

The Inyosi Enterprise Development Investment



Minimum Disclosure Document January 2019

KEY FEATURES

INCEPTION	11 November 2012
BENCHMARK	SA CPIX (one month lagged)
SECTOR	Domestic – Unlisted debt to qualifying SME's
RISK PROFILE	High
ASSET COMPOSITION	Unlisted loans, debt, short term borrowings and any other form of debt funding
MINIMUM INVESTMENT	Lump sum: R20 000 Monthly: N/a Adhoc: N/a
ANNUAL MANAGEMENT FEE (excl. VAT)	Asset management fee: 3% per annum Life administration fee: 0.25% per annum
FINANCIAL ADVISER FEE (excl. VAT)	Either 1.75% upfront and 0.25% p.a. ongoing, or up to 0.50% upfront and 0.50% p.a. ongoing
TAXATION	Income subject to normal tax paid by Cadiz Life according to Section 29A of the Income Tax Act.
EMPOWERDEX RECOGNITION FACTOR	52.15%
FUND SIZE	R 122.7 million
FUND MANAGER	Evan Jones

FUND OBJECTIVE

The Inyosi Enterprise Development investment makes commercial, unlisted fixed income investments, thereby providing diversified exposure into qualifying enterprise development investments, together with meaningful and measurable social benefits. Companies can now invest their enterprise development spend strategically, by combining a real return on their investment and earn accredited enterprise development points. In so doing, companies can take an active role in shaping a commercially scalable approach to SME growth and job creation by investing in the fund. This results in the potential for shared value – investments that are good for their business, good for the enterprise that receives growth funding, and ultimately good for the country.

INVESTMENT PROFILE

Inyosi Enterprise Development is suited to corporates who wish to improve their BEE scorecard by investing into a well-diversified loan portfolio of qualifying entities, as defined in the Broad Based BEE Codes of Good Practice. The portfolio comprises unlisted fixed income investments of up to 5 years in term, so investors should have a long term investment horizon.

INVESTMENT PROCESS

The Inyosi Enterprise Development investment undertakes to invest into unlisted debt investments with an explicit goal of complying with the Broad Based BEE Codes of Good Practice ('the Codes'), specifically Code 600 which relates to enterprise development.

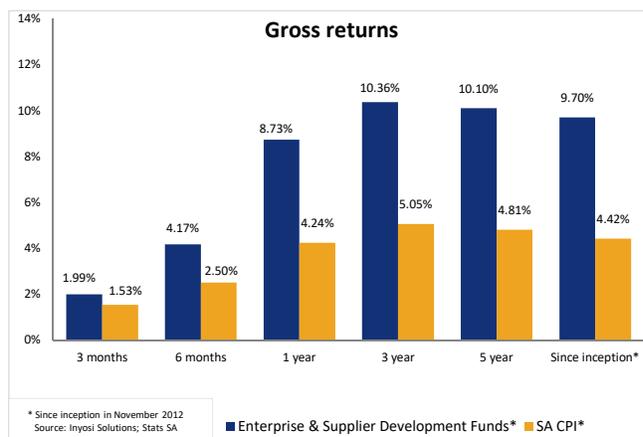
In terms of the Code and the investment mandate, target investments can be in the form of loans advanced to organisations that meet any one of the following requirements:

- Microenterprises with turnover below R50 million
- Loans to organisations that are more than 51% black owned, or
- Loans to organisations with a minimum of 3 to 5 years track record.

All investment opportunities are rigorously screened in terms of a robust investment process. This screening includes a full qualitative and quantitative review of the business. Prior to an investment being made, the process requires that Empowerdex confirm that the investment complies with the Code so as to ensure maximum recognition of the investment for ED purposes.

Screened businesses thereafter are submitted to a credit committee, which carefully reviews the investment recommendations before approving each loan. Once disbursed the organisation is monitored on an on-going basis until the loan matures.

PERFORMANCE



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QUARTERLY CADIZ ENTERPRISE DEVELOPMENT INVESTMENT FUND MANAGER COMMENTARY: 4th QUARTER 2018

Inyosi Solutions (Pty) Ltd and Mineworkers Investment Company (MIC) have joined forces to offer the Inyosi Enterprise Development Investment to investors who are looking for a scalable, professional and market leading solution to their enterprise development needs. This investment was previously known as the Cadiz Enterprise Development Investment.

The total portfolio size is approaching R120 million and has no sector exclusions. The underlying investments are performing well, with interest and capital repayments being comfortably serviced by the investee companies. On 31 March 2016, the World Economic Forum announced the 11 recipients of the Schwab Foundation's Global award for Social Entrepreneurs. We are delighted that, of the two award winners from South Africa, both have been funded by our Enterprise Development Portfolios; one from this Portfolio and the other from our ICT Enterprise Development Portfolio. The recognition factor for the Inyosi Enterprise Development Investment as verified by Empowerdex (after evaluating all the investments made to the underlying beneficiaries) is 52.15% of the value of the investment. This recognition applies to all Measured Entities whose measurement period occurs during the one year validity of the Empowerdex rating, which expires on 27 April 2019.

SOCIAL IMPACT

The Inyosi Enterprise Development Investment impact (since inception to 31 December 2017) as compiled and verified by Greater Capital shows that the Inyosi Enterprise Development Investments have meaningful impact in South Africa. Investors in the Inyosi Enterprise Development Investments have recognised that a specialist investment skill set applied by informed and experienced professionals has created an alternative pool of capital from which black owned businesses can source much needed stable and affordable loan funding.

We have managed to raise almost R300m since inception across both our Enterprise Development and Supplier Development offerings. We have advanced over R350m since inception in over 90 loans (thereby demonstrating that our offering recycles loans from one investee to another as and when loans are repaid). These investments have supported job opportunities for entrepreneurs in small and micro businesses as well as in the construction and waste management sector. In total, the Inyosi Enterprise Development Investments currently support 18,830 jobs and have supported 68,290 jobs since inception.

The Inyosi Enterprise Development investments have supported over 71,798 entrepreneurs since inception, most of whom come from previously disadvantaged groups – 99% of SME owners are black and 99% are female. Each of the sectors invested in have also created social impact. Within the Affordable Housing industry, 345 units have been built which house 1,088 individuals. 32,056 households have been served by the Waste Management investment, and within the ICT industry 13,421 students have been trained and 381 SMEs have received financing and leased IT hardware. The Inyosi Enterprise Development investments support employment at an average cost of R6,126 per job supported.

In the last quarter of 2018 Inyosi approved loans totalling around R30m:

1. R10m loan to a vertically integrated plastic recycling and manufacturing company. We were delighted to work with the Black Industrialist program of the Dti and will be co-funding this initiative alongside them. We also were able to draw in other like-minded loan foundations to assist with the funding as the total funding required exceeded out single counterparty loan size,
2. R15m to 11 panel repair centres. We believe that panel repair presents an enormous job and skills development opportunity and are pleased to be able to assist with this funding, and
3. R5m to a national signage manufacturer and installer

In addition to access to finance Inyosi also provides our beneficiaries with two other areas of support:

1. **Access to markets:** With over 500 companies invested into our Enterprise and Supplier Development we have the ability to connect our beneficiaries with our clients. During the last quarter of last year, we connected one of our chemical importer beneficiaries to a major multinational oil and gas company. We also assisted a large construction listed conglomerate to achieve skills development and enterprise to supplier graduation points by connecting the construction client to a skills development beneficiary. Finally, during 2018, we worked with over 16 construction companies to assist them and their suppliers with tailor-made supplier development programmes and look forward to assisting many more of our construction clients in this regard.
2. **Access to skills:** Within the Inyosi structure we have funding available to assist select black owned companies. During the past 6 months we have assisted a company with its health, safety, environmental and quality assessment. This assistance was crucial to the successful winning of a tender by that beneficiary. We have also recently assisted a beneficiary with accounting and bookkeeping services to assist with better management and understanding of their business. We expect to provide significant more assistance in the future in this regard.

We are comfortable in the knowledge that we are delivering a much-needed service to the beneficiaries whom we assist. We do this in an efficient and sustainable manner and for this we are able to thank all our investors for their ongoing support.

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