

QUARTERLY NEWSLETTER

The ASISA ESD Fund closed a productive last quarter, deploying R8 million into business acceleration programmes for 160 black-owned SMEs around the country. We were also excited to approve R15 million in new investment facilities to provide access to finance for SMEs aligned to priority industry sectors. To date the Fund has deployed a total of R202 million in support to 470 SMEs, resulting in an average growth in revenue of 26% for the SMEs it has supported.

We hope you will enjoy the following highlights from our previous quarter illustrating the Fund's delivery on its mandate in partnership with its investors.

INVESTMENTS

FUNDING FACILITY CREATED FOR BLACK-OWNED IFAs



Participants in our black-owned Independent Financial Adviser (IFA) Development Programme brought to our attention the challenges they face in accessing funding.

Given the crucial role of black-owned IFA practices in a country synonymous with a poor saving rate and lacking financial literacy, the Fund agreed that there is a need to support qualifying practices with access to affordable funding.

We therefore created a loan facility available to qualifying black-owned IFA practices from past and current ASISA IFA Development Programmes. Pending the success of this facility, similar funding could be opened up to qualifying IFA practices graduating from other acceleration programmes.

The IFA Development Programme was launched at the beginning of 2016 by the Fund in collaboration with Allan Gray, Coronation, Investec and Prudential. Each 12-month programme aims to enable the growth and development of participating IFAs across the country.

All IFA practices applying for capital from the facility need to be majority black-owned, have a track record of success, and provide a business case for how the investment will unlock sufficient growth in the firm to afford the finance. To date, the Fund has short-listed four IFA practices.

It is anticipated that interest rates under the facility will be lower than those offered by traditional financiers, especially for smaller developmental practices. The funding will largely be used by IFAs to unlock organic growth opportunities through hiring new staff (additional advisers and admin assistants), developing systems (customer relationship management, financial planning, client advice and recordkeeping) and boosting marketing initiatives.

EAGLE TOWERS SOARS TO NEW HEIGHTS



Eagle Towers SA piqued the interest of our investment team in 2015, because a 100% black owned South African telecommunications company is a rare find. In addition, the company showed enormous growth potential, which made it an attractive investment opportunity.

Eagle Towers, headquartered in Stellenbosch, scouts out suitable sites and assembles telecommunication towers at these locations. Capacity on these towers is leased to Mobile Network Operators and Wireless Internet Service Providers. By making use of Eagle Towers' infrastructure and sites, these companies save on capital as well as operational expenses. Eagle Towers boasts clients such as Vodacom, MTN, Cell C, Telkom Mobile and iBurst.

Eagle Towers was founded in 2015 by Avril van der Rheede, a driven entrepreneur from a disadvantaged background with vast experience in the telecommunications industry.

The Fund made its first investment in Eagle Towers in March 2016, and in August 2017 approved additional funding. In addition, Eagle Towers attracted the attention of Mergence Investment Managers, an ASISA member, earlier this year resulting in a sizeable equity and debt investment deal.

For Mergence, the deal represents an opportunity to co-invest with the ESD Fund in a solid, 100% black-owned business in the telecommunications space with a positive growth outlook. Mergence has indicated that it values the Fund's continued participation in the deal, recognising its importance as a partner.

These deals will allow Eagle Towers to enter a stage of rapid expansion. Over the next two years, Eagle Towers expects to roll out an additional 85 sites in addition to the 15 already established. This should result in an increase its staff complement, contributing to the Fund's mandate from a social impact (job creation) perspective in addition to economic transformation. Since Eagle Towers outsources the building of its towers a number of smaller black owned construction companies will also benefit, therefore resulting in additional job creation.

The Fund is also facilitating discussions between Eagle Towers and industry members that have property portfolios with available rooftop sites suitable for setting up telecommunications

infrastructure. The aim is to increase Eagle Towers' revenue stream leading to further business growth. Additionally, from a strategic perspective, the rooftops opportunity allows Eagle access to regions where there is not enough space for tower erection therefore extending their regional footprint and market positioning.

By enabling Eagle Towers to grow into a major player able to compete with the foreign companies currently dominating the telecommunication tower business, we are directly influencing the transformation of the telecommunications industry, which is something that we are very proud of.

ACCELERATION PROGRAMMES

BLACK-OWNED IFAs DEVELOPED IN PARTNERSHIP WITH MMI



Proud Moment: Representatives from the black-owned IFA practices that graduated from the Momentum Masibambane Broker Initiative programme pictured on graduation day with Leon Campher, CEO of ASISA (front row, 2nd from left), Ruth Benjamin-Swales, CEO of the ASISA Foundation (2nd row, 2nd from left) and the ASISA ESD Fund's enterprise and supplier development providers, Edge Growth and EncoreSA.

The 10th of August 2017 was a proud day for the Fund. Eight black-owned independent financial adviser (IFA) practices (also referred to as brokerages) graduated from the Momentum Masibambane Broker Initiative programme, which was delivered in partnership with MMI Holdings over the past 18 months.

The eight graduating IFA practices are LKC Business Consult, Royal Square Consultants, Shomang Group, VK Consult, Jabulani Moyo, RightSure Risk Managers, Sibanyoni Brokers CC and ISU Financial Services. These businesses were chosen from 50 applicants through a rigorous selection process.

Aptly named Masibambane, which means to hold hands, the programme was developed with the aim of creating a holistic approach to helping Gauteng based black-owned IFA practices grow more professional, sustainable, efficient and ethical financial advisory businesses. The

programme was managed and executed by the Fund's enterprise and supplier development providers, Edge Growth and EncoreSA.

The design phase of the programme identified the main challenges facing the IFAs as access to market, building a solid client base and soliciting support from the industry.

These challenges were addressed through interactive training workshops with Edge Growth and 20 hours a month of personal mentorship sessions with specialist IFA consultants, EncoreSA. Tools and business models were developed for each business, targeting increased professionalism, confidence, revenue growth and job creation.

At the end of the 18 month programme the group reported a 45% increase in average revenue and 15 new jobs created.

Mosidi Shomang of Shomang Brokers gave the programme the thumbs up. "This was a valuable programme and it has assisted me to streamline the focus of our business, change from a product-based value proposition to a client-centric value proposition and better understand the compliance requirements of the industry."

Fiona Ally, Group Lead for Enterprise and Supplier Development at MMI Holdings, summed up the real value of the Masibambane Broker Initiative: "By helping to develop brokerages in our communities we are not only securing the financial wellness of the SME but also ensuring that appropriate financial advice and solutions are made available to the community".

FEATURED ENTERPRISE

INKANYEZI MARKETING



Powered by Passion: Nontokozo Nyoni, founder of Inkanyezi Marketing, is determined to build a sustainable business that will enable her to employ more people.

Inkanyezi Marketing was founded by Nontokozo Nyoni with nothing more than a huge passion and her retirement fund payout. Ten years later, the small Cape Town based marketing, communications and promotions company is well established and showing solid growth potential. In fact, Inkanyezi is celebrating its 10th anniversary with a successful tender to host a three-day conference for De Beers, which will be one of its biggest events to date.

Inkanyezi has been on Sanlam's Enterprise and Supplier Development (ESD) programme, managed by the Fund, since the beginning of the year. As a result of the business development

and growth acceleration support received thus far, the business has managed to increase revenue by 18%.

Inkanyezi is 100% black owned and has three employees. The company specializes in developing comprehensive marketing solutions for small enterprises through the Small Enterprise Development Agency (SEDA). Event planning is another core focus of the business.

Nyoni is currently doing her MBA in order to expand her knowledge base and to make use of the networking opportunities. Her goal is to build a sustainable business that will enable her to employ more people. The ASISA ESD Fund is proud to be part of this journey.

Visit Inkanyezi's [website](#) for more information.

HOW YOU CAN SUPPORT

Funders can contribute an investment, loan or grant to the Fund to achieve meaningful and measurable commercial and impact outcomes and benefit from ESD points in terms of the B-BBEE scorecard. The Fund will work with interested partners to:

1. Determine an optimal investment approach,
2. Develop the ESD contribution agreement, and
3. Process and accredit your contribution

For further information feel free to contact us on:

Call: +27 (021) 671 2658

Email: Asisaesdfund@edgegrowth.com

Website: www.asisa.org.za

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