

Maximizing returns through Unconstrained investment opportunities

(A submission to the Parliamentary Committee: Small Business

Development-Public Hearing on National Small Enterprise Amendment Bill-

B16-2023]



Unconstrained Opportunity Set

Geographical Strategy

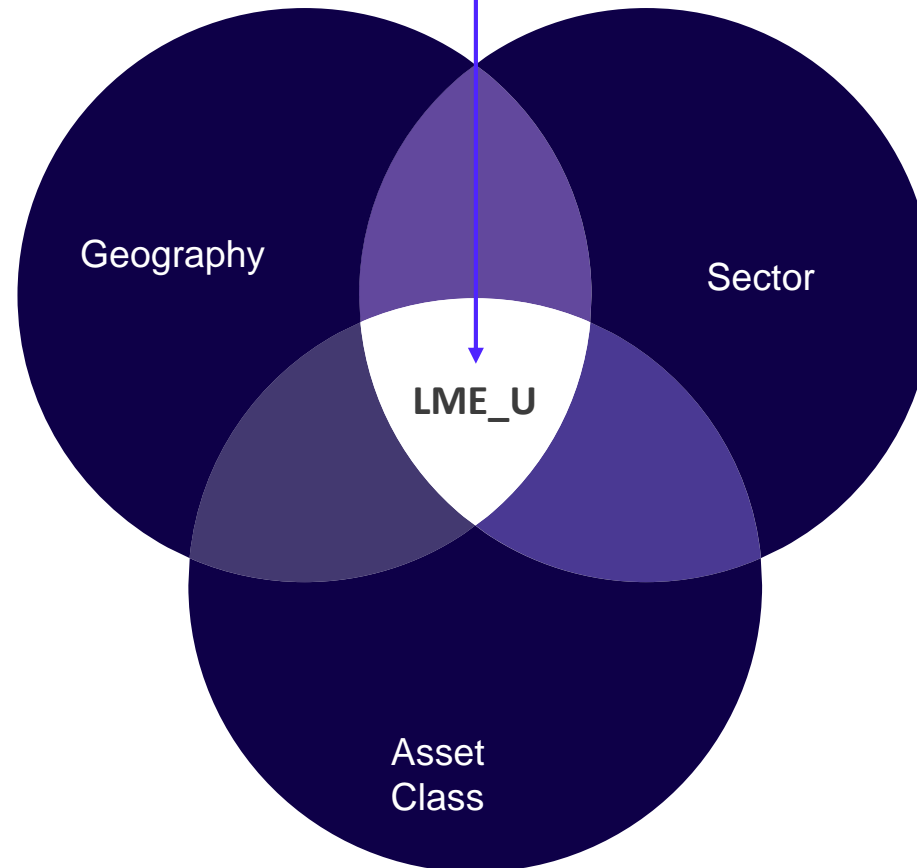
Sector Strategy

Asset Class Strategy

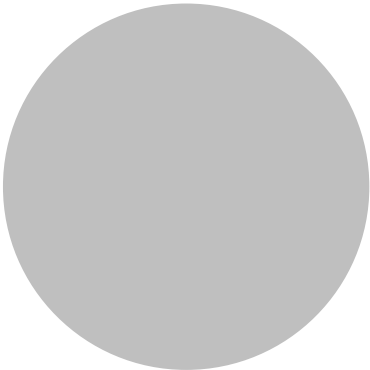
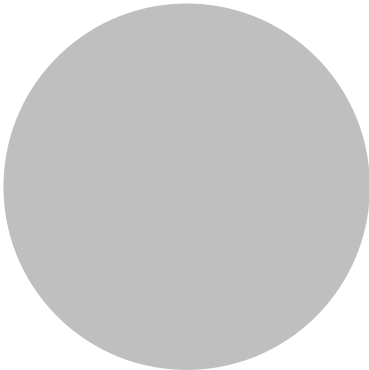
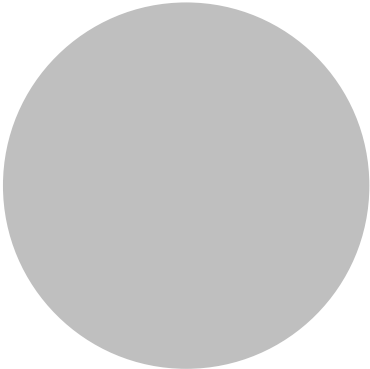
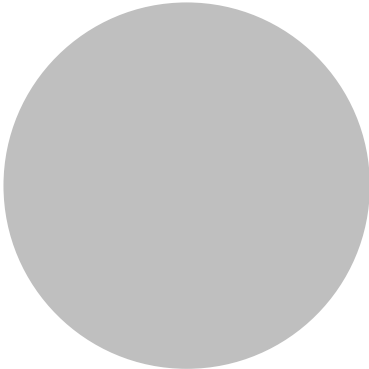
Leveraging Integrated Geographic, Sector and Asset Class Strategies

We maximise our unconstrained returns by identifying a unique opportunity set which rests at the intersection of well-defined geographic, sector and asset class strategies.

Unconstrained
Opportunity Set



WHERE DOES **CBDA** BELONG...



THE SA GOVERNMENT : KEY Development FUNDING INSTITUTIONS(DFIs)



STATED OBJECTIVE: Provides Development Finance to SMMEs and Co-operatives
SECTOR COVERAGE: SERVICES, MANUFACTURING(INCLUDING AGRO-PROCESSING, AGRICULTURE, SMALL CONTRACTORS, SMALL SCALE MINING, GREEN INDUSTRIES(Re, WASTE & RECYCLING)



STATED OBJECTIVE: To serve South Africa's commercial and emerging farmers by offering customized financial services within their reach
SECTOR COVERAGE: AGRICULTURAL FINANCIAL SERVICES, Corporate Banking & Structured Investment, Commercial Development and Business Banking & Insurance Solutions



STATED OBJECTIVE: Collaborates with many ecosystem stakeholders and allocates significant resources to promote entrepreneurship and the growth of SMMEs.
COVERAGE: Business Planning, Business Counselling, Facilitation of Access to Finance, Business Support, Mentorship, Tender Advisory, Procurement, Export Readiness, Franchising, & TECHNOLOGY : incubation, Quality & Standards, Tech-Transfer



STATED OBJECTIVE: To mobilise funding which will be used to accelerate sustainable socio-economic development, and improve the quality of life of the people of the Southern African Development Community(SADC) and AFRICA
SECTOR COVERAGE: INFRASTRUCTURE, Planning, project preparation, investment financing and Implementation & Delivery



STATED OBJECTIVE: Growing Black Economic Participation
SECTOR COVERAGE/AGNOSTIC: Umnotho Fund (Access to BEE Capital), Women Empowerment Fund(BWO Businesses), Rural, Township and Community Development Fund(Rural Economy Development), Strategic Projects Fund(Scoping and Development) IMbewu Fund(Early and Growth Capital)



STATED OBJECTIVE: To drive transformation and lead in a manner, to encourage an equitable distribution of economic benefits, inclusive participation and decision-making within the South African economy.
COVERAGE: INVESTMENT, in unlisted Investments, Listed Investments and Third-party fund management.



STATED OBJECTIVE: Promote entrepreneurial development and grow the SME(sectors); Grow Black Industrialists and transform and impact on communities; and provide funding in support of industrial capacity development
SECTOR COVERAGE: Agro-processing & Agriculture, Automotive & Transport Equipment, Chemicals, Medical and Industrial Mineral Products, Energy, Infrastructure-Machinery, Equipment & Electronics, Media & Audio Visual, Mining & Metals, Textiles & Wood Products, Tourism & Services



STATED OBJECTIVE: To provide political and commercial risk insurance to South African exporters of goods and related services
COVERAGE: INSURANCE(ECA)- BOND INSURANCE, EXPORT CREDIT INSURANCE & INVESTMENT INSURANCE.



THE CBDA MANDATE



STATED OBJECTIVE: To facilitate the development of a competitive, accessible and sustainable co-operative banking sector that empowers communities. (Caveat: Provides Development Finance to SMMEs and Co-operatives)

SECTOR COVERAGE: SERVICES, MANUFACTURING (INCLUDING AGRO-PROCESSING, AGRICULTURE, SMALL CONTRACTORS, SMALL SCALE MINING, GREEN INDUSTRIES (Re, WASTE & RECYCLING)) **THE COMMON BOND**

Mobilising Community Savings

Stakeholders:

- Common Bonds have been built
- The Sector is declining in number of Co-operatives, and Funds under management
- The post-Covid environment has placed upward pressure on member withdrawals from FSCPs.
- So the CBDA has faced major challenges in membership and assets under management (AUM)
- So there has been FAILURE to GROW THE SECTOR

The Missing..Box

Building Institutional Resilience

Stakeholders:

- CBDA has provided immeasurable support
- CBDA is staffed by/with financial services specific skills
- Banking and Financial Services is a highly regulated industry and environment
- The CBDA has RESPONSIVELY BUILT THE CAPACITIES (Regulatory and Administrative) of most CFIs
- THE CBDA has not had the capacity to **mobilise Funding & Technology Interventions**

Key objectives:

- Creating an enabling environment for the Co-operative Banking Sector through:-
 - Innovative solutions
 - Capacity building
 - Funding and technology interventions
 - Support to Co-operative Banking Institutions (CBIs)
- Broadening access and mobilising **Community Savings**
- **Supporting an institutionally sound, vibrant and growing CFI Sector**

POSSIBLE APPROACHES: RECOMMENDATIONS

1. Institutional
 - a. The CBDA in large part provides regulatory and administrative support
 - b. Its mandate under the PA, must grow to including **CFI FUNDING**
2. Service Model
 - a. If the CBDA must merge with SEFA then a highly-digital platform must replace the current CBDA/CFI engagement process.
 - b. Co-opted Private Funding via SEDFA must be mobilized for CFI support.
3. Leverages and CFI (Product Offering)
 - a. A Standard Product Platform for (Loans Support and Early Stage SME Funding)
 - b. Partial Credit Guarantees (for targeted sector DFI Funding (eg Agriculture, Small Scale Contracting, in essence the SEFA Sector Coverage and Common Bond))
 - c. Partnerships with Financial Products and Technology-Development houses to assist the CBDA with testing, proving and scaling, "innovative financial products".

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FSP 50201