

ENTERPRISE DEVELOPMENT INVESTMENT  
WITH IMMEDIATE BENEFITS



## Cadiz Enterprise Development

### BENEFITS:

- Immediate and ongoing access to Enterprise Development points
- Single upfront investment which counts towards your Enterprise Development Score annually
- Unique long term financial and impact track record
- Turnkey investment with annual accredited Enterprise Development certificate
- Target real return on your investment
- Social and economic impact assessment according to global best practice
- Dedicated professional investment team
- Regulated fund manager
- Dedicated support by economic development professionals

### WHO CAN INVEST?

**Anyone** (such as a company, trust or natural person) who requires Enterprise Development points in terms of the Department of Trade and Industry (DTI) scorecard or in terms of its industry specific scorecard



Turnkey Enterprise  
Development Solution

# Summary

The Cadiz Enterprise Development investment ('Enterprise') makes commercial unlisted fixed income investments, thereby providing diversified exposure into qualifying Enterprise Development investments, together with meaningful and measurable social benefits. Companies can now invest their enterprise development spend strategically, by combining a real return on their investment and earn accredited enterprise development points. In so doing, companies can take an active role in shaping a commercially scalable approach to SME growth and job creation by investing where they see potential for shared value – investments that are good for their business, good for the enterprise that receives growth funding, and ultimately good for the country.

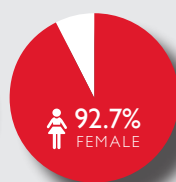
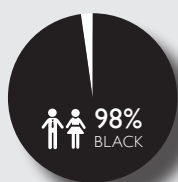
## KEY INFORMATION

BENCHMARK	CPI over a rolling 3 year period
NATURE OF THE INVESTMENT	The Fund is offered as a policy underwritten by Cadiz Life Ltd. (FAIS product Category C)
CURRENCY	South African Rand
ENTERPRISE DEVELOPMENT	Upon investment, and annually thereafter, you will receive an Enterprise Development certificate from an accredited empowerment rating agency. Each Rand invested will count towards your Enterprise Development score. The total points scored by you for Enterprise Development remains subject to the required total spend in terms of the scorecard applicable to your industry.
ANNUAL EMPOWERDEX CERTIFICATE	On each annual anniversary we will issue you an Enterprise Development certificate based on the current market value of your investment and the rating of Enterprise by Empowerdex.
UNDERLYING CREDIT RISK	Unlisted short and long term loans to qualifying entities
MINIMUM INVESTMENT TERM	Enterprise is an open-ended investment. You should invest with a medium to long-term investment horizon (5 years plus).
FUND MANAGER	Cadiz Asset Management (Pty) Ltd.
MANAGEMENT FEES (EXCL. VAT)	Ongoing asset management fee: 3% per annum
INITIAL FINANCIAL ADVISER FEE	1.75%
ONGOING FINANCIAL ADVISER FEES	Financial adviser fees where applicable - 0.25% per annum (included in the 3% asset management fee)
LIFE ADMINISTRATION	Policy administration fee of 0.25% per annum
ACCESS TO YOUR MONEY (LIQUIDITY)	60 day notice, subject to a 3% liquidation penalty in the first 3 years
IMPORTANT ADMINISTRATIVE DATES	<b>Monthly cut-off date for applications or withdrawals:</b> Last business day of each month <b>Valuations:</b> Monthly
HOW CAN YOU CANCEL YOUR INVESTMENT?	<b>Within the initial 30 day cooling-off period:</b> You have a 30 day cooling-off period to change your mind about your policy. If you change your mind within this period, we will sell the instruments at market value and pay you this plus any financial adviser fees that have been included in the cost of the investment. This value may be lower than the initial amount you invested. <b>After the 30 day cooling-off period:</b> If you surrender your policy after the 30 day cooling-off period, we will sell the instruments and pay you the market value, which may be lower than the initial amount you invested. We will charge you a surrender fee of 3% on the surrender value. We require a 60 day notice of surrender to facilitate liquidity in Enterprise from the end of the month in which your surrender was received. All early surrenders are subject to the liquidity provisions of Enterprise, and the fund manager may within the notice period, at its discretion, ring-fence and liquidate assets in the portfolio equal in value to the surrender value. In the event of Enterprise not being able to liquidate the underlying investments during this time, the investment manager may elect to pass the investments in specie to the client. <b>You may make one withdrawal during the first 5 years of your policy:</b> The maximum amount you may withdraw is the lesser of: - Your initial contribution plus 5% per year; or - The market value of the underlying assets
TAX IMPLICATIONS	The lump sum you get back from your investment is tax-free in your hands. Cadiz Life Limited is responsible for all taxation during the term of your investment

## IMPACT ASSESSMENT 2011 – CADIZ UNLISTED BOND COMPOSITE\*

We have reached

**94,580**  
BENEFICIARIES



AN ADDITIONAL

**997,110**  
beneficiaries are being reached in an indirect manner



# How the Fund works

Enterprise has been rated by the accredited rating agency, Empowerdex. Every investor receives an Enterprise Development certificate from the accredited rating agency indicating their exact accredited Enterprise Development spend.

Enterprise undertakes to invest into unlisted investments which will provide our investors with exposure to a diverse portfolio of enterprise development investments with an explicit goal of complying with the DTI B-BBEE scorecard and industry specific scorecards on Enterprise Development.

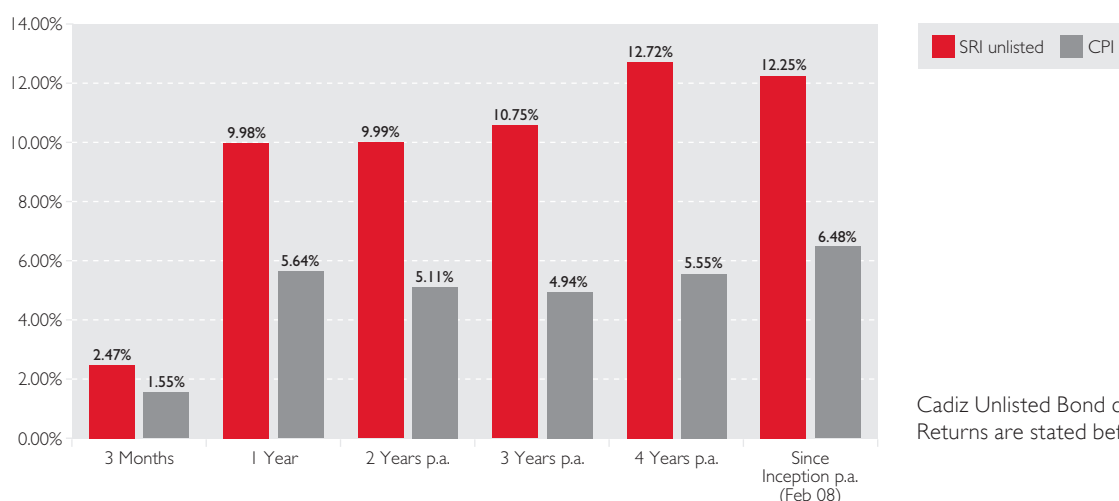
## Enterprise's strategic objectives are:

- To provide monetary or non-monetary recoverable contributions in favour of beneficiary entities with a specific objective of assisting and or accelerating the development, sustainability and ultimate financial and operational independence of that beneficiary. This is commonly accomplished through the expansion of those beneficiaries' financial and/or operational capacity.
- To target those areas which are applicable to the Department of Trade and Industry B-BBEE Codes of Good Practice and Sector Codes as they pertain to the Sector Codes for Financial Services, Construction, Mining Health, Information and Communications Technology, Property, Tourism, Transport, Chartered Accountancy, Forestry and Agriculture and any subsequent codes as gazetted from time to time.

## The following is a non-exhaustive list of Enterprise Development contributions that the fund will endeavour to monitor & record:

- Grant contributions to beneficiary entities,
- Investments into beneficiary entities,
- Loans and loan facilities made to beneficiary entities,
- Guarantees given or security provided to beneficiary entities,
- Direct costs incurred by the Fund in assisting and hastening development of beneficiary entities,
- Overhead costs of Enterprise directly attributable to investment contributions and the ongoing running and operation of Enterprise,
- Development capital advanced to beneficiary entities,
- Preferential credit terms granted by Enterprise to measured entities,
- Preferential terms provided by Enterprise in respect of the supply of goods or services to beneficiary entities,
- Contributions made to settling service costs relating to operational or financial capacity or efficiency levels of a beneficiary entity,
- The creation or development of capacity or expertise for beneficiary entities needed to manufacture or produce goods or services not manufactured or produced in the Republic of South Africa,
- Facilitating access to credit for beneficiary entities without access to similar credit facilities through traditional means owing to lack of credit history, high risk or lack of collateral,
- Provision of training or mentoring to beneficiary entities which will assist the beneficial entities to increase their operational or financial capacity, and
- The maintenance of the Fund by an enterprise development team which focuses exclusively on support of beneficiary entities or candidate beneficiary entities.

## UNLISTED PERFORMANCE (as at the end of June 2012)



Cadiz Unlisted Bond composite returns. Returns are stated before fees.

**38,204**  
AFFORDABLE  
HOUSING  
UNITS



**62**  
COMMUNITY  
FACILITIES  
HAVE BEEN  
BUILT

The entities  
with whom we  
engage have  
disbursed loans  
to the amount of

**R2.69**  
BILLION

Our initiatives have created  
an additional  
**21,310 jobs &**  
supported the development of  
**82,455 SMEs**



## KEY INVESTMENT RISKS AND THEIR MITIGATING FACTORS

KEY RISKS	RISK MITIGATION
Enterprise will be exposed to unlisted assets	Enterprise will target a well-diversified portfolio with reasonable geographic and sector diversification.
The assets are unrated	Although the assets are unrated, Enterprise will ensure that the maximum possible security is obtained by imposing financial covenants on the borrower, by taking as much security as possible, and through our sound investment process, due diligence and ongoing reporting and monitoring of assets.
The assets are difficult to price	Although the assets are difficult to price they are all typically linked to Prime and they have a finite loan term. All loans are carried at book value unless there is a clear indication that the borrower is unable to pay interest or capital at which point the valuation will be adjusted to reflect this.
The investments are relatively illiquid	As the loans are typically granted for a period of 3 – 5 years, they are relatively illiquid.
Liquidity in the event of a redemption	Enterprise is well diversified and should manage to fund any redemptions. The following process will facilitate redemptions: i. Enterprise will always hold a small component of cash ii. Liquidations will be funded by inflows iii. The underlying loan assets are staggered in maturity and thus there are ongoing loan maturities which could fund any redemptions iv. The policyholder must provide 60 days notice. This enables Enterprise to secure the liquidity needed to fund the withdrawal. v. All early surrenders are subject to the liquidity provisions of Enterprise, and assets may be ring-fenced within the 60 day period. In the event of the fund not being able to liquidate the underlying assets during this time, the investment manager may elect to pass the assets in specie to the policyholder.
Enterprise Development rating is subject to the current legislative environment	Enterprise's empowerment rating performance is subject to changes in legislation that may impact negatively on the Portfolio's rating. This will be mitigated by Cadiz Asset Management keeping abreast of legislative changes and reviewing Enterprise's mandate where and when appropriate.
Risk to Capital	Enterprise will make loans to qualifying entities in terms of the DTI scorecard. The qualifying entities are typically smaller enterprises looking for funding to grow. If an entity to whom a loan was made is unable to repay capital or interest this will negatively impact on the value of the Enterprise portfolio and will also negatively impact on the value of your own investment leading to capital or income losses. Our rigorous screening process of such entities together with the portfolio diversification should mitigate this risk to an acceptable level.

## Questions and answers

### What happens after you complete an application form and invest?

1. When we receive your money we will write to you to acknowledge receipt of your application within 5 working days,
2. We will buy units in Enterprise on the next business day, and
3. Within 21 business days after we have invested your money we will issue confirmation of your investment in the form of a policy document and an Enterprise Development certificate and we or your financial adviser will give this to you.

### How will we keep you informed?

We will send you a statement for the 6 months to 30 June and 31 December each year showing the details of your investment. You may also access this information online via our secure website at [www.cadizonline.co.za](http://www.cadizonline.co.za).

### How do you receive your annual Enterprise Development certificate?

On every annual anniversary of your investment we will provide you with an empowerment accredited enterprise development certificate. The certificate will be issued to you based off your current market value and the Fund's latest Enterprise Development rating. You may also access this information online via our secure website at [www.cadizonline.co.za](http://www.cadizonline.co.za).

### What if you need your money?

Upon written request received prior to the last business day of the month, the proceeds of the redemption will be paid within 60 days from the end of that month provided that we have been able to liquidate the investments. The fund manager may ring-fence assets within the portfolio and will endeavour to liquidate them over the 60 day period. Finally we will distribute the assets to you in specie if we are not able to liquidate them.

### What happens to your investment in the event of your death?

We will give your estate or any beneficiaries' access to the investment. They may decide whether to keep the investment, or withdraw the money.

### What are the risks associated with this investment?

The investments are primarily unlisted debt with a specific aim of growing the fund exposure to qualifying enterprise development entities. Although these entities will go through our rigorous credit process they carry risks to both capital and income. We also value these investments at their realistic mark to market. However, it should be noted that this mark to market is not a traded price as these investments have lower liquidity and do not trade often. Because they are debt instruments they have a finite maturity date, and during their life the counterparty has to repay interest and/or capital which provides strong evidence of the loan strength.

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**Cadiz:**

**Cadiz Asset Management (Pty) Ltd** (Reg. No. 1953/001254/07) is an authorised financial services provider (FSP 636).

**Cadiz Collective Investments Ltd** (Reg. No. 2004/032263/06) is a member of the Association for Savings & Investments SA (ASISA).

**Cadiz Life Ltd** (Reg. No. 2005/006996/06) is a registered long-term insurer.

September 2012