

Hlayisani Growth Fund successfully secures R350m

Hlayisani Growth Fund (HGF) has announced its first close at R350m to invest into high-growth, high-impact businesses. The funding round was led by Standard Bank and prominent SA family offices.



Hlayisani leadership team

Focused on the SME ecosystem, the HGF tackles the existing SME funding gap between early-stage venture capital and more traditional private equity in South Africa. The Fund offers strategic support and capital to high-growth, highly scalable SMEs with a proven track record, and specialises in growing these SMEs into large, successful enterprises that operate across multiple territories, create jobs and generate export revenue domestically.

Investments are chosen for their sustainable growth and above-average returns potential, as well as their strong focus on delivering a positive socio-economic impact. R200m has already been invested in seven award-winning businesses that are expanding globally and operating on six continents. The portfolio of companies includes Snapplify, Gometro, Wyzetalk, LEAP, Opennetworks, Sudonum and Ikeja.

Since July 2019, and despite the recent Covid-19 lockdown, these businesses have more than doubled their employees by creation of new direct jobs to employ a total of 422 people in the portfolio companies. These businesses have provided solutions and support to approximately 1,600 entrepreneurs, serving some 55,000 customers globally. The portfolio is also achieving the United Nations' Sustainable Development Goals, most notably the aims of eliminating poverty and providing quality education.

To this end, companies within Hlayisani's portfolio have educated and trained around 404,000 learners and 3,900 teachers, with roughly half a million teachers also being given digital access to e-learning content in 2020 alone. In total, Hlayisani portfolio solutions are being used in more than 7,850 schools globally.

Investors were attracted to the HGF team's proven return on investment track record, with the previous venture capital fund returning more than 45% IRR. The measurable social impact of the portfolio also played a role. Additionally, the sector offers a significant investment opportunity however it has traditionally been fragmented and complex for investors to navigate.

The HGF is the first fund offered by Hlayisani Capital, an investment manager founded by a team of expert venture capitalists, private equity investors and entrepreneurs that include Dr Reuel Khoza and Michael Jordaan, who serves as Investment Committee chairperson.

"The partners at Hlayisani are a phenomenal asset to our business," says Gys Kappers, co-founder and CEO of Wyzetalk. "As a business leader, you're often coming across new challenges and it is important to recognise that you may not have all the answers – but surrounding oneself with the right people who have the necessary skill sets is key to overcoming them. This is where the guidance, advice and viewpoints from Hlayisani have been pivotal in helping me make more informed decisions. Their depth of knowledge and input around structure and strategy has been invaluable to myself, my team, and the overall growth of Wyzetalk."

Looking forward, Khoza, who is Hlayisani's chairman, shares that in order to unlock much-needed economic growth in South Africa, investors must support and invest in entrepreneurs as well as small and medium enterprises. "With the successful first close of the Hlayisani Growth Fund, we are privileged to increase our capacity to do this."

"Collectively, our team has extensive experience and expertise as investors and operators. We believe this will unlock value for both our entrepreneurs and investors," says Jordaan. "We believe in investing into future-proof, agile businesses and our portfolio has proven its resilience over the recent COVID-19 pandemic, with portfolio companies continuing to grow despite an extremely challenging environment."

"Finding growth in the current global economic climate is challenging, and not backing SMEs with the right investment is a missed opportunity. The Hlayisani Growth Fund offers investors a unique opportunity to gain exposure to the exciting entrepreneurial talent of Southern Africa. The fund provides much needed strategic capital to a fragmented and underserved regional SME ecosystem. Investment into the right SMEs unlocks significant investment value opportunity in globally exportable technology businesses," concludes Partner in Hlayisani, Dr Eugene van Rensburg.

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