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PRIVATE CAPITAL

MAGAZINE

2025

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Editor-in-Chief: Tshepiso Kobile
Managing Editor: Theodore Van Der Merwe
Copy editing and proofreading: Neesa Moodley
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DELIBERATE ASCENT, THIS YEAR AND BEYOND

By Tshepiso Kobile, Chief Executive Officer, SAVCA

It truly is an interesting time for our country and the globe, as we continue to live through unprecedented political, social, and technological advancements. As human beings and contributors of society, we are being forced to find new ways to reassess, adapt, survive, and thrive. The desired transformative change for private capital will ultimately not happen by chance. It is an invitation to evolve strategically, strive for operational excellence, build strong cultures, foster enhanced collaboration and pioneer innovative approaches.

Where do we find ourselves in the global context? Ongoing geo-political influencers are the U.S.-China rivalry which involves trade, technology, military presence in the Indo-Pacific, and influence over global institutions; the ongoing Russia-Ukraine conflict; the continued Middle East Instability; and climate change and global co-operation. The rapid ramp up in interest rates in the U.S., coupled with persistent inflation, had a tremendous impact on global private equity, putting an abrupt halt to an almost decade long availability of cheap leverage. We must elevate our approaches in spite of this continuously evolving landscape.

Directly impacting us

A specific issue that hits home quite hard and directly is the recent freeze on U.S. aid, which includes funding from the United States Agency for International Development (USAID). As it relates to South Africa, USAID's primary focus is healthcare aid. However, the organisation strongly supports various other humanitarian initiatives centred around providing food, security, education, and economic development. USAID has not only been a strategic partner to SAVCA in driving the transformation agenda, but it has also, through its implementing partners, supported a number of emerging and female-led and female-owned Fund Managers.

The macroeconomic outlook for SA

Notwithstanding the unfortunate postponement of the Budget Speech at the time of writing this note, the macroeconomic outlook for South Africa in 2025 remains one that is underpinned by increasing levels of business and consumer confidence, with the hosting of the G20 Summit and B20 Summit presenting significant opportunities for business Growth prospects for our economy, whilst encouraging, will unfortunately not get us to the levels needed for sustained employment creation, with the IMF projecting GDP to grow at 1.5%, but a good start.

Driving reform in the logistics sector

#INVESTINGFORGROWTH, SAVCA's ongoing asset class promotion initiative continues to bring the industry closer to structural reforms underway. At this working breakfast held in the last quarter of 2024, Members were taken through logistics reform, in a similar fashion to the breakfast that had been hosted by SAVCA on renewable energy. By the end of the breakfast, attendees had an enhanced

understanding of the pathways to logistics reform, the role of the National Logistics Crisis Committee, and private sector opportunities. The Freight Logistics Roadmap was approved by Cabinet in December 2023.

We'll rise above

The growth of private capital, which is on an undoubted positive trajectory, will be elevated not just by what we achieve, but by how deliberately we set about this task. Industry achievements can be reported in many ways, yet financial performance and impact remain at the top. We therefore implore our members to take part in the industry surveys, which will enable richer insights, and credible, representative, industry data. We look forward to seeing you at our #Connect events over the year, representing your perspective and lending your voice.

I am, especially excited for you to cast your nominations for the SAVCA Industry Awards 2025, as we have seen phenomenal deals, demonstrative of purposeful value creation, continue to elevate standards over the last 3 years.

Conscious Evolution to Private Capital

Over the two days of conference, we look forward to taking delegates on the journey with us, from capacity building to LPs on the fundamentals of private capital, to expert insights on key themes and the drivers of change within private capital, to celebrating the mindfulness that has gone into the growth achieved over the years – particularly from a diversity lens, building resilient networks, and charting a path for faster progress.

Enormous gratitude to the SAVCA PE Conference 2025 sponsors, partners, speakers, and delegates. You have once again made it possible for us to grow this conference and support our pursuit for excellence. Thank you to this year's Private Capital Magazine editorial contributors for your thought-provoking articles and to the advertisers for making it possible for us to make these perspectives accessible to our audience. We could not have done any of this without you.

I cannot to wait to spend this year with you, ***Elevating with Intent!***


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CHAIRPERSON'S NOTE

RISE AND THRIVE: ELEVATING PRIVATE CAPITAL WITH PURPOSE AND VISION

By Vuyo Ntoi, Board Chairperson, South African Venture Capital & Private Equity Association (SAVCA)

As we convene for the 2025 SAVCA Private Equity Conference, it is imperative to reflect on the evolving private capital landscape across Southern Africa and beyond. The past few years have tested our resilience, sharpened our strategies, and redefined the way we approach value creation. 2024 marked a turning point, bringing both challenges and opportunities, setting the stage for 2025 – a year where intentional action will define success.

Private equity (PE) remained a dominant force, with firms focusing on operational improvements, strategic acquisitions, and exits via secondary buyouts.

The Evolution of Private Markets in 2024

Southern Africa's private capital ecosystem has in recent years continued to evolve, navigating macroeconomic volatility, rising (and then falling) interest rates, and regulatory shifts. Despite these headwinds, deal-making remained steady in the region, and particularly South Africa, cementing Southern Africa's position as a continental leader. Private equity (PE) remained a dominant force, with firms focusing on operational improvements, strategic acquisitions, and exits via secondary buyouts. While IPOs have faced headwinds, a growing pipeline of exits indicates renewed investor confidence in the coming years.

Venture capital (VC) continued its recalibration following the downturn in 2022, with investors prioritizing sustainable sectors such as energy, fintech, and agritech. Private debt further cemented its role as a viable funding alternative, offering growth capital to mid-market businesses constrained by traditional financing challenges. Meanwhile, infrastructure investments, particularly in energy, gained momentum.

Globally, the private capital landscape experienced a two-speed recovery. While large-scale M&A transactions increased by 17%, mid-market deals declined by 18%, reflecting caution amid high valuations and rising financing costs. South African firms are increasingly aligning their strategies with global trends – targeting technology-driven sectors, integrating Environmental, Social, and Governance (ESG) principles, and refining exit strategies to maximize investor returns.

The Evolution of Private Markets in 2024

As we look ahead, 2025 is set to be a year of strategic recalibration. While macroeconomic headwinds persist, the appetite for tech-driven solutions, impact investing, and sustainable infrastructure is growing. Investors are expected to double down on value creation, with a focus on resilient, high-growth sectors and long-term capital deployment strategies.

For private capital in Southern Africa to truly thrive, we must act with intent. This means:

- **Deploying capital with purpose** – focusing on investments that drive real economic growth, support job creation, and foster inclusive prosperity.
- **Creating value with foresight** – embracing digital transformation, ESG integration, and active portfolio management to enhance long-term competitiveness.
- **Maximizing returns through strategic exits** – ensuring that every investment delivers sustained financial and social impact.

The theme "Elevate with Intent" is not just a slogan – it is a call to purposeful action. It urges us to move beyond transactional investing to strategic, impact-driven deployment of capital. Whether through pension fund reform, regulatory advocacy, or targeted sectoral investments, 2025 presents an opportunity to reshape the private capital industry in a way that drives sustainable prosperity.

A Call to Action

The time for passive capital allocation is over. As stewards of private capital, we have a responsibility to invest with conviction, build with resilience, and exit with foresight. Are you ready to level up? The road ahead demands bold leadership, innovative thinking, and unwavering commitment to elevating private capital to new heights – with intent, with purpose, and with impact.

Welcome to the SAVCA 2025 Private Equity Conference – where we turn vision into action.


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THE VALUE OF KNOWING

EMERGING TRENDS IN THE SOUTH AFRICAN PE SPACE

By Jutami Augustyn and Tim McDougall
(with contributions from Tobie Jordaan),
Partners at Bowmans South Africa

The private equity landscape in South Africa continues to evolve, driven by changing local and international market dynamics, technological advancements and shifting investor preferences. While investors face challenges, high-growth sectors, rich natural resources and demand for sustainable solutions have highlighted key opportunity areas.

Technology

South Africa is said to have one of the largest technology and telecommunications sectors in Africa. South African subsidiaries of foreign companies and South African-based companies have supplied most of the new fixed and wireless telecommunications networks established across Africa. There are also many opportunities to capitalise on digital transformation, including cloud computing's efficient networks and AI's transformation of key sectors.

Fintech

South Africais a fintech market leader with payment solutions continuing to dominate financial technology innovation, attracting substantial PE investment.

Despite the prevalence of global economic challenges, investors continue to display confidence in fintech's potential. But while venture capital investment remains robust in countries such as S, other African startups have diversified their funding sources to include debt financing, government-backed funding initiatives, corporate venture capital funds, incubators and angel investors.

Renewables

PE investments are growing in renewable energy, green hydrogen, battery storage and smart power technology projects. SA PE funds are investing in independent power producers that generate renewable energy that is sold to the grid. The lifting of licensing requirements for large-scale generation projects and efforts to address the electricity crisis have stimulated significant growth in this market. At the time of writing this, South Africa had gone (bar one weekend) without rolling blackouts for more than 300 days. However, continued investment in renewable energy generation seems assured given the ongoing increases in energy tariffs.

Agribusiness

The agribusiness sector's overall contribution to the SA GDP, including the entire value chain, is set to be around 14% per year.

> *It will be interesting to see how the policies of the new Trump administration also play a role in impacting the SA and African landscape, particularly given his "America First" policy.*

Considering the challenges of climate change and water shortages, the sector is implementing new technology to ensure there is an optimum environment for agricultural growth. It will be interesting to see how the policies of the new Trump administration also play a role in impacting the SA and African landscape, particularly give his "America First" policy.

The sector is also heavily reliant on logistics infrastructure to facilitate exports, with transport and logistics blockages adding to the challenges posed by climate-related disruptions. Efforts to implement solutions to these challenges are providing further opportunities for PE investors.

Supply chain logistics

According to Mordor Intelligence, the size of the freight and logistics markets in SA is expected to reach US$-19.9 billion by 2030. The increasing demand for logistics services is partly due to the predicted boost in intra-African trade after the implementation of the African Continental Free trade Area . New opportunities to invest in logistics and transport infrastructure are opening across the continent as governments ramp up private sector investment incentives to boost infrastructure development.

Healthcare

PE opportunities in the healthcare sector seem to exist around the building of hospitals and clinics, healthcare insurance services, digital healthcare services and related industries such as medical equipment and pharmaceutical manufacturing.

> *Distressed businesses are partnering with PE firms for assistance in enhancing their business offerings, improving efficiency and growing into new markets.*

Distressed businesses

Distressed businesses are partnering with PE firms for assistance in enhancing their business offerings, improving efficiency and growing into new markets. PE investment funds can, for example, provide capital and management expertise that enables retail businesses to scale up through the implementation of transformation strategies and investments in digital infrastructure and e-commerce capabilities.

Sustainability

Investors are imposing sustainability and social development requirements, requiring fund managers to take these factors into account as part of their investment objectives. This is especially pertinent for PE firms with commitments from development finance institutions. Whatever direction global governments choose to go, PE investors' commitment to sustainability is expected to continue.

Continuation funds

Common investment exit routes for private equity funds include strategic sales to other companies or secondary buyouts to other private equity firms. Secondary buyouts provide liquidity and flexibility to investors while offering opportunities for new investors to access established private equity portfolios.

However, fund managers often face the challenge of trying to exit at the end of the pre-agreed life of the fund when investments are performing well and an exit would diminish value, or when market conditions are not conducive to an immediate exit. A practical solution is to set up a continuation fund, where existing investors have the option to roll over their interests into a new fund structure, allowing the fund manager to continue managing the portfolio beyond the initial investment horizon. Continuation funds are not new in the broader private equity market but have gained traction in African and Southern African markets.

Final word

These trends continue to contribute to SA's attractiveness as a PE investment hub, promising long-term opportunities for growth and development in a resource-rich environment.

By Madichaba Nhlumayo,
CEO of Ditiro Capital

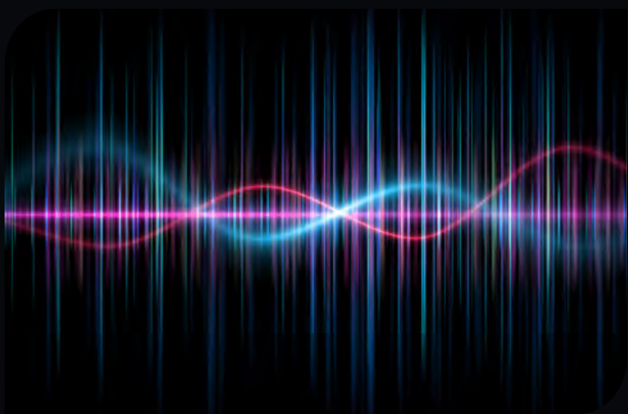
LONG-TERM THINKING IN A NOISY WORLD

> *"If you can keep your head when all about you*
> *Are losing theirs and blaming it on you,*
> *If you can trust yourself when all men doubt you,*
> *But make allowance for their doubting too;*
> *If you can wait and not be tired by waiting,*
> *Or being lied about, don't deal in lies,*
> *Or being hated, don't give way to hating,*
> *And yet don't look too good, nor talk too wise"*
>
> ***-Rudyard Kipling***

The first few weeks of 2025 have required that one keep their head. Between executive orders and posts on X (tweets), countries around the world have held their breaths, hoping they could remain under the radar and carry on with their business. This has not been the case for South Africa. We find ourselves with the spotlight squarely upon us and in the cross hairs of geopolitical tensions, trade wars and disinformation.

Unfortunately, this noise is more than just bluster and posturing as we are already seeing consequences that include cessation of aid programmes, job losses and shuttering of various social impact initiatives.

The risk of the country's possible ejection from the Africa Growth and Opportunity Act (Agoa) later this year has increased uncertainty and is a cause for concern across a number of industries from the citrus farmer in Letsitele, Limpopo to the general manager of an automotive manufacturer in Gqeberha. They, like the rest of us, are trying to determine whether their business and the economy can weather this storm.



Can South Africa stay the course without getting side tracked or buckling under the pressure and making sub-optimal decisions? Can it continue on the positive trajectory that it has been on, albeit its noted challenges that include power supply constraints, logistics/ports infrastructure and crime?

In my opinion, the only sensible and sane approach is to look beyond the noise. As investors in private markets, we pride ourselves as being long-term thinkers.

In my opinion, the only sensible and sane approach is to look beyond the noise. As investors in private markets, we pride ourselves as being long-term thinkers. This is again a period in which we need to block out the noise, focus on key principles and think long-term. After all, despite the current noise, South Africa faces several, more pressing issues that require our attention. Some of the challenges that remain top of mind within our team at Ditiro Capital include:

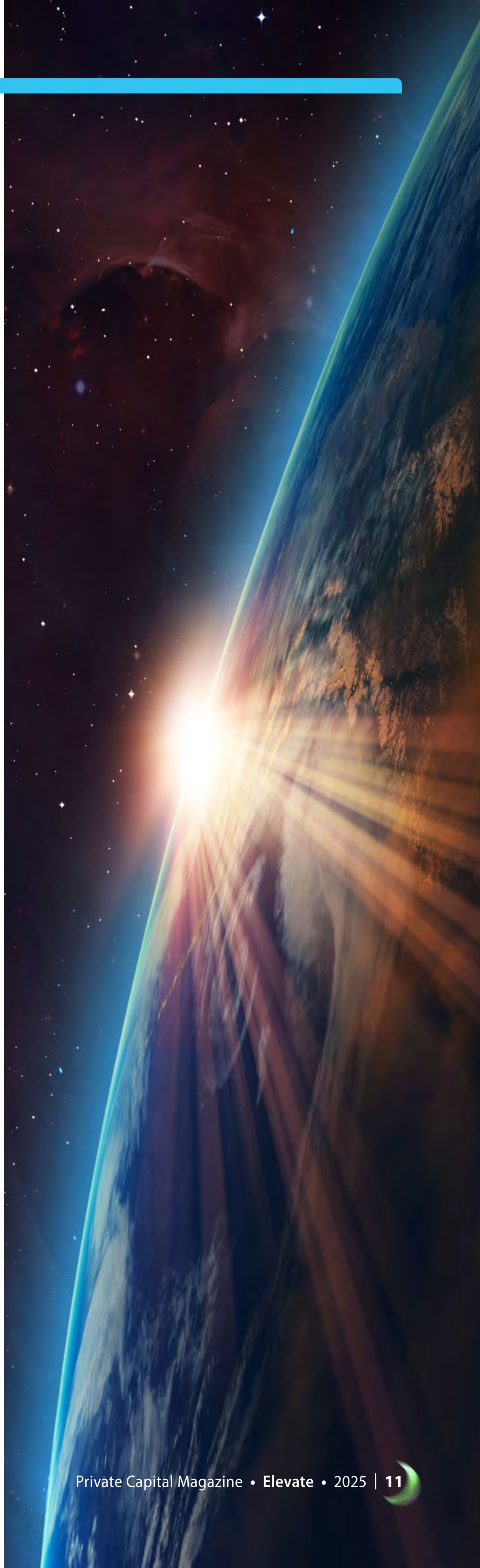
- South Africa's unemployment rate of 32.1% (Stats SA, Q3:2024) is high and is an impediment to the ambitions of building a sustainable economy. The expanded unemployment rate of 41.9% that includes discouraged job seekers and the expanded unemployment rate of 45.5% for the youth (15-34 years) is even more concerning. Jobs-led growth is an imperative where we are providing growth capital.

- Food inadequacy and hunger remains an issue for many in our society. Close to 15% of households (General Household Survey, Stats SA, 2021) are reported to have inadequate access and 6% severe inadequate access to food. Coupled with this is the impact of extreme weather patterns on food production systems. Investment in the food value chain provides an opportunity to generate positive returns (given the defensive and growing nature of the sector), while ensuring that we improve food security in the country.

- The country's failing water infrastructure is negatively impacting the quality of potable water, resulting in frequent planned and unplanned water cuts. Both households and business are bearing the brunt of this issue. Expedient solutions to this crisis require joint effort and prioritisation from the public and private sectors, to avert further social unrest and low economic growth.

- Lastly and tied to the first point, we need to reskill and upskill our human capital for this 4th Industrial Revolution we are living through. South Africa has the human capital; however, we lack the skill set. In correcting that, we would enable the country to remain globally competitive and potentially become a global outsourcing hub for customer service, business operations and IT support.

These are a few of the challenges that keep our team focused on the long-term and thinking about how we can be a catalyst for solutions, while achieving positive returns for investors in our fund. Ultimately, these issues require our attention, collaboration and innovation as a society. We need to keep our heads.



BRIDGING THE VC-PE GAP:

A collaborative approach to strengthening southern Africa's investment ecosystem

By Tyrone Moodley, principal at HAVAÍC,
Huns Biltoo, Partner at KPMG and
Lauren Tuchman, Senior Manager at KPMG

In 2024, private equity (PE) fundraising surged to a 13-year high, underscoring growing investor confidence across key sectors. Simultaneously, the venture capital (VC) ecosystem fuelled early-stage innovation, building the next generation of high-growth companies. Yet, the transition from VC-backed growth to PE scalability remains fragmented, marked by misaligned expectations and valuation methodologies. This is in contrast with global trends where the lines between PE and VC are blurring, particularly in later-stage funding rounds for tech investments.

HAVAÍC, KPMG, and Fireball Capital brought together local VC and PE stakeholders to explore how the two spheres can collaborate more effectively. While risk appetites and return expectations differ, alignment is not only possible but essential for the long-term success of the Southern African VC and PE markets.

The workshop unpacked how businesses can better prepare for PE investment to the benefit of both markets.

Navigating the VC-PE continuum

A thriving PE sector provides later-stage capital for VC-backed companies and a natural exit for early VC investments that have sufficiently matured. However, historically, PE firms are not naturally inclined towards businesses originating in the VC space.

Bridging valuation gaps

- VCs prioritise revenue multiples, emphasising early-stage high growth potential, while PE firms focus on EBITDA-based valuations, seeking operational profitability.
- Industry-led standardised valuation methodologies help VC-backed businesses better prepare for PE investors and reduce the misalignment between the valuation bridge and the equity story.
- Startups must evolve with new financial structuring as they scale up, balancing hypergrowth with sustainable profitability while de-risking capital invested.
- VC fund managers need to guide their portfolio companies to manage the future stages of post-VC accordingly.

Operational readiness and strategic positioning

- Unlike VCs, who invest in companies expecting rapid growth, PE firms typically seek established, de-risked businesses with defined value drivers and returns in need of corporatisation and professionalisation.
- Industry participants emphasised the importance of clean capital structures, applying intellectual property and ownership considerations, financial reporting discipline, and embedding the fundamentals of good governance. These elements significantly impact a startup's ability to attract PE investment.
- Fund managers play a key role in ensuring these building blocks are put in place or at least provided for in the growth story.

Technology as a strategic asset

- Southern African tech startups must prove their innovations are globally scalable or can be aggregated into a global player's market strategy.
- RapidDeploy, a HAVAÍC-backed startup, exemplifies this transition. The business, which started in South Africa to solve a local problem, now serves more than 1,700 emergency 911 communication centres across 23 US states.
- Having bridged the capital raising gap by securing $90-million in funding as well as high-profile partners (including Samsung Ventures, General Motors, and Greylock), RapidDeploy emerged as a leading innovator in public safety technology and emergency response solutions.

Building an integrated investment ecosystem

A central theme was the need for more structured collaboration between VC and PE investors for opportunities to transition locally rather than exclusively to global counterparts. The reality is that the two funding models are not in competition but part of a broader investment cycle where each plays a distinct yet complementary role.

1. Encouraging open dialogue

- One of the biggest barriers to VC-PE collaboration is misperceptions about risk, returns, and governance structures.
- Encouraging collaboration across funding stages and ensuring capital is deployed or raised within the South African capital markets ecosystem will foster sustainable growth. This will reduce friction, develop the capital markets, and unlock new investment opportunities.

2. Supporting founders beyond early-stage growth

- Too often, founders and their investors focus on securing early-stage capital without considering the evolution into a PE-attractive business.
- The importance of education at all stages of the investment lifecycle ensures startups structure their businesses to attract investors across different funding stages. This includes embedding good governance early on and considering where to be domiciled.

3. Creating more institutional depth in the VC ecosystem

- There is a need to build a more mature funding landscape, ensuring companies can graduate smoothly from one investment phase to the next without unnecessary dilution or funding roadblocks.

The road ahead: a collaborative approach to growth

The VC-PE gap is not an insurmountable challenge but an opportunity – one that requires proactive engagement from all stakeholders. Advisors such as KPMG, with expertise in financial structuring, business valuation, and transaction advisory, are instrumental in helping businesses prepare for later-stage investment. Meanwhile, VC firms like HAVAÍC are pivotal in supporting startups from their earliest days, ensuring they build globally scalable, investment-ready businesses in line with the goals set by Fireball's Fund of Funds. The industry needs to continue to professionalise to maximise the opportunity.

> ***Collaboration is key, including fostering ongoing conversations, aligning methodologies, and creating a shared vision for growth.***

Collaboration is key, including fostering ongoing conversations, aligning methodologies, and creating a shared vision for growth. With the support of experienced advisors and professional VC and PE managers, startups will continue to thrive and mature from young businesses to meaningful companies, both locally and on the global stage.

Contacts:
Boitumelo Ngutshane
Partner – Head of Transaction Services and Deal Advisory at KPMG
boitumelo.ngutshane@kpmg.co.za

Ian Lessem
Managing Partner - HAVAÍC
ianlessem@havaic.com

Justin James
Head of Investments – Fireball Capital
justin@fireballcapital.co.za

NOW IS THE TIME FOR VENTURE

By Claudia Manning,
Fund Principal at SA SME Fund

A friend at a soccer stadium in Cape Town recently witnessed a powerful example of the way in which technology can improve lives: a vendor selling Simba chips and chocolates at the stadium was using a Yoco point of sale device to accept payments from his customers. Not only did this very small business save on the costs of managing cash, it also enabled him to borrow small amounts to pay for stock – in addition to the safety benefits of not having to carry large amounts of cash on public transport.

> ***There are a myriad other examples of South African tech start-ups producing innovative solutions to real world problems, whether in health-tech, ed-tech, safety-tech etc.***

This case provides a live demonstration of how South African tech start-ups like Yoco have successfully enabled digital and financial inclusion for large numbers of micro and small businesses around the country, offering users affordable and safe ways of transacting.

There are a myriad other examples of South African tech start-ups producing innovative solutions to real world problems, whether in health-tech, ed-tech, safety-tech etc.

How has this been done?

These start-ups have managed to overcome massive hurdles and somehow succeeded in raising early-stage funding to get them into the market.

It is widely recognised that the South African Venture Capital (VC) market is still at a nascent stage, with shallow pools of capital available for funding start-ups. Until recently, no institutional investors had appetite for VC, as the sector was viewed as sitting on the wrong end of the risk reward spectrum.

What's changed? A lot, in fact

Here's what the data shows:

- The SAVCA 2024 Venture Capital survey shows that in 2023:
  - More than R3-billion was invested into VC
  - Nearly 100 start-ups received funding from venture capital providers
  - More than R10-billion had been invested in South African start-ups to date

Another survey, by Partech, shows that South African tech start-ups received $459-million in funding in 2024, second in Africa only to Nigeria at $520-million.

> ***Doing well while doing good.***

What moved the shift?

Over the last few years, several institutional investors - often led by far-sighted advisers - started allocating modest amounts of capital towards VC. There has been a gradual recognition that investing in VC in South Africa offers investors the prospect of achieving both strong commercial returns as well as impact returns. "Doing well while doing good", as the adage goes.

PROFITABLE IMPACT INNOVATION

Why VC matters

The case for investing in VC rests on three legs – its dual roles in driving innovation, achieving development impact and its international track record of doing so without compromising on returns.

Global evidence shows that venture capital has played a critical role in driving innovation in many economies, backing start-ups that are disruptive and offer new solutions to problems. The world's leading VC destinations are home to the world's most innovative businesses, many of which would not be around today, were it not for pools of venture capital prepared to back them - Apple, Google, Amazon, Microsoft, Facebook. These innovation-driven start-ups have an outsized impact on a country's economic development – in the US these tech companies provide one in five jobs.

Critically, VC investments in emerging countries are often in high impact sectors and product markets, with VC-backed entrepreneurs typically focusing on solving problems affecting their communities. This often results in VC having an out-sized development impact in addressing key areas defined by the UN Sustainable Development Goals such as low-cost health and housing, affordable education and small-scale agriculture.

The common misconception is that investing in VC requires a trade-off between impact and financial performance. The data does not support this. In fact, investors in VC can make money AND make a difference. This is certainly the case in mature VC countries, where the asset class is considered an essential part of a diversified portfolio for institutions as varied as pension funds, family offices and university endowment funds.

Although the South African VC industry is still in its infancy, the number and quality of high potential, local tech start-ups is growing. What is particularly exciting is that the majority of these are concentrating on products and markets that are aligned with the goals of sustainable development – financial access for the poor and small businesses; low-cost health, reduced health care costs at a national level, affordable education, personal security for vulnerable people.

By investing in these businesses, asset owners not only provide these entrepreneurs with the capital they need to scale and gain exposure to a quality set of opportunities within a diversified portfolio, but they are contributing to solving serious development challenges at scale. The growing number of attractive exits by high profile tech companies is helping to prove the case that the sector offers strong commercial returns, albeit that that more exits are needed to amplify this point.

The SA SME Fund experience

The SA SME Fund recently closed a new Fund of Venture Capital Funds (FoVCF) with commitments of R1.3-billion. What is remarkable is that 77% of the capital was from local institutional investors, most of whom had not allocated to VC before.

How did we do it?

Most people reading this will be aware of how arduous capital-raising can be, at the best of times! In this case, The SA SME Fund went to institutional investors with an ask that we recognised was far from obvious: to invest in a Fund of Funds (with the implied fees on fees), and to invest in an emerging, and arguably high-risk asset class, into which no other local pension fund or institutional investor had previously invested.

To address the real and perceived risks, the SA SME Fund set about creating a bespoke structure that aimed to mitigate most of these risks. The FoVCF is structured as follows:

- It offers investors the inbuilt diversification of a Fund of Funds structure, with exposure to many underlying managers with differing investment experience, mandates and strategies;
- It has a blended capital structure, with government funding unlocking private capital: government provided 23% of the capital with 77% coming from institutional investors;
- There is a first loss layer of capital to offer downside protection to institutional investors;

Waiving of fees and carried interest at the level of the Fund of Funds (made possible by the unique history of the SA SME Fund as a corporate-backed entity) implies a saving of more than R130-million in fees for investors (assuming a 1% fee over 10 years);

- A quality Fund of Funds team, with deep experience in the South African VC ecosystem developed through pioneering institutional investment into VC in SA, that invests in and manages the Fund.

The blended capital structure of the Fund, combining commercial and impact-seeking capital, together with the first loss capital and the fee subsidy has successfully mobilised institutional investors – a first for South Africa. The model's success is likely to stimulate other investors' appetite for VC, hopefully obviating the need for these concessions in the future.

Large capital owners such as pension funds have the ability to shape markets. The burgeoning VC ecosystem in South Africa offers exciting opportunities for pension funds to gain exposure to, while putting their considerable weight behind the drive to grow this important asset class.

What have we learned?

The VC industry needs to be both widened and deepened – more capital needs to be directed towards both established and emerging VC fund managers to deepen the pools of capital needed to scale their portfolio companies to compete globally.

To date, the FoVCF has committed a substantial portion of the fund and is likely to be fully committed by the third quarter of 2025. We've learned a number of valuable lessons during this journey:

- Small allocations by institutional investors can lead to dramatic landscape shifts.
- Public-private partnerships are key to driving innovation.
- South African VCs need to show more exits to demonstrate the commercial returns of the sector.
- In the short-term, we need to continue developing innovative derisking mechanisms to protect institutional returns.
- Innovation requires an eco-system approach – investment is needed when building a strong pipeline of tech start-ups. The SA SME Fund has reached first close of R300-million for a new Seed Fund of Funds which will allow early stage VCs to invest in seed deals. The demand for this type of capital is substantial and the intention is to raise more capital for the Seed Fund of Funds in the upcoming months.
- The vision is that the VC market will become a recognised asset class in the medium term, and that more institutional investors will – as in the more mature VC markets – make small but significant allocations to the sector. The example of the South African renewable energy investment programme provides a useful comparator for building investor confidence in a new market. For the first few years of the programme, the only investors willing to fund the programme were DFIs, with the commercial lenders waiting out the first few rounds of investment, until their confidence in the new market was more established, The hope is that institutions don't miss out on the best opportunities as commercial investors did in the more lucrative early rounds of the renewable programme.

Claudia@sasmefund.co.za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PRIVATE EQUITY VERSUS PUBLIC MARKETS: THE CONTINUING SHIFT IN CAPITAL FLOWS

By Graham Stokoe, EY Africa Transaction Diligence Partner at EY-Parthenon

A decade ago, IPOs were an important way for companies to access public capital markets. However, recent data from IPOs on the JSE paints a starkly different picture:

2019-2021
Nothing raised.

2022
R270-million raised through a single IPO, a REIT.

2023
R3.65-billion raised, primarily from the Premier Group IPO (R3.5-billion), with Copper 360 as the only other listing.

2024
R25.3-million raised by the IPOs of Altvest Capital and Cilo Cybin.

> *According to the latest SAVCA Private Equity Industry Survey, PE firms have consistently raised more than R15-billion annually since 2019, with fundraising reaching R28.1-billion in 2023—the highest in 13 years.*

The total amount of capital raised from new IPOs during 2019 to 2023 was less than R4-billion, amounting to less than 10% of the capital flows into private equity over the same period. And of this, R3.5-billion was raised by the Premier Group IPO, which was private equity-backed.

Even when one looks at capital raising activities through the unbundling of already-listed JSE companies and other efforts, the capital raised by JSE-listed companies during 2020 to 2023 peaked at c. R6-billion in 2020 and was less than R4-billion in each year from 2021 to 2023. This improved to c.R18-billion in 2024, which includes R8.5-billion raised by the Boxer IPO as it unbundled from Pick 'n Pay – the largest IPO on the JSE since 2018. However, these unbundlings and capital raises do not serve as fresh avenues for new entrants into the market.

Private equity's dominance

While IPO activity has been muted, private equity investment has surged. According to the latest SAVCA Private Equity Industry Survey, PE firms have consistently raised more than R15-billion annually since 2019, with fundraising reaching R28.1-billion in 2023 – the highest in 13 years.

A significant portion of this capital came from international investors, signalling strong global confidence in the region's private markets. In 2023, 59% of PE capital raised came from outside South Africa (up from 51% in 2022). European and US investors accounted for 45% and 22% of foreign investments, respectively.

Several factors have contributed to the growing preference for private capital over public listings:

1. Market volatility and institutional investor caution

Local institutional investors appear to be reluctant to back new IPOs, pushing companies to seek alternative funding sources. A more diversified institutional investor base appears to be needed to revive JSE listings.

2. More flexible capital structures

PE provides patient, long-term capital, often coupled with strategic guidance and operational support. These are advantages that public markets cannot easily replicate.

3. Challenges of public market regulation

JSE listings involve rigorous compliance, ongoing reporting obligations, and heightened scrutiny, making it a less attractive option for high-growth, privately-held businesses.

4. Global PE trends align with local realities

According to EY's latest PE Pulse research, global PE activity surged in 2024, with $565-billion in announced deals, up 25% year-on-year. Southern Africa is following this global trajectory, with investors increasingly favouring private over public capital channels.

For businesses seeking expansion funding, the message is clear: the fastest-growing companies in Southern Africa are increasingly turning to private capital to fuel their growth.

Implications for Southern Africa's economy

The growing dominance of private capital has far-reaching economic implications. PE-backed businesses are expanding rapidly and cover a wide range of sectors, including technology, renewable energy, manufacturing, financial services, services and consumer sectors.

With limited public sector investment in areas like healthcare, education, digital infrastructure and logistics, PE has stepped in to drive transformative investments. Unlike the JSE, where financials and resources dominate, PE capital is fuelling growth across a broader range of industries.

While IPO activity started to recover in 2024, PE has cemented its role as the primary driver for capital transformation in Southern Africa. For businesses seeking expansion funding, the message is clear: the fastest-growing companies in Southern Africa are increasingly turning to private capital to fuel their growth.

SHAPING THE FUTURE THROUGH MERGERS AND ACQUISITIONS

By Tiaan Smit, Transaction Director at Benchmark International

Mergers and acquisitions (M&A) are often seen as financial and strategic decisions, but their true impact extends far beyond the numbers. When executed with intent, M&A transactions can drive meaningful transformation. They promote diversity, equity, and inclusion (DEI) in ways that reshape industries and communities. By ensuring leadership continuity, expanding employee ownership, and opening doors to new markets, M&A has the potential to drive meaningful, long-term change.

> *A well-structured deal can mitigate this risk by prioritising buyers who are committed to maintaining the company's core values, leadership continuity, and long-term business stability.*

Preserving leadership and values

For many owner-founded businesses, leadership reflects years of commitment, principles, and culture. However, when these companies enter the M&A process, there is often a risk that their distinct leadership structures and diverse talent pools may be disrupted. A well-structured deal can mitigate this risk by prioritising buyers who are committed to maintaining the company's core values, leadership continuity, and long-term business stability.

Acquirers who recognise the value of diverse leadership not only uphold existing business cultures but also introduce fresh perspectives that enhance decision-making, drive innovation, and improve overall business performance. This is particularly significant in mid-market transactions, where strong relationships and community ties are critical to success. By intentionally selecting acquirers who align with a company's mission, sellers can ensure that the transition supports and strengthens DEI goals rather than undermining them.

Broadening economic inclusion

M&A transactions can also serve as a mechanism for broader economic inclusion. Structuring deals that include employee ownership programmes, such as employee stock ownership plans (ESOPs), empowers employees and ensures long-term business stability. When employees hold an ownership stake in the company after a transaction, they stay motivated and committed to its future success, contributing to a fairer distribution of wealth.

Similarly, businesses acquired by mission-aligned investors gain access to new resources and networks, such as industry-specific expertise, strategic partnerships, and expanded distribution channels, that facilitate growth without sacrificing core values. This approach ensures that the benefits of M&A extend beyond shareholders and executives to employees at all levels, promoting a more inclusive business landscape.

Expanding market access

Inclusive dealmaking also means expanding access to new markets, particularly for businesses that serve diverse communities or are owned by under-represented entrepreneurs. M&A can create pathways for these businesses to scale, access new supply chains, and secure the financial backing needed for sustainable growth.

Investors and acquirers who prioritise diversity in their portfolio companies are not only strengthening their businesses but also fostering long-term resilience and growth. Research suggests that teams with varied perspectives contribute to stronger financial performance, greater innovation, and more effective decision-making. By integrating DEI considerations into the M&A process, companies can evaluate potential partners based on their commitment to inclusive leadership, implement policies that promote workforce diversity post-acquisition, and ensure equitable opportunities in governance structures. These steps help position businesses for long-term success in an increasingly competitive global landscape.

> *At Benchmark International, we recognise that every deal influences the future of a business and its people.*

Benchmark International elevating M&A with intent

At Benchmark International, we recognise that every deal influences the future of a business and its people. As a sell-side advisor, our role is to facilitate transactions that align with business owners' goals, ensuring their vision and values are upheld through the process. While we do not dictate outcomes, we work to connect sellers with acquirers who share their commitment to long-term success.

By providing guidance, we help businesses navigate transactions that support leadership continuity, employee participation, and market expansion. We recognise that M&A presents opportunities for growth and evolution, and we assist in structuring deals that enable businesses to transition with purpose.

As the business landscape evolves, M&A continues to play a key role in helping businesses expand and evolve. With careful planning and aligned partnerships, transactions can contribute to a more inclusive and sustainable future, benefiting businesses, employees, and communities alike.

ELEVATING DEAL DYNAMICS THROUGH TRANSACTION LIABILITY INSURANCE

By Simla Ramdayal, Director – Mergers & Acquisitions, FINEX, Willis Towers Watson

Transaction liability insurance is a well-established and cost effective instrument used to de-leverage deal risk in the pan-African M&A landscape. As more insurers are becoming familiar with the African M&A markets, this has resulted in increased appetite from insurers through new entrants differentiating their offerings in the market, and willingness to cover tax liability and contingent liability risks in addition to warranty and indemnity insurance (W&I Insurance). This can be attributable to a maturing pan-African market which is growing exponentially.

Preserving leadership and values

While in South Africa acquirers of W&I Insurance were initially limited to private equity funds, venture capitalists and other 'sophisticated' investors, this has now changed with W&I Insurance becoming more common on all types of negotiated M&A transactions such as joint ventures, asset sales, and public to private transactions with general corporates becoming increasingly aware of the benefits of W&I Insurance.

> ***It will be interesting to see how the policies of the new Trump administration also play a role in impacting the SA and African landscape, particularly given his "America First" policy.***

The increased take-up of W&I Insurance in the African region has seen insurance premiums stabilising, deal enhancements offered by insurers, and increased appetite to insure mid-market deals and jurisdictions which were typically not covered historically.

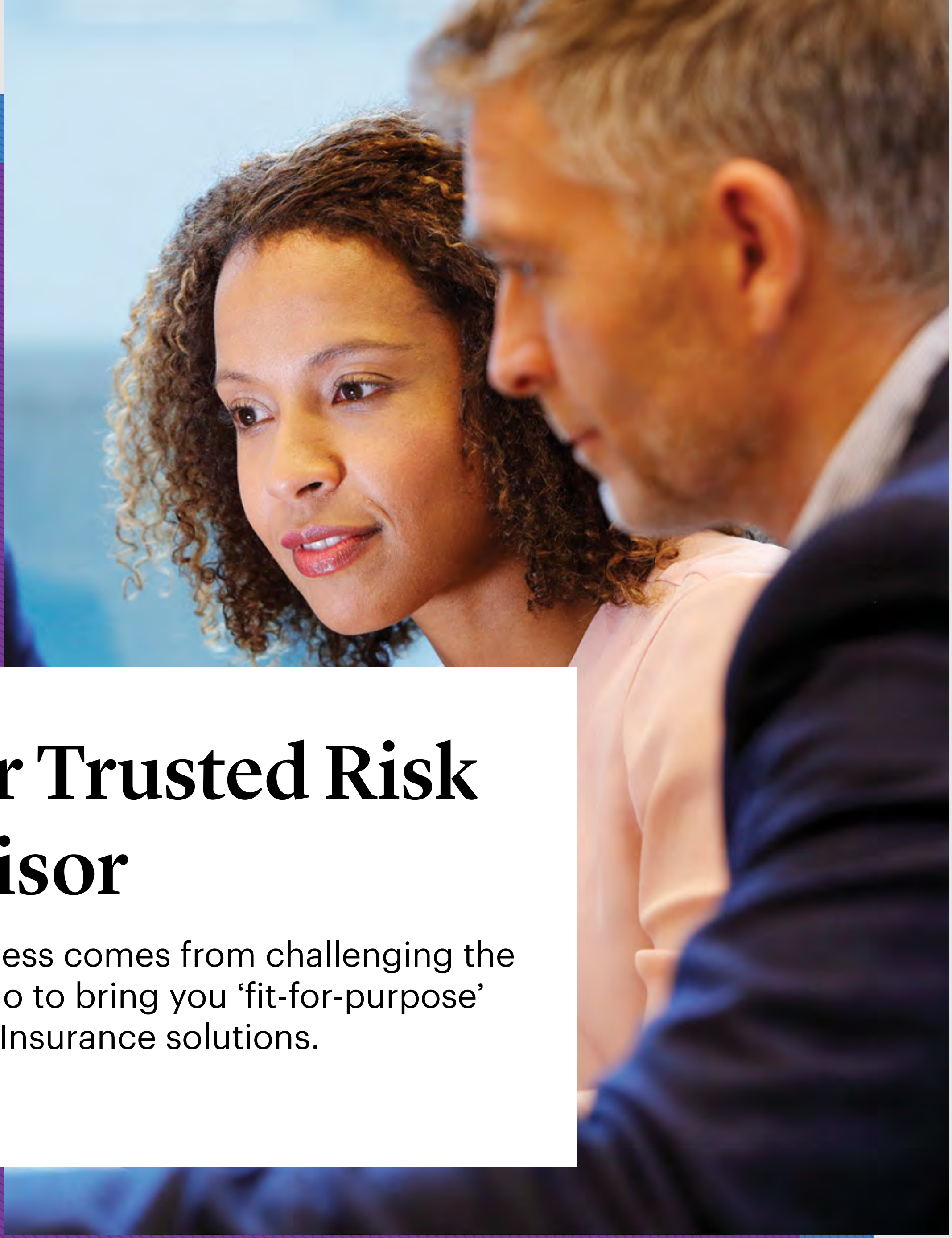
W&I Insurance provides cover for losses arising from breach of warranties (or in certain cases under an indemnity such as a tax indemnity) in connection with a sale of shares or assets. It is essentially the use of insurance capital (namely, an insurer's balance sheet) to facilitate a transaction by transferring the transaction risk from the seller or the buyer to an insurer.

Other forms of transaction risk insurance are available to cover known/disclosed issues; however, these are usually separate and distinct from the cover available under a W&I Insurance policy. These include environmental liability insurance, litigation insurance, tax liability insurance, contingent risks and prospectus liability insurance.

W&I Insurance provides buyers with comfort post-signing since they will have recourse against a regulated and credited W&I package with the sellers having a clean exit. It is a low-cost solution which assists parties with avoiding purchase price reductions, escrows and guarantees. W&I Insurance also significantly smooths and expedites the negotiation process and bridges the warranty gap which reduces delays in deal execution.

As mergers and acquisitions remain a key driver of growth, a comprehensive understanding of transaction insurance solutions is crucial for enhancing deal facilitation. Willows Tower Watson encourages parties to engage with them early for expert advice.

WTW is a market leader in M&A Insurance including W&I', environmental, and bespoke tax, risk policies in South Africa, with an expanding reach across the wider African continent. Having played a key role in establishing and expanding the M&A Insurance market in South Africa, WTW leverages its strong global relationships with insurers to negotiate more favourable commercial terms for clients.



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Guy Miller
guy.miller@wtwco.com
+61 430 906 230

Alan Bryson
alan.bryson@wtwco.com
+27 61 808 2432

Simla Ramdayal
simla.ramdayal@wtwco.com
+27 79 536 3532

Kelly Byrne
kelly.byrne@wtwco.com
+27 62 324 1432

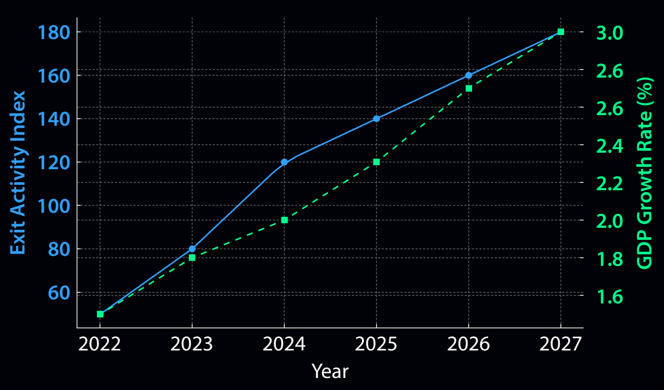
wtwco.com
t: +27 11 535 5400

PRIVATE EQUITY'S EXIT MOMENTUM EXPECTED TO CONTINUE IN 2025

By Ngange Nongogo, Private Equity Partner and Value Add Lead
Thurstan MoodleyJoint Managing Partner, Social Infrastructure
Siyasanga Mrabalala, Client Relations at Summit Africa

The South African private equity sector is well-positioned to maintain its momentum of increased exit activity, which started in the second half of 2023 and 2024, in an environment where the hope is that the South African economic growth rate will increase to 3% by 2027. This trend should result in significant investment flows back to domestic and international institutional investors and retirement funds.

South African Private Equity Exit Activity & GDP Growth Projections (2022 – 2027)



With ongoing accelerated structural reforms, declining inflation, declining interest rates and the anticipated improvement in market conditions, private equity exits via IPOs and leveraged buyouts are well positioned to gain traction in the latter half of 2025. The Rand's persistent weakness relative to other major currencies should further increase the attractiveness of South African companies to global investors seeking superior returns, increasing the pool of potential exit counterparts for South African private equity funds.

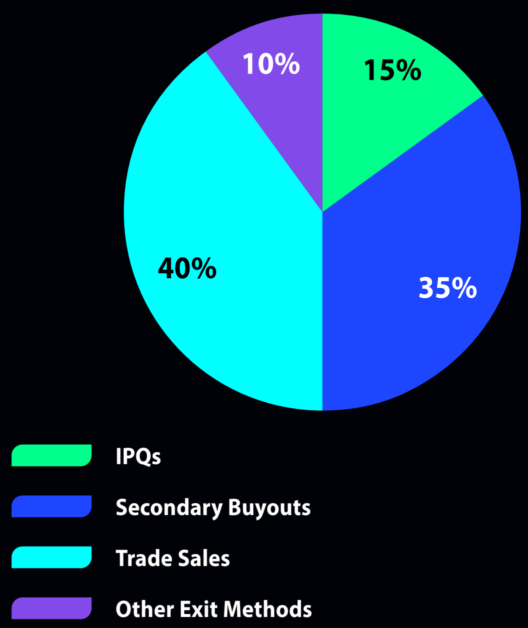
Market sentiment will be crucial, with global GDP growth projected at 3.3% in 2025-2026, below the 3.7% historical average recorded in 2000-2019, according to the International Monetary Fund (IMF).

Notable large private equity exits by South African-based private equity managers over this period include Old Mutual Private Equity's sale of Holdsport and Chill & Inhle Beverages, Summit Africa and Efficient Group's sale of Boutique Collective Investments to US-based Apex Group, Phatisa's sale of Rolfes, Infinite Partners' sale of Adumo, WearCheck and The Particle Group, Sanlam Private Equity's sale of Absolute Pets to Woolworths and Lereko Metier's sale of Oricol Environmental Services.

> *During this period, trade sales remained the preferred exit route, accounting for 40% of exits.*

During this period, trade sales remained the preferred exit route, accounting for 40% of exits. Secondary buyouts, where assets are sold to other private equity firms or financial institutions, accounted for 35% of exits; and Initial Public Offerings (IPOs) accounted for just 15% of exits.

Figure 2: Distribution of PE Exit Stratergies in South Africa (2023-2024)



Source: South African Private Market Report 2024

Potential challenges to private equity exit activity in 2025

Prior to the second half of 2023, exit activity in South Africa's private equity sector faced significant challenges because of global and local factors such as the impact of the Covid-19 pandemic, geopolitical tensions and economic instability, combined with rising inflation and interest rates.

> ***Should the USA hold its interest rates higher for longer, this would result in lower portfolio valuations.***

While these hurdles have largely been addressed, new challenges that could impact the pace of private equity exit activity in 2025 include the impact of changes in global foreign policy by various players and tighter monetary policies. Should the USA hold its interest rates higher for longer, this would result in lower portfolio valuations, reducing the willingness or incentive for private equity investors to actively seek exits.

Alternative exit strategies for private equity fund managers

Below, we investigate alternative exit strategies for private equity fund managers should the traditional exit strategies not be available.

Exit strategy	Liquidity achieved for fund investors	Implementation period
Secondary buyouts or continuation funds	Moderate to high	6–18 months
Exits where a private equity firm sells portfolio company(ies) or asset(s) to another private equity fund or a newly created fund		
Partial sales – exits where a private equity firm sells a portion of the equity in a portfolio company.	Moderate to high	6 – 12 months
Self-liquidating exit strategies – where a private equity firm investor recoups capital through the portfolio company's own cash flows.	High	3–7 years
Debt recapitalisation – exits where a portfolio company uses third-party debt to facilitate a buy-back of the private equity investors shares.	High	6 – 12 months

Private equity exit activity is poised to remain strong in 2025. Exit strategies have evolved over time and private equity firms must stay agile, adjusting their exit approaches to navigate evolving market, regulatory and political conditions. We believe that if challenges emerge, private equity firms can navigate these obstacles by adopting alternative strategies centred to create liquidity and achieve their desired exit outcomes.

** Exits where a private equity firm sells portfolio company(ies) or asset(s) to another private equity fund or a newly created fund – second and third columns are blank*

DRIVING INNOVATION AND GROWTH IN SOUTH AFRICA

By Janice Johnston,
Chief Executive of Edge
Growth Ventures

A focus on addressing critical societal needs is imperative for investing in small businesses in South Africa. Job creation, a vital indicator of social upliftment and expansion, remains a crucial impact measure and investors need to be skilled at identifying sectors and business models that are likely to generate significant job growth in the current economic climate. This means seeking out small businesses providing sustainable alternative solutions who are commercially viable and socially impactful.

For Edge Growth, one of South Africa's longest standing SME investors, 2024 marked an exceptional period for new investments, with an impressive 77% increase in funding provided to SMEs, translating to R260-milliondeployed across all funds. Meet two of the recently funded standout SMEs that have not only identified critical market gaps but are also set to deliver remarkable growth.

Trade Shield secures funding to accelerate growth

Trade Shield, an automated trade credit risk management company, has secured funding through an Edge Growth managed fund to unlock even more growth opportunities.

Originally founded within another startup, Inoxico, Trade Shield's rapid growth and global aspirations led to its spin-off as an independent focused company in early 2023. Headquartered in South Africa, Trade Shield today employs more than 50 trade credit experts, data scientists, software developers, customer support staff and sales executives across three countries.

Beyond striving to help their customers grow their sales profitably, Trade Shield also drives financial inclusion for small businesses by providing access to trade finance. With the continued growth support that comes with this funding, they are able to further scale their efforts and empower more businesses to thrive, contributing to a sustainable and inclusive future for the economy.

Everlectric drives South Africa's transition to sustainable EV fleets for businesses

With electric vehicles (EVs) offering a cleaner and more sustainable alternative to internal combustion engine vehicles, Everlectric has embraced their increasing popularity, technological advancements, cost-effectiveness and environmental benefits.

This innovative startup created a risk-free and cost-effective solution to help South African businesses transition to EV fleets, tackling key concerns around EV adoption, particularly tailored to service providers in the logistics space.

Headquartered in Pretoria, Everlectric provides full maintenance leases on commercial Battery Electric Vehicle (BEV) panel vans to South African businesses, partnering with companies on their journey to create longer term sustainable transport solutions.

Everlectric secured venture debt funding from an Edge Growth managed fund, which recognised the significant untapped market opportunity afforded by this trailblazing enterprise, supported by a pioneering and scalable solution and an outstanding management team.

Edge Growth continually adapts its investment strategies to achieve the imperative of addressing critical societal needs. Through its fund management business unit, Edge Growth Ventures, it manages a diverse portfolio of seven different funds, with R2.4-billion assets under management.

CASE STUDY

THE TRANSFORMATIVE POTENTIAL OF ARTIFICIAL INTELLIGENCE FOR PRIVATE CAPITAL IN SOUTH AFRICA

By Miranda Mashile,
Investment Associate at
Ditiro Capital

The field of AI is constantly innovating with regulation lagging. In October 2024, the Department of Communications and Digital Technologies published its draft Artificial Intelligence Policy Framework, recognising technology's potential to drive economic growth across various sectors and terming AI as a "general-purpose technology like electricity or the internet".

Artificial intelligence, especially Large Language Models, are changing the landscape across various sectors. There's real data showing how this technology can boost productivity. For example, a study by Harvard Business School and Boston Consulting Group showed that consultants using AI completed 12.2% more tasks on average and 25.1% faster, with a 40% increase in output quality.

Closer to home, McKinsey's Future of Work in South Africa report estimates that technology-related gains could contribute more than a percentage point to South Africa's real GDP growth over the next decade. It suggests that Generative AI could improve labour productivity by 0.1% - 0.6% annually globally by 2040, depending on the rate of adoption and adaptation. In the context of private capital, the key question is how we can utilise this technology to drive smarter investment decisions.

> *The Harvard/BCG study refers to the concept of a "jagged technological frontier".*

The Harvard/BCG study refers to the concept of a "jagged technological frontier", which is the uneven and inconsistent pace of technological innovation across different industries, sectors and regions, with some areas experiencing rapid innovation while others lag for a variety of reasons such as infrastructure, regulation, investment etc. The study provided consultants with two distinct sets of tasks – one set fell within the technological frontier and comprised of conceptualising and developing new ideas, and the other outside the frontier relating to problem-solving. An understanding of this technological frontier is critical as the tasks within the frontier showed a significant boost in human performance while tasks outside the frontier proved very challenging for the AI.

In the private capital context, AI might be highly effective and efficient in:

- **Deal sourcing:** Screening large datasets and applying criteria to identify potential investment opportunities.
- **Due diligence:** Analysing financial information and identifying trends.
- **Portfolio management:** Data analytics can provide financial and operational metrics to implement improvements for port folio companies.

Tasks requiring nuanced human judgment, and qualitative assessments remain challenging for AI. These include:

- **Assessing management teams:** Assessing the leadership teams, experience, capabilities, and dynamics among executive members, which requires an understanding of the complexity of humans and human behaviour.
- **Local market insights:** Incorporating on-the-ground sentiment and understanding of the communities and social dynamics of whom investment decisions will impact.

What about tasks that did not fall within the frontier?

The study evaluated the strategies of professionals that performed well on tasks outside the frontier to understand how organisations can foster a culture of collaboration between AI and professionals.

The two strategies identified were Centaur behaviour, where there is a clear division of tasks between the human and the AI based on strengths and capabilities. This requires discernment from the human performing the task regarding which task to allocate to the AI. The second strategy was Cyborg behaviour, which involves intertwining and integrating efforts between the AI and the human with no delegation of tasks. Instead, there is an intricate rotation of responsibilities at a subtask level, with the human and AI working in-tandem.

It is important to note that while AI can remove some of our human biases, such as overconfidence, over-reliance on experience, and cognitive biases, it is susceptible to biases in its training data. To mitigate against this, users are implored to understand the inputs used by the model through validation of the data, testing of the model, localisation of data, all while taking local data privacy laws into consideration. This will be the human's most vital contribution in this collaboration exercise.

In our industry, where success is not determined solely by numbers and algorithms, combining the strengths of investment professionals with that of AI, will benefit those who embrace change and adopt these tools in their processes. Smaller organisations should perform a cost vs benefit analysis of going all in with AI and whether to build their own, buy a subscription, or use a hybrid model. Pinpointing the specific areas where AI can make a tangible difference and adapting it to your organisational needs should drive decisions.

Finally, I believe that people will remain the driving force in building and training these models, analysing and understanding the AI's output. Human judgment and understanding are irreplaceable, making it vital to upskill teams to make best use of this technology.

PERSPECTIVE THROUGH CASE STUDY

TRANSFORMING RETIREMENT INEQUALITY:

THE ROLE OF PRIVATE EQUITY IN 5 STEPS

By Khanyisa Phika, Macro and Risk Advisor | Deputy Chairperson: ABSIP Women In Focus

South African institutional investors have consistently enjoyed 3-4% higher returns from private equity compared to listed equity. Comparing the performance over time, by vintage year (the launch year of the fund), or by fund size relative to the committed capital of the fund, total returns across all key metrics have maintained strong growth rates outpacing inflation.

South African institutional investors have consistently enjoyed 3-4% higher returns from private equity compared to listed equity. Comparing the performance over time, by vintage year (the launch year of the fund), or by fund size relative to the committed capital of the fund, total returns across all key metrics have maintained strong growth rates outpacing inflation.

This consistent outperformance over the long-term benefits from the uniquely active and hands-on approach of private equity investors, attractive incentives for operating managers and the freedom from the regulatory constraints faced by public entities. Importantly, unlike listed markets, private equity is closely linked to the real economy due to its longer-term investment approach.

The pension market in South Africa ranks among the Top 22 Global Pension Assets Study by asset size, with assets totalling US$243-billion in 2023, accounting for 64% of the country's GDP. Over the past decade, this market has grown by an annual rate of 6.4%.

However, the industry is dominated by defined contribution plans, and assets per member have been declining, reflecting inefficiencies in the scale of operations. High income inequality, high unemployment rates, poverty, and the rising cost of living mean that only 6% of South Africans are set to retire comfortably.

According to the Sanlam Benchmark Survey, more than half of retirees (61%) - are struggling to make ends meet. There is a growing need to address retirement inequality, and this presents a significant opportunity for private equity to play a transformative role.

5 Five of the top interventions that private equity can adopt to reduce retirement inequality in South Africa are:

1 *Leverage the success of the buy-to-sell strategy*

According to the Harvard Business Review, public companies rarely adopt the buy-to-sell (BTS) strategy, typically opting for buy-to-hold approaches. However, private equity firms excel by acquiring undervalued businesses, enhancing their value, and then selling them for maximum return once value appreciation has been realized. This strategy maximises returns by avoiding the dilution of profits that often occurs when businesses are held beyond their growth peak.

2 *Leverage the long-term investment horizon for sustainable growth*

One of the primary reasons for the success of private equity is its long-term investment horizon, which facilitates compound returns over time. Private equity aligns with the goals of retirement funds by investing in companies that offer long-term solutions, focusing on value creation, and supporting sustainable growth for retirees, including those with interrupted or low retirement savings.

3 *Diversification benefits for retirement portfolios*

Private equities offer diversification benefits which can reduce overall retirement portfolio risk. A study by Swensen (2009) demonstrated the low correlation between private equity and traditional asset classes, enhancing portfolio resilience. Unlike stocks and bonds, private equity is less impacted by short-term market fluctuations, which helps mitigate the risk of market volatility and provides a more predictable return profile.

4 *Provide capital for innovation in retirement solutions*

With its deep expertise and capital resources, private equity is well-positioned to drive innovative retirement solutions. This could include digital retirement platforms, personalised savings plans for individuals with either fluctuating incomes or informal employment, and other accessible and affordable retirement planning tools. Leveraging advances in AI technology, private equity can improve operational efficiencies, enhance investment returns, and craft innovative solutions to better serve diverse members. With global life expectancy increasing, particularly among women, there is a growing need for a shift to defined contribution plans that provide long-term financial security for all income levels.

5 *Drive development of impact funds*

Private equity can establish impact investing funds that aim to improve retirement savings for low-income earners. These funds would prioritise investments in companies and initiatives that promote financial inclusion and provide both employer-sponsored and self-sponsored retirement benefits. By focusing on reducing inequality through these investments, private equity can help ensure broader access to retirement solutions. Private equity's ability to consistently generate superior returns presents a significant opportunity to address retirement inequality. By providing capital to foster innovation among start-ups and high-growth companies, private equity can enable retirement funds to provide comprehensive financial services that benefit individuals across the income spectrum, particularly those in low-to-middle-income brackets. The strategic use of AI to develop personalised retirement tools could enhance savings beyond the Two-Pot Retirement System. As Dr. David Knox aptly states, *"We need to aim for a [pension] system where there's dignity in retirement, where people at either end of the spectrum are not penalised."*

CASE STUDY

THE IMPORTANCE OF SME LENDING IN ADDRESSING SOCIETAL NEEDS

By Kabelo Malepe, Analyst, Tamela
Thato Tsita, Partner, Tamela

Over the past decade, South African SMEs have experienced significant growth due to socio-economic factors. The SME sector plays a crucial role in the South African economy, contributing ~40% of the country's GDP[1] and employing between 50%-60% of the labour force[2].

The global financial crisis of 2008-2009 had lingering effects on South Africa's economy, leading to a greater emphasis on supporting local businesses to spur economic recovery. Additionally, the advent of technology and digital platforms has enabled SMEs to reach a wider customer base, improve operational efficiencies, and innovate product offerings.

The COVID-19 pandemic introduced unprecedented challenges for SMEs, contributing to financial strain and business closures. Despite these setbacks, COVID-19 also accelerated digital transformation, with many SMEs adopting e-commerce and digital payment solutions to sustain their operations, highlighting their resilience and adaptability.

> ***Traditional banks tend to view SMEs as high-risk borrowers due to their lack of collateral, limited credit history, and perceived instability.***

Despite the growth and importance of SMEs, access to funding remains a significant barrier to their development and sustainability. Traditional banks tend to view SMEs as high-risk borrowers due to their lack of collateral, limited credit history, and perceived instability. This risk aversion leads to stringent lending criteria and low approval rates for SME loans.

Growth of SME lenders

In response to the funding gap, the SME lending market has seen the emergence and growth of non-bank finance providers, namely fintech companies, and peer-to-peer (P2P) lending platforms. These lenders employ innovative approaches to assess credit risk and provide tailored financial products to SMEs.

Non-bank finance providers have capitalised on the opportunity to bank the underserved SME market by offering loans with flexible terms. These lenders often utilise alternative data sources, such as mobile phone usage, transaction history, and social media activity, to effectively evaluate the creditworthiness of borrowers[3]. This approach enables them to extend credit to bankable SMEs that would otherwise not meet the stringent criteria for bank funding.

The opportunities in the SME lending market are substantial, namely:

1. **High demand for credit:** the growth of SMEs creates a demand for alternative financing;
2. **Technological advancements:** technology intervention in SME lending has lowered barriers to funding and enhances credit assessment and monitoring; and
3. **Regulatory support:** regulation is evolving to support the growth of FinTech and alternative lending.

[1] *https://www.news24.com/news24/partnercontent/smes-make-up-40-of-sas-gdp-heres-how-the-jse-is-helping-them-grow-20240419*
[2] *https://www.mckinsey.com/featured-insights/middle-east-and-africa/how-south-african-smes-can-survive-and-thrive-post-covid-19*

Relevant investments made by Tamela Capital Partners

Retail Capital
A division of TymeBank

Tamela Capital Partners' ("Tamela") first entry into SME lending was through its inaugural investment under the Tamela Mezzanine Debt Fund I ("Fund I"), where mezzanine debt was provided to Retail Capital (established in 2011) and its shareholder, Como Capital. Retail Capital provides funding to SMEs via an online platform through merchant cash advance and asset finance. Since its inception, Retail Capital has advanced R10-billion in funding to more than 70 000 businesses, of which 40% are women-owned and 70% are return customers. Retail Capital was acquired by TymeBank in September 2022, facilitating an early exit of Retail Capital and Como Capital by Fund I. Both investments generated returns in excess of their respective target IRRs, demonstrating a compelling investment thesis for SME lending.

Bridgement

Fund I's second investment in SME lending was concluded in November 2024 with an investment in Bridgement. Bridgement was established in 2016 and provides funding by leveraging technology through its proprietary risk management and finance systems. Since its inception, Bridgement has disbursed more than R1-billion to SMEs and has supported more than 50 000 SMEs. By virtue of being entrepreneurs themselves and understanding the funding needs of a growing business, Bridgement offers a range of products that adequately address working capital funding and cash flow needs for SMEs.

How does SME lending address societal needs?

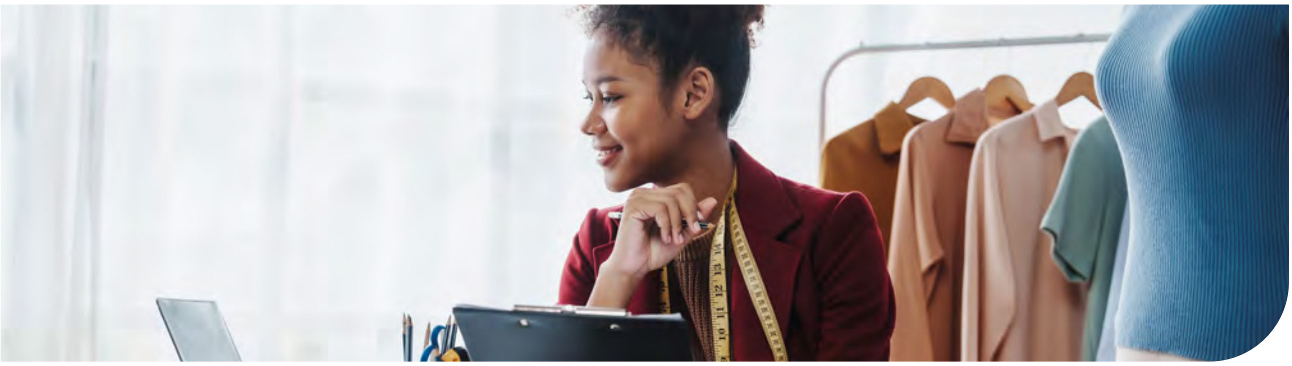
1. **Simple and effective application process**: the application process is conducted online, completed within minutes and approved/denied within a day. Key information about the business is required, including bank statements, while some information can be sourced from the applicant's digital footprint.

2. **Low transaction costs:** the application process is free and available to anyone with access to the internet and/or a smart phone – which, given a mobile penetration rate of 187%[4], is a meaningful proportion of the population.

3. **Compatible credit protections:** the nature of collateral required from SMEs is commensurate to the quantum and tenor of the loan. Additionally, there are also options of unsecured lending for short-term bridging facilities.

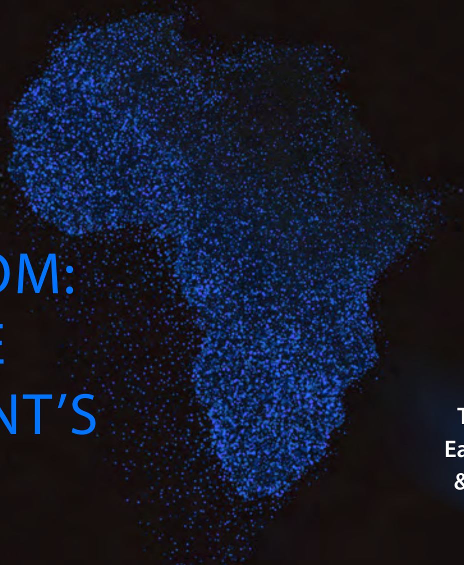
4. **Real-time monitoring of the debtors' book:** successful SME lenders are supported by rigorous risk management systems. This technology enables real-time financial reporting which provides a current and accurate view of borrower behaviour, enabling early intervention where required. The agility offered by the technology is an advantage to traditional bank funding which relies on the proactiveness of borrowers or systems that flag late/non-payment after the fact.

Although Tamela has reached the end of Fund I's investment period, we continue to receive a deluge of investment requests from SME lenders, which we will continue to evaluate with intent, under Tamela Mezz Fund II.



[3] *https://www.gpfi.org/sites/gpfi/files/News%20A%29%20-%20Innovations%20in%20Financial%20Services%20for%20MSMEs.pdf*

[4] *https://datareportal.com/reports/digital-2023-south-africa#:~:text=GSMA%20Intelligence's%20numbers%20indicate%20that,percent)%20between%202022%20and%202023.*



UNDERWRITING AFRICA'S M&A BOOM: UNLOCKING VALUE FOR THE CONTINENT'S DEAL MAKERS

By Luke Sutton, Head of Transactional Risk (Middle East & Africa) | Private Equity & M&A at Marsh McLennan

Africa's economies are attracting attention from global investors. There has been a great deal of regional momentum behind domestic industry sectors earmarked as being at the forefront of the digital transformation, such as renewable energy, fintech, healthcare and consumer goods.

These foundations, together with the continent's potent mix of vast natural resources, rising middle class and evolving regulatory framework, promise to position Africa as a hub for mergers and acquisitions (M&A) for many years to come. The prospect of an age of frenetic deal-making presents both opportunities and challenges, making this a crucial moment for investors to proceed thoughtfully.

> ***These foundations, together with the continent's potent mix of vast natural resources, rising middle class and evolving regulatory framework, promise to position Africa as a hub for mergers and acquisitions (M&A) for many years to come.***

In an investment landscape characterised by abundant and diverse potential amid acute economic and political headwinds, warranty and indemnity (W&I) insurance has emerged as a crucial risk management tool for buyers, sellers, and management teams pursuing M&A strategies. W&I insurance protects buyers against the crystallisation of latent investment risks, including losses arising from counterparty fraud, removing credit risk and preserving post-deal relationships. The product enhances deal attractiveness and facilitates smoother negotiations, allowing investors to navigate the complexities of transacting in Africa with greater confidence in the knowledge that their investment is underwritten by highly-rated insurance capital. For sellers, W&I insurance is the path to a 'clean exit' from legacy issues, and the distribution or reinvestment of sale proceeds; putting to work capital that would otherwise be tied-up in escrow.

The M&A insurance market has responded to the emerging consistency of investment capital being deployed into Africa. The number of insurers actively underwriting M&A transactions has increased from three to more than ten in the last two years, demonstrating a robust appetite for regional exposure and growing recognition of Africa's potential.

This exponential increase in insurance supply has significantly broadened coverage and driven innovation, notably through insurers' accommodation of deal structures such as carve-outs, distressed and fund-of-fund transactions. In the same period, placement costs decreased by more than 50%, making W&I insurance a compelling tool for financial sponsors and strategic buyers alike, and increasing the penetration of W&I insurance on transactions of all sizes.

As deal-making in Africa matures and becomes more sophisticated, innovative solutions that enhance transaction strategies are emerging. At Marsh McLennan, our private equity & M&A practice has witnessed this evolution firsthand. In the last two years alone, we have advised clients and their advisers on the strategic use of insurance capital to address risks on transactions spanning a broad range of sectors, with target operations in countries including Botswana, Burkina Faso, DRC, Egypt, Ethiopia, Gabon, Ghana, Kenya, Mauritius, Niger, Nigeria, Senegal, South Africa, Tanzania, Uganda and Zambia.

Marsh anticipates that the use of M&A insurance for regional transactions, including but not limited to W&I, will continue to gain momentum at pace. With our expertise and track record of advising on transactions across the continent, supported by our broader regional capabilities and infrastructure, Marsh is uniquely equipped to support investors seeking to mitigate inherent risks while capitalising on the rich opportunities that Africa presents.

Contact: Luke.Sutton@marsh.com

By Tivon Loubser, Fund Manager – MeTTa Secondaries

UP THE CREEK WITHOUT A PADDLE – AND THE CREEK IS DRY

Private capital markets, liquidity and secondaries

The concept of "business as usual" is evolving. Today, forward-thinking companies recognise that long-term success isn't just about profit – it's about integrating ethical and sustainable Environmental, Social, and Governance (ESG) principles into every aspect of their operations.

> ***When discussing private capital markets and the investment landscape, it's almost impossible to avoid the spectre of "illiquidity."***

When discussing private capital markets and the investment landscape, it's almost impossible to avoid the spectre of "illiquidity." Often tossed around as a buzzword, it casts a shadow over constructive conversations about the industry's many benefits.

But is illiquidity truly the villain it's made out to be? Not necessarily. It's time to re-evaluate its role and understand why it isn't the catastrophe we might think – and, more importantly, explore some of the innovative solutions addressing it.

First things first: return commensurate with risk. Investing 101. For those with patient capital, a tolerance for delayed gratification, and the ability to weather liquidity risks, the illiquidity premium – touted as a hallmark of private capital – can be a genuine driver of returns.

A 2022 Barclays study found that buyout funds typically offer a liquidity premium of 2% to 4%, while early-stage venture capital funds – given their higher risk – can provide premiums between 3% and 5%. Similarly, Steve Nesbitt from Cliffwater, in an article for the CAIA Association, highlighted that private equity outperformed public markets by an average of 4.8% over the 2000–2023 period. These insights reveal the tangible benefits investors can gain by accepting the trade-offs of less liquid assets.

Beyond real returns, the relative lack of liquidity offers another advantage for private capital investors: a buffer against behavioural biases. We've all witnessed it in more liquid markets – buying at the peak, selling at the trough (especially with the advent of cryptocurrencies). In contrast, investors in less liquid assets tend to be more insulated. Longer investment horizons allow them to weather the storm without impulsive decision-making. This dynamic also shifts the market from being a "voting machine" (where short-term sentiment rules) to a "weighing machine" (where intrinsic value takes precedence), resulting in more effective capital allocation overall.

That said, life works in mysterious ways, and different limited partners (LPs) require liquidity for different reasons at different times. This issue becomes even more pressing as classic savers, or retail investors, start playing a bigger role in private capital allocation. Unlike endowment funds, retail investors are more likely to face liquidity crunches, driving the need for the market to adapt.

Enter secondaries funds. At their core, these funds specialise in purchasing existing stakes in private equity or other alternative investment vehicles from current investors. This provides sellers with liquidity while allowing buyers to acquire assets – often at a discount – offering a practical solution to the challenges of illiquidity in private markets.

Globally, the secondaries market has grown significantly in recent years, driven by increased demand for liquidity in private markets. In 2023, the market was valued at approximately $130-billion, reflecting a compound annual growth rate (CAGR) of over 20% since 2015. North America accounts for the largest share of activity, followed by Europe and Asia, with institutional investors like pension funds and endowments leading transactions.

South Africa, like many emerging markets, has been slower to embrace this vehicle. While this may stem from a relatively nascent private capital market (compared to North America and Europe), the demand for liquidity continues to grow. This need has been further exacerbated by the maturation of the Section 12J investment universe. But all is not lost.

Grovest, pioneers of Section 12J investments, have once again stepped up to the plate with their trademark innovation. Enter MeTTa Secondaries Fund – South Africa's first meaningful solution to illiquidity. MeTTa Secondaries is an LP-led fund designed to give existing LPs a much-needed liquidity boost while offering investors access to a portfolio of strong, high-potential assets at a notable discount to net asset value.

MeTTa's first tranche includes a stake in Kalon Venture Partners Fund I, home to some of South Africa's leading tech start-ups, such as Ozow, Sendmarc, Carscan, and Mobiz, to name a few. With a seven-year proven track record and all holdings in the exit phase, the portfolio presents a compelling opportunity.

> ***The fund targets an IRR of 19.8% over a four-year investment horizon and plans to take an active role in driving exits for the underlying assets.***

The fund targets an IRR of 19.8% over a four-year investment horizon and plans to take an active role in driving exits for the underlying assets. The minimum investment is R500,000, with only a limited allocation remaining. For more information, visit their website: https://mettasecondaries.co.za/.

By Cami Mbulawa, Head of Alternative Investment Services at RisCura

EMPOWERING FUTURE PRIVATE EQUITY LEADERS: BUILDING THE NEXT GENERATION OF INVESTMENT PROFESSIONALS

The private equity industry is one of the most dynamic and competitive sectors in finance. With its potential to shape industries and impact economies globally, it's no wonder that many aspiring professionals look to PE as the pinnacle of a successful financial career. However, succeeding in private equity requires more than just technical expertise; it demands a unique combination of leadership, strategic thinking, and the ability to drive transformation in a rapidly changing world.

> *As the industry evolves, empowering the next generation of private equity leaders becomes crucial.*

As the industry evolves, empowering the next generation of private equity leaders becomes crucial. Here's how we can cultivate the skills, mindset, and strategies that will help future professionals succeed in an increasingly complex landscape.

1. Developing a Strong Foundation of Technical Skills

At the heart of private equity lies a deep understanding of finance, valuation techniques, and market analysis. Aspiring leaders must master financial modelling, due diligence processes, and deal structuring to navigate the technical intricacies of the industry. Without this foundational knowledge, they cannot effectively assess opportunities, understand risk, or execute successful transactions.

Key areas to focus on include:

- **Financial modeling** – Creating robust models to evaluate potential investments and guide decision-making
- **Due diligence** – Conducting thorough research on companies to identify opportunities and risks.
- **Valuation techniques** – Mastering methods like discounted cash flow (DCF) and comparable company analysis.

2. Fostering Strategic Vision and Decision-Making

While technical skills are essential, the most successful private equity leaders are those who can think beyond the numbers. Empowering future leaders involves developing their strategic vision, enabling them to understand how to grow and optimize portfolio companies for long-term success. This involves both operational and financial strategies, as PE leaders must make decisions that have profound impacts on the businesses they acquire.

Key strategic competencies include:

- **Value creation** – Understanding how to improve operations, enhance profitability, and drive sustainable growth in portfolio companies.
- **Industry expertise** – Cultivating knowledge of key sectors and trends that influence investment decisions.
- **Risk management** – Developing the ability to identify, assess, and mitigate risks throughout the investment process.

3. Promoting Leadership and Teamwork Skills

Private equity is not just about individual brilliance. Success in this field often hinges on the ability to lead teams, collaborate with portfolio company executives, and align diverse stakeholders toward shared goals. The leaders of tomorrow must be able to manage relationships, build consensus, and inspire those around them to achieve exceptional results.

Critical leadership capabilities include:

- **Communication** – Effectively conveying ideas and motivating teams, portfolio companies, and partners.
- **Emotional intelligence** – Understanding and managing personal emotions, as well as being attuned to the emotions and motivations of others.
- **Collaboration** – Working seamlessly with other professionals, such as legal, tax, and operational teams, to ensure successful deal execution.

Building a Diverse and Inclusive Workforce

Diversity and inclusion are essential to fostering innovation and creativity in private equity. Bringing in a wide range of perspectives and backgrounds can lead to better decision-making and more successful investments. As the industry continues to recognize the benefits of diverse leadership, private equity firms must focus on attracting, retaining, and promoting talent from a variety of backgrounds.

Steps to enhance diversity and inclusion:

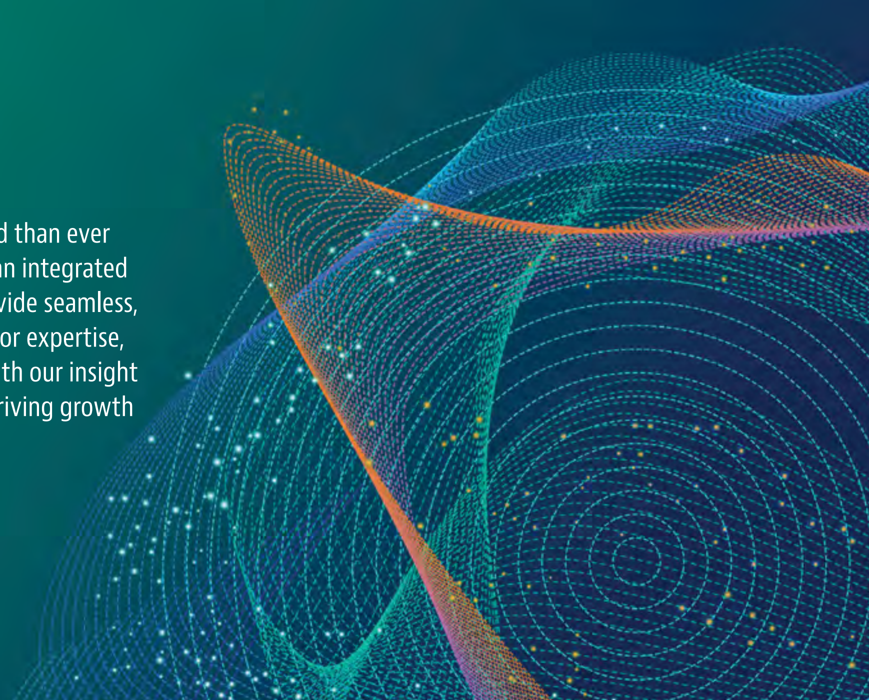
- **Mentorship programs** – Connecting emerging leaders from diverse backgrounds with experienced professionals.
- **Inclusive recruitment strategies** – Developing practices to ensure a broad and inclusive talent pool.
- **Workplace culture** – Creating environments where all employees feel valued, heard, and empowered to succeed.

The SAICA CA Training Programme positions RisCura as a key talent incubator for the private equity and asset management sectors. At RisCura, we believe in the power of knowledge, mentorship, and opportunity to shape the future of the investment industry.

Over the course of the programme's six-year history, alumni have secured roles at key institutions in investment banking, private equity funds, infrastructure funds and listed asset management, highlighting the programme's success in launching careers in asset management. For more information: cmbulawa@riscura.com.

About RisCura Alternative Investment Services

RisCura's Alternative Investment Services team is the leading provider of independent valuation, risk and performance analysis, research and due diligence services to investors in unlisted assets in Africa. We work in partnership with our clients to deliver the transparency and accountability that is increasingly demanded by investors and auditors. Our clients include private equity funds, infrastructure funds, real estate funds, credit funds, banks and other investors in Africa across industries as diverse as financial services, agriculture, retail, and the extractive industries. We have also compiled Africa's largest database of unlisted asset valuation metrics giving us a unique data advantage when evaluating unlisted assets.



KEY DEAL PROTECTION MECHANISMS IN TRANSACTIONS

By Sarah Lawrence, Caveat Panel Member specialising in M&A transactions

In today's dynamic deal environment, sophisticated investors must navigate an increasingly complex landscape of risks when executing transactions. While thorough due diligence remains paramount, well-structured contractual protections serve as critical insurance policies against both known and unknown risks. Here are five essential mechanisms that should be in every PE investor's deal protection toolkit.

> ***A robust MAC clause provides crucial optionality during this interim period, enabling investors to walk away from a deal if the target experiences significant deterioration.***

Material Adverse Change (MAC) clauses: your pre-close safety net. The period between signing and closing represents a particularly vulnerable window for investors. A robust MAC clause provides crucial optionality during this interim period, enabling investors to walk away from a deal if the target experiences significant deterioration. While MAC clauses don't provide compensation rights, they offer a clean exit mechanism without the burden of proving seller misconduct. In today's market conditions, particular attention should be paid to crafting MAC definitions that appropriately capture industry-specific risk factors.

Interim period provisions: maintaining target value pre-close

For PE investors, preserving enterprise value between signing and closing is critical. Interim period provisions create a contractual framework governing the target's operations during this phase. These provisions are particularly vital in situations involving seller exits, where misalignment of interests may be most acute. They typically restrict value-depleting activities such as extraordinary distributions, unusual capital expenditures, or material changes to working capital management.

The dual remedy structure of these provisions - allowing both termination and damages - provides investors with tactical flexibility in addressing breaches. This can be particularly valuable in renegotiation scenarios.

Warranties: your post-close protection against unknown risks

While due diligence may be extensive, warranties provide an essential backstop against undisclosed issues. For PE investors, warranty coverage should be carefully tailored to address specific industry risks and value drivers identified during diligence. The ability to claim damages post-closing offers crucial protection against value erosion from historical issues.

A sophisticated approach involves securing both pre-closing termination rights and post-closing damages for known warranty breaches. This combination maximises investor optionality and negotiating leverage if issues surface before closing.

Earn-out structures: aligning price with performance

Earn-out provisions serve as powerful tools for bridging valuation gaps and maintaining seller incentives. For PE investors, they can be particularly valuable in deals involving founder-led businesses or where significant growth assumptions underpin the valuation. The key is establishing clear, objective performance metrics that align with your investment thesis and value creation plan.

Modern earn-out structures increasingly incorporate both downside protection and upside sharing mechanisms. This balanced approach can help maintain seller engagement while protecting against overpayment risk.

Drafting considerations: beyond boilerplate

While these protections form a solid foundation, their effectiveness ultimately depends on precise drafting. PE investors should pay particular attention to:

- MAC materiality thresholds and carve-outs
- Specific interim period restrictions aligned with the target's business model
- Warranty scope and limitations
- Clear earn-out calculation methodologies and dispute resolution mechanisms

The interaction between these various protection mechanisms also requires careful consideration. A holistic approach ensures there are no gaps in coverage while avoiding unintended overlaps or conflicts.

> *PE investors should view these mechanisms not as mere standard provisions, but as strategic tools that can be calibrated to address deal-specific risks and opportunities.*

The bottom line

In an environment where deal values remain elevated and business risks are evolving rapidly, robust contractual protection is more important than ever. PE investors should view these mechanisms not as mere standard provisions, but as strategic tools that can be calibrated to address deal-specific risks and opportunities. Working with experienced counsel to craft these provisions appropriately can make the difference between a protected investment and an expensive lesson in the importance of contractual detail.

Contact: info@caveatlegal.com

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CUSTOM CAPITAL FINANCE AND SUMMIT AFRICA –

Supporting economic transformation through strategic portfolio construction in private equity

By Tomi Amosun, Managing Partner and Nthabiseng Thema, Partner and Private Equity Investments Lead at Summit Africa

Small, medium and micro-Enterprises (SMMEs) have a significant role to play in building an economy that will create more jobs, eliminate poverty and reduce inequality. In South Africa, SMMEs contribute approximately 40% of South Africa's GDP and employ between 60% and 80% of the workforce. This annual contribution to GDP is estimated at R3-trillion from formal SMMEs, and R4.7-trillion from informal and township enterprises.

The partnership between Custom Capital Finance (CCF) and Summit Africa, through the Summit Private Equity Fund I, has demonstrated the catalytical potential of the private equity industry to support the objectives of the National Development Plan (2030), by actively investing in a manner that addresses structural challenges that SMMEs navigate to reach sustainability and scale.

One such structural challenge for SMMEs is "limited access to funding" with SMMEs facing difficulty in securing loans from banks due to high perceived risk. According to a FinScope 2024 Survey, 15% of entrepreneurs in South Africa still lack access to financial services, pointing to a clear need for solutions.

The Summit Private Equity Fund I was established in 2019, as a partnership between Summit Africa, a black-owned and managed impact investment manager, and various institutional investors (retirement funds and development finance institutions) – to invest in small to medium size businesses, in a manner that improves financial inclusion, access to quality healthcare and access to quality education, while achieving a commercial return.

Through the Summit Private Equity Fund I, Summit Africa acquired a majority equity interest in 2022 in CCF, a company that provides flexible and tailored alternative financing solutions to SMMEs. CCF's alternative financing solutions include rental financing, invoice discounting and cash advances.

As a direct consequence of the private equity investment, CCF was able to unlock further growth capital from various institutional investors, through a structured R2-billion debt note programme arranged by RMB and Summit Africa in 2023. This allowed CCF to significantly scale its lending programmes to meet the needs of SMMEs, advancing an aggregate of R695-million to support 10,265 SMMEs since 2022, with 4,859 new SMMEs obtaining funding in 2024 alone.

In so doing, CCF directly enabled grassroot SMMEs to overcome their structural challenges of limited access to funding, unequal market access and high levels of competition, strengthening their resilience and helping them thrive, when traditional funding options were unavailable.

One such SMME is Buletsa Trading CC, a specialised engineering services firm focusing on dust emission control within the mining sector. In a male-dominated industry, founder and managing director, Novelwano Letsoela, which has been operating for 14 years, required additional working capital to fulfil a substantial contract with Rustenburg Platinum Mines. After approaching several traditional financial institutions unsuccessfully, CCF provided a R7.5-million invoice discounting facility, enabling Buletsa to execute its contract and successfully expand its operations.

Similarly, Ithuba Umsundu Security, an integrated security and facilities management provider under the leadership of Samantha Govender, utilised CCF's financing to facilitate strategic expansion. It activated a R5-million invoice discounting facility, effectively managing cash flow fluctuations despite a debtors' book exceeding R20-million and positioning itself for long-term growth and sustainability.

The success of companies such as Buletsa Trading and Ithuba Umsundu Security illustrates the transformative power of strategic portfolio construction in Private Equity.

Combining Private Equity's extensive knowledge of financial instruments and its unique understanding of scaling value creation and impact, with proven management teams in organisations that are focused on addressing the structural challenges of SMMEs, such as CCF, will promote economic empowerment, job preservation and creation, nurturing a more inclusive, resilient and dynamic economy in a sustainable manner.

OPINION PIECE

INTEGRATING ETHICS INTO BUSINESS: A NEW STANDARD FOR SUCCESS

By the Ata Capital Team

The concept of "business as usual" is evolving. Today, forward-thinking companies recognise that long-term success isn't just about profit—it's about integrating ethical and sustainable Environmental, Social, and Governance (ESG) principles into every aspect of their operations.

For Ata Capital, a leading private equity investment management firm, ESG isn't just a corporate buzzword; it's a fundamental part of our business framework. Our approach prioritises creating lasting financial value while addressing key societal and economic challenges.

A commitment to responsible investing

"Our dedication to the three fundamental ESG pillars isn't just a reflection of our commitment; it's a clear indication of how we approach responsible investing," says Lelo Rantloane, CEO of Ata Capital. "From reducing our environmental footprint to fostering inclusive workplaces and upholding the highest standards of corporate governance, our ESG journey is deeply embedded in everything we do."

Ata's Fund III focuses on Black Economic Empowerment deal opportunities, leveraging proven investment strategies to uncover deep-value and sustainable investment prospects. According to their latest ESG report, millions of Rands have been invested in four local companies – Jachris, Ndalamo Resources, Novasun, and Respiratory Care Africa.

The Fund's latest ESG and Impact Overview highlights its commitment to transparency, accountability, and positive societal impact. Some of the fund's key achievements:

Governance: leading with integrity

Ata Capital firmly upholds good corporate governance and ethical leadership. Across its portfolio companies, the fund boasts 18 directors, with an impressive 50% female board members. Among these, 50% serve as executive directors, 33% as non-executive directors, and 5% as independent directors.

In its pursuit of inclusive economic growth, the fund supports 659 permanent jobs across all portfolio companies. This includes 326 employees under the age of 35, 317 women, and 10 employees with disabilities.

Social: investing in people and communities

Ata Capital understands that true success goes beyond financial returns – it's about uplifting people and communities. The firm is deeply committed to all its key stakeholders, including investors, employees, regulators, and local communities.

Tangible impact: Millions of rands are invested annually in employee training programmes, with a significant proportion dedicated to the development of black professionals. Additionally, 18 individuals who completed their learnerships were successfully absorbed into portfolio companies, reinforcing Ata's commitment to skills development and economic empowerment.

Environment: a greener future

Ata Fund III is dedicated to reducing its environmental footprint, embracing renewable energy, and managing waste responsibly. Partnering with environmentally responsible companies, they ensure climate-conscious practices remain at the forefront.

The latest ESG and Impact Overview reports zero environmental violations – a testament to their rigorous environmental standards. Of the 25,099.31 tons of waste generated, an impressive 38% was recycled, showcasing their dedication to sustainability.

Redefining business for a better tomorrow

Ata Capital exemplifies how businesses can thrive while making a meaningful impact on society and the environment. Our ESG-driven approach demonstrates that responsible investing isn't just a moral choice – it's a strategic one. By prioritising governance, social responsibility, and environmental sustainability, Ata Capital is shaping a future where business success and ethical responsibility go hand in hand. As more companies follow suit, the new "business as usual" will be one that benefits everyone.

For more information, visit Ata Capital's website https://atacapital.co.za

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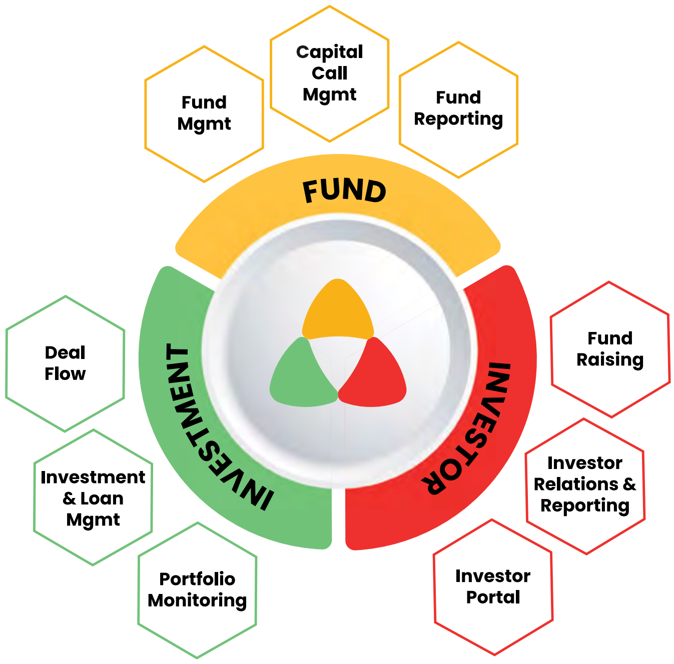

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EFFECTIVELY MANAGING DEAL RISK TO SECURE INVESTMENTS AND ENHANCE RETURNS

Aon report highlights representation and warranties, warranty & indemnity and tax insurance claims trends.

By Zamani Ngidi, Business Unit Manager for M&A and Cyber Solutions

The 5th Global Transaction Solutions Claims Study from Aon, a leading global professional services firm, unpacks the emerging trends in Representation & Warranties (R&W), Warranty & Indemnity (W&I) and tax insurance with respect to claim size, frequency and severity on policies placed in the North America (NA), Europe (inclusive of the UK), Middle East, and Africa (EMEA), and Asia and Pacific (APAC) regions.

In the last three years, Aon's Mergers and Acquisitions (M&A) and Transaction Solutions teams placed more than 3 000 R&W, W&I, tax and contingent liability insurance programs globally. In 2023, Aon helped its clients navigate more than 150 new claims in North America and 48 new claims in EMEA. 2023 saw Aon assist its clients in resolving the highest ever number of claims resulting in payment and helped clients secure nearly $250-million in losses paid in North America as well as nearly another $50-million in EMEA and APAC.

We know that clients are no longer just looking for the policies to provide them solutions on the front-end of a deal, but to deliver meaningful recovery when their investments suffer a legitimate loss post-close resulting from a breach of the transaction agreement. For these reasons, the ability to understand what is happening with respect to representations and warranties (R&W), warranty and indemnity (W&I) and tax insurance claims – including key trends, loss drivers and influential risk factors across the globe – has never been more important.

The Global Transaction Solutions Claims Study highlights key findings from the EMEA Region:

- Claim frequency: Approximately 15% of W&I policies issued between 2017-2023 in the EMEA region have had at least one claim notification.

- Payouts: Insurers have paid over $120-million to Aon clients on W&I and tax claims in EMEA, with more than $20-million paid since the last study in 2023. These figures exclude deductible erosion.

- Common breach types: The top breach categories remain tax, financial statements, litigation, and compliance with laws. Financial statement breaches continue to be the leading driver of loss.

- Claims activity: In 2023, Aon clients in EMEA submitted 48 W&I claims.

> ***The Aon study highlights the increasing relevance of W&I insurance in mitigating risks in M&A transactions across the globe.***

Breakdown of breach types and loss attribution

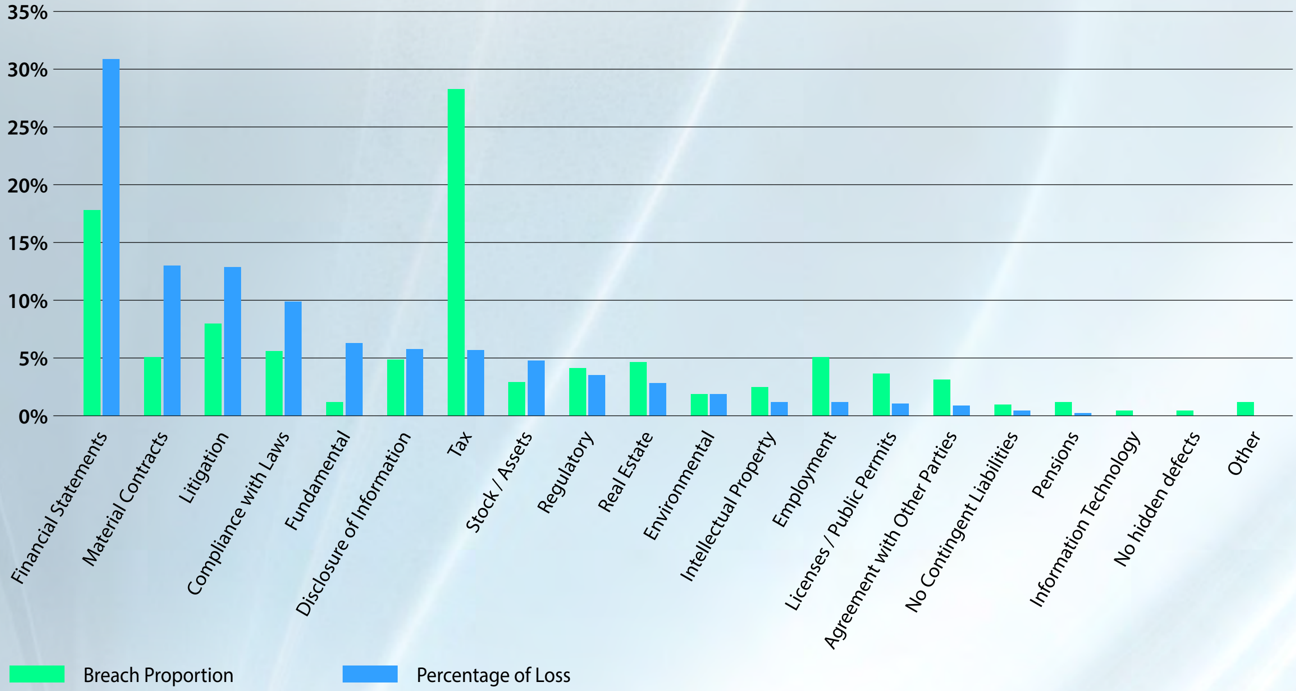
Tax-related breaches continue to be the most frequent in EMEA. This is largely due to the standard practice in several European jurisdictions of conducting tax audits post-transaction, as well as increased scrutiny by tax authorities in the current economic climate. However, while tax claims are prevalent, they often do not result in significant payouts, as many audits conclude without additional tax liabilities. Notably, tax claims account for just 5.6% of total loss payouts under W&I policies.

Other breach categories, including material contracts, litigation, and compliance with laws, also generate losses that exceed their relative claim frequency. Insurers are particularly scrutinising underwriting diligence related to material contract breaches. Litigation-related claims are also rising, often involving substantial defence costs.

However, insurers affirm that when claims are well-documented and insureds engage proactively with requests for further information, claims can progress more efficiently – often proving to be a faster and more reliable alternative to pursuing legal action against sellers directly. While tax and financial statement breaches remain prevalent, proactive claims management and collaboration between insureds and insurers are key to expediting resolutions.

As of year-end 2023, the Aon Transaction Solutions Global Claim Team has been involved in more than 1500 notified R&W, W&I, and tax insurance claims and has facilitated more than $1.4-billion in payments to Aon clients globally.

W&I by proportion of breach type versus percentage of total paid loss attributable by breach type for the period 2016-2023



Claims processing efficiency and challenges

A survey of insurers revealed several key obstacles to the efficient processing of W&I claims:

- Insufficient information: 61% of insurers cited inadequate information on the breach or loss as the primary issue delaying qclaims resolution, while 42% identified it as the second-most critical issue.
- Delays in providing information: 31% ranked slow information provision as the top challenge, with an additional 42% identifying it as the second-most significant obstacle.
- Resolution timelines: The average time to resolve a W&I claim in EMEA between 2020 and 2023 was 12-18 months. The timeline is influenced by factors such as case complexity, volume of documentation, and the responsiveness of insured parties to insurers' requests for further information.

About Aon

Aon exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated risk capital and human capital expertise, and locally relevant solutions, Aon provides clients in over 120 countries and sovereignties with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

WINNING STRATEGIES FOR PE FUNDRAISING IN AN UNCERTAIN MACRO-ECONOMIC ENVIRONMENT

By Ashford Nyatsumba, Partner and Chévon Marupen, Senior Associate, Webber Wentzel

The African private equity (PE) landscape has been constrained by a macro environment defined by unpredictability and risk. The 'black swan' COVID-19 pandemic was followed by a 'sugar-rush' interest rate environment, with the historically low cost of capital driving a significant uptick in PE investing across the continent.

Then, from 2022 onwards, capital costs rose significantly amid aggressive central bank interest rate hikes. Today, as 2025 unfolds in earnest, the restrained fundraising environment has remained. Macro risks have only intensified, point in case being the Trump administration's recent use of trade tariffs as a blunt instrument to enforce US foreign policy.

To successfully navigate this environment, African PE fund managers would do well to consider the following themes and signals as they interact with capital allocators and LPs in general. These insights are drawn from our experience advising successful fund managers, negotiating across LPs as well as our in-house and sector-wide data analysis.

Specialists always outperform generalists in a difficult macro environment

The current PE fund macro environment in Africa illustrates the Charles Darwin maxim: those most likely to survive are those who are responsive to change. Fund managers who seek to be all things to all capital allocators experience greater difficulty in raising funds. It is the specialists who have best adapted to market needs.

Fund managers with a clear idea of which LPs to target based on proposed fund investment policy, LP preference, risk tolerance, and geographical focus are outperforming the one-size-fits-all approach. A targeted approach makes fundraising strategies more efficient, allowing managers to leverage their track records, regional expertise, and networks to secure capital from LPs.

A clear, authentic investment thesis is a USP that opens doors

There is no greater red flag for LPs than fund managers who revise their investment thesis out of desperation to raise capital, this invariably yields more reputational harm than meaningful investment. Similar to specialists outperforming generalists, fund managers who have and communicate a clear investment thesis to the market have a greater chance of attracting capital.

> ***Consistency in the thesis and message, backed by data-driven insights, enhances market authenticity, which generates trust from LP audiences over time.***

Consistency in the thesis and message, backed by data-driven insights, enhances market authenticity, which generates trust from LP audiences over time. In an unstable macro environment characterised by risk, authenticity and consistency are powerful unique selling points which LPs value in the managers they partner with as opposed to 'fair-weather' operators.

PE is a people-led business - network and build relationships

PE is a sector defined by access to capital. Yet, sitting above the fund environment is a complex, multilayered network of interpersonal relationships. It is not uncommon for an LP's negative personal view of a prospective fund manager to thwart any investment discussions.

The best fund managers are highly intentional in building relationships over time with LPs, capital allocators, placement agents and other key industry stakeholders. They earn the right to access prospective LPs to pitch their funds to, or make available an investor deck through reverse solicitation, through meaningful associations with an extensive network of LPs who are familiar with these fund managers beyond a LinkedIn profile or prospectus. At that point, it isn't a generic fund seeking capital, rather, the human element significantly enhances the prospects of success.

Pitch for success: combine strategy and legal clarity

In the Information Age, fund managers are expected to provide comprehensive, clear and well-drafted documentation to prospective LPs. This documentation speaks for the fund, conveying strategy, thesis, competitive advantages, team credentials, and track record. Further documentation such as placement memoranda and investor decks must ensure that the legal considerations, such as disclaimers, jurisdictional warnings and risk factors are appropriately provided for. Effective, concise, and well-written documents paint a picture of a fund manager who is attentive to the finer details and committed to excellence and the highest standards.

In addition to the above, fund managers are encouraged to optimise their operations through the effective use of technology, understand where their investments are aligned to ESG and impact while delivering returns, and have a clear co-investment strategy in place to access additional capital and manage fund exposure.

The best will rise to the surface

Fundraising for PE funds in Africa is complex and challenging. Fund managers who articulate their value proposition clearly, build trust with LPs, adapt to market trends, and have a deep and nuanced understanding of the continent's PE landscape will thrive in this increasingly competitive environment.

JERSEY: A CLEAR CHOICE FOR SOUTH AFRICAN FUND MANAGERS

As Africa's economic landscape evolves, access to international capital remains critical for development. South African fund managers, in particular, seek efficient and well-regulated jurisdictions to structure their funds, diversify their investor base and attract global investors.

For decades, Jersey has been a jurisdiction of choice for African investors, offering a robust platform for cross-border investment, world-class regulatory frameworks, and seamless access to EU and UK markets.

The role of Jersey in supporting African capital-raising

As a leading international finance centre (IFC), Jersey plays a pivotal role in fostering economic growwth across Africa, while providing stability, tax simplicity and cost efficiency for South African fund managers.

The demand for diversified and protected assets is driving clients to jurisdictions like Jersey, which offers a tax-neutral environment and extensive experience in alternative asset classes such as private equity, venture capital and infrastructure funds. In 2024, Jersey's total funds business was valued at US$700.2-billion.

Jersey acts as a bridge for European capital-raising and inward African investment, with South Africa ranking fifth as the country of origin for the total number of Jersey-domiciled funds.

What sets Jersey apart?

For more than 60 years, Jersey has been at the forefront of fund services, setting itself apart as a reputable, centrally located jurisdiction which overlaps with both east and west time zones, for investors from key global markets.

By Dr Rufaro Nyakatawa, Market Development Consultant – Africa, Jersey Finance and Elliot Refson, Head of Funds, Jersey Finance

- **Tax simplicity:** Jersey offers a tax-neutral environment with no VAT or capital gains tax (CGT) and is not reliant upon tax rulings, exemptions and deductions, hybrid financing or double tax treaty networks. This simplified system means that, while the fund does not pay tax, investors from various countries with their individual tax systems will all pay the correct amount to their respective governments, making Jersey's funds solutions far less complex than those in other jurisdictions.

- **Political and economic stability:** As a politically and fiscally autonomous British Crown Dependency, Jersey has a strong relationship with the UK while remaining outside the UK and EU. It also provides third-country access to the EU via National Private Placement Regimes (NPPR).

- **Substance and expertise:** Jersey has one of the largest numbers of finance industry professionals of any IFC, with almost 14,000 professionals, giving it a vast pool of expertise.

- **Reputable:** The island's strong and respected regulatory framework and world-class reputation make it a preferred jurisdiction for internationally-focused investors.

- **Choice:** Jersey offers a wide range of fund structures. In 2017, it introduced the Jersey Private Fund (JPF), a streamlined, effective and proportionate product for privately offered alternative investment funds. 719 JPFs have been established since the launch.

- **Regulatory certainty and innovation:** Jersey's robust regulatory framework, combined with its innovative and commercial approach, meets the scrutiny demanded by today's clients while fostering a dynamic business environment. Its commitment to technology, including some of the world's fastest broadband speeds, enhances its appeal as investors prioritise connectivity and digital accessibility when selecting an IFC partner.

Jersey's relationship with Africa

Jersey's longstanding ties with Africa are reinforced by strong political, commercial and cultural connections.

Over the years, the island has supported both inbound and outbound investment for private and institutional investors. Acting as a bridge between capital raising in Europe and investment in Africa, Jersey's combined financial services sector allocated £30.6-billion of capital from Africa in 2020 (Jersey's Contribution to Global Value Chains, Cebr 2021).

Jersey's intermediary role also ensures that capital flows efficiently into critical sectors such as infrastructure, energy and technology, contributing to Africa's long-term economic growth.

While there are opportunities for Jersey to support investors in South Africa, it is worth adding that such opportunities are mutually beneficial. Research shows that the capital intermediated through Jersey equates to £6-billion of Africa's GDP annually during the period studied (2017 – 2020) and supports more than 900 000 jobs in Africa. (Jersey's Contribution to Global Value Chains, Cebr 2021).

For more than two decades, South African financial institutions – including Standard Bank, Alexander Forbes, Ashburton Investments, and Nedbank, to name a few – have maintained a presence in Jersey, reflecting the mutually beneficial relationship.

Several prominent South African fund managers, including well-known names such as Melville Douglas, EduInnov8, and Knife Capital, are also present in Jersey.

There are currently 80 domiciled funds of South African promoter origin in Jersey, which represent about 5% of the total number of funds held on the island.

Frequent travel and business exchanges between South Africa and Jersey reinforce these connections, with direct flights to major UK hubs enabling efficient travel for professionals and clients alike.

> ***The collaborative relationship between Jersey and South Africa has fostered a robust platform for cross-border financial solutions, underpinned by Jersey's expertise as an IFC with a global outlook.***

The collaborative relationship between Jersey and South Africa has fostered a robust platform for cross-border financial solutions, underpinned by Jersey's expertise as an IFC with a global outlook. As demonstrated through Jersey's facilitation of over £1.4-trillion in global capital, the jurisdiction significantly contributes to international economic output – an estimated £170-billion (Jersey's Contribution to Global Value Chains, Cebr 2021). Jersey's proven expertise in international finance, coupled with its stable regulatory environment and deep ties to Africa, makes it an ideal choice for South African fund managers.

Meet Us at SAVCA

*Jersey Finance is proud to sponsor this year's SAVCA Venture Capital conference. Join us at the event and connect with Dr Rufaro Nyakatawa, Market Development Consultant – Africa, and Elliot Refson, Head of Funds, to find out more about Jersey's offering and discuss how Jersey can support your investments.

UNLOCKING OPPORTUNITIES: EXPLORING MAURITIUS AS A HUB FOR FUND DOMICILIATION

By Manusha Parshotum,
Director at
Vistra South Africa

Mauritius offers a robust regulatory framework, attractive tax benefits, and a thriving financial services sector, making it an ideal destination for fund managers.

Funds which hold global business licence are liable to tax in Mauritius at a rate of 15% but will qualify for an exemption of 80% of the foreign-source income derived by the funds. The partial exemption granted in respect of interest earned by funds is 95%.

In addition, certain type of funds such as special purpose funds are exempted from tax in Mauritius. The funds have access to an extensive network of double tax treaties and investment protection and promotion agreements with various countries. There is no capital gains tax in Mauritius and no withholding tax on dividends in Mauritius. There are also no exchange controls in force which allows free repatriation of funds.

Regulatory Framework

Mauritius has a well-established and internationally recognized regulatory framework for investment funds, overseen primarily by:

- The Financial Services Commission (FSC)
- The Securities Act 2005
- The Financial Services Act 2007

Key structures

Whether you're looking to establish a simple holding company, a private equity fund, a hedge fund, or other specialised investment vehicles, the island provides a variety of options tailored to meet the needs of both domestic and international investors.

1. **GBC – Global Business Company:** established under the Financial Services Act 2007, commonly used for investment purposes, holding company and other financial activities.

Structure: It can be used for a wide range of investment vehicles, including private equity, hedge funds, and venture capital funds.

Benefits: One of the key advantages of GBCs is their ability to leverage Mauritius' extensive network of double tax treaties, making them an attractive option for international investors seeking tax efficiency and cross-border opportunities.

2. **Protected Cell Company (PCC):** a unique legal structure that allows a single entity to create multiple "cells", each with its own assets, liabilities, and investment strategies. This structure allows multiple funds to share the same legal framework while keeping their assets and liabilities separate.

Structure: Each cell within a PCC can cater to different investors and follow varying investment strategies, making it a highly flexible solution for fund managers. This structure is commonly used in asset management, hedge funds, and insurance-linked funds.

Benefits: The key advantage of the PCC structure is its flexibility. It allows multiple funds to operate under one umbrella, significantly reducing administrative and operational costs while ensuring the legal segregation of assets and liabilities for each individual cell.

3. **Limited Partnership (LP):** With the enactment of the Limited Partnerships Act 2011, private equity funds have also been set up as limited partnerships. A limited partnership must be set up with at least one general partner and one limited partner. The Mauritian LP combines features of both company and a partnership.

Structure: The general partner has control over the fund's day-to-day operations, while limited partners provide capital and share in the profits.

Benefits: Limited partnerships are often preferred for private equity and venture capital due to their flexibility, tax benefits, and ease of management. In terms of taxation, the LP can elect to be either tax transparent or tax opaque.

4. **Special Purpose Vehicle (SPV):** often set up to isolate financial risk and is used for specific projects or investments.

Structure: SPVs are typically set up as either a GBC or limited partnership and are used for specific transactions or investments, such as real estate projects or securitizations.

Benefits: SPVs provide a high level of flexibility and protection for investors, as they are typically used to separate risk from the main business entity.

5. **Variable Capital Company (VCC):** a flexible corporate structure introduced in Mauritius to accommodate a wide range of investment funds and companies, particularly in the asset management and financial sectors. The VCC structure offers a high degree of flexibility in terms of capital structure, investor participation, and fund management, making it an attractive option for fund managers and investors alike.

Flexibility: The VCC structure allows for more liquidity, as shares can be issued or redeemed as needed without the restrictions that come with fixed capital structures.

Segregation of assets: The VCC can be set up as a multi-fund structure (similar to a PCC), where each sub-fund within the VCC has its own assets and liabilities. This offers the benefit of asset segregation without the complexity of managing multiple legal entities.

Asset management and administration: Streamlined administrative processes allow for ease of management and lower operating costs compared to traditional fund structures.

Tax Efficiency

Key advantages include:

- **Corporate Tax:** A competitive corporate tax rate of just 15%, with opportunities for further reductions, especially for entities engaged in global business activities.

- **No capital gains tax**: One of the most compelling features of Mauritius is its absence of capital gains tax. This provides fund managers with a significant advantage when realising profits from investments.

- **Double tax treaties:** Mauritius has established an extensive network of double tax treaties, allowing fund managers to minimise the risk of double taxation on income earned from multiple jurisdictions.

- **Tax residency:** Funds incorporated in Mauritius can be treated as tax-resident in the jurisdiction, unlocking opportunities for tax-efficient planning, including favourable treatment for with-holding taxes on income sourced from other countries.

Service Providers

- Fund administrators: Provide services like net asset value (NAV) calculation, accounting, and reporting.

- Custodians: Handle the safekeeping of the fund's assets.

- Auditors: Ensure the fund complies with international accounting standards and provide independent audits.

- Legal and tax advisors: Assist fund managers with structuring, regulatory compliance, and tax efficiency.

- Banking services: Mauritius offers robust banking services with international connectivity, important for funds seeking to manage large flows of capital.

Vistra

Committed to excellence, Vistra empowers clients with strategic insights and tailored solutions, contributing to their success in the dynamic international market.

Manusha.Parshotum@vistra.com
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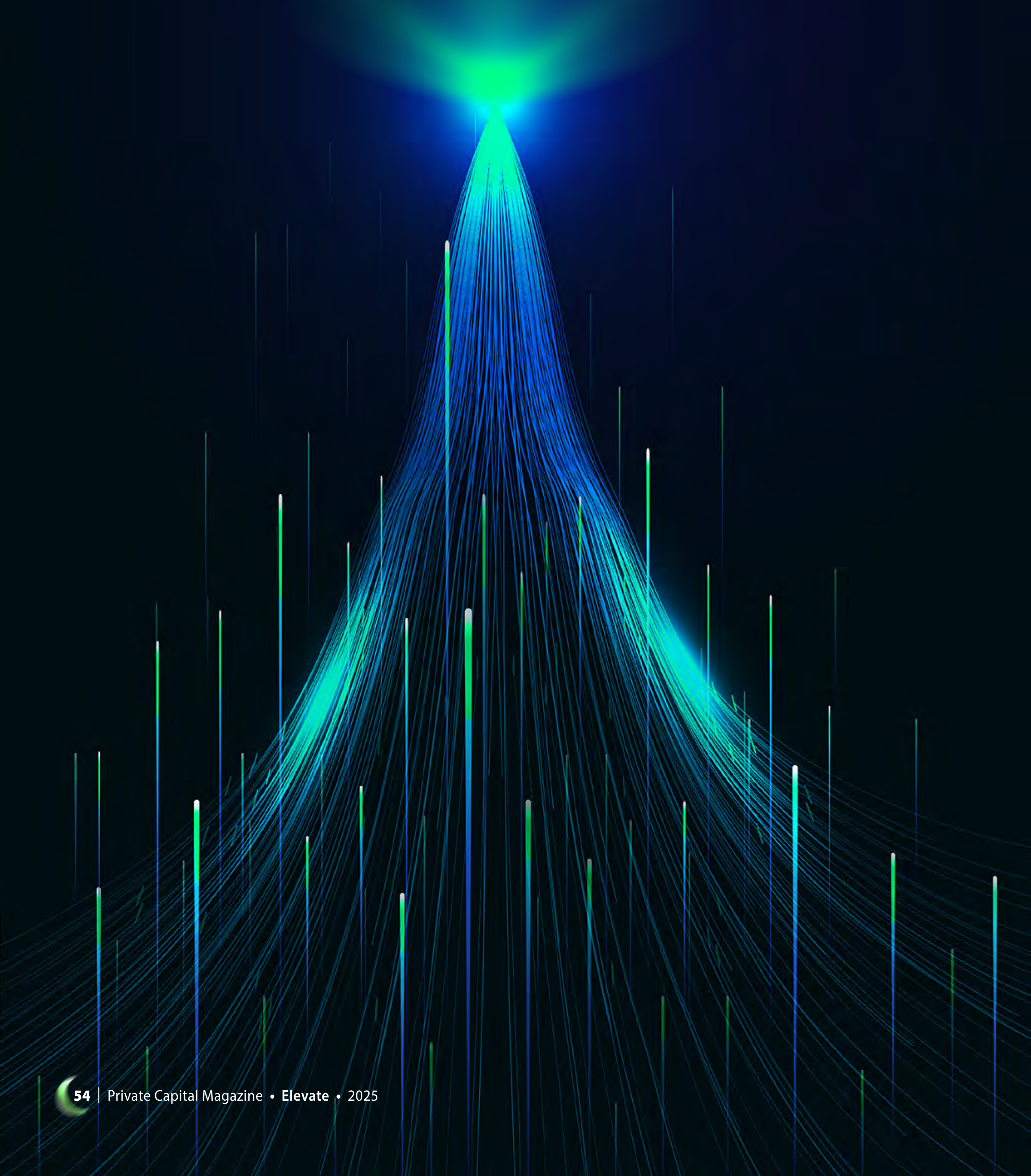

LEAD SPONSOR

Benchmark International

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Benchmark International is a global Mergers and Acquisitions firm, specializing in mid-market company transactions.

Operating from 14 offices worldwide, our unique and dynamic sell-side advisory presents clients and acquirers with unparalleled global coverage, enabling access to local and international opportunities through our exclusive databases and business intelligence facilities. With over 350 dealmakers and analysts spread across 3 continents, Benchmark has managed engagements in excess of USD 11 billion in various industries globally.

In 2024, we were honoured with 18 separate industry awards globally, including the coveted International Investment Banking Firm of the Year by The M&A Advisor & Global M&A Network.

In line with SAVCA's 2024 theme of 'Elevate With Intent', we pride ourselves in empowering businesses to achieve strategic growth and transformative value. By fostering meaningful connections between investors and companies, we enable sustainable partnerships that drive innovation and unlock new opportunities.

We focus on connecting the right people with the right opportunities through a deep understanding of diverse industries. Averaging 196 concluded deals per year for the last three years attests to the firm's reputation as a trusted partner for mid-market companies seeking growth, wealth diversification, and exit strategies.

If you want to invest in or dispose of mid-market companies, tap into our global expertise and partner with us for attractive deal-sourcing or equity disposal opportunities.

LEAD SPONSOR

AON

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Securing investments, enhancing returns, and turning risk into opportunity
In today's dynamic mergers and acquisitions landscape, gone are the days of solely focusing on the P&L, cash flow and balance sheet to understand deal value. Today sellers and buyers must assess a business's ESG practices, digital capabilities, technology and IP just as closely as they scrutinise financials.

M&A and Transaction Solutions
Aon provides comprehensive support for organisations navigating mergers, acquisitions and capital market transactions, offering strategic solutions to manage risk, optimise investments and enhance deal value - including tax risk management, cyber transaction advisory, litigation risk insurance, human capital advisory and comprehensive deal due diligence.

Who We Serve
- Corporations: Helping businesses drive capital efficiency, optimise balance sheets, and mitigate deal risks through specialised due diligence, insurance and human capital solutions.
- Financial Sponsors: Assisting private equity firms and investors in securing investments, managing risk across portfolios and maximising deal success with a streamlined execution process.
- M&A Advisors: Providing expert guidance on complex transactions with a multi-disciplinary team specialising in legal, tax, cyber, intellectual property and ESG considerations.

Specialised Transaction Support
Aon's expertise extends to complex transactions such as:
- Carve-outs & Spinoffs: Minimising execution risks and maximising value through structured financial instruments and globally coordinated solutions.
- Distressed Transactions: Enhancing return on investment by managing multi-faceted risks and unlocking capital opportunities.
- Secondary Funds: Mitigating risks in secondary transactions with bespoke insurance solutions and international expertise.

For further information
Zamani Ngidi
Business Unit Manager: M&A and Cyber Solutions
t + 27 11 944 7579 | c + 27 73 276 9623
e zamani.ngidi2@aon.co.za
Visit: https://www.aon.com/en/capabilities/mergers-and-acquisitions

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Harith

www.harith.africa

Harith General Partners is a pan-African infrastructure investment holding company headquartered in South Africa, with investment interests and assets across 10 African countries. Its name, "Harith", is derived from the Arabic language, and means "one who ploughs". Harith was founded in 2006 with the initial mandate to manage the $630 million Pan African Infrastructure Development Fund (PAIDF I), and subsequently the $435 million PAIDF II. Through its successful management of the two funds, the establishment of partnership funds in Namibia and Nigeria, as well as the recent establishment of the Harith-led infrastructure investment vehicle, Harith Infraco, the company recently achieved its transition from a fund-manager-based business to an infrastructure investment holding company. This it has done while maintaining and consolidating fund and asset management as one of its pillars, through its continued management of PAIDF II and the acquisition, alongside a women-led group, of a majority stake in Mergence Investment Management. Through Harith Infraco, Harith holds significant interests in:

- CIVH - a leading operator in the digital infrastructure industry, the holding company Maziv, which in turn owns stakes in a number of companies including Dark Fibre Africa, Vumatel, Vumacam and Herotel.
- Aldwych Holdings Limited - which wholly owns the Anergi Holding Group, a pan African power company which owns stakes in 6 power generation assets across the continent (South Africa, Kenya (two assets), Nigeria, Ghana and Sierra Leone).
- Lanseria Holdings - which owns Lanseria International Airport, the second largest airport in Gauteng, and South Africa's only privately owned international airport.

CO-SPONSOR

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At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success – and provide perspective that moves you.

WTW's M&A team bring a unique combination of risk expertise and deep understanding of human capital and organisational culture to your deal. We draw on experience from more than 2,000 M&A and private equity transactions every year globally, to help our clients achieve both short and long-term success. Given our volume, we generate significant leverage with the global M&A insurance market.

INSTITUTIONAL INVESTOR LUNCH

ARCH Emerging Markets Partners

www.archempartners.com

ARCH, a subsidiary of the African investment powerhouse African Rainbow Capital, was founded in 2018 as a specialist investment advisor for emerging markets. Our mission is to support the transition to low-carbon, climate-resilient, and sustainable economies across Africa. Authorised and regulated by the UK Financial Conduct Authority, ARCH advises on investments through three key strategies; Renewable Energy, Cold Chain Solutions and Sustainable Natural Resources.

As an award-winning platform (SuperReturn Africa 2022 & 2024), ARCH operates within a strong governance framework, emphasizing value creation and growth through a risk-adjusted approach. ESG principles are deeply embedded in its investment strategies, aligning with the United Nations' Sustainable Development Goals and the Paris Agreement to drive meaningful global impact.

DELEGATE BAGS

PE Front Office

www.pefrontoffice.com

PE Front Office is the only comprehensive and integrated suite of products that has been developed with a focus on the front and middle office processes for alternative investment management – Private Credit/Debt, Private Equity, Venture Capital, Fund of Funds, Real Estate Funds, Limited Partners, and Fund Admins. PEFO empowers investment professionals across 15 countries and 150+ firms to simplify work and enhance productivity.

Our state-of-the-art yet affordable solutions include CRM, Deal Flow, Fundraising, Investment Management (that supports both Equity and Debt), Portfolio Monitoring, Investor Management, Fund Administration, and Investor Portal access. This is further augmented by Risk and Compliance Management, Task and Activities Management, Outlook/Gmail Integration, Mobile App, Document Management, and detailed Reports and Analytics.

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We shape the future through our perspective, expertise and solutions, empowering our clients to thrive – a foundation strengthened over 150 years.

We help our clients, colleagues and communities grow by empowering them with the confidence to thrive. We seek better ways to manage risk and define more effective paths to achieve the right outcomes. We go beyond risk to rewards for our clients, our company, our colleagues, and the communities in which we serve.

SUPPORTING SPONSOR

Jersey Finance

www.jerseyfinance.je

Jersey Finance is a not-for-profit organisation that works closely with key partners to represent and promote Jersey as a forward-thinking international finance centre (IFC). We have a presence in Jersey, London, Dubai, Johannesburg, Hong Kong SAR, New York, Shanghai and Singapore.

Jersey's relationship with Africa is broad, deep and based on shared interests. Our Island acts as an investment gateway for African investors to the UK, European and global markets.

As an award-winning IFC, we look forward to a continued relationship with financial services professionals and partners in Africa, providing investors with opportunities to effect positive change and make a difference with their capital.

HOSPITALITY

EY

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EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets. Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY works across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY provides services in more than 150 countries.

For more information about our organisation, please visit ey.com/za

DESSERT

Bowmans

BOWMANS THE VALUE OF KNOWING

www.bowmanslaw.com

Bowmans helps its clients manage legal complexity and unlock opportunities in Africa. With over 500 lawyers and offices in six countries, Bowmans' advice uniquely blends expertise in the law, knowledge of local markets and an understanding of clients' businesses. Its private equity specialists provide bespoke upstream and downstream services. Members of the team have advised on some of the largest private equity transactions undertaken in the region to date and have been involved in the formation of numerous Africa-focused private equity funds.

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Jersey Finance
Delivering Insight ▪ Driving Innovation

Jersey for Supporting African Capital Raising

Dr Rufaro Nyakatawa
Market Development Consultant – Africa
E: rufaro.nyakatawa@jerseyfinance.je
T: +27 (0)82 562 4192
Jsy.fi/rufaro

Elliot Refson
Head of Funds
E: elliot.refson@jerseyfinance.je
T: +44 (0)1534 836021
Jsy.fi/elliot

Jersey can play an increasingly vital role in sourcing overseas capital securely and efficiently, helping to support economic growth and job creation in Africa.

The Island has been at the forefront of fund services for more than 60 years. It provides a straightforward tax-neutral environment, strong regulatory and legal frameworks, and vast experience in the alternative asset classes, including private equity, venture capital and infrastructure funds.

This, combined with a forward-thinking approach and the ability to offer certainty, stability and substance, gives Jersey the international pedigree that appeals to investors across Africa.

Offering a safe and familiar environment for European investors across institutional, high-net worth and pension funds, as well as meeting the market access requirements under the AIFMD, makes Jersey a highly attractive option for investors in Europe, offering a clear solution for private equity deal structuring in Africa.

Benefits for funds and managers include:

- A regulatory framework which has evolved specifically for alternative asset classes
- A tax-neutral environment to avoid the double or triple taxation of funds and their investors
- Fund service providers ranging in size and specialisation
- Regulations which are proportionate to the level of investor sophistication

US$700.2 bn
total value of funds business in Jersey
as at 30 September 2024

87.5% **of fund assets in alternatives**
- Private equity
- Venture capital
- Real estate
- Infrastructure
- Hedge

as at 30 September 2024

719
Jersey Private Funds
established since their launch in 2017
as at 30 September 2024

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NOTEBOOKS & PENS

Werksmans Attorneys

www.werksmans.com

Established in the early 1900s, Werksmans Attorneys is a leading South African corporate and commercial law firm serving multinationals, listed companies, financial institutions, entrepreneurs and government. With a formidable track record, Werksmans' comprises over 200 multi-faceted lawyers in 23 areas of law.

The firm's success is built on a solid foundation of insightful and innovative deal structuring and legal advice, a keen ability to understand business and a strong focus on achieving the best legal outcome for clients.

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Caveat Legal

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For almost 15 years, Caveat has disrupted the legal space, bringing top-tier M&A expertise to the sector without the fanfare or cost. With 60+ Big Firm-trained lawyers and with M&A as our primary focus, we allow our PE and VC clients to close deals quickly and bring down transaction costs. Everyone wins with Caveat.

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ENS Africa

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With offices in Eastern, Southern and Western Africa, and over 600 practitioners specialising in all commercial areas of law, tax, forensics and IP, we have deep expertise and the capacity to deliver on our clients' business requirements, helping them navigate regulatory hurdles, no matter where in Africa they do business. We are entrusted by our clients to handle and co-ordinate their most complex and sensitive requirements quickly, efficiently and with excellence, and as a result, we have been recognised by several prestigious international ranking agencies. Through our many years of practical experience working on the ground on the continent, we have developed a solid understanding of local cultural, commercial and geopolitical contexts, and formed long-standing partnerships with the trusted firms with whom we work.

COFFEE BAR | LANYARDS

Realfin

www.realfin.co.za

RealFin has been a trusted partner to some of South Africa's leading alternative asset fund managers for over a decade. Whether you're a larger industry player or a smaller boutique fund manager, we'll work with you to create a tailored independent administration solution that meets your fund's unique needs. We have experienced teams administrating private equity, venture capital, private debt, unlisted real estate and infrastructure funds.

CONFERENCE RECOVERY KIT

RAMS Attorneys

www.ramsattorneys.co.za

Our senior attorneys have worked for some of the largest law firms in South Africa. They draw on their extensive backgrounds and legal expertise to deliver top-quality advice to our clients. This wealth of experience enables us to provide insightful and strategic counsel, ensuring our clients receive the best possible representation and achieve optimal outcomes in their legal matters. Whether dealing with complex corporate and commercial transactions or intricate litigation, our team is fully equipped to handle every challenge with expertise and dedication.

ANIMO Mauritius

www.animoassociates.com

ANIMO Mauritius is a licensed Management Company in Mauritius involved in the setting up and administration of various structures (Corporate | Trust | Fund | Foundation | Limited Partnerships | Investment Adviser | Investment Dealer | PCC | CEF | CIS | Single/Multiple Family Office | Freeport | Bank Account Opening | Live and Work in Mauritius | Bookkeeping/Accountancy services | and others) in Mauritius and other jurisdictions.

Our group, an international Corporate Service Provider, is headquartered in the UK and present in MAURITIUS, IRELAND, CYPRUS, DUBAI.

Baker & McKenzie

www.bakermckenzie.com

Baker McKenzie's South Africa practice in Johannesburg is part of the Baker McKenzie global network of 74 offices spread across 45 countries and offers a full-service legal practice. Deeply integrated in our international and local Africa Practice, we have worked on significant matters providing domestic, cross-border and international legal advice on a range of top-ranked legal areas. Our team of private equity and M&A lawyers have a long, successful track record advising clients in Africa. Our transactional teams are supported by our experts in tax, employment, dispute resolution, compliance, financial services regulatory, and competition and antitrust to advise on every aspect of your transaction and ensure comprehensive execution of deals.

Deal Leaders International

www.dealleadersint.com

DLI is a specialist M&A advisory helping business owners (with annual EBITDA R20m–R300m) navigate their growth-to-exit journey. With local expertise and global reach through the Pandea Global M&A Network, we deliver deep market insights and a results-driven approach to prepare and execute on business growth and exit strategies for maximum value.

NETWORKING PODS

Jersey Finance

Jersey Finance
Delivering Insight • Driving Innovation

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Webber Wentzel's private equity team has market-leading expertise across the private equity landscape, from fund formation to downstream M&A and transactional tax across Africa. We advise global, regional, and national investors on structuring deals, navigating regulatory complexity and implementing transactions offering innovative solutions, industry knowledge, and exceptional client service.

DELEGATE BAG INSERTS

Ditiro Capital

www.ditirocapital.co.za

Ditiro Capital is a black women-owned and led private equity fund manager established in 2019, with a focus on investing in medium sized businesses in South Africa. Ditiro Fund I is a sector-agnostic fund that reached first close in May 2023 with commitments of ZAR360m and is currently in the deployment phase.

EMS Tax

www.emstax.co.za

Ditiro Capital is a black women-owned and led private equity fund manager established in 2019, with a focus on investing in medium sized businesses in South Africa. Ditiro Fund I is a sector-agnostic fund that reached first close in May 2023 with commitments of ZAR360m and is currently in the deployment phase.

INDUSTRY AWARDS

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