



## PRESS RELEASE

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**The Ninety One SA Recovery Fund in association with Ethos Private Equity targets R10bn to help restore SA's economic health**

***Firms see the investment community as having a key role to play in post-COVID economic recovery***

JSE- and LSE-listed investment manager Ninety One has launched an impact investment initiative – the Ninety One SA Recovery Fund, in association with Ethos Private Equity, one of South Africa's leading alternative asset managers. The fund's objective is to support the preservation of the country's productive capacity and economic recovery from the effects of the COVID-19 pandemic, while seeking an attractive return for investors.

With a focus on the urgency of the economic situation in SA, Ninety One is targeting a first close of the fund in July 2020. Ninety One will be targeting a fund size of R10bn, with funding raised via two closes from South African institutional investors.

The fund aims to achieve a positive impact with attractive returns via a clear set of investment outcomes. Priorities for the fund are to protect SA productive capacity during the next 24 months, preserve jobs and protect permanent loss of equity value. The fund will consist of a concentrated portfolio with an appropriate mix of senior and subordinated debt, preferred equity, listed equity and private equity with a deployment time horizon of 18 to 36 months.

The fund will initially seek to attract support from the country's institutional investors. In addition, subject to the necessary regulatory enablement, Ninety One is hopeful that retail investors in South Africa will be able to access the Ninety One SA Recovery Fund. In other parts of the world, during the past five years, closed-end mutual funds have been created to facilitate retail investment into long-term assets.

**Hendrik du Toit, Founder and CEO of Ninety One said:** "The lockdown, while necessary to protect the nation's health, has been akin to putting the economy into an induced coma. South Africa faces a once-in-a-generation economic challenge. The SA Recovery Fund is a market-led, impact initiative to mitigate the negative economic impact of the COVID-19 pandemic, while seeking a commercial return. With this fund, we would like to support quality businesses and protect the nation's productive capacity, which will in turn preserve thousands of jobs and support the South African tax base."

**Stuart Mackenzie, Chief Executive of Ethos Private Equity said:** "The Ninety One SA Recovery Fund provides Ethos with a unique opportunity to partner with Ninety One on a critical funding initiative at an important moment for our nation. Our experience and institutional capabilities in private equity ideally position us to play a value adding role in the execution of the Ninety One SA Recovery Fund's investment strategy."

In recent weeks, South Africans have seen growing evidence of the devastating impact of the protracted lockdown on the economy. There is now a body of evidence suggesting that the contraction in Gross Domestic Product could be as severe as 10%, and the country looks set to experience the worst recession in living memory.

If productive capacity is not preserved, South Africa could experience an L-shaped recession, whereby it takes a decade for the economy to return to its 2019 size.

Ninety One believes the long-term savings industry has an important role to play in supporting the recovery of the SA economy by fortifying the balance sheets of otherwise competitive businesses to cope with the risk of a deeper or longer recession than initially anticipated.

There are good companies across all sectors of South Africa's economy that will be facing funding needs that cannot be provided by the banks or the state. For some, the economic contraction will limit their access to capital to grow and expand existing capacity; for others, it will challenge their solvency as well as their resolve to remain operational.

Ninety One believes that a broad spectrum of skills will be required to invest the fund's capital well and to achieve its dual objective of returns and impact. The fund will combine the credit and publicly-listed equity skills within Ninety One with Ethos' private equity expertise, and strong track record in generating returns across multiple economic cycles. Given the significant funding need, Ninety One hopes that this fund launch will encourage other private sector impact initiatives from the investment industry.

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### **About Ninety One**

Ninety One is an independent, active global asset manager dedicated to delivering compelling outcomes for its clients, managing more than R2.29 trillion in assets (as at 31.03.20).

Established in South Africa in 1991, as Investec Asset Management, the firm started offering domestic investments in an emerging market. In 2020, almost three decades of organic growth later, the firm demerged from Investec Group and became Ninety One. Today the firm offers distinctive active strategies across equities, fixed income, multi-asset and alternatives to institutions, advisors and individual investors around the world.

For more information, please visit [www.NinetyOne.com](http://www.NinetyOne.com).

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### **About Ethos**

Ethos is an investment manager with private equity and credit strategies in sub-Saharan Africa. The firm has a strong track record of generating returns across multiple economic and political cycles. Ethos' Large Equity Funds have completed 110 investments and exited 97.

The firm has built a renowned platform over its 35-year history that has provided the scale to develop multi-fund offerings in the alternative investment space. The Firm currently manages a total AUM of R21 billion across 6 Funds and 18 live investments.

For more information, please visit [www.ethos.co.za](http://www.ethos.co.za)

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