

# BFS EAGLE NEST FUND



## INVESTMENT PITCH

BFS Fund Manager, a Namibian Fund Management Company, is seeking NAD 2 billion (USD 160 million) to invest in the first SADC SME Focus Venture Capital Fund with the aim to acquire meaningful equity stakes (15 – 49%) in transactions that promote inclusive growth.



## BUSINESS SUMMARY

BFS Eagle's Nest Fund is a SADC growth capital response to the lack of financial instruments that support the more established, yet vulnerable SMEs in the region. The Fund will target high growth and start-up companies whose present scalability can be turned into market leaders through regional and global chain participation. Investments will be in the form of equity and/ or quasi equity and will aim to achieve a *Net Return* of more than 20 % to investors.



## FUND STRUCTURE

BFS Eagle's Nest Fund will be domiciled in Mauritius as a closed-end fund with a defined period of 10 years, subject to a two-year extension period to give room for optimisation of exits from underlying investments. The Fund will have a geographic spread stretching over 3 SADC countries as follows: Mozambique, Tanzania and Zambia. Investors will participate through shares acquired or issued, debentures, joint venture or partnership interests and loans (whether secured or unsecured).



## MARKET OPPORTUNITY

Statistics from regional and international growth experiences show that around the world, economic diversification, indigenous entrepreneurship and innovation are *a priori*, driven by SMEs. In Africa however, the USD 5.6 trillion market opportunity is dominated by a few large corporations, with foreign manufacturers crowding out markets in categories that could easily and more cheaply be produced and supplied by local small and medium enterprises. SMEs' participation, which accounts for over 80 percent of Africa's employment, remain negligible, primarily due to limited access to significant resources required to finance needed infrastructure, equipment and operations.



## MANAGEMENT

BFS Eagle's Nest Fund will be managed by BFS Fund Manager (Manco) which is wholly owned by Business Financial Solutions. The company is registered with the Namibia Financial Institutions Supervisory Authority (NAMFISA), the regulatory body for Non-banking Financial Institutions, Insurance Companies, Unlisted Investment Managers and Venture Capital/ Private Equity Funds. BFS Fund Manager is presently managing two Unlisted Investment Funds, The Namibia Procurement Fund I and II (NamPro Fund (s)). To date, BFS Fund Manager has invested about NAD 1 billion (USD 80 million) in 140 SMEs in Namibia. The company has not recorded any capital loss or at-risk since inception. Last year, BFS Fund Manager recorded yields of over 20 % at a time when investments in traditional instruments were posting single digit returns. In total, the company had write-offs of NAD 1 million (USD 80 thousand) in interest rates over the past 7 years.

The Management Team is led by Ms Kauna Ndilula, the founder of the company and a well experienced Senior Executive with over 21 years exposure in the SME market. She is supported by a team of qualified managers that have combined experience of over 80 years in the fields of venture capital/private equity field, accounting, finance, legal services, enterprise support and economic research. Together they form the Executive Committee (EXCO). The primary functions of the Fund Manager are to find, make, grow/monitor and exit investments.

BFS Fund manager is ranked by the London Stock Exchange Group as one of the 16 (sixteen) companies in Namibia with growth rates that inspire Africa.

The opportunity now lies in expanding our current hands-on experience, together with our Fund Management skills, into the regions where the need to improve access to short term finance for SMEs remains high.



## BUSINESS MODEL

BFS Eagle's Nest Fund will provide long term catalytic growth capital to SADC SMEs, with emphasis on those in industrial development priority sectors of: agro-processing, minerals beneficiation and related mining operations, pharmaceuticals, consumer goods, capital goods and Services.



## VALUE PROPOSITION

BFS Fund Manager has maintained an investment philosophy that applies hands-on approach that enables growth to soar in our investee companies. BFS Eagle's Nest Fund is an equity based gateway to an attractive pipeline in the SADC region which we have developed through our holding company's corporate advisory services portfolio. Through BFS Fund Manager, investors will contribute to the development of local enterprises through a highly skilled management team without taking a direct risk.



## COMPETITORS

There are a number of financial institutions in SADC, including Development Financial Institutions (DFIs). However, most SME products offered by these financial institutions are essentially traditional corporate or retail products, adapted for the SME market. Our analysis indicate that, on the whole, the problem in SADC is not so much the availability of debt or micro finance in the region, but more accurately, the poor underdeveloped offering of flexible financing products that are suited for the needs of SME growth.



## INVESTMENT OPPORTUNITIES

Business Financial Solutions (BFS), through its advisory services, has developed a pipeline of investments on which about 50 % of high level due diligence has been completed. BFS is also leveraging on its regional network and has sought strategic alliances agency focal points in Zambia and Mozambique for quality deal origination.

BFS Fund Manager presents a tested governance framework with requirement mechanisms to ensure that investments are made in a transparent and accountable manner and the required support interventions are provided to investee companies.



## COMPANY PROFILE

BFS Fund Manager was established in 2010 to provide Fund Management services. BFS Fund Manager currently manages two SME Procurement Funds in Namibia. The company is wholly owned by Business Financial Solutions (BFS). The main objective of the company is to improve access to finance for SME growth and to support SMEs to meet their obligations and deliver on their supply contracts and tenders awarded to them.



## FOCUS AREA

SME finance and enterprise development.



## FOUNDED

2010



## BANKERS

Bank Windhoek



## FINANCIAL INFORMATION

Currency Denomination: Namibian Dollar (NAD1 = USD 12.5 )



## LAWYERS

Engling, Stritter and Partners



## AUDITORS

PriceWaterHouse Coopers



## CONTACT

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