

QUARTERLY FUND UPDATE: MARCH TO MAY 2017

The ASISA ESD Fund was launched in March 2013 with little fanfare. Our aim was to roll up our sleeves and focus on "doing" rather than "talking".

Just over four years later, and we can proudly report that we have made the following impact:



In addition, despite a tough economic environment plagued by sluggish growth and unemployment, the Fund has managed to create 333 new jobs.

We have to admit though that we have been so caught up in growing businesses and creating jobs that we probably did not share enough of our journey with our growing stakeholders base.

We are therefore starting the first newsletter of our 2017/18 financial year with a brief overview of the ASISA ESD Fund.

Who we are and why we exist

The ASISA ESD Fund, managed by Edge Growth, exists to support the growth and development of small and medium enterprises (SMEs) to protect and create jobs.

A savings and investment industry initiative, the Fund's approach is premised on the deep understanding that every SME is a unique business requiring more than just financial support in order to grow and create employment.

The Fund therefore ensures the sustainable development of high-potential SMEs through an innovative combination of tailored business support, access to market and financial support structured according to the specific needs of each SME. Eligible SMEs are carefully selected either from the supply chain of ASISA member companies or because there is a good mandate fit from a social and industry perspective.

The Fund received international recognition for this innovative approach when it was selected in March 2016 by the United States Agency for International Development (USAID) for a US\$1 million grant, payable over three years, as part of the USAID Partnering to Accelerate Entrepreneurship (PACE) initiative. The Fund is one of only eight applicants worldwide selected for this grant and only the second successful applicant from Africa.

Good Governance

The Fund's structure and operating model are designed to optimise the impact of its investment by applying sound corporate governance and robust investment expertise.

The Fund is governed by a Board representing industry and Government with more than 200 combined years of specialist experience in financial services, governance, fund management, procurement and transformation.

Our Investment Committee is responsible for evaluating and approving the Fund's portfolio of investments and boasts investment professionals with experience in private equity, SMEs and developmental investing.

More information on our processes and governance structures can be found [here](#).

LATEST INVESTMENT

A MEERKAT IN OUR MIDST



The Meerkat Team (left to right): David O'Brien - Founder & MD, Nelisiwe Gumede - Acting Operations Manager, Zelda O'Brien - Chair, Amrisha Sadien - Chief Commercial Officer, and Claudette Stanly - Administration Manager.

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The Fund kicked off its new financial year by adding an exciting new company to its investment portfolio. Meerkat is a majority black owned company founded in 2016 by experienced product actuary, David O'Brien. The company aims to become a leading change agent by helping consumers escape the debt trap and achieve their financial goals through accessible, affordable and simple financial solutions.

To this end the company has already launched debt counselling and insurance businesses. It is also developing next generation financial solutions, including savings and robo advice, specifically designed for the underserved, over-indebted and vulnerable segments of the local market.

Meerkat piqued the interest of our deal team for the following reasons:

- Meerkat has the potential to be an efficient job creator (60+ jobs) at a relatively low cost.
- It presents our funders with the opportunity of an attractive risk adjusted return.
- Meerkat has the vision to convert over-indebted South Africans into savers, which is positive for the savings and investment industry as represented by ASISA.
- Meerkat is developing partnership models for specific customer segments.

Given the good mandate fit from both a social and industry perspective, the ESD Fund's Investment Committee approved loan funding to enable Meerkat to achieve its growth ambitions and deliver maximum social impact.

The management team at Meerkat brings to the party a powerful combination of in-depth industry experience, young talent, financial savvy, cutting edge technological competence and

a passion for driving sustainable financial decisions. We believe the Meerkat team is well positioned to support this fledgling business with exciting potential.

For more information on Meerkat please visit <https://www.meerkat.co.za/>.

ACCELERATION PROGRAMMES

INDEPENDENT FINANCIAL ADVISER (IFA) DEVELOPMENT PROGRAMME

21 NEW JOBS CREATED AT BLACK IFA PRACTICES



Thumbs Up: Participants in the first Independent Financial Adviser (IFA) Development Programme launched last year said they would strongly recommend the programme to their peers.

The Measurement and Evaluation (M&E) Report for our first ever black Independent Financial Adviser (IFA) Development Programme is complete and we are thrilled with the outcome.

The Report shows that the programme, concluded in February this year, created 21 new jobs at the 32 participating IFA practices. In addition, all of the IFA practices said they would strongly recommend the programme to their peers.

The programme was launched at the beginning of 2016 by the ASISA ESD Fund in collaboration with Allan Gray, Coronation, Investec and Prudential. The 12-month programme uses the following three-pronged approach to enable the growth and development of participating black IFA practices across the country:

Business Development Support

Participating IFA practices receive business development support over 12 months from Fundhouse, an independent global company that specialises in providing investment and business advice to IFA practices.

This includes:

- Upfront diagnosis of existing business practises and constraints to growth;
- Development of a tailored learning plan;
- Focused business development support throughout the duration of the project;
- Specialist practice development consulting (product, marketing, accounting, and legal);
- Best practice on-going business performance reporting; and
- Targeted mentoring and skills development.

Skills Development

Black graduates interested in pursuing a career in financial planning are given the opportunity to participate in an internship with a top performing IFA.

Following a two-week work-readiness programme, interns enroll in a structured programme with hosting IFA practices consisting of theoretical knowledge and practical work experience. This skills development leg of the programme is run by the ASISA Academy.

Of the 2016/17 cohort of interns, eight were offered permanent employment by IFA practices, while the remaining 11 found employment in the financial services sector or opted to further their studies.

Programme Management

Edge Growth is responsible for managing the programme and ensuring that the delivery of objectives is monitored and tracked throughout the process. This includes monthly reporting as well as measurement and evaluation of the programme. The M&E process takes place half way through the programme and again at conclusion, enabling continuous improvement based on feedback obtained.

The second black IFA Development Programme started in December 2016 with 30 practices participating and 21 interns enrolled. For more information on the IFA Development Programme please e-mail AsisaESDFund@edgegrowth.com.

LIBERTY BLUESKIES SUPPLIER DEVELOPMENT PROGRAMME FEATURES ENTERPRISE: ADVANCE OFFICE SUPPLIERS



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Advanced Office Supplies (ADVOS), a black owned Cape Town based supplier of a wide range of office equipment and stationary, has been on Liberty's Blue Skies ESD Programme for the past two years. Liberty created the Blue Skies Programme, managed by the ASISA ESD Fund, to help fulfill its transformation commitments by developing its distribution networks and suppliers through holistic best practice Enterprise and Supplier Development.

One of 19 suppliers receiving business development and growth acceleration support from the Blue Skies Programme, ADVOS has been commended for its commitment to the programme. As a result of the tailored business development support, the company has implemented a number of changes, which have translated into new clients and increased profitability.

These changes include:

- Identifying key customer segments and fostering an understanding of pricing and customer spend;
- Improving communication between operational staff; and
- Strategic allocation of tasks to key individuals.

We believe that ADVOS is now in a position to realise its full growth potential by inclusion in the wider supply chain of ASISA members and our stakeholders.

ADVOS not only provides writing materials, paper, and files, but also office furniture, whiteboards and machines such as binders and laminators. More information on ADVOS can be found [here](#).

HOW CAN YOU SUPPORT THE ASISA ESD FUND INITIATIVES

Funders can contribute an investment, loan or grant to the Fund and benefit from maximum ESD points in terms of the B-BBEE scorecard in addition to achieving meaningful and measurable commercial and social impact outcomes.

The Fund will work with interested investors to maximise the value of ESD contributions by:

- Determining an optimal investment approach (grant, loan, investment, or a combination);
- Confirming the required value of the ESD investment;
- Developing the ESD contribution agreement; and
- Processing and accrediting the ESD investment.

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