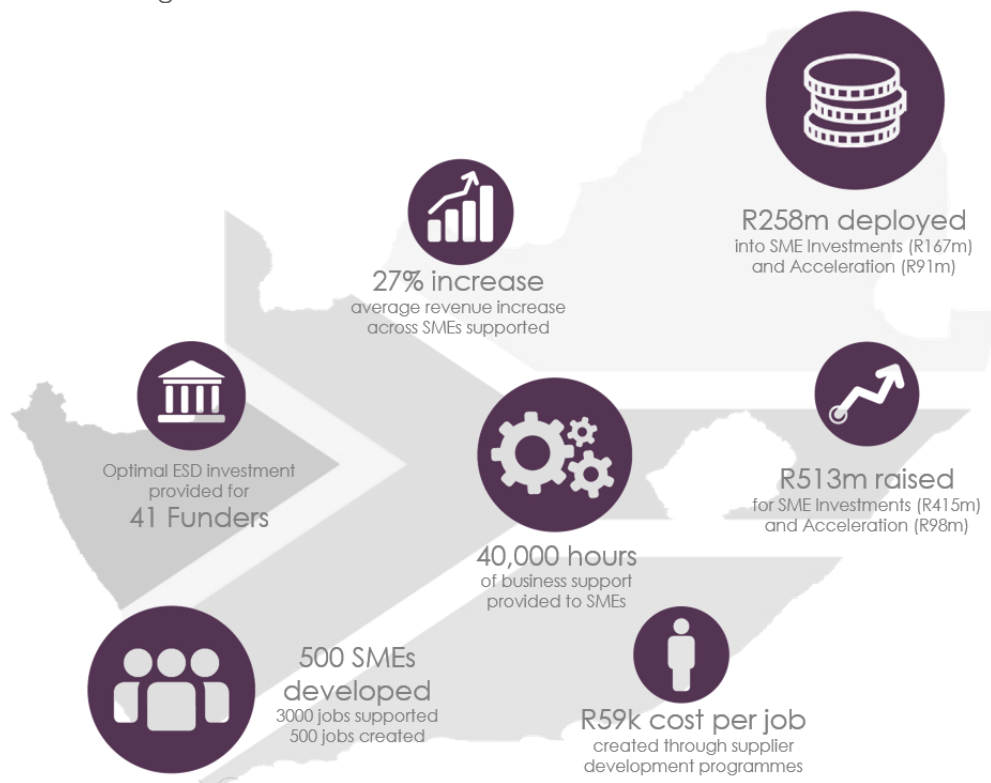




QUARTERLY UPDATE: JAN – MAR 2018

CREATING A SUPPLY CHAIN REACTION

The ASISA ESD Fund (the Fund) successfully concluded its fourth quarter and financial year at the end of February 2018. With the support of our stakeholders we exceeded our targets for the quarter as well as for the year, which pushed the Fund's overall impact metrics to new heights. Since its launch in March 2013 the Fund has achieved the following outcomes:



In the 12 months to the end of February 2018 alone, our stakeholders contributed R168 million towards SME development, enabling the Fund to support 136 new SMEs. During the year the Fund also delivered eight SME acceleration programmes and initiated four exciting new programmes. Since launch, the Fund has deployed a total of R91 million in developmental support to key industry sectors.

The Fund further increased the number of SMEs receiving financial investment support by 40% and reported a 0% default rate across its portfolio. Along with this growth the Fund optimized its legal structure in alignment to the much-anticipated new Financial Sector Code placing specific focus on its Supplier Development capability. With procurement being a key focus for transformation the Fund further implemented an innovative online app to track SME growth and unlock access to market.

During the financial year under review the Fund focused its efforts on accelerating transformation by developing black-owned SMEs linked to strategic industry value chains including financial planners, stockbrokers, private equity managers and consulting services. The Fund's Investment Committee also received the green light from the Board to ring fence funding under a Technology Innovation Investment theme to support black-owned entrepreneurs innovating in the technology space.

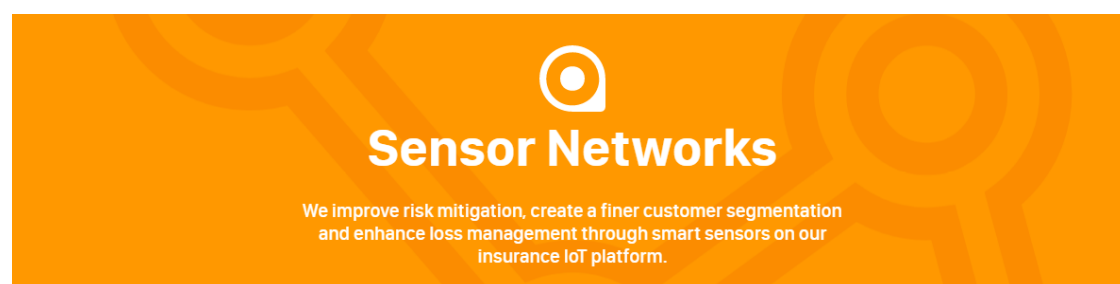
The Fund is grateful for the support of its investors and funders as well as the leadership of its Board. In partnership we look forward to continue unlocking the growth potential of South Africa's SME sector.

INVESTMENTS

CAPITAL DEPLOYED DURING THE LAST QUARTER

The Fund's Investment Committee added three black owned service providers with high growth potential from the short-term insurance space to its investment portfolio in the fourth quarter. Our Investment Committee is responsible for evaluating and approving the Fund's portfolio of investments and boasts investment professionals with experience in corporate finance, private equity and developmental investing.

SENSOR NETWORKS



Sensor Networks is a technology business specialising in sensing devices and data points that can be managed through easy to use mobile applications. Mark Allewell, the founder of Sensor Networks, says the company's current focus is on developing geyser sensors. These sensors can provide substantial cost-cutting benefits to short-term insurers as a result of the geyser sensor and platform's ability to effectively manage and reduce the risk of geyser failure.

The Investment Committee approved an investment of R5 million into Sensor Networks resulting in a stake of 8.36% in the company. The investment will be used to support the firm's continued growth by funding further technology development and providing additional working capital. The Investment Committee believes that this investment will reward the Fund with attractive economic returns while at the same time providing ASISA members with interests in the short-term insurance space with excellent supply chain opportunities.

G&T AUTOBODY



We are very excited about supporting this very special business with investment funding. G&T Autobody is one of the very few black-woman-owned panel beating shops in the country. Thembi Sithole began her journey in the industry 32 years ago washing cars at a panel beating shop. She worked her way up to the position of receptionist and then administrative assistant. Now she is the sole owner of G&T, recognised as a leading Major Structural Repairer in Johannesburg.

The business has shown tremendous growth over the past five years, doubling its revenues from R5.5 million to R11 million. As part of the Fund's strategic focus to support businesses that contribute to inclusive economic growth, the Investment Committee approved financing of R500 000 into G&T. The funding will be used to purchase new equipment to increase the panel beater's capacity to take on additional work from new insurance clients. As the business continues to provide exceptional service to its client base, and we are confident that G&T will comfortably continue on its growth trajectory.

HOME INCIDENT MANAGEMENT



Home Incident Management (HIM) provides a transactional processing service to the short-term insurance industry for incident management and claims administration, mostly in the construction, plumbing and electrical space. The company is also working towards branching out into motor claims. The business was started in 2015 by Aleeshen Kisten, Eric Sigama and Devan Reddy. All three have worked in the short-term insurance industry in various executive and management capacities.

The Investment Committee approved financing of up to R4 million into HIM (R2 million upfront and up to R2 million in further tranches). The funding will be used to cover HIM's working capital needs for IT development, a bigger call centre, and marketing the

business. We believe that this investment has the potential for attractive economic returns. It also offers great supply chain opportunities for short-term insurers, some of which are owned by ASISA members, to increase their transformation spend by channelling claims through a 100% black owned incident manager. In addition, we believe HIM will serve as an excellent strategic partner for the Fund to drive volumes to other empowered short-term insurance service providers, both in the Fund's own portfolio as well as the broader ASISA member supply chains.

ACCELERATION PROGRAMMES

CASE STUDY: ORIZOE SERVICES



After six years of stubbornly refusing to give up on her fledgling business, Ori Ntsompo, struck gold when Orizoe Services was selected to participate in the **Sanlam Enterprise and Supplier Development (ESD) Programme** in 2016 and 2017. Sanlam's ESD Programme is the ASISA ESD Fund's longest standing partnership. Together the Fund and the Sanlam Programme support the strategic growth and development of small and medium enterprises linked to Sanlam's supply chain and distribution networks to achieve meaningful transformation through job creation.

Orizoe Services is a Johannesburg-based cleaning and hygiene services business that is black female owned with an all-black staff complement. The company's services include office and industrial cleaning, washroom services, garden maintenance, carpet and upholstery cleaning, window cleaning, as well as pest control and fumigation services.

As part of the Sanlam ESD Programme, Ori was assigned a mentor to help her address the challenges that her business was facing and to help Orizoe Services achieve its full growth potential. At the start of the programme Ori reported that she was feeling overwhelmed by the many responsibilities and challenges. She was struggling to prioritise her long to-do list which included business development and marketing, managing people, financial management, as well as implementing admin processes and a quality management system. Over the next two years, Ori and her mentor worked together closely to prioritise challenges. In addition, the following key projects were devised and implemented with the help of an experienced mentor:

- Project 1: Customer targeting, selling and doing business with corporates – The aim of this project was to teach Ori how to increase turnover and grow the business.
- Project 2: Capacity planning for growth – Ori learnt to identify business critical positions and was guided to fill them with the right people.
- Project 3: Legal compliance and governance – We helped Ori put in place policies, procedures and compliance requirements.
- Project 4: Systematising your business – We helped Ori achieve ISO 9001 and SABS accreditation. This has given Orizeo Services the competitive edge and Ori can now tender with confidence.

Orizeo Services graduated from Sanlam's ESD Programme at the end of 2017. We are extremely proud of the following successes that were achieved by Ori and her team as a result of the mentoring and business development that the programme provided:

- 27 jobs new jobs were created, bringing Orizeo's total employees to 56.
- Orizeo Services has signed up five new clients: City of Johannesburg Housing, City Properties, National Home Builders Registration Council (NHBRC), Contitech, and Transnet.
- This has contributed an additional R223 000 to the monthly turnover.

Ori also found that as a result of having participated in the Sanlam ESD Programme, her business is now being invited to participate in closed tenders in the corporate sector. More information on Orizeo Services can be found [here](#).

LET'S ENGAGE

We are excited about continuing and strengthening our relationship with you, our valued stakeholder. If you have any questions about this report or if you would like to discuss new opportunities, please feel free to contact us on:

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