

# Futuregrowth Development Equity Fund

Development & Social Impact Bi-annual Report at 30 September 2025

Supply and delivery of a manure  
spreader to a small-scale farmer in  
Dundee. Image source: Sourcefin

# Futuregrowth Development Equity Fund

## Portfolio Manager letter – Futuregrowth Developmental Equity Fund (DEF)

The Futuregrowth Developmental Equity Fund (DEF) has continued to demonstrate resilience and adaptability through the first nine months of 2025. Our diversified portfolio, disciplined risk management, and flexible mandate have enabled us to deliver robust performance across asset classes, despite ongoing macroeconomic and geopolitical challenges.

### Infrastructure segment

Infrastructure remains the cornerstone of the Fund, with our toll road concessions and renewable energy assets providing a stable base of returns. Dividend flows from these assets have accelerated as gearing levels reduce, underpinning overall portfolio performance. After seeing persistent low return opportunities in the infrastructure space for several years, we are excited about some higher return opportunities in our deal pipeline and are pursuing these. As some concessions approach maturity, the team is actively sourcing new infrastructure investments to preserve and enhance long-term returns.

### Early-stage segment

Our early-stage portfolio continues to grow, with investments spanning Healthtech, Fintech, Adtech, and logistics technology. Notable capital deployments this year include follow-on investments in Pineapple and CubeSpace, as well as new allocations to high-growth fintech and aerospace ventures. While the early-stage segment carries elevated risk, it offers substantial upside, and we remain enthusiastic about its potential. The launch of the High Growth Developmental Equity Fund (HGDEF) is progressing well, with R425 million in soft commitments secured, positioning us to further support innovative, scalable businesses.

Futuregrowth's Development Equity Composite, a portfolio specialising in equity and related investments in socially responsible projects and businesses or developmental assets, forms part of Futuregrowth's suite of developmental investments.

# Futuregrowth Development Equity Fund

## Portfolio Manager letter – Futuregrowth Developmental Equity Fund (DEF) – continued

### Fund performance and turnaround efforts

The DEF delivered positive 1-year return of 6.60% as of 30 September 2025.

Performance was driven by strong fixed income results, steady private equity revaluations, and reliable dividend income from infrastructure assets. Successful exits from Open Learning Group and Fundi contributed to Q3 results, while Africrest and SACAP continued to deliver robust growth.

Importantly, the DEF team continues to work hard at stabilising and turning around some of the largest contributors to the negative performance in 2024. This includes ongoing restructuring and support for portfolio companies such as Rubicon (energy solutions), Abagold (aquaculture) and Citiq Treasury (student accommodation), as well as strategic interventions in early-stage ventures. These efforts are central to our commitment to restoring value and positioning the Fund for future growth.

### Fund liquidity

We maintain a healthy allocation to cash and short-term instruments, ensuring flexibility to capitalise on emerging opportunities. Our liquid asset holdings remain above the 15% target, but this positions us well to deploy capital into attractive unlisted equity and bond market opportunities as they arise.

### Deals done and pipeline

The team has closed several strategic transactions, including Pineapple, CubeSpace (aerospace), WCB Property Developers (real estate), and defensive support for Tripwise. Our pipeline remains robust, with 101 opportunities reviewed year-to-date, totaling over R11 billion in deal value. The focus is on mid-market private equity, private real estate, and early-stage ventures, sectors where we see renewed opportunities at attractive returns.

### Investment team

Our team has grown in both size and capability, now comprising nine full-time staff dedicated to driving transactions and supporting portfolio companies. The positive energy and collaborative spirit within the team continues to be key drivers of our success.

### Conclusion

The DEF's performance remains satisfactory, supported by a diversified portfolio and proactive investment strategy. With renewed economic momentum and positive market sentiment following recent policy developments, we are well positioned to navigate the evolving environment and deliver on our commitment to growth and resilience.

# Fund Overview

## Objective

Since its inception, Futuregrowth has been driven by societal demand and investor interest in investments within South Africa that not only yield long-term, stable, commercial returns but also generate notable developmental impact. Aligned with this vision, Futuregrowth launched its flagship long-term equity portfolio, the Development Equity Fund, in 2006.

## Strategy

**Risk appetite:** The Fund has a broad risk mandate, enabling participation in a diverse range of suitable projects, companies and financial instruments. This strategic approach is designed to cultivate a varied portfolio of developmental investments.

**Target returns:** The Fund aims to secure a long-term nominal return of 18% to 22% per annum. (CPI +10%)

**Investment horizon:** While the Fund generally focuses on long-term investments, it also seizes short-term acquisition or trading opportunities that may add value to the Fund. This fundamental long-term focus combined with the capacity and flexibility to seize upon short-term trading opportunities have been proven out most recently in the interest rate position taken, which added significant performance to the Fund.

**Sector focus:** The Fund prioritises investments in infrastructure, development, and social upliftment, with current exposure spanning private infrastructure, real estate, mid-market private equity, agriculture, and venture capital.

**Management style:** We position ourselves as long-term partners to our investee companies, striving to align with their strategic objectives and achieve risk-adjusted returns. Our goal is to acquire minority shareholdings large enough to obtain board representation and negative control, which allows us to influence governance and strategy to stimulate growth.



20ft boom lift imported & delivered to the Rand Water pump station (together with staff training).

Image source: Sourcefin

# Our developmental investment philosophy

## Developmental product suite

Futuregrowth has a track record of nearly 30 years of investing in developmental assets. Our funds provide finance to institutions that may not typically receive support from the traditional banking or lending process. In addition to providing finance (credit), we also invest in equity and retail property with a developmental nature.

Our developmental funds are part of our broader responsible investment strategy and reflect the intention of our clients to do good by investing consciously to make a positive impact on society and the broader environment, and thereby to safeguard our collective future.

*Our suite of developmental funds consists of:*

- **Fixed Income:** (Infrastructure & Development Bond Fund, Power Debt Fund, Inflation-Linked Debt Fund);
- **Unlisted equity:** (Development Equity Fund, Agri Funds);
- **Unlisted retail property:** (Community Property Fund); and
- **Fund of funds:** incorporating our suite of development funds as building blocks (Developmental Balanced Fund).

Futuregrowth is dedicated to the development and empowerment of South Africa and its people. We are constantly looking for opportunities that will yield optimal financial returns for investors while making a meaningful difference. As such, we have become a reliable channel for investor savings and promoting national development.

We define developmental investing as financing that: a) provides investors with commercial returns; and b) produces a social and developmental impact. Our primary focus is on the provision of basic services and improvement of infrastructure development.

In order to achieve sustainable, long-term, benchmark-beating performance, we apply a responsible investment filter when screening and analysing new deals for our developmental funds. This is supported by a robust investment process that considers both financial and non-financial risks.

## Global contribution

We are aligned with the United Nation's Sustainable Development Goals (SDGs), thus contributing to this global "blueprint to achieve a better and more sustainable future for all". The SDGs are covered in some detail later in this report, where we link the activities of our deal case study to these global targets.

*(See: [www.un.org/sustainabledevelopment/sustainable-development-goals/](http://www.un.org/sustainabledevelopment/sustainable-development-goals/))*



# How we measure and manage impact

**Futuregrowth actively measures and manages for impact. Our impact measurement and management approach is aligned with both global and local development frameworks.**



## **National Development Plan (NDP)**

This is a long-term development framework for the elimination of poverty and reducing inequality in South Africa by 2030.

## **UN Sustainable Development Goals (SDGs)**

These goals represent the globally agreed 2030 agenda and are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

## **Principles for Responsible Investing (PRI)**

Futuregrowth has been a signatory to the Principles for Responsible Investment (PRI) since 2017, incorporating its six principles into investment practices for a more sustainable global financial system.

# The Fund's IMPACT across a diverse range of SDGs



**HearX:** Enhancing quality of life through advanced hearing healthcare.

**SDG 3:** Ensure healthy lives and promote well-being for all at all ages by investing in businesses that improve the availability of healthcare and medical services as well as special medical units.



**SACAP:** Providing students with employable knowledge & skills.

**SDG 4: Target 4.3**

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.



**SweepSouth:** Formalised a large segment of the informal sector, providing dignified working opportunities to a predominantly female workforce.

**SDG 5:** Achieve gender equality and empower all women and girls. This goal is essential for creating a peaceful, prosperous, and sustainable world.



**Rubicon:** Renewable energy solutions for homes and businesses.

**SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all by investing in new, expanding or existing renewable energy projects resulting in the reduction of greenhouse gas emissions and the promotion of technology and efficient business models.

Our clients' investments contribute directly to **eight** SDGs across all sectors

# The Fund's IMPACT across SDGs continued



**Sourcefin:** Catalyst for SMME business growth.

**SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by investing in underserved markets that unlock and support job creation, growth and improved labour standards and practices for improved livelihoods.



**Africrest:** Providing affordable housing that supports resilient infrastructure.

**SDG 9:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation by partnering and supporting government in financing infrastructure projects and providing access to finance for businesses that create more inclusive and sustainable communities.



**Citiq:** Providing students with accessible and affordable housing.

**SDG 11:** Make cities and human settlements inclusive, safe, resilient and sustainable by investing in businesses that increase the availability of affordable housing stock near transport options and provide access to home ownership for low- and moderate-income populations.



**FruitOne:** Producing food products in a socially responsible manner that benefits surrounding communities.

**SDG 12:** Ensure sustainable consumption and production patterns. This goal is crucial for addressing the triple planetary crisis of climate change, nature loss and pollution.

Our clients' investments contribute directly to **eight** SDGs across all sectors

# DEF infrastructure & developmental sectors

36.25%

Exposure across  
Infrastructure &  
social services  
sectors

12,98%



Transport

6,40%



Communications

6,11%



Energy including  
renewable energy

3,86%



Health

3,22%



Education

and 3.67%  
in Tourism,  
Development  
Finance and  
Other  
Infrastructure.

20.06%

Exposure across  
other  
developmental  
sectors

5,90%



Agricultural  
development & land  
ownership

4,95%



SMME finance

5,07%



Low income &  
affordable housing

4,08%



Consumer &  
business access to  
finance

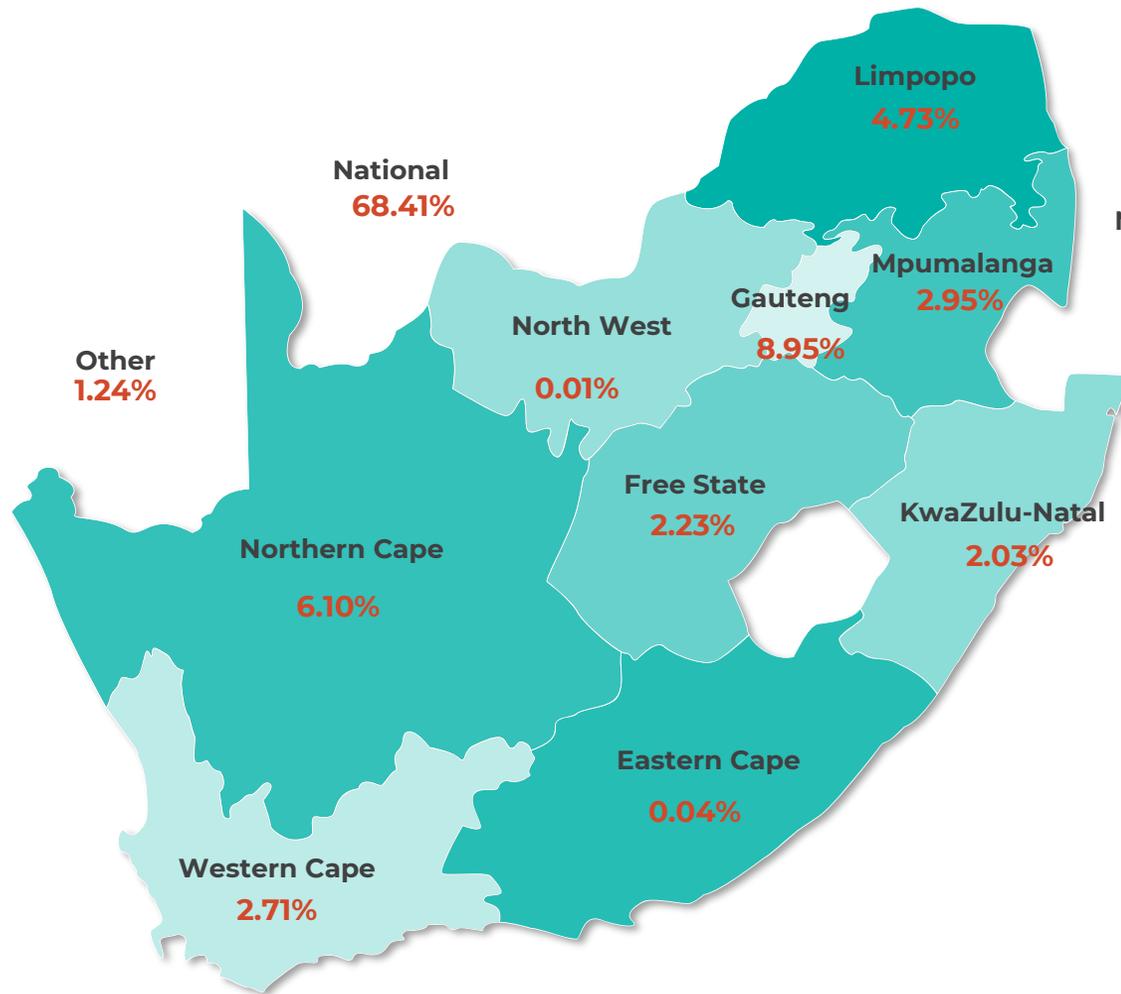
0,06%



BEE finance

Source: Futuregrowth

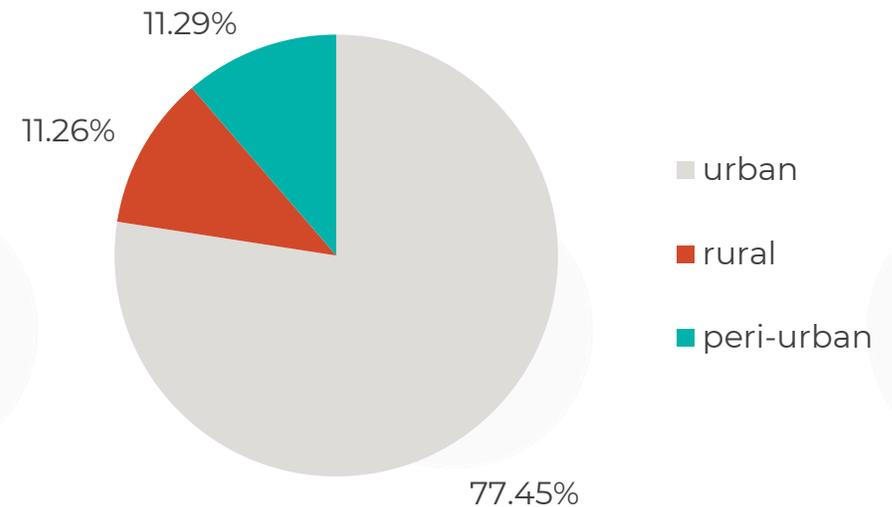
# Geographic exposure & rural development



The Fund has geographical diversity across South Africa, with investments held in 9 provinces. The Fund has over 68,41% exposure to assets with a national footprint.

Mozambique  
0.60%

23% of the Fund investments impact on rural and outlying peri-urban areas.



# Investment Team



**Amrish Narrandes**

Head: Private Equity & Venture Capital  
[amrishn@futuregrowth.co.za](mailto:amrishn@futuregrowth.co.za)  
+27 84 587 1717



**Brian Masondo**  
Investment Principal



**Ighsaan Gordon**  
Investment Principal



**Muhammad Fareez Davids**  
Investment Associate



**Makungu Malukele**  
Investment Analyst



**Devon van Rensburg**  
Investment Analyst



**Ryan Stevens**  
Investment Analyst



**Lerato Maphoto**  
Investment Operations Analyst



**Rushni Ryklief**  
Executive Assistant

# Business Development Team



**Shanay Narsi**

Head of Client

[snarsi@futuregrowth.co.za](mailto:snarsi@futuregrowth.co.za)

C +27 82 788 0043



**Ziyanda Tshaka**

[ziyandat@futuregrowth.co.za](mailto:ziyandat@futuregrowth.co.za)

C +27 83 666 0392



**Marilyn Gates Garner**

[marilyng@futuregrowth.co.za](mailto:marilyng@futuregrowth.co.za)

C +27 82 466 0868



**Modiegi Manyane**

[mmanyane@futuregrowth.co.za](mailto:mmanyane@futuregrowth.co.za)

C +27 76 978 6127

## Disclaimer

Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is a licensed discretionary financial services provider, FSP 520, approved by the Registrar of the Financial Sector Conduct Authority to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. The fund values may be market linked or policy based. Market fluctuations and changes in exchange rates may have an impact on fund values, prices and income and these are therefore not guaranteed. Past performance is not necessarily a guide to future performance. Futuregrowth has comprehensive crime and professional indemnity in place. Performance figures are sourced from Futuregrowth and IRESS. This document is for information purposes only and is not intended as an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell a financial product or security. The recipient is advised to assess the information with the assistance of an advisor if necessary, with regard to its compatibility with his/her own circumstances in view of any legal, regulatory, tax and other implications. Personal trading by staff is restricted to ensure that there is no conflict of interest. All employees of Futuregrowth are remunerated with salaries and standard short and long-term incentives. No commission or incentives are paid by Futuregrowth to any persons. All inter-group transactions are done on an arm's length basis. Futuregrowth has comprehensive crime and professional indemnity insurance. Futuregrowth prepared this document in good faith. Although the information in this document is based on sources considered to be reliable, Futuregrowth makes no representation or warranty, express or implied, as to the accuracy or completeness of this document, nor does it accept any liability which might arise from making use of this information.

# Futuregrowth Developmental Equity Fund

Futuregrowth's Developmental Equity Composite, a portfolio specialising in equity and related investments in socially responsible projects and businesses or developmental assets, forms part of Futuregrowth's suite of developmental investments.

## Portfolio Manager letter – Futuregrowth Developmental Equity Fund (DEF) Q1–Q3 2025

The Futuregrowth Developmental Equity Fund (DEF) has continued to demonstrate resilience and adaptability through the first nine months of 2025. Our diversified portfolio, disciplined risk management, and flexible mandate have enabled us to deliver robust performance across asset classes, despite ongoing macroeconomic and geopolitical challenges.

### Infrastructure segment

Infrastructure remains the cornerstone of the Fund, with our toll road concessions and renewable energy assets providing a stable base of returns. Dividend flows from these assets have accelerated as gearing levels reduce, underpinning overall portfolio performance. After seeing persistent low return opportunities in the infrastructure space for several years, we are excited about some higher return opportunities in our deal pipeline and are pursuing these. As some concessions approach maturity, the team is actively sourcing new infrastructure investments to preserve and enhance long-term returns.

### Early-stage segment

Our early-stage portfolio continues to grow, with investments spanning Healthtech, Fintech, Adtech, and logistics technology. Notable capital deployments this year include follow-on investments in Pineapple and CubeSpace, as well as new allocations to high-growth fintech and aerospace ventures. While the early-stage segment carries elevated risk, it offers substantial upside, and we remain enthusiastic about its potential. The launch of the High Growth Developmental Equity Fund (HGDEF) is progressing well, with R425 million in soft commitments secured, positioning us to further support innovative, scalable businesses.

### Fund performance and turnaround efforts

The DEF delivered positive 1-year return of 6.60% as of 30 September 2025.

Performance was driven by strong fixed income results, steady private equity revaluations, and reliable dividend income from infrastructure assets. Successful exits from Open Learning Group and Fundi contributed to Q3 results, while Africrest and SACAP continued to deliver robust growth.

Importantly, the DEF team continues to work hard at stabilising and turning around some of the largest contributors to the negative performance in 2024. This includes ongoing restructuring and support for portfolio companies such as Rubicon (energy solutions), Abagold (aquaculture) and Citiq Treasury (student accommodation), as well as strategic interventions in early-stage ventures. These efforts are central to our commitment to restoring value and positioning the Fund for future growth.

### Fund liquidity

We maintain a healthy allocation to cash and short-term instruments, ensuring flexibility to capitalise on emerging opportunities. Our liquid asset holdings remain above target, but this positions us well to deploy capital into attractive unlisted equity and bond market opportunities as they arise.

### Deals done and pipeline

The team has closed several strategic transactions, including Pineapple, CubeSpace (aerospace), WCB Property Developers (real estate), and defensive support for Tripwise. Our pipeline remains robust, with 101 opportunities reviewed year-to-date, totaling over R11 billion in deal value. The focus is on mid-market private equity, private real estate, and early-stage ventures, sectors where we see renewed opportunities at attractive returns.

### Investment team

Our team has grown in both size and capability, now comprising nine full-time staff dedicated to driving transactions and supporting portfolio companies. The positive energy and collaborative spirit within the team continues to be key drivers of our success.

### Conclusion

The DEF's performance remains satisfactory, supported by a diversified portfolio and proactive investment strategy. With renewed economic momentum and positive market sentiment following recent policy developments, we are well positioned to navigate the evolving environment and deliver on our commitment to growth and resilience.

# FUTUREGROWTH

/ ASSET MANAGEMENT

3rd Floor, Great Westerford  
240 Main Road, Rondebosch  
7700, South Africa  
Private Bag X6, Newlands, 7725, South Africa  
Tel: +27 21 659 5300 Fax: +27 21 659 5400  
[www.futuregrowth.co.za](http://www.futuregrowth.co.za)