



Futuregrowth High Growth Developmental Equity Fund

Term Sheet

Description

The Futuregrowth High Growth Developmental Equity Fund forms part of our developmental suite of funds within the unlisted equity stable. The Fund aims to invest in developmental, innovative early-stage businesses in growth markets. The Fund will be a warm-start, with no asset transfers from the Futuregrowth Development Equity Fund.

Our value proposition

- We support South African entrepreneurs that push the boundaries with innovative technologies that change the way we live.
- We believe that by backing South African startups we can play our part in job creation and in growing our economy.

High Growth Unlisted Equity team

5 Team members

26 Total years experience

30 Average age of the team

Futuregrowth is South Africa's 8th largest asset management firm, with over 50 fund products, over 25 years of track record, and a staff complement of over 100 professionals. The unlisted equity team consists of Amrish Narrandes, the Head of Private Equity & Venture Capital, supported by four investment analysts.

The team follows a sector agnostic approach to investing and their roles encompass pre-screening new deal opportunities, doing detailed analyses, negotiating appropriate terms, reviewing legal documents, and preparing investment reports. The team members see deals through from origination to post-investment monitoring and, ultimately, to realising the investment.

Head: Private Equity & Venture Capital	Amrish Narrandes
Draw period	4-5 years
Payback period	5-6 years
Committed capital target	R500 million - R1 billion
Fund life	Closed-ended (10 years, with a 2 year extension)
Inception date	Q4 2022
Fee	2% on committed capital + 20% incentive (cash-on-cash returns) above base return

Background

Futuregrowth has a 15-year track record of investing in developmental unlisted equity through our Developmental Equity Fund and, within that fund, considerable experience with early-stage equity investments:

- We have focussed on scalable businesses with developmental impact.
- Average deal size of \$1 million, with potential for follow-on investments.
- We have 8+ years of experience in early-stage investing.
- Assets deployed in the form of equity, preference shares, convertibles, and options.

Investment thesis

We source innovative startup businesses that are driven by excellent teams in need of capital and help them grow to the next level. We look for companies from venture capital to early-stage private equity, and special opportunities. Generally, we look for businesses that offer new services or products, niche markets, or disruptive technologies in growth markets.

Deal origination

As a firm with large scale in the unlisted investment space in South Africa, Futuregrowth has developed strong deal-sourcing capability. In early-stage transactions, this is through fostering a network in the venture capital ecosystem. To access a range of transactions, and create a diversified portfolio, we do not focus on any particular economic sector. We have three primary areas of origination:

- We have established strong relationships through various networking platforms and deal originators;
- We keep a watchful eye on up-and-coming startups, including those that have been declined at some point;
- We tap into various internal and external processes or industry organisations.

Our high-growth portfolio

Within the Development Equity Fund, we have established a diverse investment portfolio of high growth early-stage businesses, currently valued at c.R900m.

