MASISIZANE FUND

TRANSFORM | COLLABORATE | GROW

BEYOND THE CHEQUE

Why Business Support is the Real Differentiator in SMME Funding

TECHNICAL ASSISTANCE

STRATEGIC & ADVISORY

MARKET ACCESS &ESD

TURNAROUND & RESCUE

AN INITIATIVE OF THE OLDMUTUAL GROUP

THE SOUTH AFRICAN CAPITAL PARADOX

- South Africa has sophisticated financial institutions and ample liquidity, yet many SMEs remain underfunded
- The main constraint is often absorptive capacity the ability to deploy capital into disciplined growth rather operational strain
- If funding scales faster than systems, the business experiences "capital shock" — weak controls, poor records and execution failure.
- Capacity building fixes the internal plumbing: governance, financial discipline, operating systems and management capability.

The funding trap

More capital into a weak operating model often magnifies failure rather than reducing it.

The lender blind spot

Without credible data, management routines and compliance discipline, underwriting sees risk that the entrepreneur cannot prove away.

Capital supply and SME success do not automatically translate into each other. Capacity determines whether funding becomes an asset or a liability.

SUPPORT AS FINANCIAL DE-RISKING

Governance & Financials

Support ensures **accurate, reliable information**. Lenders move from "guessing" to "knowing" the true cash flow position.

Operational Continuity

Systems, people depth and routines reduce founder dependency and **lower key-man risk.**

Strategic Cushioning

Advisory support improves anticipation of shocks, strengthens contingency planning and protects **debt service.**

42%
Reduction in default probability

65%
Faster disbursement time

2.4x
Higher reinvestment rate

BUSINESS SUPPORT PILLARS

Principle: support should be diagnostic and targeted — not generic.

1. TECHNICAL ASSISTANCE

Optimizes production, systems and operational quality — e.g., ERP, compliance, process efficiency and skills transfer.

2. STRATEGIC & ADVISORY

Institutionalizes the business through governance, management practices, and better decision frameworks.

3. MARKET ACCESS & ESD

Connects SMEs to demand, procurement pathways and contract-backed growth, including ESD and offtake readiness.

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4. Turnaround & Rescue

Provides restructuring and stabilization support when the business is distressed and debt alone would worsen the position.

WHEN THE CHEQUE ARRIVES ALONE

"Giving an unstructured business capital is like putting a Formula 1 engine into a cardboard box. The framework must match the horsepower."

FUNDING ONLY

- Capital injection outpaces internal systems and controls
- Manual accounting and reporting break under new volume
- Operational leaks quietly turn into loan defaults

FUNDING & SUPPORT

- Capacity is built ahead of - or alongside - the capital scaling up
- Systems, controls and management reporting are in place
- Capital becomes a growth multiplier, not a management shock

THE SUPPORT DIVIDEND

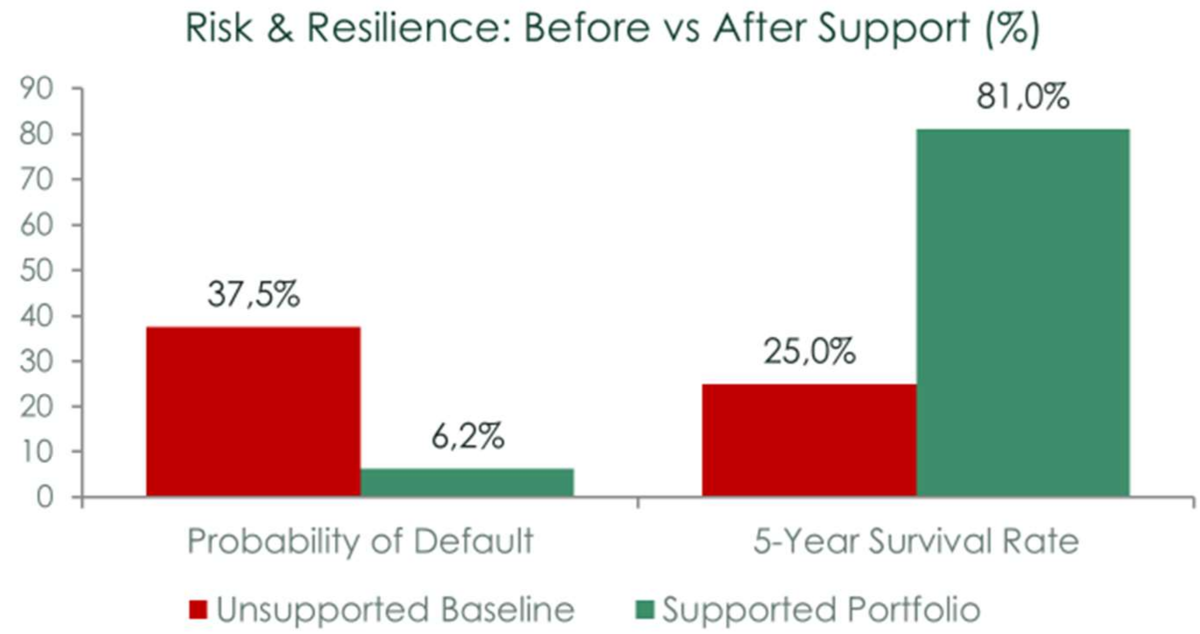
75%
Five-year collapse rate without support

82%
Cash-flow blind spots in failed unsupported SMEs

18 mos
Average median lifespan cited for unsupported SMEs

81%
Five-year survival rate with support

3.4x
Revenue scaling velocity with support



What the numbers imply

- Support reshapes SMEs' operating and credit profiles.
- Stronger systems and management reduce post-contract failure risk in SMEs.
- For an investment committees, this reframes support from a social add-on to a portfolio quality lever.

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CASE STUDY 1: FROM CONTRACT WIN TO NEAR DEFAULT

CASE STUDY 1: WHEN GROWTH NEARLY BECOMES FAILURE

THE GROWTH STAGE: WHERE SUPPORT PAYS OFF MOST

1. Ideation

Pre-revenue, unproven product-market fit, solo-founder dominant.

NEED: Incubation Support.

2. Emerging

Erratic post-revenue trading, localised operations, compliance gaps.

NEED: Accounting & tax formalisation.

3. Growth / Scale-Up

Validated demand, contract-backed revenue, execution bottlenecks.

NEED: Technical assistance & scaling scaffolding.

4. Mature

Established market share, built-in governance, layered management.

NEED: Sophisticated corporate structuring.

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CASE STUDY 2: WHY TIMING MATTERS

CASE STUDY 2: THE WRONG SUPPORT AT THE WRONG TIME

THE STAR CANDIDATE

The "star candidate" sits at the intersection of coachability, market fit and scalability

1. Coachability

Founder is open to advice, willing to formalize and able to implement recommendations quickly.

2. Strategic market alignment

Business is linked to real demand — ideally procurement pathways, corporate contracts or clear value-chain relevance.

3. Scalability

The model is repeatable, formalizable and capable of growth without costs rising in lockstep with founder effort.

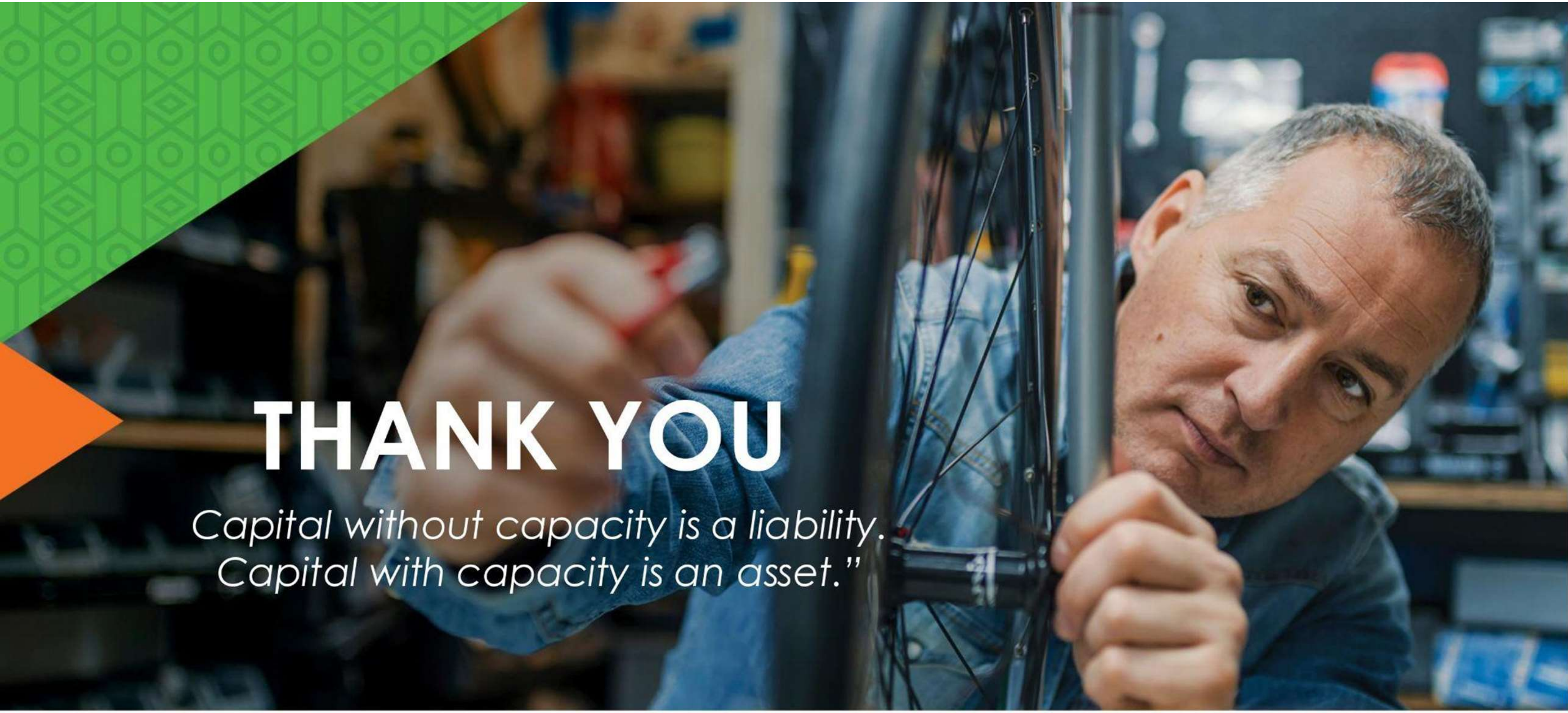
FROM CAPITAL PROVIDER TO CAPACITY PARTNER

DIMENSION	CHEQUE-ONLY FUNDER	MASISIZANE: FINANCE + SUPPORT
Risk Assessment	Collateral and historical track record	**Capability, coachability and trajectory**
Disbursement	Lump-sum, largely hands-off	**Phased and linked to support milestones**
Post-Disbursement Role	Passive monitoring and reporting	**Active capacity partner alongside the SME**
Portfolio Outcome	Higher default exposure, attrition	**De-risked, scalable, bankable assets**

CLOSING THOUGHT

- South Africa doesn't have a capital problem it has a capacity problem."
- Capital without systems creates risk and support reduces that risk
- Support transform SMEs into differentiated assets
- Support is no longer a developmental question; it's a capital allocation question.
- How do we fund SMEs → How do we make SMEs fundable
- Our approach as Masisizane combines capital, support and market linkage into a differentiated funding model.

If we fix the capacity gap, the financing gap shrinks naturally



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