

Global Impact Ventures: Sarona Frontier Markets Fund 3



Photo source: AfricInvest, Sarona Investee

Capturing the growth of Small to Medium Enterprises in Frontier and Emerging Markets

Sarona Frontier Markets Fund 3 (SFMF3) targets delivery of top-quartile returns by investing growth capital in private equity funds and companies that benefit local communities and the environment. Launched in 2016, the fund employs a “fund of funds” strategy by investing in local private equity teams who identify and help grow high-quality companies, employing progressive business strategies and operating to the highest business, ethical, social and environmental standards. SFMF3 offers investors an experienced fund manager, broad diversification by geography, theme, fund vintage and manager.

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ABOUT SARONA ASSET MANAGEMENT

Sarona is a private equity firm, investing growth capital in companies and private equity funds in frontier and emerging markets. Through its strategy of partnering with local private equity firms, Sarona is able to help build companies that deliver excellent risk-adjusted returns while creating a positive social and environmental impact. Sarona and its predecessors have developed a wealth of experience and knowledge through 60 years of private investments in frontier and emerging markets. The company is based in Kitchener, Canada, and Amsterdam, the Netherlands.

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ABOUT GLOBAL IMPACT VENTURES

Global Impact Ventures (GIV) is a curated platform of impact private debt and equity options that seek to generate significant social, environmental and financial returns for clients of The Giving Fund. Investment choices address a range of impact and investment themes across geographies.

GIV options provide unique “gap-filling” financing by channeling capital to markets that are not typically funded by traditional financial resources. In many instances, these investments allow early-stage and other small enterprises to develop their businesses to the point where more traditional financing becomes available to them.

ABOUT IMPACTASSETS

ImpactAssets is a nonprofit financial services firm that increases the flow of capital into investments that deliver financial, social and environmental returns.

Our impact investment strategies, donor advised fund (“The Giving Fund”) and knowledge tools provide dynamic resources for wealth managers and the clients they serve to advance social or environmental change through investment.



IMPACTASSETS
INVEST WITH MEANING

RISK RETURN PROFILE				
RISK LEVEL	HIGHER			
	MODERATE			X
	LOWER			
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				

FUND SUMMARY	
ASSET CLASS	Private equity fund of funds
FUND TARGET SIZE	\$300M
MATURITY	12-years plus two optional one-year extensions
INVESTMENT STAGE	60% primary funds, 40% in secondary funds and direct co-investments
SECTOR	Small to Medium Enterprises (SMEs) primarily in agribusiness, consumer goods, education, financial services, healthcare, light manufacturing, logistics and transportation, professional services and technology
INVESTMENT PERIOD	3-6 years from first close
FEES	<ul style="list-style-type: none"> 1% committed capital management fee 10% after 8% preferred return to investors with catch-up
GEOGRAPHY	Frontier and Emerging Markets
INVESTMENT THESIS	<ul style="list-style-type: none"> Targeting delivery of top-quartile returns by investing growth capital in private equity funds and companies that benefit local communities and the environment. Target 15-18 primary funds, plus additional secondary funds and direct co-investments in small to medium enterprises in emerging markets. Focus on fund managers with strong ESG processes investing in markets with less than \$13,000 GDP per capita.
IMPACT THESIS	<ul style="list-style-type: none"> Strong commitment to "ESGI" (Environmental, Social, Governance and Impact) values through focus on frontier and emerging markets. Firm philosophy links ESGI practices with financial return so that ESGI considerations are incorporated into overall investment considerations. Sarona is committed to upholding best-in-class industry metrics, measuring and reporting on standards used by GIIN, PRI, World Economic Forum, B Lab and B Corp.
ILLUSTRATIVE INVESTMENT	AfricInvest is a leading African private equity firm that manages 14 funds through seven offices in Tunis, Abidjan, Algiers, Casablanca, Lagos, Nairobi and Paris. With over 125 investments and over 60 exits, the group has generated above-market returns in over 20 African countries over the past 20 years. AfricInvest invests in well-established, mid-market companies across Africa in a range of sectors including pharmaceutical production, telecommunications, insurance, commercial banking, education and agribusiness. The team aims to enhance its portfolio companies by instilling progressive values and high ESG standards. <i>(Sarona Frontier Markets Fund 2 Investment)</i>
POSITIVE ATTRIBUTES	Experienced fund manager and management team with extensive industry network, history with ImpactAssets and positive track record; broad diversification by geography, theme, fund vintage and manager; IRR potentially enhanced by OPIC leverage; specialized impact reporting.
POTENTIAL RISKS	Inherent currency risk due to local currency investments; fund manager will divide time and investment opportunities between multiple funds; illiquidity given 12-year fund term; OPIC leverage could retract from returns in case of poor fund performance.

LEGAL AND PROGRAM DISCLAIMER: *This is not a solicitation to buy or sell securities, nor a private placement offering pursuant to any private placement memorandum that must be issued to qualified investors. It is an informational description of charitably oriented, social purpose investment options that have been approved by ImpactAssets only for use in its donor advised fund asset base. It is only for use by its donors. Any allocation to Global Impact Ventures options may result in losses and illiquidity that will be borne solely by each donor advised fund account with investment in these options, as will associated program fees. The minimum allocation per donor advised fund account per option is \$25,000. Grant making from the principal value will not be possible until distributions are returned to ImpactAssets' Giving Fund. There is no guarantee of any recovery of capital. The Fund Manager has not approved the information contained in this Fund profile, including the assignment of risk ratings contained herein. The Units may be offered solely to, and subscriptions will be accepted only from "Accredited Investors," as defined in Rule 501(a) of Regulation D promulgated under the authority of the Act, who are also "Qualified Clients," as defined in Rule 205-3 of the United States Investment Advisers Act of 1940, as amended.*