

Investment Thesis

Problem

The marginalisation of the “missing middle” and an inherent lack of responsive funding for SMEs, resulting in a funding gap for most growing SMEs in this segment.

Funding as a stand-alone is not a panacea of growing business challenges. Inefficient operational systems and the slow adoption of technology have exacerbated inefficiencies, hindering the growth of SMEs.

Solution

An innovative hands-on approach to supporting and funding SME businesses to scale. An operator-investor model where the investor is operationally involved in the business. Providing strategic guidance and experience resources to drive strategy implementation with technology systems to build a sustainable path to scale and competitive advantage.

Key Fund Information

Target fund size	\$50.0 million
Geographic focus	South Africa
Focus Sectors	Sector agnostic in businesses with potential to scale enabled by technology adoption in operations
Fund manager:	OAO
Fund Admin:	TBA
Investment Period	5 years Investment and 5 years Divestment period
Instrument:	Equity, Safe notes, Preference Shares, Senior Debt
Management fee	2.0 to 2.5%
Target IRR	18%+ (8% hurdle rate)
Structure	GP/LP Encomandite Partnership
Governance	Advisory Board and Investment Committee
Vintage Year	2023

Fund Strategy



To drive inclusive economic growth with a specific focus on women and youth-led businesses by catalyzing the scaling of growing SMEs generating positive commercial returns and social & environmental outcomes.

Why Invest in OAO LEAP Fund

OAO is seeking to partner with impact investors seeking blended commercial and social returns to investing in OAO Leap Fund.

The social impact areas include:

- Sustainable jobs created
- Sustainable SME growth
- Sustainable financial inclusion for women and youth
- Sustainable environmental outcomes

Value Proposition

Unique Investor Operating Model	Top skills deployment in SMEs ensuring best practices in SMEs matching up to established businesses
Innovative Path-to-Scale Playbook	Tried and tested path-to-scale (quantum leaps) model and playbook for scaling businesses and driving successful exits
Portfolio Alpha	Creation of a synergetic portfolio for cross pollination, network effect and creating opportunities for shared services and economies of scale
Financial Inclusion	Closing the gap of financial exclusion in the “missing middle”, enabling meaningful financial inclusion
Impact (ESG focus)	Best practice ESG practices in portfolio businesses. Measurable and sustainable ESG outcomes.
Team Experience	Combined team experience with strong management consulting, investment management and finance experience