

Catalyst

WOMEN 2022



Women of SA's Private Equity
and Venture Capital Markets



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Michael Avery

Editor

EDITOR'S NOTE

When I first started out as a financial journalist with David Gleason in the early 2000s, I remember walking into a boardroom at a large investment bank and sitting down to a meeting with the all-male team and doing a double-take.

What happens in corporate finance teams across the country is largely reflective of what happens in boardrooms in companies across the country more broadly.

The numbers in the PwC report on Executive directors: Practices and remuneration trends, released in January, revealed that 95% of all Chief Executive Officers on the JSE were male, 87.2% of the Chief Financial Officers were male and 91% of Executive Directors were male. A total of just 19 women held executive positions in listed companies on the JSE, and only 6% of the 329 CEOs are female.

With the research unambiguous on the business and economic value of diverse teams, it's time to find better answers.

Private equity general partners are going to have to rely increasingly on applying a broad array of skills to unlock value. Gone are the days of gearing the balance sheet and stripping out costs. And this is where diverse teams are going to rise to the top.

And while the rise of women in private equity is starting to take shape, particularly in our local industry, where there are some incredible women now holding very strong and visible roles (see the profiles in this feature), the evidence still suggests that much more intentional strategic work needs to be undertaken to further level the playing fields.

But I have been hugely encouraged by the momentum that is being built in private equity in particular, where I now see a career path for my daughters, aged 5 and 8, where I couldn't fifteen years ago.

And so, as a female founder whom I greatly admire related to me recently, notwithstanding any progress and gains made, it is incumbent on us, every one of us women and men, to make sure that rising generations of women in the private equity industry are seen, supported, cheered and enabled to reach their full potential, which, in turn, will allow the private equity industry to reach its full potential.



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KAZI CAPITAL

Buyisiwe Makhunga

Partner

Q&A

Q Where did your journey begin and how did you end up where you are today?

A My interest in Private Equity was sparked quite early on in my career during my articles at PwC in the financial services division where some of my audit clients were operating in this space. It was also during this time when people like Nhlnganiso Mkwana were establishing new black-managed PE funds and became role models to us as young aspirant Chartered Accountants. I then ventured into investment banking through Investec Corporate Finance. This is where I harnessed my skills as a deal maker, learnt how to develop strategic relationships with a wide network of people from different industries, backgrounds and philosophies. More importantly, it's where I really built up my resilience muscle, a very critical trait that I've had to tap into constantly in my current role.

This journey culminated in the founding of Kazi Capital in 2018, a 100% black women owned and managed R350 million fund with a mandate focused on investing capital in medium sized business that have a well-established track record, scalable for growth and have the ability to create jobs and generate good returns.

Kazi Capital's added focus is increasing black-female representation in Private Equity and the promotion of meaningful transformation, diversity, and inclusion in all the businesses we are invested in.

Q What, if any, hurdles did you have to face in an industry that has traditionally been male dominated?

A When we set out to raise our first fund, we truly believed that with our collective experience and profiles and having worked at first tier investment banking houses, we'd be able to achieve our fund targets in no time. However, without the big brands of our former employers behind us, the doors were very difficult to crack open. Moreover, being

female does open you up to bias, there is still inherent prejudice against women from some investors particularly if you have family responsibilities. Women's level of commitment, longevity to stay the course for the long term and ability to deliver good returns is constantly being questioned. We have to fight hard to get recognised and build our own independent brands in the market and this requires a lot of grit and being completely resolute about the end game.

Q What is the biggest / most complex transaction you have worked on so far in your career?

A During my time in Corporate Finance, I advised on a number of diverse, complex and large transactions with values ranging from hundreds of million rands to billions. The dynamic nature of a deal making environment is such that no one day is the same as the other, similarly no one deal is the same as the other. As such, all the transactions I worked on added tremendous value and growth to my career.

Having said that, one of the transactions I'm most proud of is the Phuthuma Nathi B-BBEE public offering we implemented for Multichoice and Naspers, which was revolutionary at the time. It's still by far one of the most successful empowerment transactions in South Africa, where real value has been created for black investors, most of whom were first time investors. By 2021, Phuthuma Nathi had delivered R14.5 billion in dividends in the hands of more than 80 000 black shareholders since inception.

Other deals that had an impact in my career include deals that were led by black-women leaders, particularly Noluthando Gosa and Nonkululeko Nyembezi. Working with them re-ignited my entrepreneurial ambitions and inspired me to take the great leap into a male dominated environment knowing that it was possible to succeed. Representation matters!

Q Which deal challenged you the most and why?

A Within Kazi Capital specifically, my first transaction, being the acquisition of TMS industrial Services from Bidvest Group and its concurrent merger with Redec Services to form Sekta Group, was by far one of my most challenging transactions. It came at that time when I needed validation that the path I've chosen is the right one. It was very personal, a lot was at stake. This deal launched Kazi Capital in a major way and enabled us to build a track record, a very critical element when one is raising capital. Sekta Group continues to grow today under our collective leadership with our partners Tabono Investments and the management team, a partnership I am particularly proud of.

Q What advice would you give to other women thinking of entering the Private Equity industry?

A It is important to plot your journey accordingly in terms of the relevant skills acquisition, building your personal track record and strategic relationships. You have to be clear about the "Why Private Equity?" question, it is this passion and drive that will keep you focused on your goals when the going gets tough. I firmly believe our generation of women have the responsibility to change the narrative. There's strength in diversity and numbers, so more women need to occupy and lead in this space to drive real social and environmental impact, sustainable growth and ultimately, value creation.

Be deliberate, be bold, be brave, be steadfast in your approach and put in the hours. It's not an easy road but as they say, "The road less travelled is sometimes fraught with barricades bumps and uncharted terrain. But it is on that road where your character is truly tested" Katie Couric. 