



Benefits

- **Immediate and ongoing access** to supplier development points
- **Single upfront investment** which counts towards your supplier development score annually
- **Unique** long term track record
- **Turnkey investment** with annual accredited supplier development certificate
- **Interest free** investment providing a higher BEE rating
- **Social and economic impact assessment** according to global best practice
- **Dedicated** professional investment team
- **Regulated** investment product
- **Dedicated support** by Supplier Development Professionals

Who can invest?

Anyone (such as a company, trust or natural person) who requires supplier development points in terms of the Department of Trade and Industry (DTI) scorecard or in terms of an industry specific scorecard.

TURNKEY SUPPLIER DEVELOPMENT SOLUTION WITH PREFERENTIAL PROCUREMENT BENEFITS

SUMMARY

Stellar Credit (Pty) Ltd and Mineworkers Investment Company (“MIC”) have joined forces to create the Inyosi Supplier Development Investment (“ISD”). MIC has provided R10m seed capital which will be used by ISD Investment to make commercial unlisted loans, thereby providing diversified exposure into qualifying supplier development investments, together with meaningful and measurable social benefits. Companies can join MIC and invest their supplier development spend strategically by combining an interest free return on their investment and earning accredited supplier development points. In doing so, companies can take an active role in shaping a commercially scalable approach to SMME growth and job creation by investing where they see potential for shared value – investments that are good for their business, good for their suppliers who receive working capital funding, and ultimately good for the country.

Key Information

Benchmark	This is an interest free investment
Nature of the investment	ISD is offered as a policy underwritten by Cadiz Life (FAIS product Category C)
Currency	South African Rand
Supplier development and preferred procurement	After your year end, and annually thereafter, you will receive a Supplier Development certificate and, where applicable, a Preferential Procurement certificate from an accredited empowerment rating agency. Each Rand invested will count towards your Supplier Development score. The total points scored by you for Supplier Development remains subject to the required total spend in terms of the scorecard applicable to your industry.
Annual Empowerdex certificate	On each annual anniversary we will issue you a Supplier Development certificate based on the current market value of your investment and ISD’s rating by Empowerdex.
Underlying credit risk	Unlisted short term loans to qualifying black owned suppliers
Minimum investment term	ISD is an open-ended investment. You should invest with a medium to long-term investment horizon (5 years plus).
Stellar Credit (Pty) Ltd	The appointed manager of Inyosi Capital (Pty) Ltd and Inyosi Finance NPC
Company management fee (excl. VAT)	Ongoing Inyosi Capital (Pty) Ltd and Inyosi Finance NPC company management fee: 3% per annum paid for by Inyosi Finance.
Financial adviser fees (excl. VAT)	Either 1.75% upfront and 0.25% ongoing OR 0.5% upfront and 0.5% ongoing (deducted from capital)
Policy administration fee (excl. VAT)	Policy administration fee of 0.25% per annum paid by Inyosi Capital.
Access to your money (liquidity)	60 day notice, subject to a 3% (excl. VAT) liquidation penalty in the first 3 years
Important administrative dates	Monthly cut-off date for withdrawals: Last business day of each month Valuations: Monthly
How can you cancel your investment?	Within the initial 30 day cooling-off period: You have a 30 day cooling-off period to change your mind about your policy. If you change your mind within this period, we will sell the instruments at market value and pay you this plus any financial adviser fees that have been included in the cost of the investment and which have been recouped from the financial adviser. This value may be lower than the initial amount you invested. After the 30 day cooling-off period: If you surrender your policy after the 30 day cooling-off period, we will sell the instruments and pay you the market value, which may be lower than the initial amount you invested. In the first 3 years we will charge you a surrender fee of 3% on the surrender value. From the end of the month in which you surrender we require a 60 day notice of surrender to facilitate liquidity in ISD. All early surrenders are subject to the liquidity provisions of ISD, and Cadiz Life may within the notice period, at its discretion, ring-fence and liquidate assets in the portfolio equal in value to the surrender value. In the event of ISD not being able to liquidate the underlying investments during this time, Cadiz Life may elect to pass the investments in specie to you. You may make one withdrawal during the first 5 years of your policy: The maximum amount you may withdraw is the lesser of: - Your initial contribution plus 5% per year; or - The market value of the underlying assets
Tax implications	The lump sum you get back from your investment is tax-free in your hands. Cadiz Life is responsible for all taxation during the term of your investment.
Access to black owned suppliers fee	A fee of 2% excl VAT of the value of the underlying investment is deducted, from your capital, annually in advance on policy inception and on policy anniversary by Cadiz Life and paid to Inyosi Capital.

Social Impact of Inyosi Enterprise Development since 2012 (as at 30 June 2015)

We have supported over

10,182
entrepreneurs



32,056

The number of first time households with waste collection services



HOW INYOSI SUPPLIER DEVELOPMENT WORKS

Each investor makes an interest free supplier development investment into Cadiz Life. The investor simultaneously receives exposure to Inyosi Capital. Inyosi Capital, a black owned company, provides the investor with access to black owned suppliers from which the investor may acquire goods and services via a dedicated preferential procurement portal. The annual cost of this service is 2% per annum (excl. VAT) of the value of your investment. This amount is deducted by Cadiz Life annually in advance on inception and on your policy anniversary and paid to Inyosi Capital. The preferential procurement portal will provide investors with access to over 100,000 suppliers. Investors can also get their suppliers to register on the portal – thereby improving their own suppliers access to markets.

After receiving your interest free investment, Cadiz Life makes an interest free loan to Inyosi Capital. Inyosi Capital makes an interest free loan to Inyosi Finance – a not for profit company. Inyosi Finance makes direct or indirect working capital loans to fund each investor's black suppliers from whom they have acquired goods or services via the preferential procurement portal. All net interest earned by Inyosi Finance will be used to assist in the development and growth of select black owned suppliers.

Inyosi Supplier Development therefore provides black owned suppliers with access to finance, access to markets and access to skills. Cadiz Life, Stellar Credit, Sentigol, Inyosi Capital and Inyosi Finance are all related parties.

The Supplier Development Portfolio's strategic objective is:

To provide monetary or non-monetary recoverable contributions in favour of beneficiary entities with a specific objective of assisting and/or accelerating the development, sustainability and ultimate financial and operational independence of that beneficiary. This is commonly accomplished through the expansion of these beneficiary's financial and/or operational capacity through the provision, by way of loans, of both working capital and long term capital to finance the full needs of black owned businesses.

To target those areas which are applicable to the Department of Trade and Industry B-BBEE Codes of Good Practice and Sector Codes as they pertain to Financial Services, Construction, Mining, Health, Information and Communications Technology, Property, Tourism, Transport, Chartered Accountancy, Forestry and Agriculture, and any subsequent codes as gazetted from time to time.

The following is a non-exhaustive list of supplier development initiatives that the ISD may consider utilising:

- Grant contributions to beneficiary entities,
- Investments into beneficiary entities,
- Loans and loan facilities made to beneficiary entities,
- Guarantees given or security provided to beneficiary entities,
- Direct costs incurred in assisting and hastening development of beneficiary entities,
- Overhead costs directly attributable to investment contributions and the ongoing running and operation of the ISD,
- Development capital advanced to beneficiary entities,
- Preferential credit terms granted by the ISD to measured entities,
- Preferential terms provided by the ISD in respect of the supply of goods or services to beneficiary entities,
- Contributions made to settling service costs relating to operational or financial capacity or efficiency levels of a beneficiary entity,
- The creation or development of capacity or expertise for beneficiary entities needed to manufacture or produce goods or services not manufactured or produced in the Republic of South Africa,
- Facilitating access to credit for beneficiary entities without access to similar credit facilities through traditional means owing to lack of credit history, high risk or lack of collateral,
- Provision of training or mentoring to beneficiary entities which will assist the beneficial entities to increase their operational or financial capacity, and
- The maintenance of the ISD by supplier development teams who focuses exclusively on support of beneficiary entities or candidate beneficiary entities.


267
Affordable housing units


+ 666
People housed in these units

11
SME's supported through finance or equipment leasing




Our initiatives have created an additional 11,360* jobs & supported the development of 10,182 SMEs

* Of these, 10,378 are a direct result of CENT's lending, while another 982 jobs have been created indirectly.

KEY INVESTMENT RISKS AND THEIR MITIGATING FACTORS

KEY RISKS	RISK MITIGATION
ISD will be exposed to unlisted investments	ISD makes an initial loan to Inyosi Capital [#] who on-lends to Inyosi Finance [#] . Ultimately loans will be made to diversified suppliers nationally and across different sectors. Stellar Credit [#] is the outsourced manager of Inyosi Capital and Inyosi Finance.
The investments are unrated	Although the investments are unrated, ISD will ensure that the maximum possible security is obtained by imposing financial covenants on the borrower, by taking as much security as possible, and through our sound investment process, due diligence and ongoing reporting and monitoring of investments. The Portfolio may take security of the underlying invoice or order documents from the borrower and will look to ensure that it has control over the bank account into which the invoice settlement proceeds are paid.
The investments are difficult to price	Supplier Development assets earn no interest. All loans are carried at book value unless there is a clear indication that the borrower is unable to pay interest, if applicable, or capital at which point the valuation will be adjusted to reflect this.
The investments are illiquid	Supplier Development loans are of a shorter duration but are issued pre-invoicing and are higher risk. The loans are illiquid during the loan term.
Liquidity in the event of a redemption	ISD is well diversified and should manage to fund any redemptions. The following process will facilitate redemptions: <ol style="list-style-type: none"> ISD will always hold a small component of cash Liquidations will be funded by inflows The underlying loan assets are staggered in maturity and thus there are ongoing loan maturities which could fund any redemptions The investor must provide 60 days notice. This enables ISD to secure the liquidity needed to fund the withdrawal. All early surrenders are subject to the liquidity provisions of ISD, and assets may be ring-fenced within the 60 day period. In the event of ISD not being able to liquidate the underlying investments during this time, Cadiz Life may elect to pass the investments in specie to the client.
Supplier development rating is subject to the current legislative environment	ISD's empowerment rating performance is subject to changes in legislation that may impact negatively on the Portfolio's rating. This will be mitigated by Stellar Credit keeping abreast of legislative changes and reviewing ISD's mandate where and when appropriate.
Risk to capital	ISD will make working capital loans to qualifying entities in terms of the DTI scorecard via a single interest free loan to Inyosi Capital. The qualifying entities are typically smaller enterprises who require working capital to fund growth. If an entity to whom a loan was made is unable to repay capital or interest this will negatively impact on the value of the ISD portfolio and will also negatively impact on the value of your own investment leading to capital or income losses. Our rigorous screening process of such entities together with the portfolio diversification will mitigate some of this risk.
Returns	Policyholders into the Supplier Development Portfolio are investing into interest free loans and earn no return on this investment.

[#] Stellar Credit, Cadiz Life, Sentigol, Inyosi Capital and Inyosi Finance are all related parties.

QUESTIONS AND ANSWERS

What happens after you complete an application form and invest?

- When we receive your money we will write to you to acknowledge receipt of your application within 5 working days,
- We will buy units in ISD on the next business day, and
- Within 21 business days after we have invested your money we will issue confirmation of your investment in the form of a policy document.

How will we keep you informed?

We will send you a statement for the 6 months to 30 June and 31 December each year showing the details of your investment. You may also access this information online via our secure website at www.cadizonline.co.za.

How do you receive your annual ISD Development certificate and Preferred Procurement report (if applicable)?

On every financial year-end of your investment we will provide you with an empowerment accredited Supplier Development Certificate and Preferential Procurement Report (if applicable) within 30 days after the company's year-end. The Supplier Development Certificate will be issued to you based on your investment's current market value and ISD's latest supplier development rating. The Preferential Procurement Report will contain all the empowerment details of your Preferential Procurement with ISD and Inyosi Capital's Preferential Procurement portal.

What if you need your money?

Upon written request received prior to the last business day of the month, the proceeds of the redemption net of the surrender fee of 3% will be paid within 60 days from the end of that month provided that we have been able to liquidate the investments. Cadiz Life may ring-fence assets within the portfolio and will endeavour to liquidate them over the 60 day period. Finally we will distribute the assets to you in specie if we are not able to liquidate them. An Empowerdex certificate will not be issued in the next year of exit.

What happens to your investment in the event of your death?

We will give your estate or any beneficiaries' access to the investment. They may decide whether to keep the investment, or withdraw the money.

What are the risks associated with this investment?

The investments are primarily unlisted debt with a specific aim of providing exposure to qualifying supplier development entities through the provision of working capital loans. Although these loans will go through our rigorous credit process they carry risks to capital. We also value these investments at their realistic mark to market. However, it should be noted that this mark to market is not a traded price as these investments have lower liquidity and do not trade often. These are debt instruments with a finite maturity date. On maturity the counterparty has to repay capital, which only provides evidence of the loan strength at that point.

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Cadiz:

Cadiz Life Ltd (Reg. No. 2005/006996/06) is a registered long-term insurer.

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