Press release from the SA SME Fund

SA SME Fund announces a R600m first close for its Venture Capital Fund of Funds

- *SA SME Fund is the largest institutional investor into VC funds in South Africa*

Johannesburg, South Africa, 15 May 2023 – The SA SME Fund is pleased to announce the first close of its R1 billion Venture Capital Fund of Funds (VC FoF), with R600 million in commitments from investors.

The VC FoF exceeded its First Close target of R500 million, attracting first mover institutional and pension fund capital to the VC asset class. The VC FoF includes a first loss capital layer from the SA SME Fund and USAID, as well as capital commitments from the Department of Science and Innovation, and the Consolidated Retirement Fund for Local Government, represented by Sukha and Associates.

The SA SME Fund was established by members of the CEO Initiative and is a collaboration between government and business aimed at addressing some of the most pressing challenges to the country's economic growth. It is chaired by Adrian Gore and its investment committee is chaired by Michael Jordaan.

Adrian Gore, Chairperson of the SA SME Fund says: "The SA SME Fund has been instrumental in scaling the entrepreneurial and start-up ecosystem in our country by providing catalytic capital. The launch of the VC Fund of Funds advances this vision, and further cements venture capital as a credible asset class in South Africa. I am excited to see the impact we have had in realising our country's potential."

Ketso Gordhan, CEO of the SA SME Fund says, "Attracting institutional and pension fund capital to the VC industry is a significant achievement. Critical to both the VC FoF, and the Debt Fund is the inclusion of a first loss capital layer, which is an important feature in the SA SME Fund's two recent funds. The first loss advantage helps to de-risk investments, and attracts other private sector players."

The SA SME Fund is invested in 16 funds in venture capital, debt and private equity and has catalysed over R3 billion of additional capital to its partner funds.

The VC FoF will continue its VC strategy, focusing on later stage VC funds in South Africa. In addition to seeking superior risk adjusted returns, the VC FoF has a well-defined transformation mandate. The first commitments to VC funds are expected to be concluded in June 2023.

Keet van Zyl, founder of Knife Capital, one of the SA SME Fund's partner funds says, "The SA SME Fund has become the largest institutional investor into VC funds in South Africa and has effectively doubled the size of the VC industry in South Africa through its investment programme. We are grateful for their support of Knife Capital and look forward to a prosperous partnership together."

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Directors: A Gore (Chairman), F Chothia, NJ Dlamini, LM Klein, P Mahanyele-Dabengwa, YG Muthien, NG Payne, KM Gordhan (CEO), CT Winter

About the SA SME Fund

The SA SME Fund was set up as part of the CEO initiative, a collaboration between government and business to address some of the most pressing challenges to the country's economic growth. The SA SME Fund was capitalised by 52 corporates and the Public Investment Corporation with R1,4 billion. It invests in funds that support and develop mainly Black entrepreneurs, with over R630 million committed to VC Fund Managers. In addition to the R1,4 billion fund, it has a R300 million SME Debt fund with Gauteng Government and the IDC as investors. This, together with the VC FoF takes its assets under management to R2,3 billion.

https://sasmefund.co.za/

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