shifts and priorities

19% While most PE firms expect 'normal' deal flow, the proportion of PE firms that **expect 'very high' deal flow is greater for the remainder of 2022 (19%)** than in 2023 or beyond (both 13%).

Top 3 The top 3 strategic priorities aside from asset growth are the same for Southern African PE firms as they are globally, namely: **product/strategy expansion** (number 1 for Southern Africa and number 2 globally); ESG initiatives (number 2 for Southern Africa and number 3 globally) and talent management (number 3 for Southern Africa and number 1 globally).

On the diversification of funds under management agenda, **the most popular diversification was private credit**, which is consistent with the global view per the EY Global PE Survey. Other diversification strategies such as venture capital (2nd most popular globally), real estate, real assets, and fund of funds have been undertaken less by PE firms in Southern Africa (< 5%) than they were globally (5-15% of PE firms).

Transformation of PE Firms' teams

61% In line with the EY Global PE survey, **hiring and onboarding talent** (61%) emerged as the most important talent priority for Southern African PE firms followed by Diversity, Equity and Inclusion (36%).

75% A significantly higher proportion of SAVCA survey respondents had over 30% of persons with racially and ethnically diverse backgrounds in the back office (**68%**) and front office (**75%**) roles. Per the EY Global PE Survey, only 17% and 11% of global PE firms responded to having over 30% of people with racially and ethnically diverse backgrounds in the back office and front office teams respectively.

17% Southern African PE firms have **improved gender diversity** from 2020 to 2021. PE firms with more than 50% of women in the front-office team increased from **12%** in 2020 to **17%** in 2021. Similarly, PE firms with more than 50% of women in the back-office team increased from **61%** in 2020 to **72%** in 2021. However, **more needs to be done to achieve greater gender diversity at a Board level** - the number of PE firm Boards that have less than 10% female representation increased from **36%** to **44%**. **Increasing gender representation was the top priority** in hiring and onboarding talent for both Southern African and global PE firms.

51% **51%** of PE firms have **>50%** black ownership with **29%** of participants having **>30%** black female ownership. **65%** of PE firms have **>50%** black management.

The capital allocation within the industry shows **80%** of respondents have a level 4 B-BBEE rating and above, with **36%** of PE firms having a level 1 B-BBEE rating.

ESG and impact investing

ESG risks and opportunities are more strongly considered by PE firms in Southern Africa than globally, resulting from the strong DFI influence on PE funds operating in Southern Africa.

94% 94% of PE firms consider ESG factors when making investment decisions. **Most PE firms (82%) intend on increasing efforts to manage and track performance against ESG metrics.**

86% PE firms with specific impact investing mandates represented 56% of PE firms. Of the respondents whose funds do not have specific impact investing mandates, **86% are likely to consider implementing such mandates within the next 5 years (up from 59% in 2020).**

Investment Activity

R14.9bn

PE investments increased to R14.9bn (vs. R14.5bn in 2020).

135

The number of investments however declined from **169 in 2020 to 135 (53 new and 82 follow-on) in 2021.**

By sector, **infrastructure** continued to attract the largest portion of capital (20.4%), albeit down from 2020 (22.8%) and 2019 (34.7%) levels. The largest increases were in the **retail and technology** sectors – 18.1% and 6.1% of investments in 2021 vs. less than 6% in retail and 1% or less in technology in both 2020 and 2019.

16.3%

By deal volumes, investments in the **energy and related (16.3%** of all investments), services (10.3%), infrastructure (10.4%) and financial services (9.6%) sectors were the most popular.

Exit Activity

R9.1bn

Exit proceeds decreased to **R9.1bn** in 2021, down from R9.5bn in 2020 and the lowest level in the last 7 years. More will need to be done in 2022 to achieve a greater number of exits and higher value exits, for PE firms to demonstrate their recent track record needed for future PE fundraising.

2x

The number of exits however doubled from **14** in 2020 to **28** in 2021 and is close to the 30 and 29 exits achieved in 2019 and 2018 respectively. It thus appears that there were few large value exits in 2021.

Exits to other PE firms or financial investors increased from 7 in 2020 to 14 in 2021. This however did not translate to a large value of proceeds as exits to PE and other financial investors was only 17.6% of proceeds vs. 47.4% in 2020.

By value of proceeds, repayment of preference shares / loans increased to 17.6% of total exit proceeds, up from 5.3% in 2020, although lower than 38.5% of exit proceeds in 2019. Dividend and interest payments also increased from only 3.2% of exit proceeds in 2020 to 12.1% in 2021 (11.5% in 2019).

Fundraising

R16.2bn

R16.2bn – Funds raised in 2021, slightly down from R16.9bn in 2020.

69%

of funds raised were from **South African sources** (down from 72% in 2020), as local pension and endowment funds invested less into PE funds, however the **investment by insurance companies/institutions increased to a 3-year high with R2.6bn** from South African and R0.5bn from non-South African insurance companies.

49%

The majority (**49%**) of funds raised from **outside South Africa were from Europe**, with funds raised from DFIs, aid agencies and government still being the greatest source of investment outside South Africa.

6%

For the first time in the last 3 years, Southern African PE funds received **investments from limited partners based in Africa outside of South Africa (6%** of fund raising outside South Africa).

Funds Under Management

R206.2bn

FUM increased to **R206.2bn** at 31 December 2021 from R195.1bn at 31 December 2020 and R184.4bn at 31 December 2019.

R39.5bn

Undrawn commitments (dry powder) at **R39.5bn** represented 21.9% of FUM, increasing by R3.6bn from R35.9bn at 31 December 2020.

21%

Of the FUM, **21%** are being managed by B-BBEE Level 1 rated PE firms, up from the 10% reported in 2020.

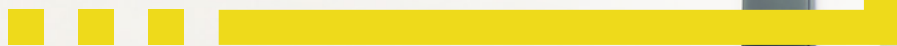


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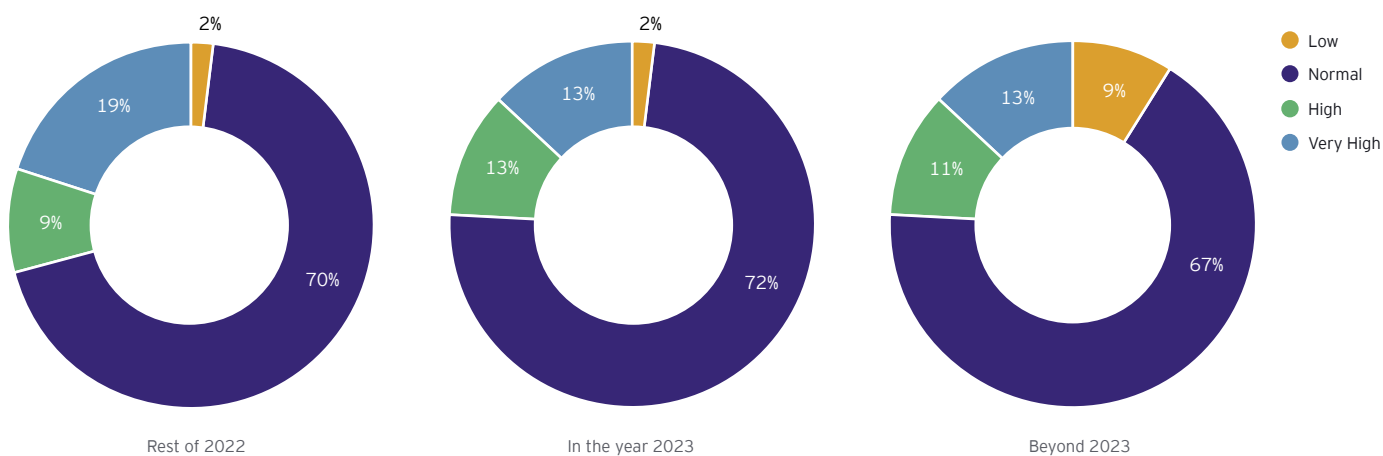
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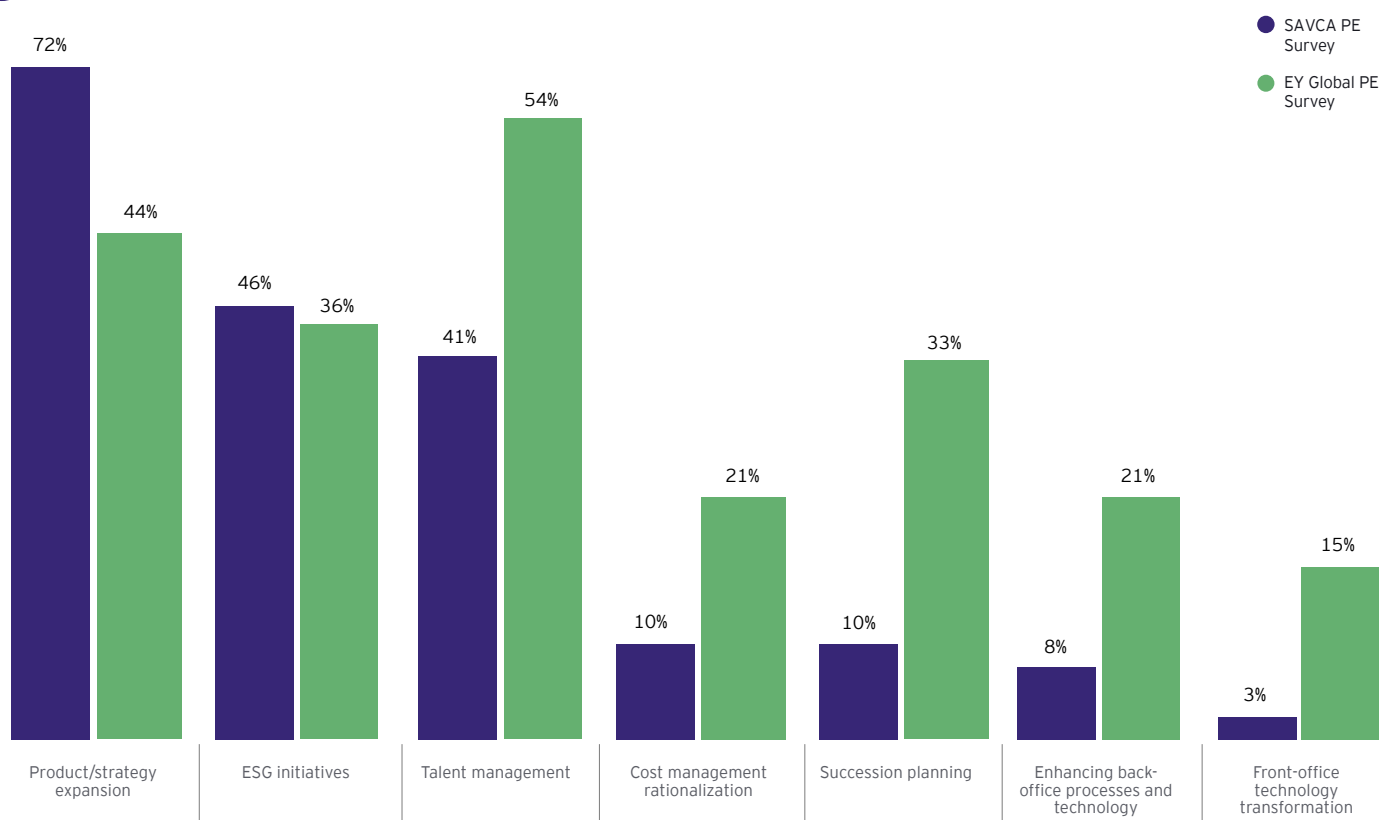


Q How would you rate deal flow or expect deal flow to perform in the following time periods?



A greater proportion (20%) of PE firms see deal flow as very high currently (for the rest of 2022) versus their expectations for 2023 and beyond 2023 (both 13%).

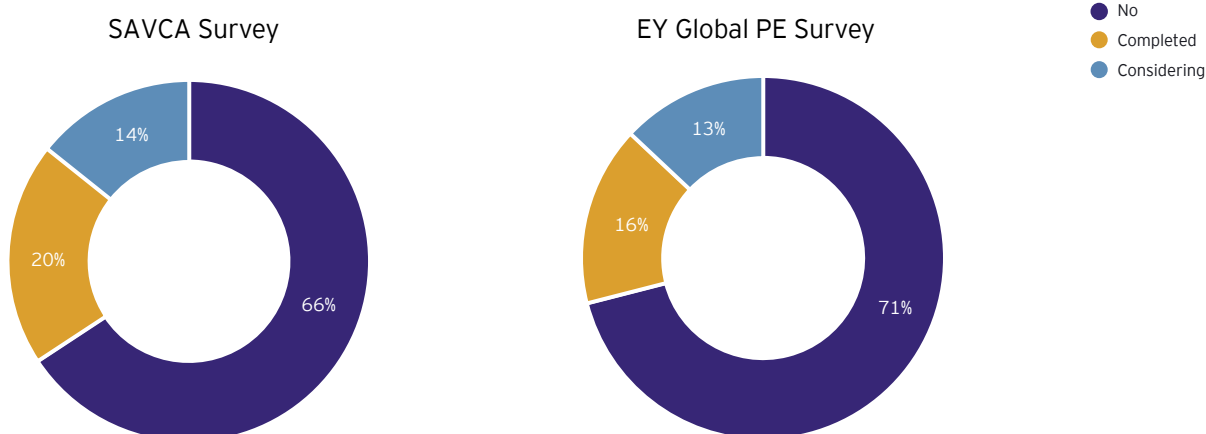
Q What are your top strategic priorities aside from asset growth?



*For the EY Global PE Survey, PE firm's with FUM < \$2.5b has been considered for comparison.

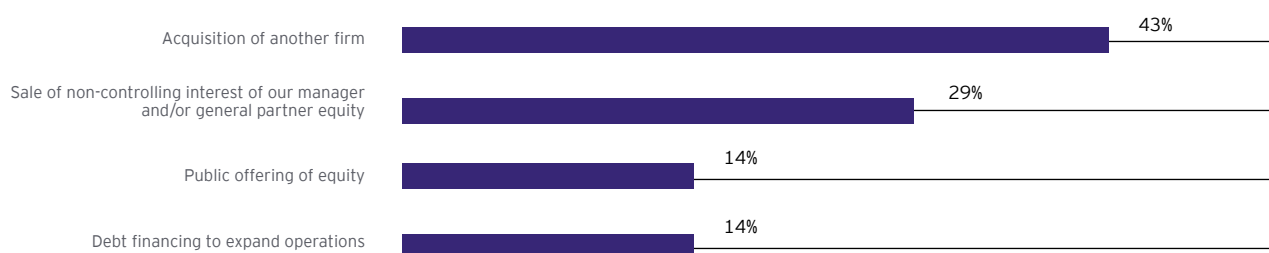
The top strategic priorities of PE firms were closely aligned with those of PE firms globally (per the EY Global PE Study) with the top 3 priorities above per the SAVCA survey being the same. The top priority per the EY Global PE Study was however Talent management with Product/strategy expansion as the 2nd largest priority. Succession planning also featured more strongly per the EY Global PE Study (4th largest priority).

Q Has your management company completed a strategic transaction in the past few years?



For EY Global PE Survey, PE firm's with FUM < \$2.5b has been considered for comparison.

Q If completed, what type of transaction was it?

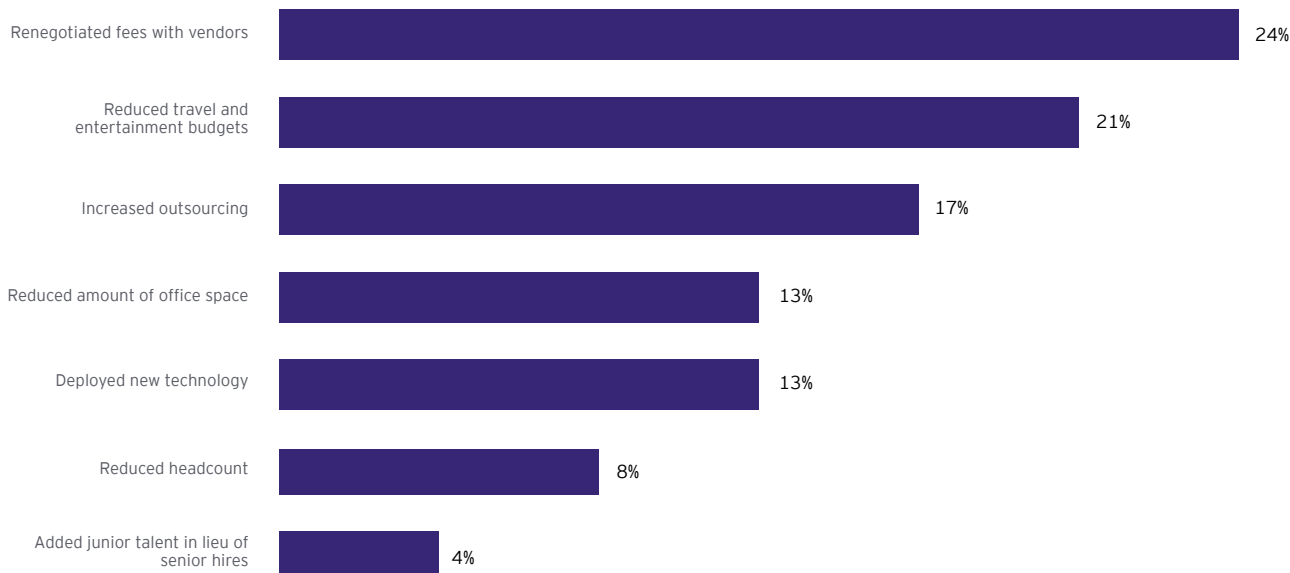


In line with global fund managers with FUM under US\$2.5b, 66% of Southern African PE fund managers had not made or considered a strategic transaction at a firm level. This may be attributed to the size of the Private Equity market in Southern Africa inhibiting consolidation at this stage.

Out of the 20% of PE firms who made a strategic transaction in the past few years, 43% of them acquired another firm and 29% had sold a non-controlling interest in their management company.

Q

Which actions have you taken to mitigate margin erosion at the management company?



Although top-line revenue has been growing for many PE firms over the past few years, firms have had to understand the impact of their spend. Firms reported that they had taken a wide range of actions in their ongoing fight to mitigate margin erosion as costs continue to rise.

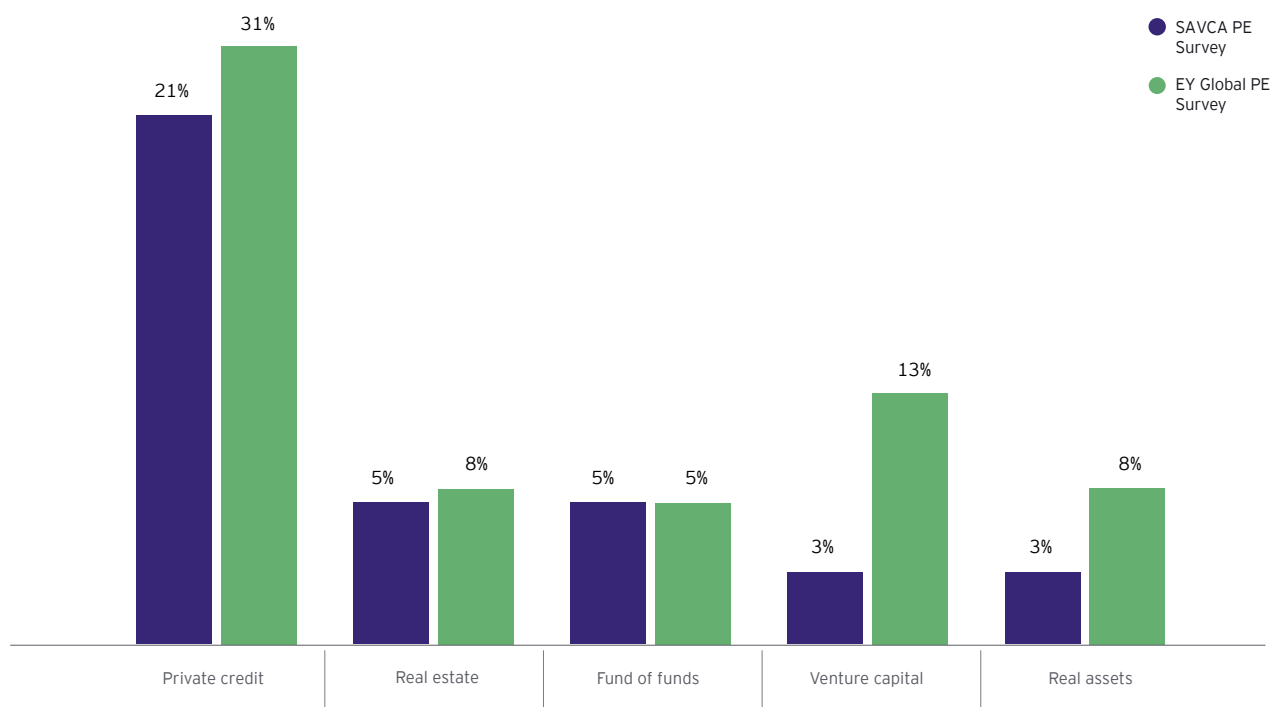
Similar to the findings in the EY Global PE survey, renegotiation of fees with vendors emerged as a prominent step undertaken to attenuate margin erosion by Southern African PE firms. Evaluation of the costs related to office

space and travel, a trend triggered by COVID-19 pandemic, continues to provide cost savings opportunities to PE firms.

Deployment of new technology to elevate margins were only considered by 13% of PE firms in Southern Africa, which contrasts with the global trends as smaller firms per the EY Global PE survey highly regarded deployment of new technology as a primary driver for the alleviation of margin erosion. This may be an area for Southern African PE firms to explore to a greater extent looking forward.

Q

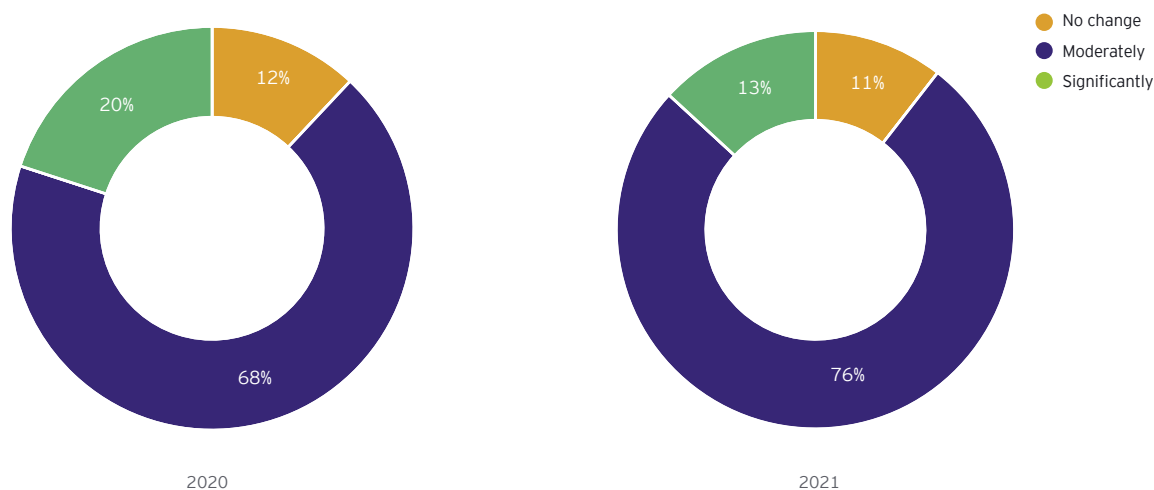
Aside from Private Equity, which products do you offer to clients?



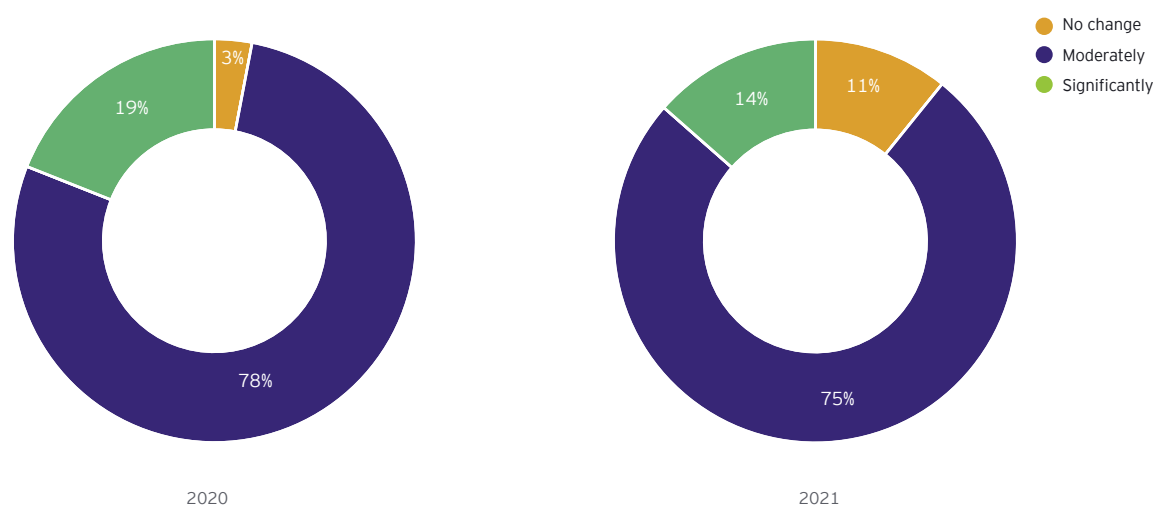
For the EY Global PE Survey, PE firm's with FUM < \$2.5b has been considered for comparison.

Similar to the EY Global PE Survey findings relating to the diversification of the asset class, the most popular diversification being considered by PE firms in Southern Africa is also private credit. Other diversification strategies being considered globally were not being considered to the same extent by Southern African PE firms as they were by PE firms globally.

Q In the next three years, how much would you expect **your operating model** to be transformed as a result of insights gained during COVID-19?

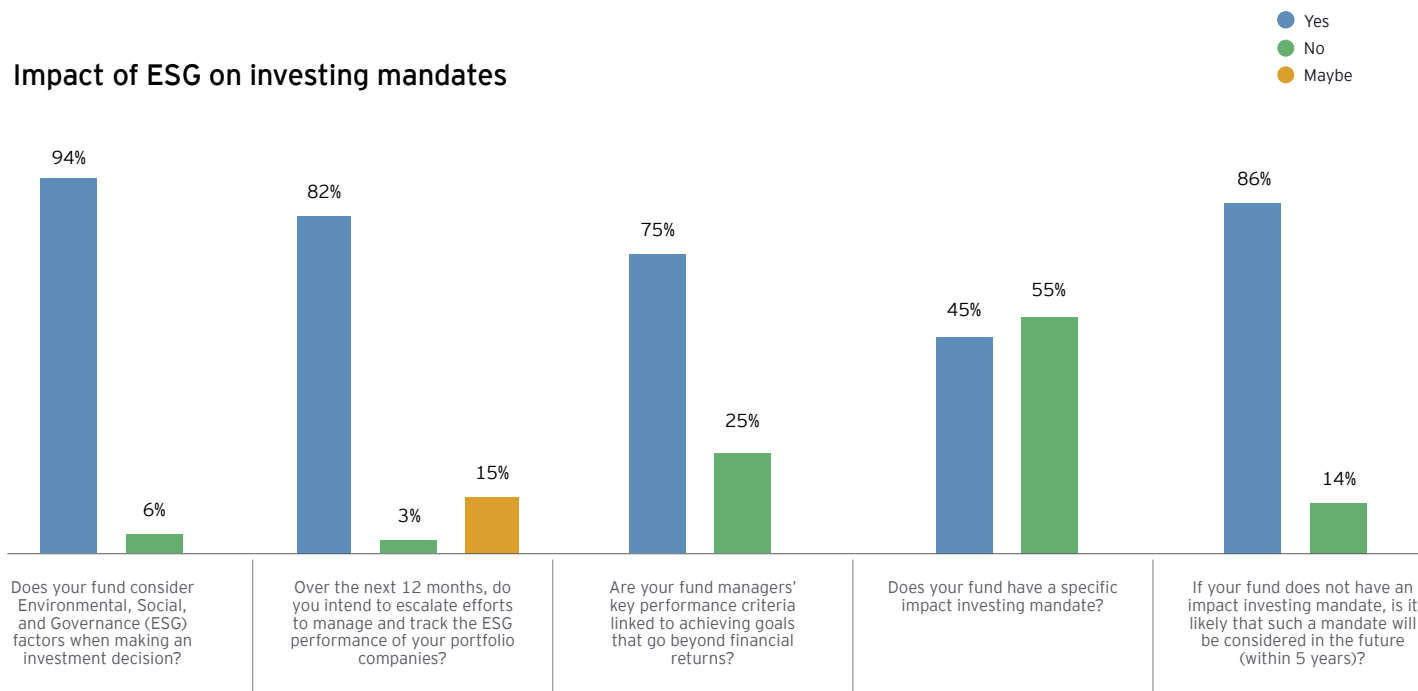


Q In the next three years, how much would you expect **your portfolio companies operating models** to be transformed as a result of insights gained during COVID-19?



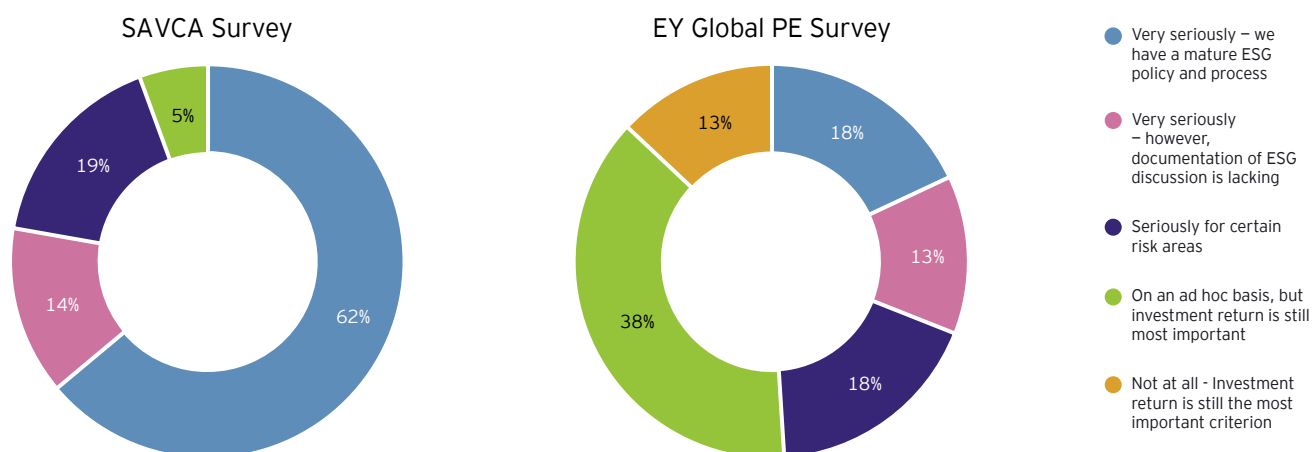
Majority of respondents are of the view that COVID-19 has moderately affected operating models at both a PE firm and portfolio company level. The proportion of respondents noting COVID-19 had a significant impact on operating models has decreased between 2020 and 2021.

Impact of ESG on investing mandates



94% of PE firms consider ESG factors when making investment decisions. Most PE firms (82%) intend on increasing efforts to manage and track performance against ESG metrics. However, only 45% of PE firms have specific impact investing mandates. Of the respondents whose funds do not have impact investing mandates, 86% are likely to consider implementing such mandates within the next 5 years.

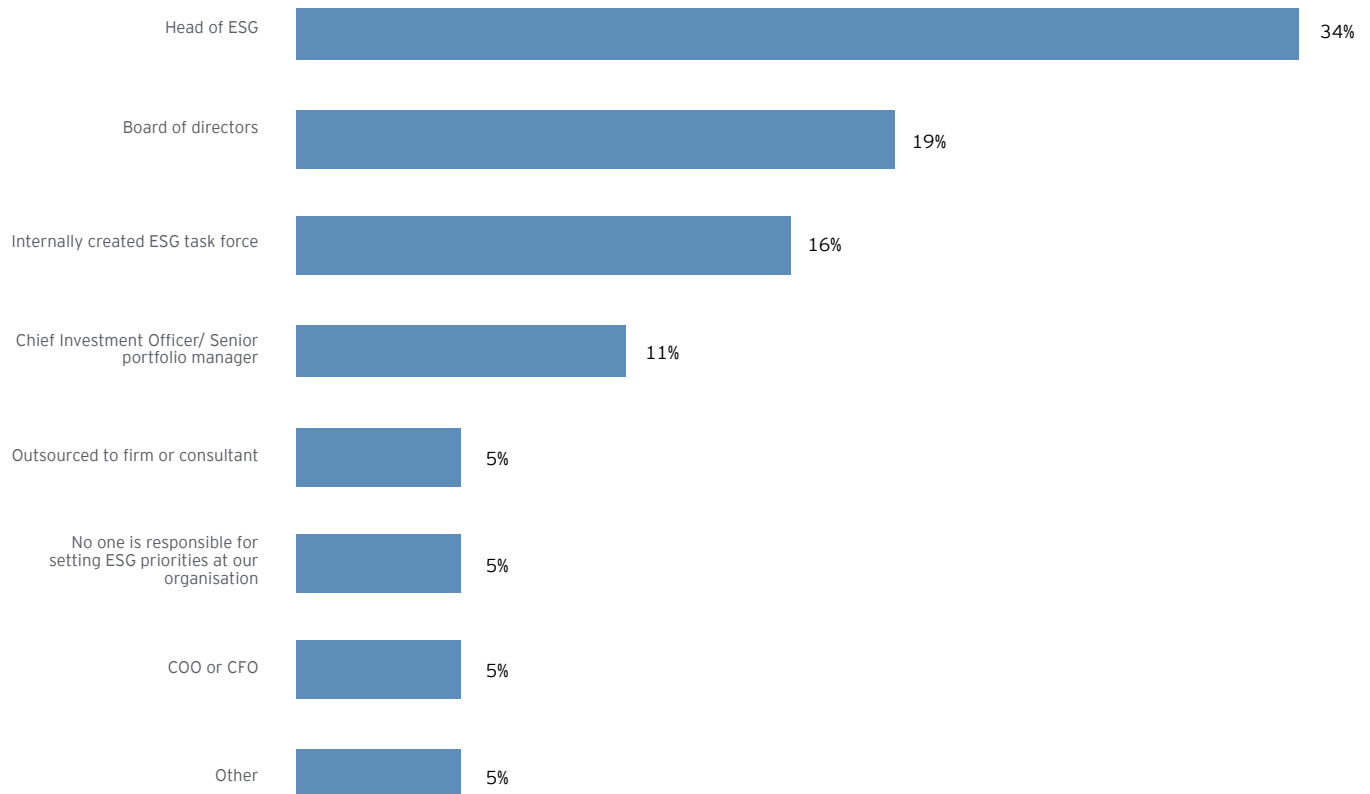
Q How seriously are ESG risks and opportunities contemplated in the investment decision-making process?



Most PE Firms in Southern Africa take ESG risks and opportunities very seriously when deliberating an investment decision and have a mature ESG policy process according to respondents. 76% of Southern Africa PE firms said that they very seriously consider ESG risks and opportunities during an investment decision-making process as compared to 31% per the EY Global PE Survey.



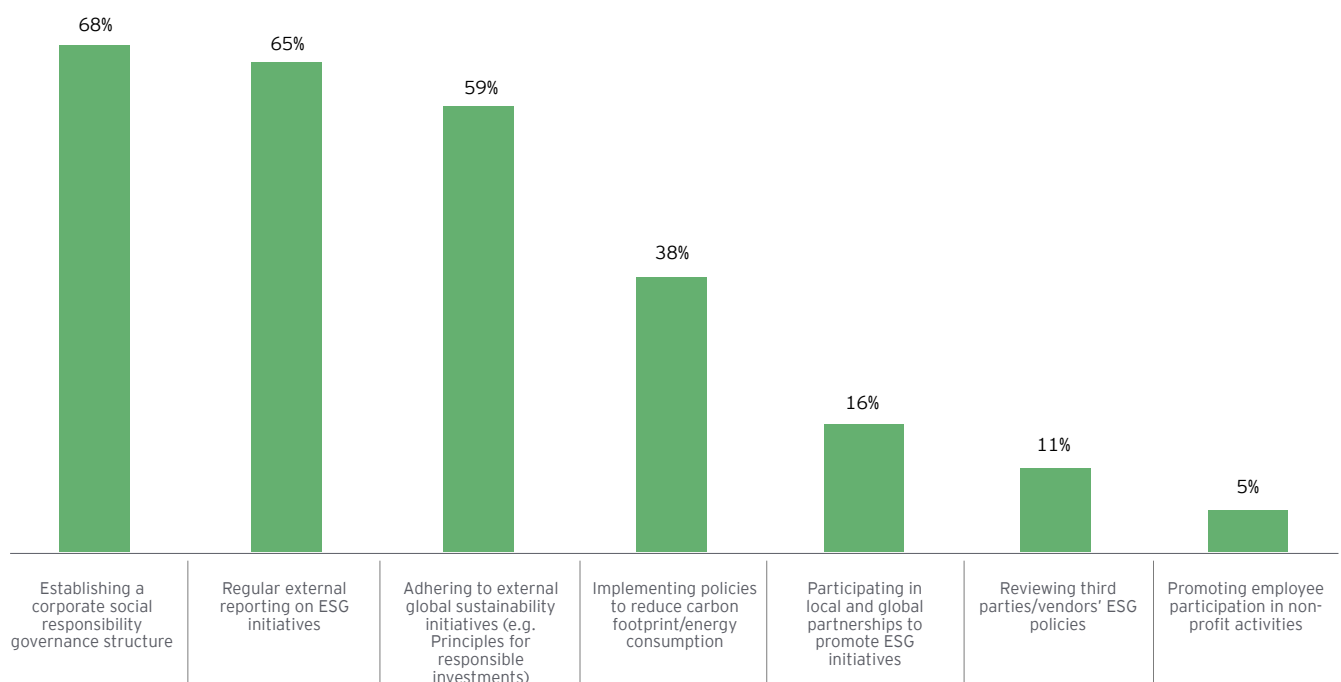
Who is responsible for setting ESG priorities?



Southern African PE firms set ESG priorities mainly through the head of ESG (34%), board of directors (18%), and an internally created ESG task force (16%). In only 5% of Southern African PE firms no one is responsible for setting ESG priorities, hence confirming the strong focus of Southern African firms on ESG.



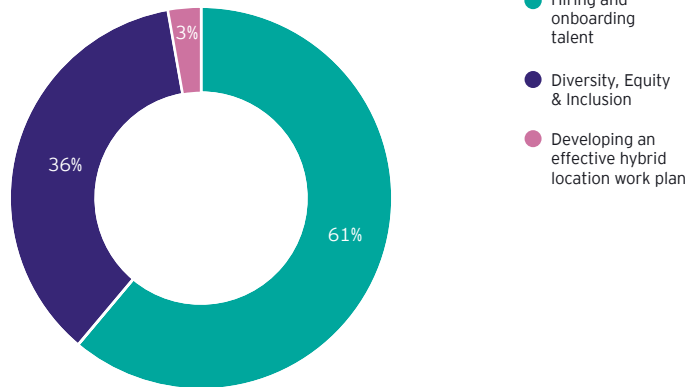
What are the components of your ESG policies?



Components of ESG policy differ for individual PE firms in Southern Africa, however the top two policies that emerged are 1) Establishing a corporate social responsibility governance structure, and 2) Regular external reporting on ESG initiatives.

HOW ARE PE FIRMS DRIVING TRANSFORMATION WITHIN THEIR TEAMS?

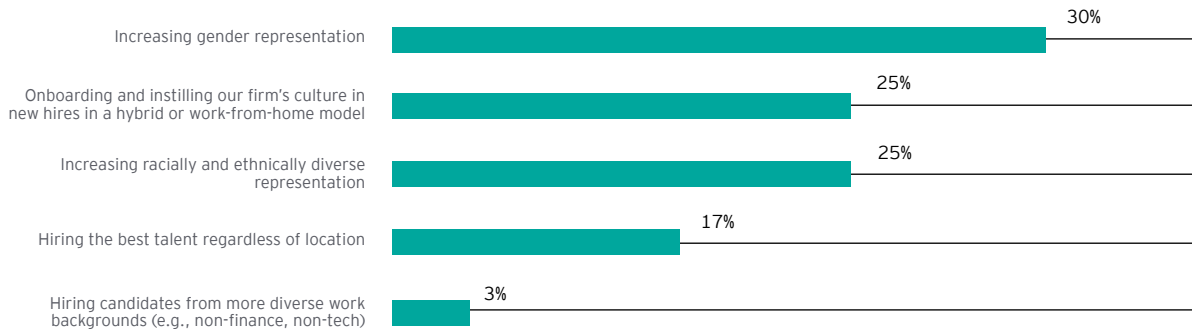
Q What is your firm's most important talent management priority?



In line with the EY Global PE Survey, hiring and onboarding talent (61%) emerged as the most important talent priority for Southern African PE firms followed by Diversity, Equity & Inclusion (36%).

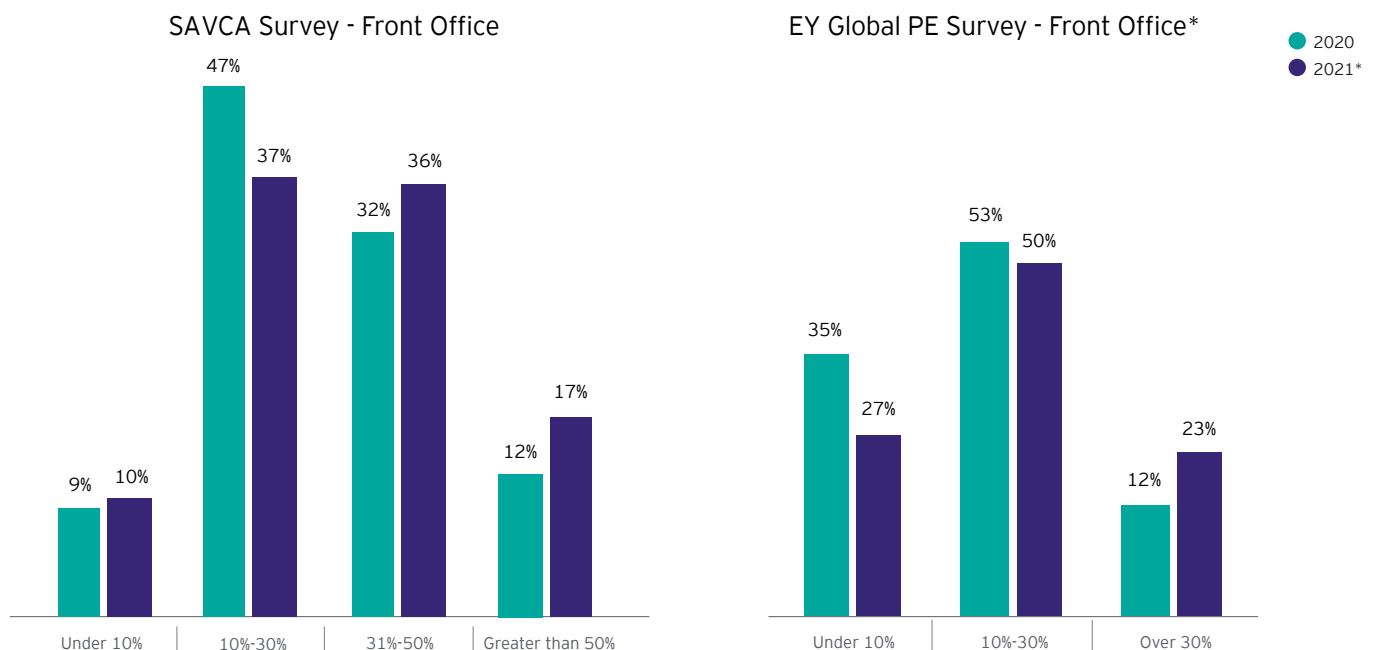
*EY Global PE Survey was published in early 2022. While it shows the female % for the year 2022, the values are also comparable with 2021 due to proximity (i.e. end of 2021 compared to Q1 2022).

Q What is your top priority in hiring and onboarding talent?

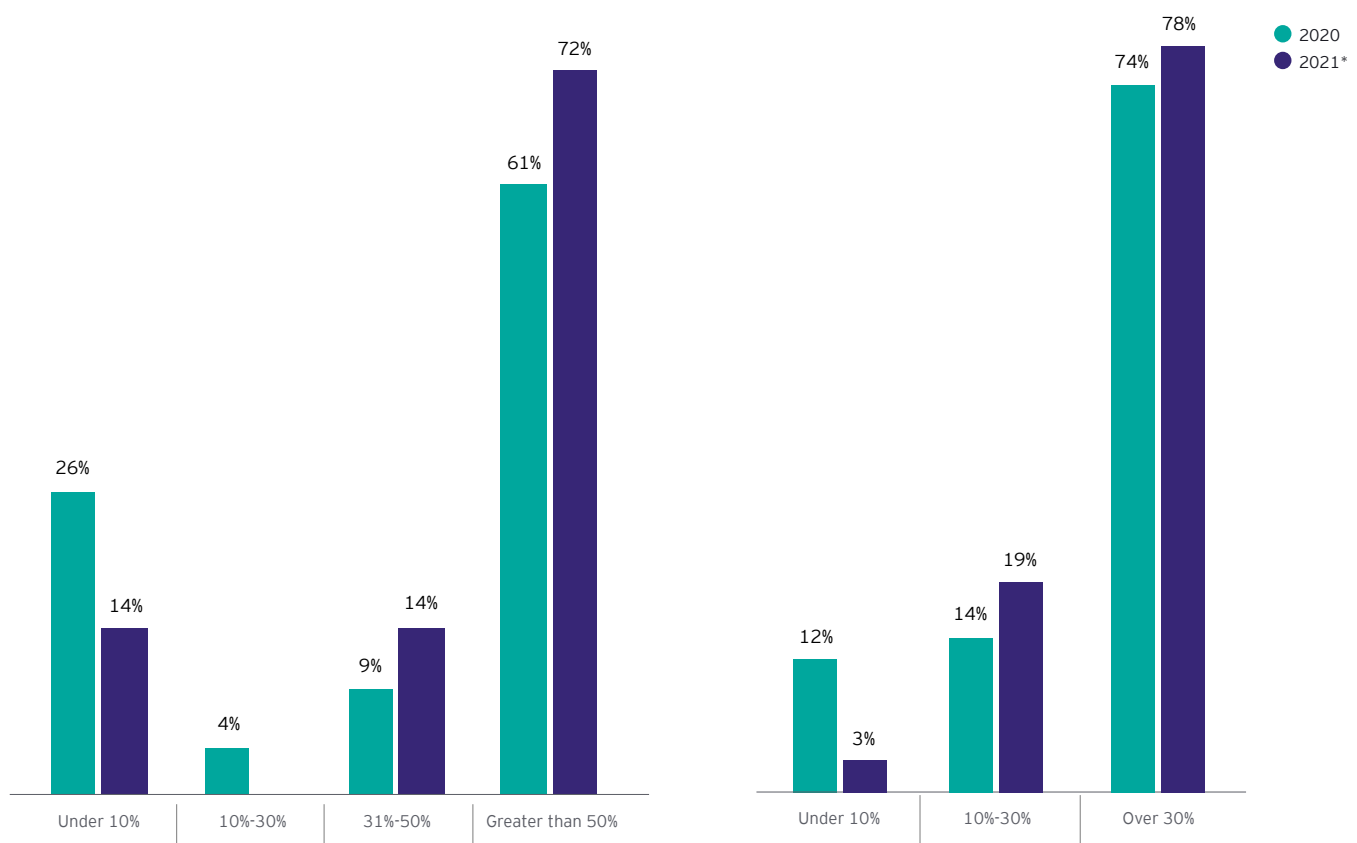


Like Global PE firms (per the EY Global PE Survey), Southern African PE firms consider increasing gender representation as their top priority.

Q What proportion of the employees of your firm are women?



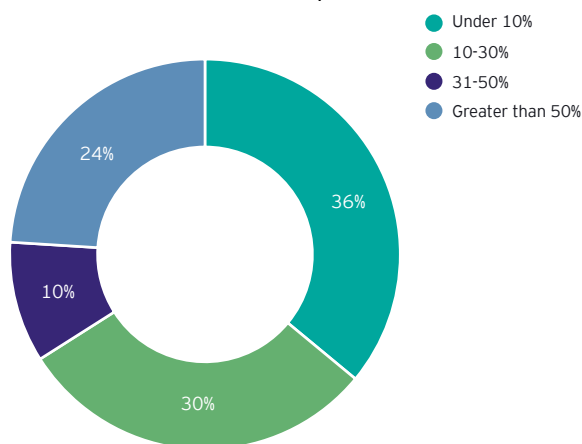
*EY Global PE Survey was published in early 2022. While it shows the female % for the year 2022, the values are also comparable with 2021 due to proximity (i.e. end of 2021 compared to Q1 2022).



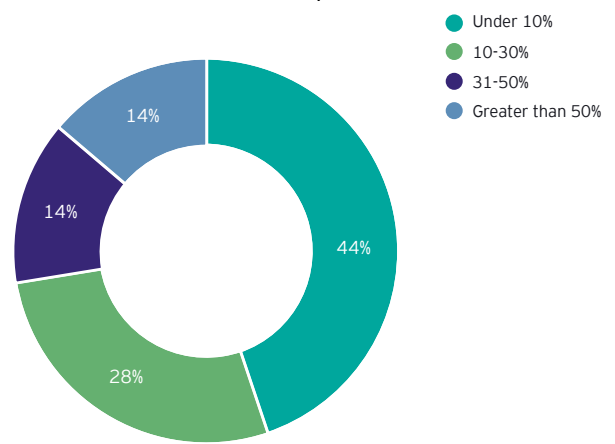
*EY Global PE Survey was published in early 2022. While it shows the female % for the year 2022, the values are also comparable with 2021 due to proximity (i.e. end of 2021 compared to Q1 2022).

Q Board: What percentage of the Board is female?

2020 SAVCA Survey



2021 SAVCA Survey

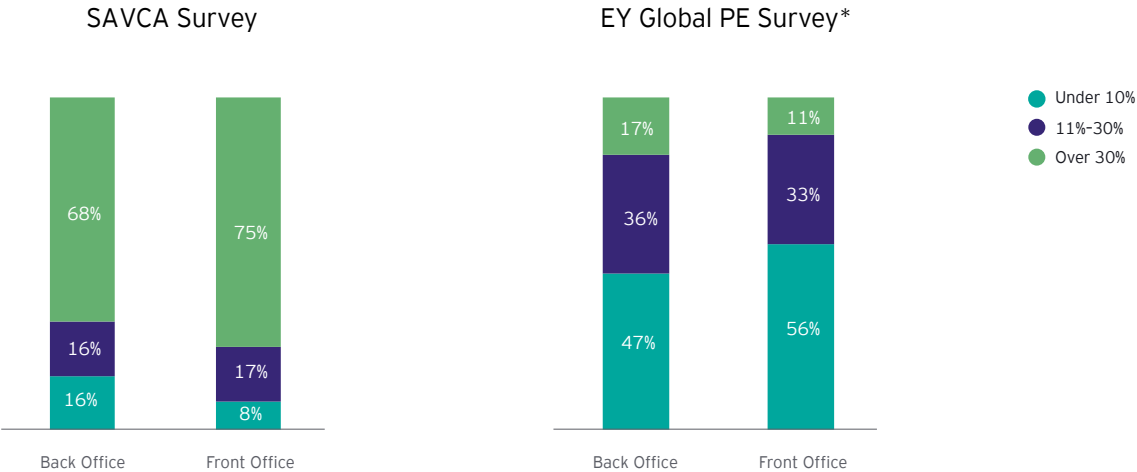


Over the last several years, there has been an increase in Southern African PE firms hiring women for positions in both the front and back office, and this year was no different. In the survey, the ratio of firms with more than 50% of women in the front office increased from 12% in 2020 to 17% in 2021. Similarly, in the back office, the ratio of women continued to surpass their representation in the front office. The ratio of firms with more than 50% of women in the back office increased from 61% in 2020 to 72% in 2021. More however needs to be done to achieve greater gender diversity at a Board level - the number of PE firm Boards that have less than 10% female representation increased from 36% to 44%.

When compared with the EY Global PE Survey, Southern African firms fared better in terms of female representation in both front and back offices. Over 53% of Southern African PE firms employed over 30% female employees in their front office compared to 35% globally.

Q

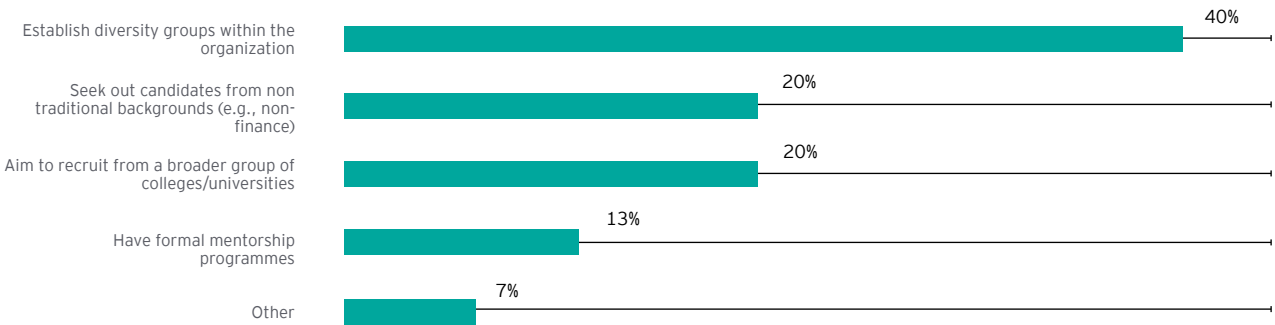
What proportion of the employees of your firm are under-represented people with racially and ethnically diverse backgrounds?



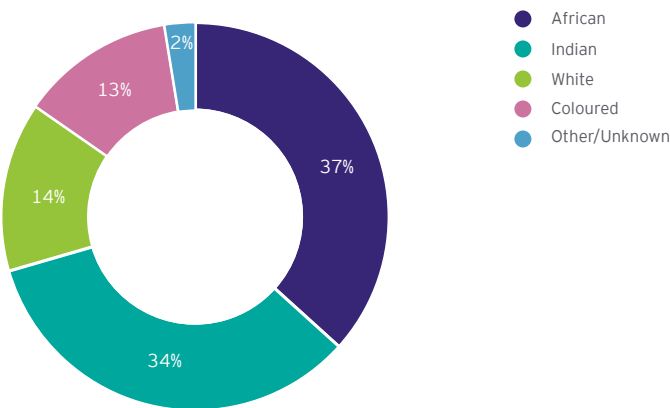
*For the EY Global PE Survey, PE firms with AUM < \$2.5b has been considered for comparison.

Q

How do you plan to increase diversity?

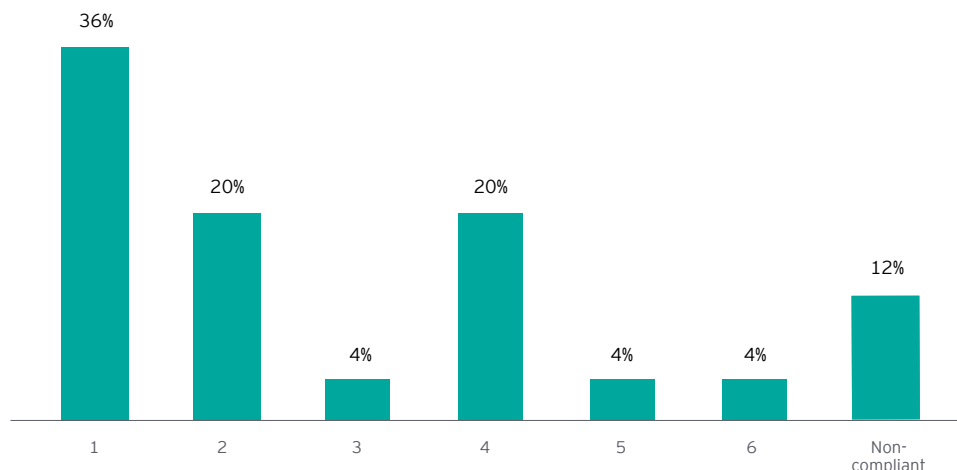


PE firms' employee distribution by race



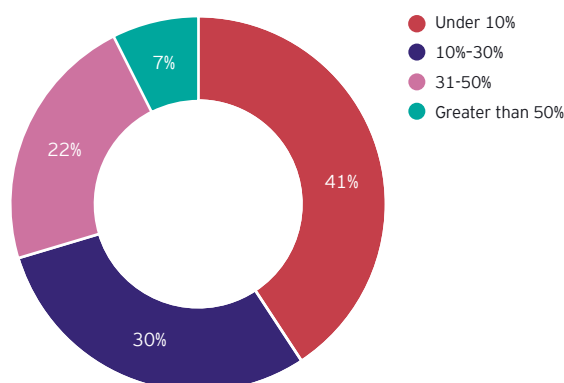
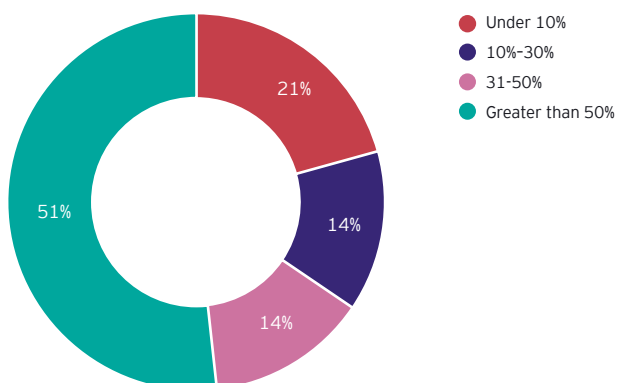
PE firms in Southern Africa continued to focus on hiring more people with racially and ethnically diverse backgrounds in both the front and back office. We noted that there was a significantly higher proportion of SAVCA survey respondents that had over 30% of persons with racially and ethnically diverse backgrounds in the back office (68%) and front office (75%) roles. As per the EY Global PE survey, only 17% and 11% of global PE firms responded to having over 30% of people with racially and ethnically diverse backgrounds in the back office and front office teams respectively (although up from 11% and 7% respectively in 2020).

B-BBEE recognition levels: What B-BBEE status does the fund manager qualify for using the Generic Scorecard and/or Qualifying Small Enterprise scorecard?

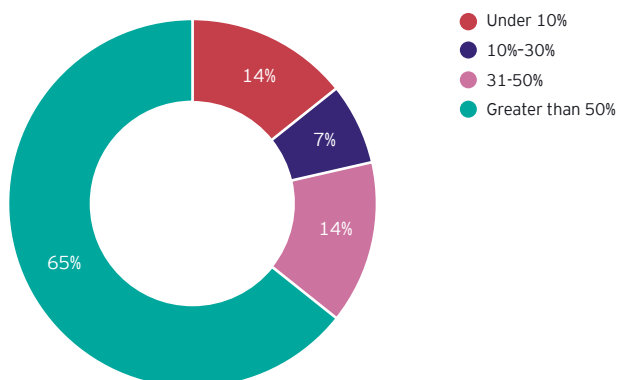


Ownership: B-BBEE ownership percentage: What percentage (%) of the ownership is classified as "black ownership", without applying modified flow through?

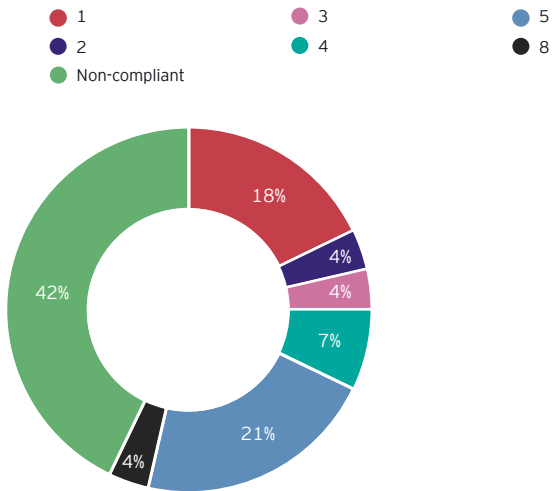
Ownership: B-BBEE ownership percentage: What percentage (%) of the ownership is classified as "black female ownership", without applying modified flow through?



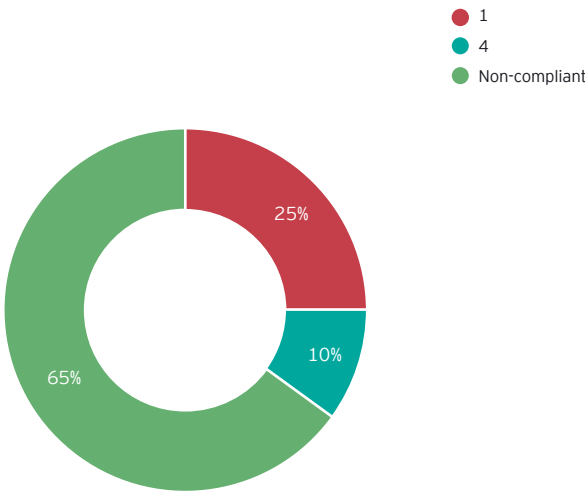
Management: B-BBEE management percentage: What percentage (%) of the management is classified as "black management". This includes junior through to senior management, as defined in the FSC/B-BBEE codes.



Q What was the B-BBEE score at exit for companies exited in 2021?



Q For the same companies exited, what was the B-BBEE score at the time of initial investment?



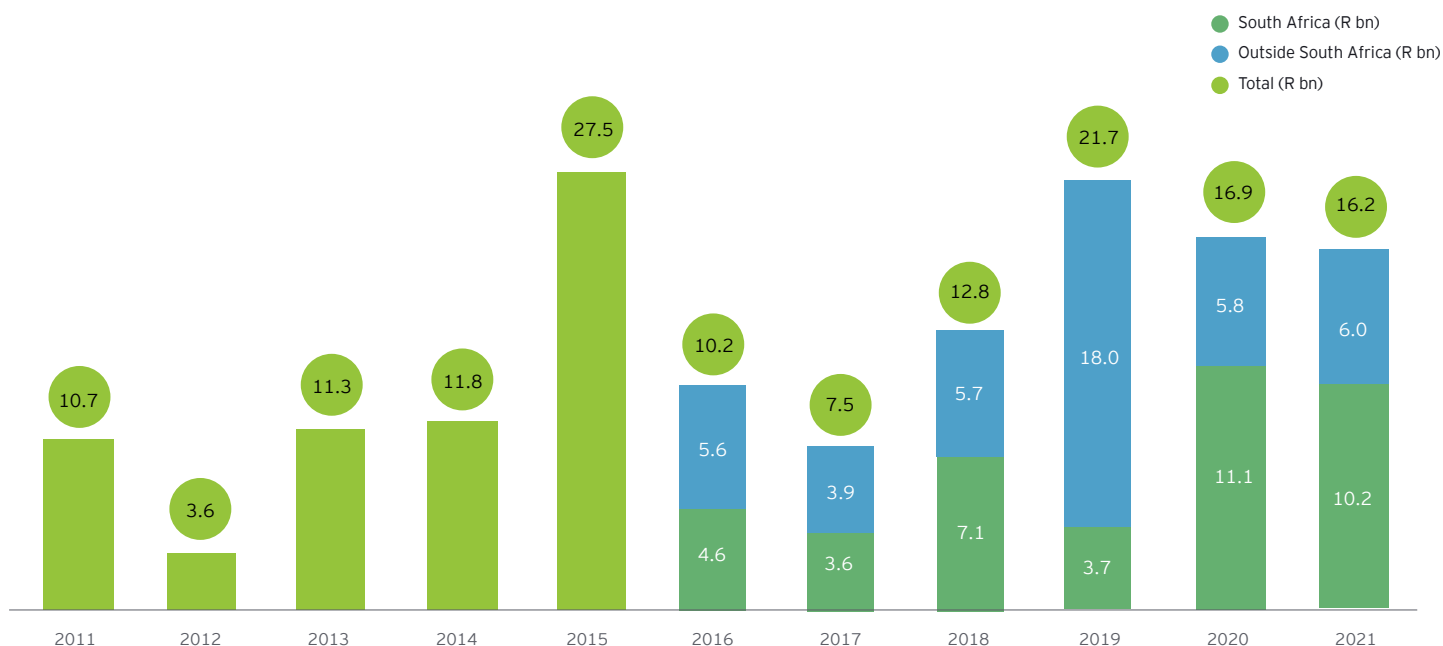
The SAVCA survey results show Private Equity is continuing on its transformation journey. The key highlights for the industry are as follows:

- ▶ 51% of PE firms have >50% black ownership with
- ▶ 29% of PE firms have >30% black female ownership, and
- ▶ 65% of PE firms have > 50% black management

The capital allocation within the industry shows 80% of respondents have a level 4 B-BBEE rating and above, with 36% having a level 1 rating. 21% of the FUM is being managed by level 1 B-BBEE managers.

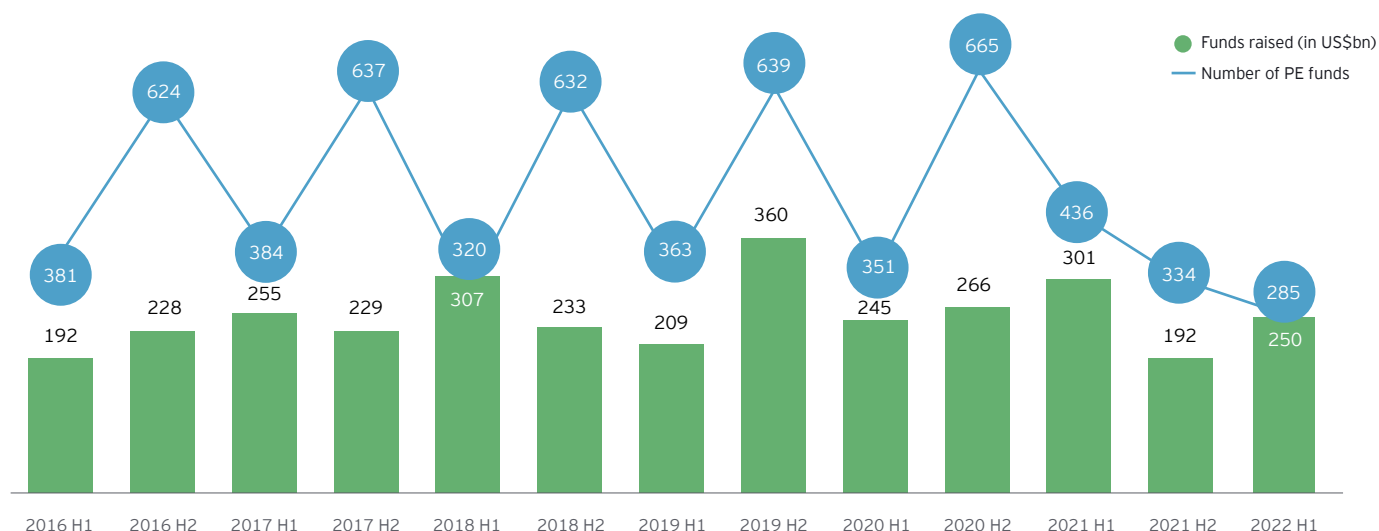
As shown in the charts immediately above, PE firms in South Africa are also improving the B-BBEE rating of the companies they are invested in during the period of investment and thus actively supporting the transformation of these underlying businesses.

Value of funds raised (2011-2021), including split by investment destination from 2016 onwards (R bn)



Fundraising by Southern Africa PE firms remained similar to 2020 levels, with a 4.1% decline in fundraising in 2021 comparable to a 3.5% decline in global PE fundraising.

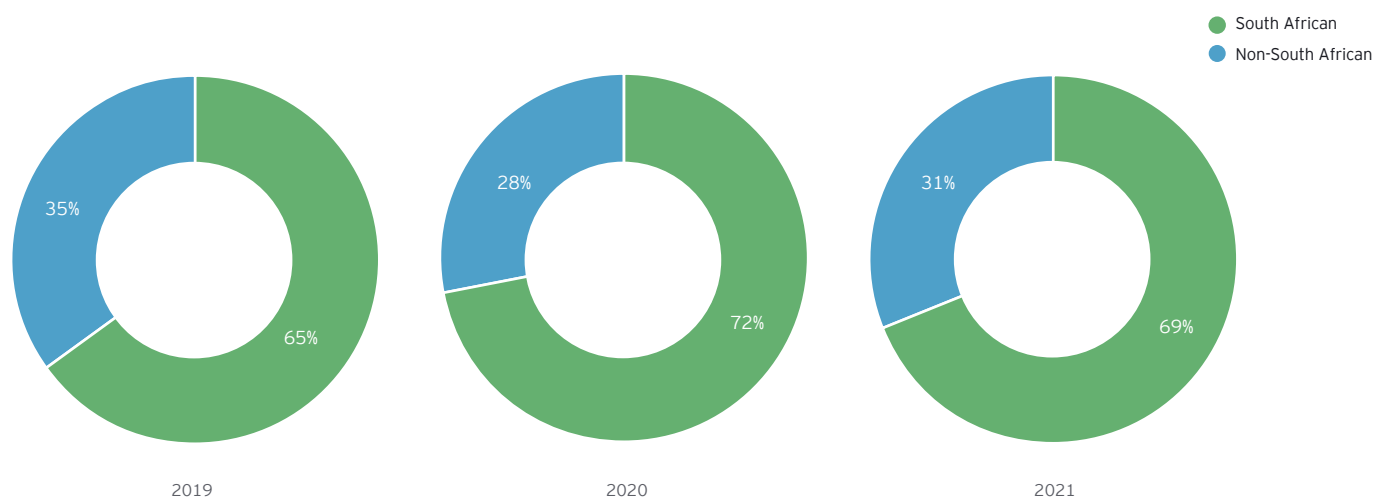
Global PE fundraising trends - 2016 to 1H 2022 (US\$bn)



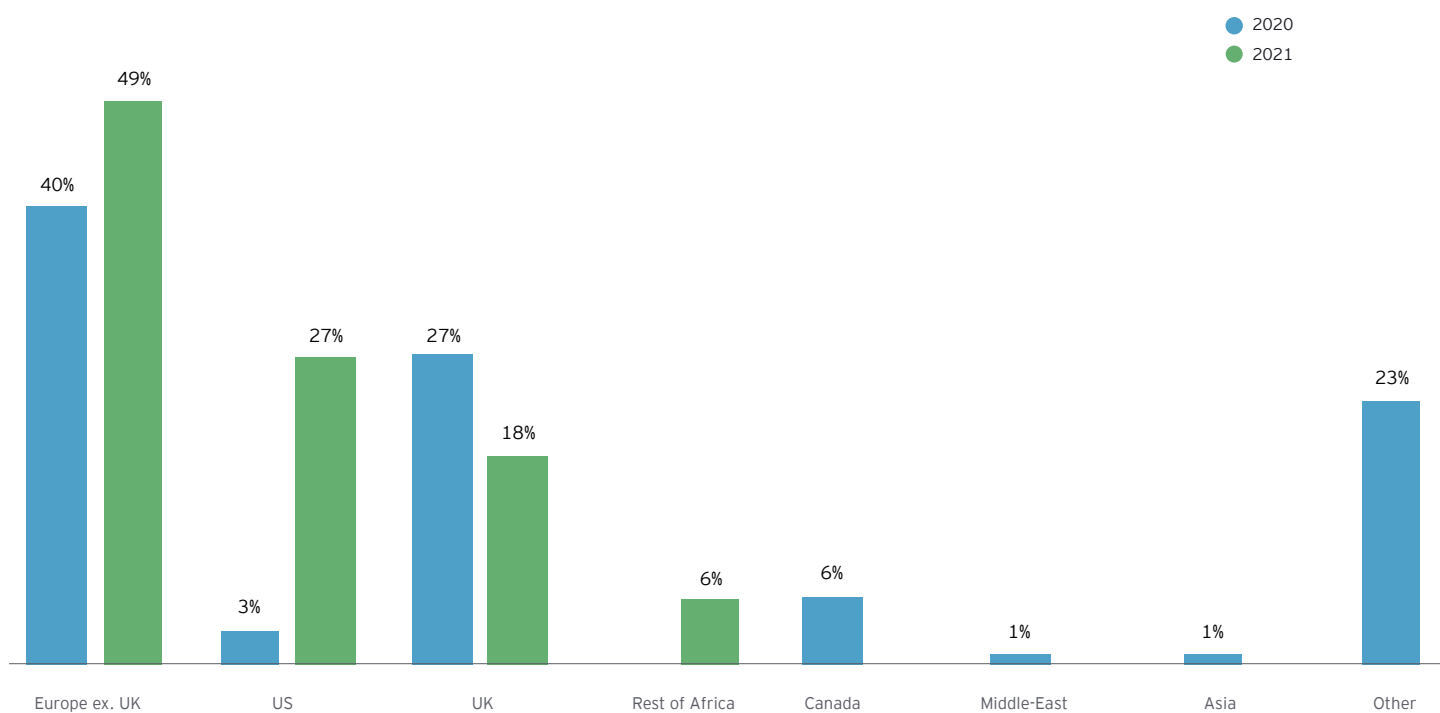
Source: Pitchbook

After significant fundraising in the first-half of 2021, the global fundraising activity subdued in the second half. However, in the first half of 2022 fundraising has rebounded in terms of fund value, although the number of funds to close continued to decline.

Geographical source of funds raised, 2019-2021 (% of total)



Breakdown of non-South African sources of funds raised by geography

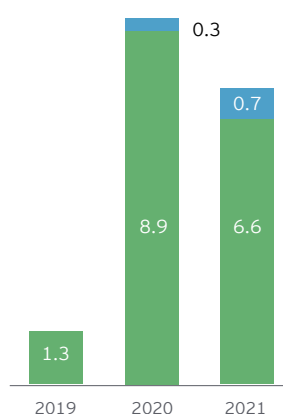


In 2021, for funds raised from investors outside South Africa, the majority (67%) were from European and UK-based investors. For the first time in three years, Southern African PE funds received investments from limited partners based in Africa excluding South Africa (6%), demonstrating the enhanced interest of African institutional investors in the PE industry. US investors were also more prominent in 2021 (27% vs. 3% in 2020).

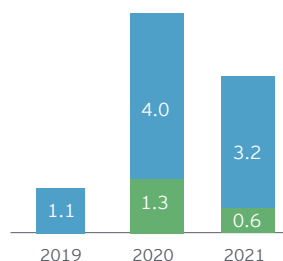
Source of funds raised, 2019-2021 (R bn)

● South African source
● Non-South African source

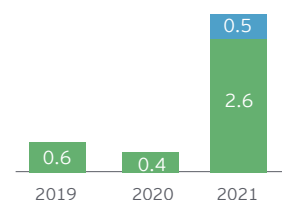
Pension and endowment funds



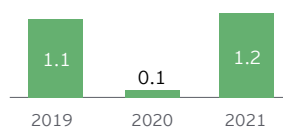
Government, aid agencies and DFIs



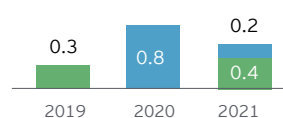
Insurance companies/institutions



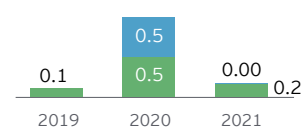
Banks



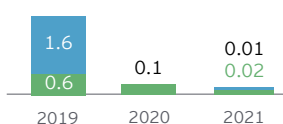
Private Equity fund of funds



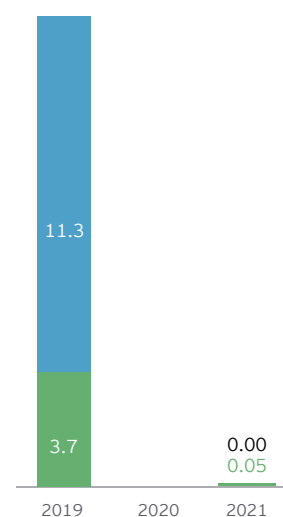
Corporates



Private individuals and Family offices

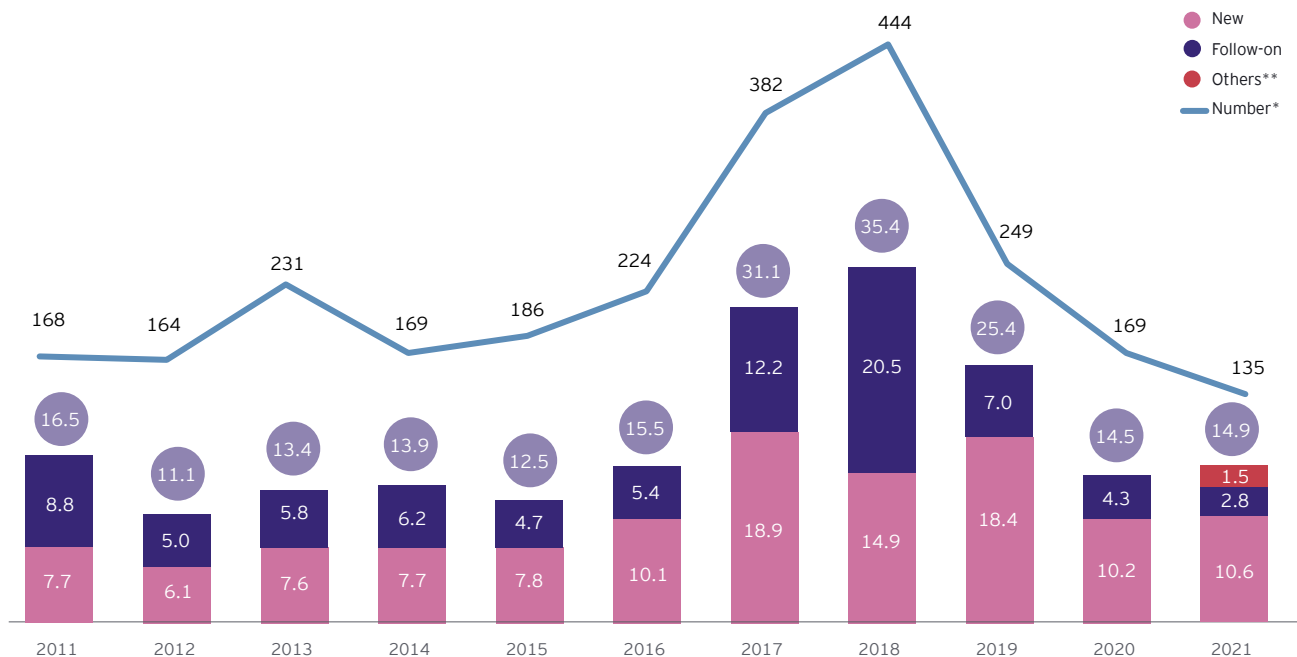


Disposal proceeds available for investments and Other



Funds raised from South African sources declined in 2021 largely due to a drop in fundraising from pension and endowment funds, although this drop was offset by a sharp increase in allocations by insurance companies and institutions. The increase in allocation from insurance companies shows the growth in confidence of distinct institutional investors in the Southern African PE industry, making it less susceptible to concentration risk.

Number of and cost of investments split by new and follow-on (2011-2021 in R bn)

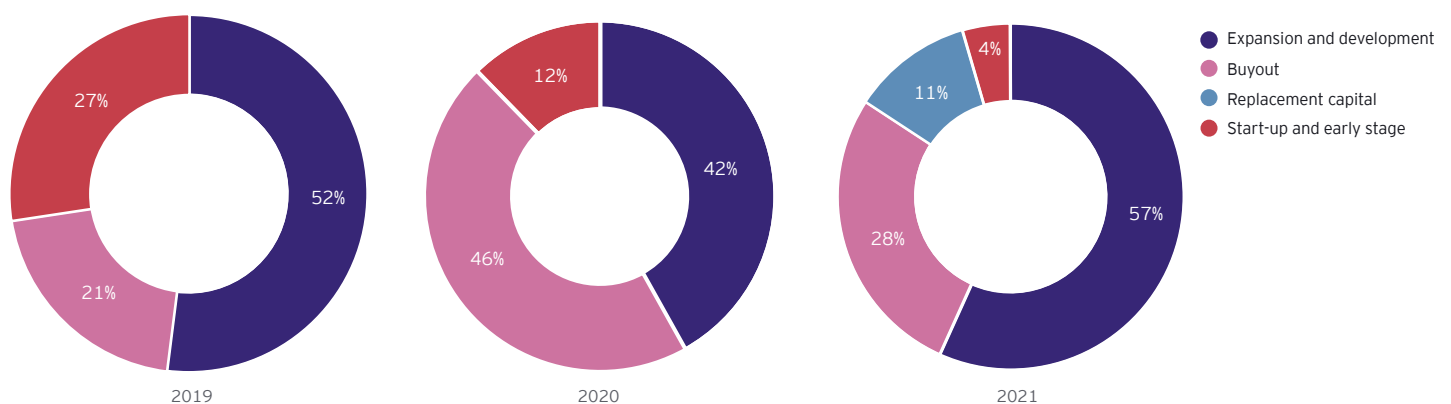


* The number of investments excludes Business Partners throughout and others in 2021.

**Investments not categorised by respondents in either New or Follow-on are disclosed as Others.

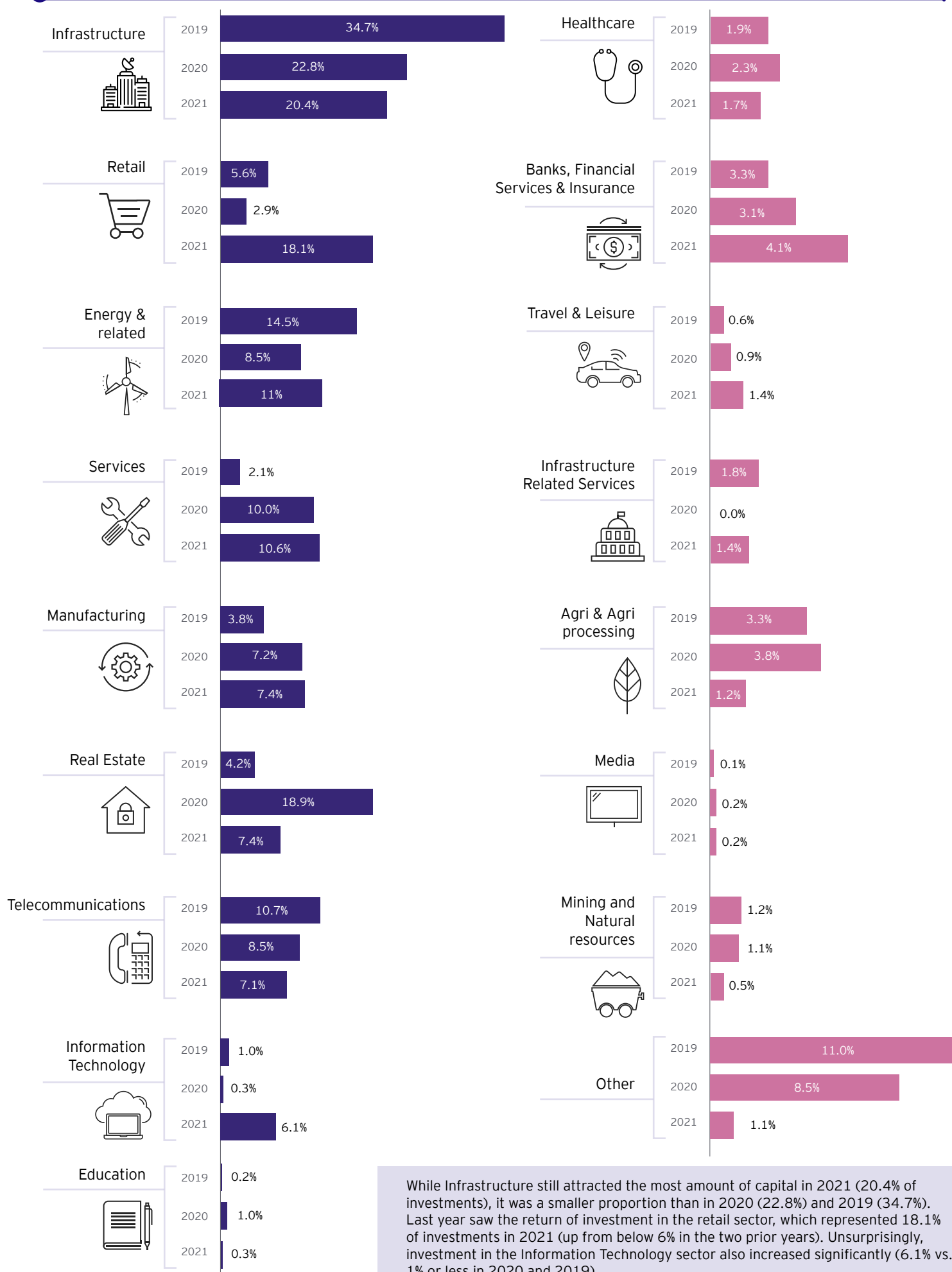
The volume of new and follow-on investments, excluding Business Partners, decreased to 53 and 82 respectively in 2021 (vs. 73 and 96 in 2020 and 132 and 117 in 2019). While the volume of investments dipped in 2021, the value of investments increased slightly. The average cost per investment stood at ~R99m (noting that the number of investments was not provided for the R1.5bn of investments within Others), which is in line with historical trends over the last few years (average cost per investment was between R80m and R102m during 2018 to 2020).

Cost of investments by stage, 2019-2021 (% of total)



After a brief emergence of investments in start-up and early-stage projects in 2019, these declined through 2020 and 2021. However, investments in expansion and development stage companies, after a reduction in 2020, again rose and contributed 57% of the total cost of investments in 2021.

Investments by sector, 2019-2021 (% of total cost)

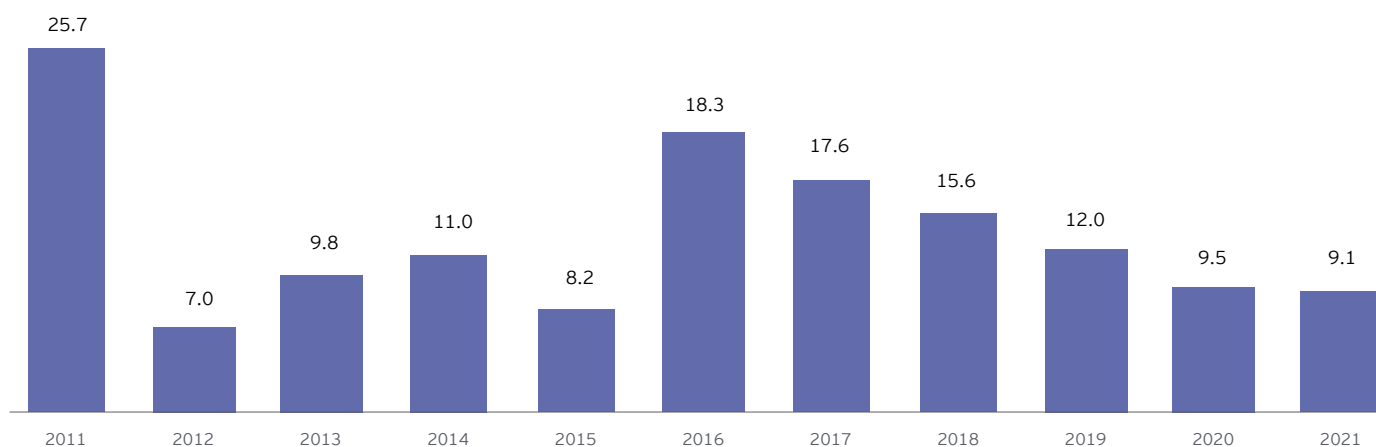


Number of investments by sector, 2021 (excl. Business Partners)

Sector	South Africa	Outside South Africa	Total
Energy and related	9.1%	36.0%	16.3%
Services	13.2%	2.8%	10.4%
Infrastructure	7.1%	19.2%	10.4%
Banks, financial services and insurance	12.1%	2.8%	9.6%
Real estate	8.1%	5.6%	7.4%
Manufacturing	5.1%	5.6%	5.2%
Retail	5.1%	2.8%	4.4%
Healthcare	4.0%	2.8%	3.7%
Information technology	3.0%	5.6%	3.7%
Telecommunications	3.0%	5.6%	3.7%
Agri and agri processing	3.0%	2.8%	3.0%
Mining and natural resources and related	4.0%	-	3.0%
Travel and leisure	2.0%	5.6%	3.0%
Media	2.0%	-	1.5%
Education	1.0%	-	0.7%
Infrastructure related services	-	2.8%	0.7%
Other/unknown	18.2%	-	13.3%
Total	100.0%	100.0%	100.0%

By number, investments in the energy and related (16.3% of all investments), services and infrastructure sectors (10.4% each), and financial services (9.6%) were the most popular.

Funds returned to investors, 2011-2021 (R bn)



Note: The value of exits proceeds for 2020 was revised based on amended values received from selected respondents.

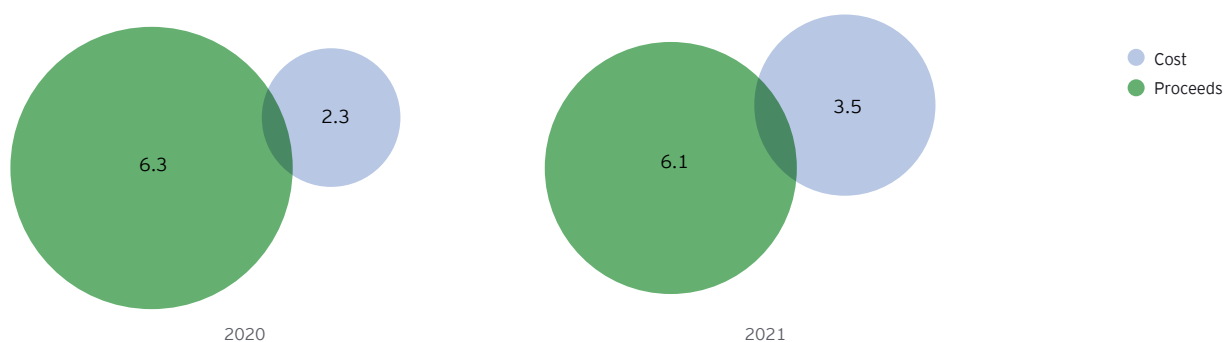
Number of exits (excluding Business Partners), 2019-2021*



*Number of exits are presented on an overall basis and does not include exits through repayment of preference shares / loans, dividends and interest payments and Other category.

In line with the global trend, PE exit volumes for Southern African PE firms doubled due to delayed exits from 2020. However, exit volumes and values are still below the levels achieved in 2019. In the global context, PE exits saw record activity levels in 2021, with value and volume seeing increases of 106% and 60% respectively (source: EY Global PE Pulse report for Q1 2022). Southern African PE firms will need to focus more on increasing exit volumes and values going forward, so that they can demonstrate a more recent track record in successful exits to support new fundraising efforts.

Total proceeds and cost of investments exited, 2020-2021 (R bn)*

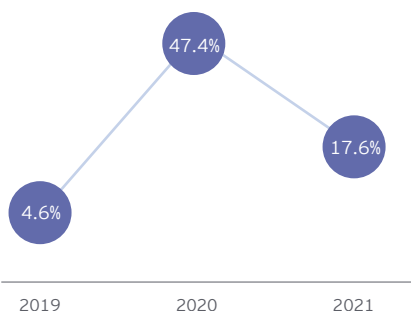


*Analysis included only those funds where both proceeds and costs were provided by survey respondents.

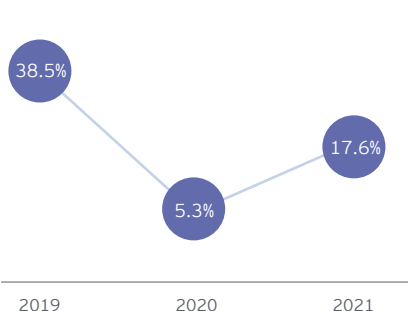
The proportion of proceeds to investment cost declined in 2021 reaching 1.7 times compared to 2.7 times in 2020. This indicates Southern African PE firms garnering lower exit returns compared to previous years, possibly due to poorer performing portfolio companies being exited which were not possible to exit in 2020, due to setbacks caused by COVID-19. It may also be due to a larger proportion of exit proceeds coming from the repayment of preference shares/loans.

Nature of funds returned based on proceeds, 2019-2021 (% of total)

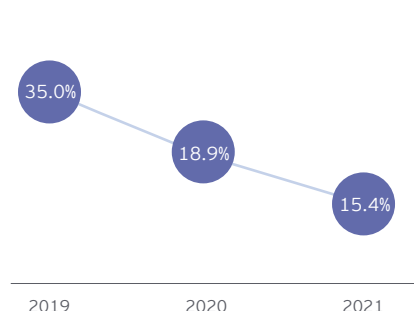
Sale to another Private Equity firm or financial institution



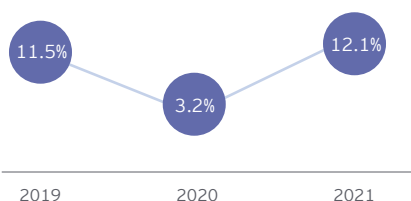
Repayment of preference shares / loans



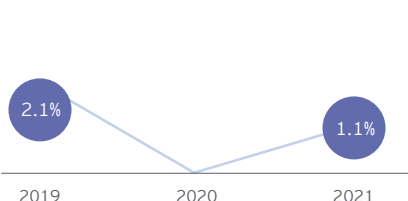
Trade sale



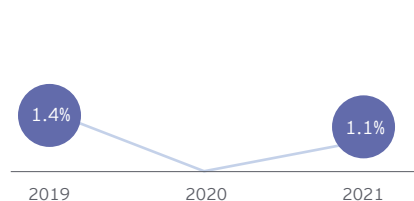
Dividends and interest payments



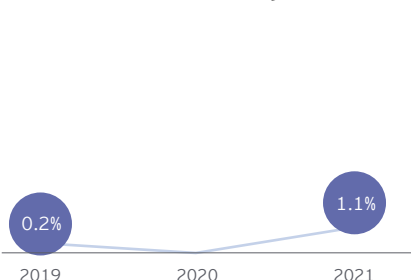
Sale to management with no equity involvement of another financial institution



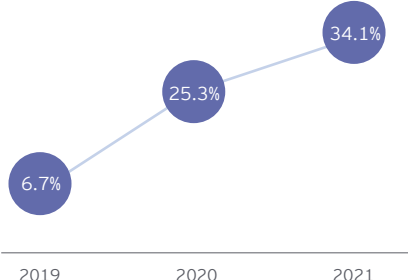
Share buy-back by portfolio company



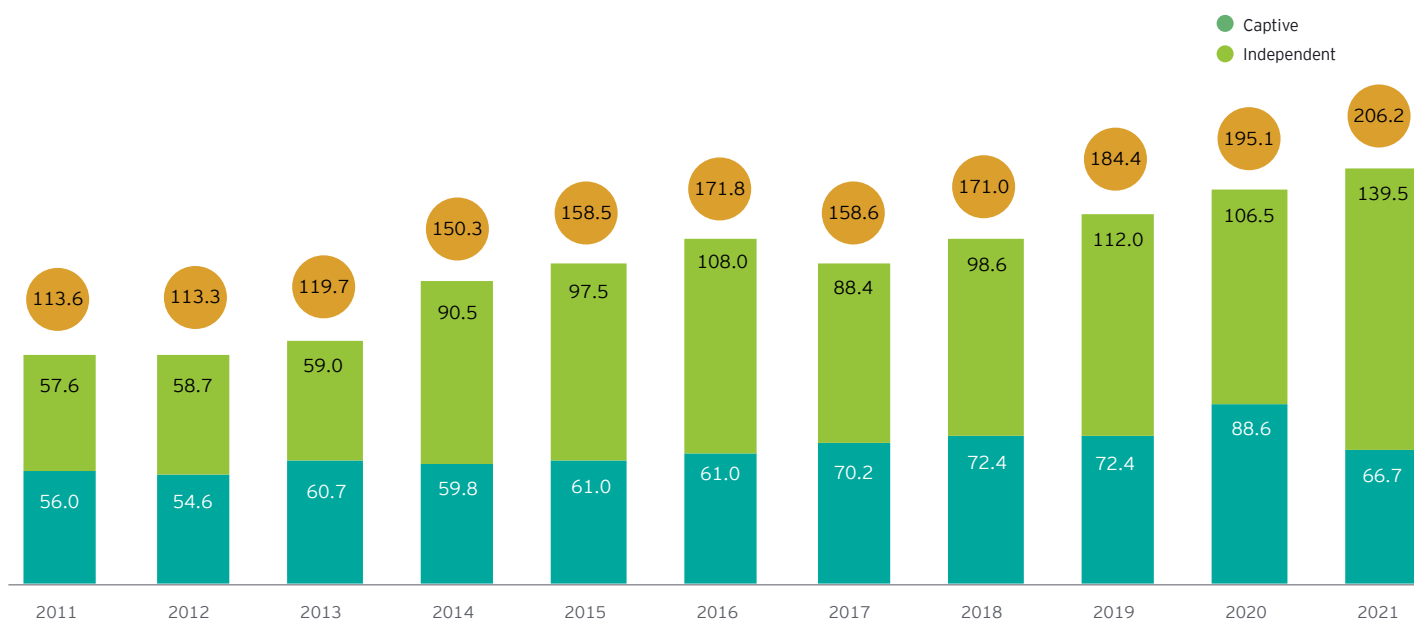
Sale of listed shares (e.g. non-disposal on IPO/listing)



Other



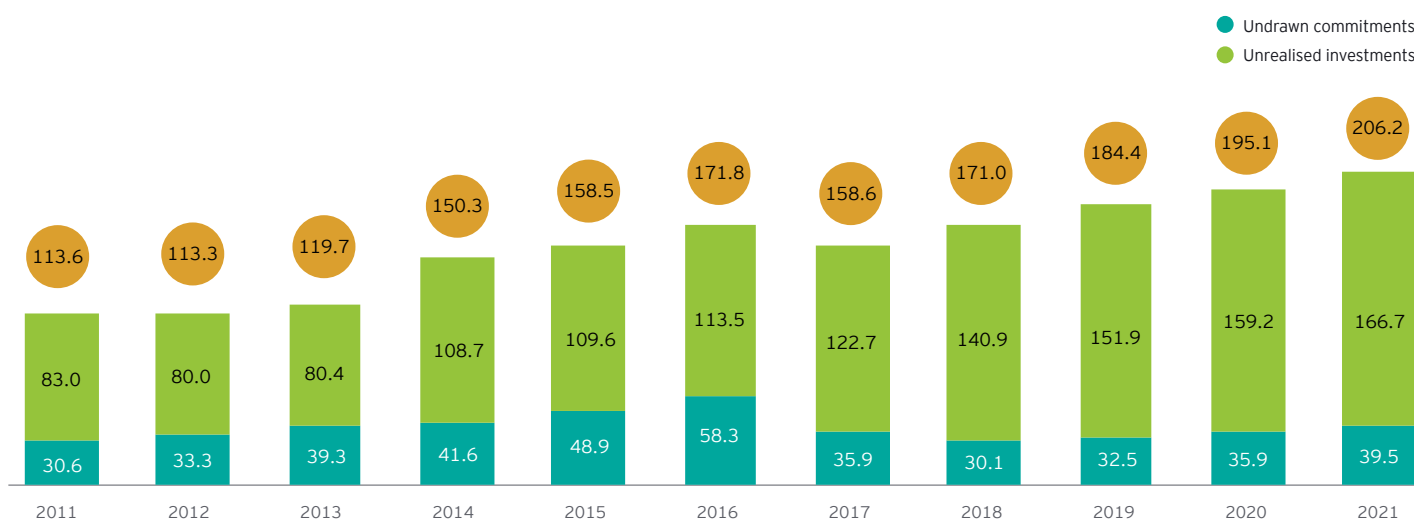
Funds under management by type of PE fund, 2011-2021 (R bn)



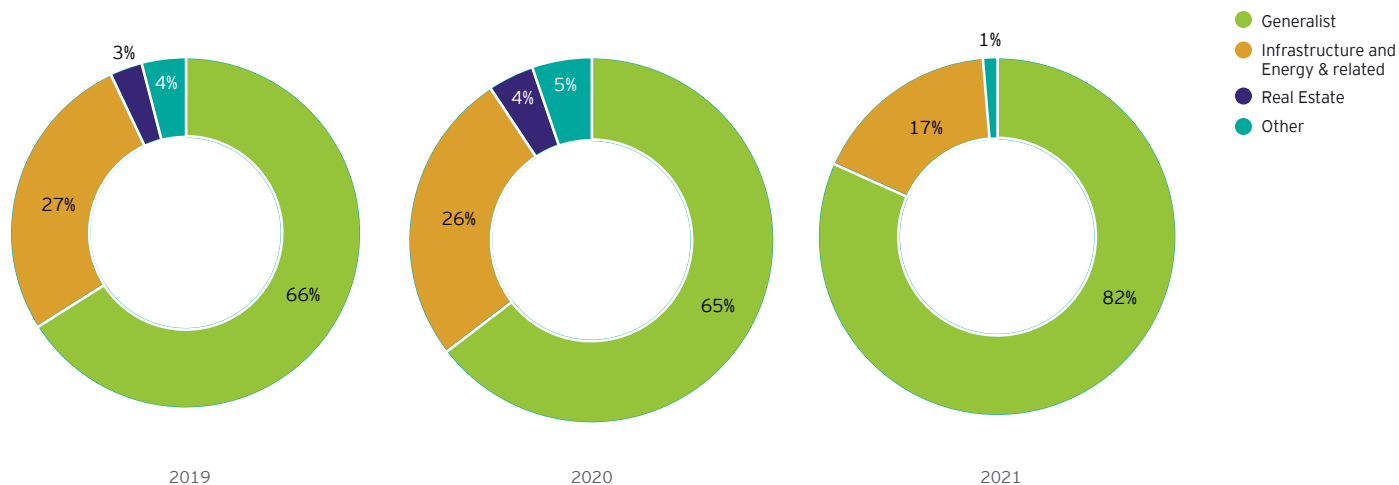
Note: The value of FUM for 2020 was revised based on amended values received from selected respondents.

Funds under management (FUM) in 2021 increased by 5.7% to reach R206.2bn as compared with R195.1bn in 2020. The value of captives decreased in 2021, which was partly offset by the increase in FUM of independent funds (although we do also note some survey respondents changing their classification from captive in prior years to independent in 2021). 2021 saw an increase in undrawn commitments as it grew by R3.6bn (R35.9bn to R39.5bn) by the end of 2021 after remaining fairly stable for the last two years (see below).

Composition of FUM by amount invested and undrawn commitments, 2011-2021 (R bn)

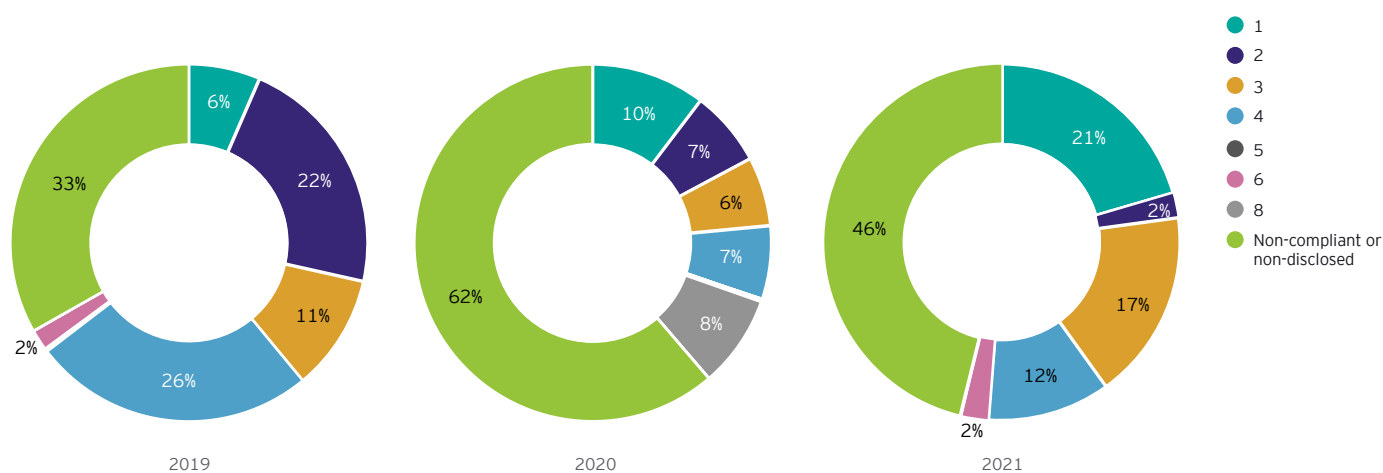


Composition of total FUM by focus of the fund (% of total at 31 December 2019, 2020 and 2021)



Generalist funds increased their proportion in total FUM, after losing a marginal share to sector focus funds in 2020 and reached its highest level of the last three years. Among sector focus funds infrastructure and energy & related sectors garnered the highest proportion.

Composition of FUM by B-BBEE level of fund manager 2019-2021 (% of total FUM)



Of the FUM, 21% are being managed by Level 1 rated PE firms, up from 10% reported in 2020.

APPENDICES

APPENDIX A: DATA TABLES

Fundraising

Funds raised by investment destination						
R bn (unless reflecting by number/volume)	2016	2017	2018	2019	2020	2021
South Africa (R bn)	4.6	3.6	7.1	3.7	11.1	10.2
Outside Africa (R bn)	5.6	3.9	5.7	18.0	5.8	6.0
Total	10.2	7.5	12.8	21.7	16.9	16.2

Source of funds raised by type of investor and geography						
	2016	2017	2018	2019	2020	2021
Pension and endowment funds - SA			1.6	1.3	8.9	6.6
Pension and endowment funds - Non SA					0.3	0.7
Insurance companies/institutions - SA			1.8	0.6	0.4	2.6
Insurance companies/institutions - Non SA						0.5
Banks - SA			1.3	1.1	0.1	1.2
Banks - Non SA						0.0
Government, aid agencies and DFIs (Development Finance Institutions) - SA					1.3	0.6
Government, aid agencies and DFIs (Development Finance Institutions) - Non SA			4.5	1.1	4.0	3.2
Private individuals and Family offices - SA			0.3	0.6	0.1	0.0
Private individuals and Family offices - Non SA			0.4	1.6		0.0
Corporates - SA			1.9	0.1	0.5	0.2
Corporates - Non SA			0.1		0.5	0.0
Private Equity fund of funds - SA			0.3	0.3		0.4
Private Equity fund of funds - Non SA			0.6		0.8	0.2
Disposal proceeds available for investments and other - SA				3.7		0.0
Disposal proceeds available for investments and other - Non SA				11.3		0.0
Total			12.8	21.7	16.9	16.2
South African total	4.6	3.6	7.2	7.7	11.3	11.6
Non-South African total	5.6	3.9	5.6	14.0	5.6	4.6
Total	10.2	7.5	12.8	21.7	16.9	16.2

Investments

Value of investments											
R bn (unless reflecting by number/volume)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
New investments	7.7	6.1	7.6	7.7	7.8	10.1	18.9	14.9	18.4	10.2	10.6
Follow-on investments	8.8	5.0	5.8	6.2	4.7	5.4	12.2	20.5	7.0	4.3	2.8
Others											1.5
Total investments	16.5	11.1	13.4	13.9	12.5	15.5	31.1	35.4	25.4	14.5	14.9

Number of investments (excl. Business Partners)				
	2018	2019	2020	2021
New	162	132	73	53
Follow-on	282	117	96	82
Total	444	249	169	135

Value of investments by stage				
R bn (unless reflecting by number/volume)	2018	2019	2020	2021
Start-up and early stage	3.0	7.0	1.8	0.6
Expansion and development	16.0	13.2	6.1	7.6
Buy-out and replacement capital	15.1	5.2	6.6	5.2
Unclassified	1.3	0.0	0.0	1.6
Total	35.4	25.4	14.5	14.9

Exits

Exit proceeds											
Funds returned to investors by nature (R bn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Trade sale								5.6	4.2	1.8	1.4
Sale of listed shares								0.0	0.0	0.0	0.1
Listing or IPO								0.0	0.0	0.0	0.0
Sale to management with no equity involvement of another financial institution								0.0	0.3	0.0	0.1
Sale to another Private Equity firm or financial institution								0.9	0.6	4.5	1.6
Write-offs - including sales for a nominal amount								0.1	0.0	0.0	0.0
Repayment of preference shares / loans								4.1	4.5	0.5	1.6
Share buy-back by portfolio company								0.1	0.2	0.0	0.1
Dividends and interest payments								2.5	1.4	0.3	1.1
Other								2.3	0.8	2.4	3.1
Total	25.7	7.0	9.8	11.0	8.2	18.3	17.6	15.6	12.0	9.5	9.1

*The value of exits proceeds for 2020 was revised based on amended values received from selected respondents.

Number of exits by type				
	2018	2019	2020	2021
Trade sale	17	13	6	8
Sale to another Private Equity firm or financial institution	7	10	7	14
Sale to management with no equity involvement of another financial institution	2	3	-	2
Sale of listed shares (e.g. non-disposal on IPO/listing)		2	-	1
Share buy-back by portfolio company	3	2	1	1
Write-offs - including sales for a nominal amount	-	-	-	2
Total number of exits (excluding Business Partners)	29	30	14	28

Funds Under Management

Funds under management by type of PE fund											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Captive	56.0	54.6	60.7	59.8	61.0	63.8	70.2	72.4	72.4	88.6	66.7
Independent	57.6	58.7	59.0	90.5	97.5	108.0	88.4	98.6	112.0	106.5	139.5
Total	113.6	113.3	119.7	150.3	158.5	171.8	158.6	171.0	184.4	195.1	206.2

Composition of FUM by amount invested and undrawn commitments											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Undrawn Commitments	30.6	33.3	39.3	41.6	48.9	58.3	35.9	30.1	32.5	35.9	39.5
Unrealised Investment	83.0	80.0	80.4	108.7	109.6	113.5	122.7	140.9	151.9	159.2	166.7
Total FUM	113.6	113.3	119.7	150.3	158.5	171.8	158.6	171.0	184.4	195.1	206.2

*The value of FUM for 2020 was revised based on amended values received from selected respondents.

APPENDIX B: GLOSSARY OF TERMS

B-BBEE	Broad-Based Black Economic Empowerment B-BBEE, as defined in the Financial Sector Charter, means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies
Buy-out	Leveraged and/or management buy-out or buy-in
CAGR	Compound Annual Growth Rate
Captive funds	Funds making investments mainly on behalf of a parent or group, typically an insurance company, bank or institutional asset manager, often from an indeterminate pool of money.
DE&I	Diversity, equity and inclusion
Development capital	Funding for growth and expansion of a company
DFIs	Developmental Finance Institutions
ESG	Environmental, Social and Governance
Follow-on investments	Investments into companies where at least one round of funding has already been made
FUM	Funds under management
FSC	Financial Sector Code, the B-BBEE code for the financial services sector
GDP	Gross Domestic Product
Independent fund	Private equity funds where funds were raised mainly from third party investors
IPO	Initial public offering: when a company's equity is offered and listed on a regulated stock exchange
Late stage funds	Funds focused on buyout, replacement capital and growth capital
Non-controlling interest	An ownership position wherein a shareholder owns less than 50% of outstanding shares and does not have control over decisions
Replacement capital	Funding for the purchase of existing shares in a company from other shareholders, whether individuals, other Private Equity / financial investors or the public through the stock market. The proceeds of replacement capital transactions are generally paid to the previous owners of the entity.
SAVCA	The Southern African Venture Capital and Private Equity Association
Share buy-back by portfolio company	The practice where companies decide to purchase their own shares from their existing shareholders / investors
Start-up and early-stage funding	Funding for new companies being set up or for the development of those which have been in business for a short time
Trade sale	Sale of a business to an industry third party
UK	United Kingdom
Undrawn commitment	Capital committed to a Private Equity fund, but not yet drawn down for investment purposes
US	United States of America

APPENDIX C: RESPONDENTS

PE Firm	Website
Agile Capital	www.agilecapital.co.za
AIIM	www.aiimafrica.com
Ata Capital	www.atacapital.co.za
Bopa Moruo	www.bopamoruo.co.za
Business Partners	www.businesspartners.africa
Capitalworks	www.capitalworksip.com
Convergence Partners	www.convergencepartners.com
EOS Capital	www.eoscapital.com.na
Ethos	www.ethos.co.za
Exeo Capital	www.exeocapital.com
Greenpoint	www.greenpointcapital.co.za
Harith	www.harith.co.za
IJG Capital	www.ijg.net
Inspired Evolution	www.inspiredevolution.co.za
Medu Capital	www.meducapital.co.za
Mergence	www.mergence.co.za
Metier	www.metier.co.za
Nedbank PE	www.nedbank.co.za
Ninety One	www.ninetyone.com
Norsad Capital	www.norsadfinance.com
Novare	www.novare.com
Old Mutual PE	www.oldmutualalternatives.com
Pembani Remgro	www.pembani-remgro.com
Phatisa	www.phatisa.com
Resolve SA	www.resolvesa.co.za
Revego	www.revegoenergy.com
RMB Corvest	www.rmbcorvest.co.za
RMB Ventures	www.rmbventures.co.za
SA SME	www.sasmefund.co.za
Sanari Capital	www.sanari.co.za
Sanlam PE	www.sanlaminvestments.com
Stanlib PE	www.stanlib.com
Tamela	www.tamela.co.za
Trinitas	www.trinitaspe.co.za
Vantage Capital	www.vantagecapital.co.za
Vuna Partners	www.vunapartners.co.za

APPENDIX D: ABOUT THE SURVEY

The SAVCA 2022 Private Equity Industry Survey is presented by SAVCA and EY. The survey was based on responses from 40 Private Equity firms operating in Southern Africa. The survey covers analysis of the industry's strategic priorities, ESG and impact investing, talent, B-BBEE, fund raising, investment and divestment activity, and funds under management. The data is based on annual calendar year data up to 31 December 2021. The level of detail that respondents have been able to provide varies across questions in the survey and hence analyses presented are based on the information available from the survey responses from PE firms. Where more detailed information has not been provided by survey respondents, this is reflected in Other or Unallocated.

SAVCA reviews the report prior to its public release. SAVCA does not have access to any of the individually completed surveys submitted to EY. While care has been taken in the compilation of the survey results, SAVCA and EY do not guarantee the reliability of its sources nor of the results presented. Any liability is disclaimed, including incidental or consequential damages arising from errors or omissions in this report.

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About SAVCA

The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry body and public policy advocate for Private Equity and venture capital in Southern Africa. SAVCA represents in excess of R200 billion in assets under management through circa 180 members that form part of the Private Equity and venture capital ecosystem. SAVCA promotes the Southern Africa venture capital and Private Equity asset classes on a range of matters affecting the industry, providing relevant and insightful research, offering training on Private Equity and creating meaningful networking opportunities for industry players.

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