

# MORE ABOUT THE STANLIB KHANYISA IMPACT INVESTMENT FUND

### **KEY FEATURES**



Measurable impact and development benefits



Self-liquidating



Diversification benefits



Degree of inflation protection



Long-dated, stable/consistent, predeterminable ZAR cash flows



Expected weighted average life of five years for the portfolio



## CREDIT ALTERNATIVES PHILOSOPHY

We believe that credit markets are nontransparent and informationally inefficient, and this often leads to mispriced opportunities.

Extracting value from this complex asset class requires a high degree of technical expertise, a rigorous investment process, and a focused

approach to downside risk management – all of which form the bedrock upon which our business has been built.

By drawing on these strengths, we aim to deliver attractive, risk-adjusted returns over the long term.



### FUND FOCUS

When we speak of South Africa, we speak of potential. But who can turn this potential into prosperity? The STANLIB Khanyisa Impact Investment Fund, developed by STANLIB Credit Alternatives, aims to answer this question with a bold initiative that seeks to marry sustainable financial returns with positive socio-economic growth.

The Fund will reach its objectives by making investments in Infrastructure, Financial Services and Agriculture in order to catalyse economic development by increasing financial inclusion, so as to reduce inequality and poverty.

This Fund suits investors who are seeking:

- > Exposure to a portfolio of assets which provides tangible, measurable impact and developmental benefits
- > A relatively lower risk of capital loss, with exposure to regular income distributions
- A yield pickup relative to typical fixedincome propositions
- > Duration benefits and/or inflation hedge benefits

A key driver of the Fund's objectives will be to help contribute towards the fulfilment of the United Nations Sustainable Development Goals (SDGs) in the areas of climate change, housing, increased access to financing, telecommunication services, infrastructure, agriculture and food security, in the following ways:

THEME	TARGETED OUTPUTS	ADDRESSABLE SDGs	MEASUREMENT
Infrastructure:  i. Social Infrastructure – affordable housing, healthcare and education  ii. Economic Infrastructure – utilities, energy, telecoms and transportation  iii. Municipalities and SOEs	<ul> <li>Increase more affordable housing</li> <li>Increase access to affordable healthcare</li> <li>Increase access to decent and affordable educational opportunities</li> <li>Increase number of households with access to reliable energy supply</li> <li>Increase percentage use of clean energy</li> <li>Catalyse economic growth</li> <li>Increase access to telephone and data services</li> </ul>	SDG 7 Affordable clean energy SDG 9 Industry innovation and infrastructure SDG 11 Sustainable cities and communities SDG 12 Responsible consumption and production SDG 13 Climate action	<ul> <li>Both qualitative and quantitative</li> <li>Use of Social Return on Investment (SROI) model, for example: number of housing units built, numerical increase of hospital beds, housing units, and educational facilities</li> <li>CO<sub>2</sub> emission reduction and green MW increase</li> </ul>
Financial Inclusion: i. SME Financing ii. Microfinancing iii. Payment and Remittance iv. BEE Financing	<ul> <li>Access to financial services</li> <li>Improved financial literacy</li> <li>Increased economic activity</li> <li>Reduced barriers to entrepreneurship</li> </ul>	SDG 1 No poverty SDG 5 Gender equality SDG 8 Decent work and economic growth SDG 10 Reduced inequalities	<ul> <li>Mainly quantitative multiplier effect</li> <li>SROI application (economic value-add per rand spent)</li> </ul>
Agriculture	<ul> <li>Increase sustainable land-use efforts</li> <li>Increase food security</li> <li>Address land redress</li> <li>Increase access to nutritious food</li> </ul>	SDG 1 No poverty SDG 2 Zero hunger SDG 3 Good health and well-being SDG 9 Industry innovation and infrastructure SDG 12 Responsible consumption and production	> Both quantitative and qualitative, for example: increase yield outputs, more participation by HDIs in agriculture

SDG 13 Climate action

## PORTFOLIO MANAGERS



Zeyn Ismail Head of Investment Team & Portfolio Manager



Kholofelo Molewa Portfolio Manager

#### Legal Structure

South African En Commandite Partnership.

#### Fund Manager

STANLIB Asset Management (Pty) Ltd, acting through its Credit Alternatives Investment Team.

#### **Investment Strategy**

The Fund's focus is to make credit investments into assets that display measurable impact benefits. Underpinning this approach is the global drive to meet the Sustainable Development Goals (SDGs) launched by the United Nations in 2015 to help meet a wide range of developmental targets by 2030. The Fund is positioned as a long-term income play while simultaneously offering investors the opportunity to experience long-term capital preservation.

#### Target Fund Size

ZAR 3 billion with the ability to increase to ZAR 5 billion.

#### General Partner

The General Partner will be a private company incorporated in South Africa and wholly owned by STANLIB Asset Management (Pty) Ltd.

#### **Limited Partners**

Investors will participate in the Fund as Limited Partners, will take no part in the management of the partnership, and will rely on the General Partner and the Manager to conduct and manage the affairs of the Fund.

### Limited Partner Advisory Committee (LPAC)

An LPAC, consisting of members not affiliated with the General Partner, shall be established in respect of the Fund. Each Limited Partner with a capital commitment equal to at least 25% of the total commitment of the Fund shall have the right to appoint a member of the LPAC (provided that the General Partner shall be entitled, at its discretion, to accept certain strategic investors with lesser commitments onto the LPAC).

The General Partner may appoint additional members from among the Investors or their representatives.

#### **Investment Committee**

The Investment Committee consists of at least four members, at least two of whom shall be independent of the manager. The Investment Committee will consider investment as well as divestment proposals, and make recommendations thereon to the manager. No investments or divestments (other than short-term cash management investments) may be made by the Fund unless approved by the Investment Committee.

#### **Fund Tenor Profile**

Closed-ended Fund terminating on the seventh anniversary of the Initial Close.

#### Targeted Return in ZAR

- > Benchmark return: CPI + 4.5% ZAR nominal (gross of fees)
- The return will be measured over 12-month rolling periods
- The return will include a combination of distributions to Investors and capital repayments

#### Fee

A Base Fee plus a Performance Fee will be charged.

#### Liquidity

A closed-ended Fund with limited liquidity. An Investor may sell, assign or transfer its Partnership Interest, with the prior written consent of the General Partner.

#### Key Risks

Include but are not limited to:

- > Credit and Market Risk
- > Liquidity Risk
- > Valuation Risk
- > Legal Risk

#### Indemnification

The Fund will indemnify the General Partner, the Managers and their respective agents, associates and personnel, each member of the Investment Committee, and each member of the LPAC in respect of any claims, liabilities, actions, proceedings, demands, costs and expenses, including legal fees incurred by them or threatened against them, by reason of their activities on behalf of the Fund or the Investors.

#### Lawyers

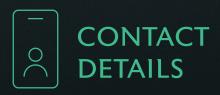
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#### Banker

Standard Bank

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