

# The Sanari Capital 12J Investment Fund

**SANARI**  
CAPITAL

Whilst **private equity** is not typically accessible for individual investors, Sanari Capital has established a **Section 12J Fund** to facilitate access to its private equity investments and in the process afford attractive tax deductions to South African taxpaying investors.

**Closing 28 February 2018, subscription by 16 February**

“ *Sanari Capital invests in established and high growth companies in the lower mid market, deploying professional investment management practices and a rare ability to unlock value from investments.* ”

## Private Equity outperforms



<sup>1</sup> ALSI TRI returns are before fees. Private Equity returns are net of fees (Riscura) SA private equity has delivered consistent, attractive risk adjusted returns relative to listed equities, primarily because PE investors have additional levers at their disposal to generate returns. Research shows further that, globally, smaller and mid-sized PE funds outperform larger funds.

PE also delivers beyond financial return, stimulating job creation and enhancing growth and governance in investee companies.

## Attractive global and local growth trends



All Connected  
/ Industry 4.0



Data is the  
New Gold



Technology is  
not a Vertical

### Investment Themes



In Sickness and in  
Health



Education is the Most  
Powerful Weapon



There is no  
Planet B

## Why invest with us?

- ▶ **Active investment management** – Opportunity to earn compelling investment returns irrespective of economic conditions. Attractive risk-return characteristics.
- ▶ **Niche focus** – Expertise investing in businesses that are founder-run, owner-managed or family-owned to unlock trapped value in the lower mid market. The 12J fund invest R10 - R40 million in companies with Enterprise Value of R25 - R100 million.
- ▶ **Experienced** – More than 60 years' collective investment related experience. Deep understanding of entrepreneurial businesses.
- ▶ **Empowered** – Majority black owned and Level 2 BEE, conferring value-adding black ownership to the portfolio.
- ▶ **Proven** – Strong track record; members of the investment team involved in creating almost R1 billion of realised investment profits across 7 past investments, a 3.1x gross multiple of cost.
- ▶ **Impactful** – Sanari is a Profit with Purpose company. Growing SMEs is about more than just money; it's about contributing skill to unlock growth, and achieve transformation and sustainable employment.

## The Fund at a Glance

<b>MINIMUM FUND INVESTMENT</b>	R1 million. The Fund board may in its discretion accept lesser amounts
<b>FUND TERM</b>	Maximum 10 years. Stated objective to accelerate liquidity after 5 year anniversary
<b>NET RETURNS OBJECTIVE<sup>1</sup></b>	26% - 31% IRR and 3.4x - 4.3x multiple of cost (after fees, expenses and taxes excl. DWT) (Post DWT 20% - 26% IRR, or 2.7x - 3.5x multiple of cost)
<b>MANAGEMENT FEES</b>	2% annual management fee, 3% one-off establishment fee 20% performance fee, 25% for super return (net IRR >25%)

<sup>1</sup> There is no guarantee that this level of return will be achieved

# Highly experienced Investment Team

Executives are owners of the business and invest alongside fund investors. They have top tier investment backgrounds with leading firms, diverse skill sets including important psychology, strategy, management and transacting skills, and an entrepreneurial spirit.



**Samantha Pokroy**  
Founder & CEO

18 years investment experience, 13 in private equity. SA and US markets, early- and late-stage PE. MBA (University of Chicago, Booth), CFA, BCom, BA (Hons) (Ind. Psych) (Wits).



**Moushmi Patel**  
Principal | Executive

8 years experience in private equity and leveraged finance. CA(SA), MBA (GIBS, Rotterdam), BCom (Hons).



**Neo Ratau**  
Associate | Executive

9 years experience in private equity, corporate finance and leveraged finance. BCom Acc, BCom (Hons)(UJ), MA Candidate (Inclusive Innov.) (UCT).



**Dean Sparrow –**  
Independent IC

16 years experience in private and listed investments. Current CEO of Crossfin Technology Holdings. CA(SA), Bcompt.



**Mametja Moshe –**  
Independent IC

11 years experience in private investments and advisory. Founder and current CEO of Moshe Capital. CA(SA), MBA (Columbia and London Business School).

## Selected Team Experience



## Selection of Current and Past Investments



## A model to Realise Value for investors

What we do with your investment & how we achieve above market returns:

### Quality deal sourcing

- › Source high quality, established businesses that will benefit from a PE investment that facilitates growth, BEE, acquisitions and/or new management

### Advantages in lower mid-market companies

- › Right valuation
- › Value unlock even in difficult conditions through scale economies, quality of earnings, access to market, optimisation, and skills

### Build Value

- › Bring focus on Sustainability, Scalability and Saleability (“3S”)
- › Through better strategy execution, governance, human capital and financial management practices

### A sustainable, scalable and saleable business

- › Buy Low Sell High: a better business on exit means a better valuation multiple Exit after 4-6 years with significant value created for companies, founders, staff and investors alike

## How Section 12J works

As an approved Venture Capital Company (VCC) under Section 12J of the Income Tax Act, investments into the Fund qualify as a permanent full deduction from taxable income for qualifying investors in the tax year the investment is made, resulting in:

- › An effective lower cost of investment, all of the value at only 55% of the cost<sup>1</sup>.
- › Higher returns and lower risk.

<sup>1</sup> Assuming marginal tax payer at 45%, investor receives full tax deduction on the investment in the 12J vehicle

Terms, conditions and restrictions apply



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