

Inyosi Supplier Development



Entrepreneurs

334

Affordable housing units

99% black

SUPPLIER DEVELOPMENT SOLUTION WITH PREFERENTIAL PROCUREMENT BENEFITS

Benefits

- **Immediate and ongoing access** to supplier development points
- **Single upfront unsecured interest free loan** which counts towards your supplier development score annually
- **Unique** long term track record
- **Investment** with annual accredited supplier development statement
- **Unsecured interest free loan** 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?

This investment is restricted to those entities who have been introduced to Inyosi, who understand that this is a B-BBEE related offering during a review with Inyosi or its approved financial advisers, and is not an offer to the general public.

SUMMARY

Inyosi Solutions (Pty) Ltd created the Inyosi Supplier Development Investment (“ISD”). Companies invest their supplier development spend strategically by investing into an unsecured interest free loan and earn 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. Inyosi Solutions is the 3rd party implementing agent of ISD. ISD is managed by an authorised representative of AHI Asset Management (Pty) Ltd (Reg.No. 1953/001254/07), an authorised financial services provider, FSP636.

Key Information

3rd party Implementing Agent	Inyosi Solutions (Pty) Ltd, Reg. No. 2017/267327/07
Nature of the investment	Unsecured interest free loan
Currency	South African Rand
Supplier development	After your year end, and annually thereafter, you will receive a Supplier Development statement 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 Supplier Development statement	On each annual anniversary we will issue you a Supplier Development statement based on the market value of your investment and ISD’s rating by an accredited empowerment rating agency.
Underlying portfolio risk: Debt	Unlisted short term loans to qualifying black owned suppliers
Minimum investment term	5 year investment term
AHI Asset Management (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 (debt portfolio).
Financial adviser fees (excl. VAT)	Either 1.75% upfront and 0.25% ongoing OR 0.5% upfront and 0.5% ongoing (deducted from 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: Daily
How can you cancel your investment?	<p>Within the initial 30 day cooling-off period: You have a 30 day cooling-off period to change your mind about your investment. 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.</p> <p>After the 30 day cooling-off period: If you surrender your investment 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% (excl VAT) 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.</p> <p>All early surrenders are subject to the liquidity provisions of ISD, and Inyosi Empowerment 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, Inyosi may elect to pass the investments in specie to you.</p>
Tax implications	The lump sum you get back from your investment is tax-free in your hands.
iHive - Preferential Procurement Portal access	Deducted from your capital in advance on investment inception. Thereafter Inyosi Capital will issue you an invoice shortly before each of your financial year ends following your investment anniversary. Your invoice must be paid within 60 days of issue. If your invoice is not settled by you within 60 days of issue, payment will be deducted from your capital and paid to Inyosi Capital (capped at R150,000 p.a.).
Who can invest?	This investment is restricted to those entities who have been introduced to Inyosi, who understand that this is a B-BBEE related offering during a review with Inyosi or its approved financial advisers, and is not an offer to the general public.

Through our comprehensive service offering, we are able to offer our investors a comprehensive **Enterprise & Supplier Development solution** whilst also providing black-owned businesses with **Access to Funding, Access to Markets and Access to Skills.**



HOW INYOSI SUPPLIER DEVELOPMENT WORKS

Each investor makes an unsecured interest free supplier development loan into 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 annually in advance on inception and thereafter annually on your loan anniversary and you will be invoiced by Inyosi Capital. The preferential procurement portal will provide investors with access to suppliers. Investors can also get their suppliers to register on the portal – thereby improving their own suppliers access to markets.

After receiving your unsecured interest free loan, Inyosi Capital makes an interest free loan to Inyosi Finance – a not for profit company. Inyosi Finance makes direct or indirect loans to fund 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. AHI Asset Management (Pty) Ltd, Inyosi Solutions, Inyosi Capital and Inyosi Finance are all related parties.

Supplier Development's strategic objectives are:

A 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.

B 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,
- Equity 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.

Impact at a glance for the year ending March 2021



500
investors
in Inyosi Loan Books

Inyosi has provided over
R352 million
in loan funding to small black-owned businesses across the ED, ED ICT and SD funds.



Inyosi's loan book contained
91 beneficiaries
across the three funds.



KEY INVESTMENT RISKS AND THEIR MITIGATING FACTORS

KEY RISKS	RISK MITIGATION
ISD will be exposed to unlisted investments	ISD makes an initial loan into Inyosi Capital# who on-lends to Inyosi Finance#. Ultimately loans will be made to diversified suppliers nationally and across different sectors. Inyosi Solutions# is the 3rd party implementing agent 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 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 fees, 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 fixed term. 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 In the loan portfolio 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, Inyosi 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 Inyosi Solutions keeping abreast of legislative changes and reviewing ISD's mandate where and when appropriate.
Risk to capital	ISD will make loans to qualifying entities in terms of the DTI scorecard via Inyosi Finance. 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 fees 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	Investors into the Supplier Development Portfolio are investing into unsecured interest free loans and earn no return on this investment.

AHI Asset Management, Inyosi Solutions, 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 monthly on the first business day of every month showing the details of your investment. You may also access this information online via our secure website at www.inyosi.co.za.

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

On every financial year-end of your investment we will provide you with an empowerment accredited Supplier Development statement and within 30 days after the company's year-end. The Supplier Development statement will be issued to you based on your investment's current market value and ISD's latest supplier development rating. Portfolio's statements will be based off the Portfolio's current Supplier Development rating.

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% (excl VAT) will be paid within 60 days from the end of that month provided that we have been able to liquidate the investments. Inyosi 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 accredited empowerment rating agency statement will not be issued in the next year of exit.

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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AHI Asset Management (Pty) Ltd (Reg.No. 1953/001254/07) is an authorised financial services provider, FSP636. Inyosi Solutions (Pty) Ltd (Reg.No. 2017/267327/07) is a juristic representative of Cartesian Capital FSP 45318.
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