



# Caliber Capital Trust Detailed Portfolio Overview







## Fund Overview

Caliber Capital Trust is a Bewind trust, of which the main advantage is that the investors own the assets in the Trust as well as the income generated from those assets. At the same time, all of the income in the Fund is distributed to the beneficiaries annually to avoid any tax liability for the Fund. The Fund Manager only accepts investment commitments from pension funds and life companies, as they are required to comply with the specific Acts. Of the two types of investors in the Fund, Pension funds are non-tax paying and Life Companies have a preferential tax rate from the official tax rate.

The Fund is an open-ended **debt fund**. This means that the vehicle does not have term or number of years, before it is collapsed. The capital raising will be a constant exercise that forms part of the normal operations of the Fund. Thus, there are no closing dates to the capital raising exercise. Although we do not turn away commitments when they are received, we generally become pro-active in capital raising for the Fund when the investment opportunities in the form of pipeline transactions exceed the quantum available in the form of hard commitments.

The staff of the Unlisted Investment Manager may not participate as investor participants in the Fund. As a result, there are no secondary sales of limited partners or executive management in the Fund.

The Fund has made 20 investments to date in the form of debt facilities to borrowers since November 2015, totaling more than N\$300 Million.

### Management Fees

The fund only charges management fees on active investments based on the market value of the fund (outstanding balance on loans, plus cash, less any provisions).

### Commitment Fees

The Fund charge **zero** management fees on commitments made by investor participants available in the form of hard commitments.

## Fund Detail

Legal Form	Bewind Trust	
Year End	28-Feb	
Governance	Governance Board: 5 Trustees, 4 Independent	
Caliber Capital	Special Purpose Vehicle (SPV) in terms of Regulation 29	
Unlisted Fund Manager	Capricorn Asset Management (Pty) Ltd	
Asset Type	Namibian unlisted Debt Capital Instruments	
Nature of Income	Interest	
Hurdle Rate	90 % of Namibian Prime rate net of fees	
First Subscription	29-Jun-15	
Fixed Subscription Dates	After initial subscription date new and additional investments are allowed on 1 March, 1 July and 1 October annually	
Valuation Frequency	Daily	
Minimum Investments	N\$ 100 000	
Term/Liquidity	Fund is indefinite subject to majority vote (75 % or more) of Investors.	
Fees	2 % p.a. management fees, 20 % outperformance participation by the Fund Manager	
Target Market	Unlisted Medium Size Enterprises; N\$2 million to N\$60 million; 3 to 15 year terms	
Current Fund Size	N\$ 322,302,467 (as at end Sep 2023)	
Running Yield (effective annual)	13.14 %	
Return since inception	before fees	9.80 %
	after fees	7.89 %

## Historical AUM

	AUM
1 Year ago	N\$ 273,649,031
2 years ago	N\$ 234,162,975
3 Years ago	N\$ 206,870,663

## Risk Profile



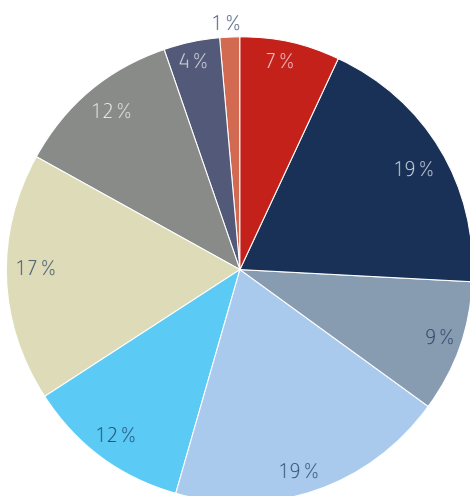
## Investment Vehicle

Special Purpose Vehicle

## Historical Performance

Total Return	1 Year	2 Years	3 Years	Since inception
Before Fees	12.38 %	11.03 %	10.24 %	9.80 %
After Fees	10.22 %	8.88 %	8.07 %	7.89 %

## Sector Exposures



## Fund Managers



### Tertius Liebenberg

Managing Director (CAM)  
 tertius.liebenberg@capricorn.com.na

#### Qualifications

B.Com, University of Stellenbosch  
 Treasury Programme, UNISA  
 Financial Planning Diploma, UFS

Years in Industry: 28

Years in this mandate type: 7

Years at Company: 23



### Glenn Henning

Head: Alternative Investments  
 glenn.henning@capricorn.com.na

#### Qualifications

Chartered Accountant, SAICA  
 Bachelor of Accounting, Witwatersrand  
 Certificate in Advanced Valuation, NYU  
 JSE Approved Executive

Years in Industry: 16

Years in this mandate type: 7 months

Years at Company: 5



### Relf Lumley

Chief Investment Officer  
 relf.lumley@capricorn.com.na

#### Qualifications

CFA Charter Holder  
 B.Com Investment Management, UP  
 MSC/MA Private Equity, Mergers &  
 Acquisitions, LBSE

Years in Industry: 13

Years in this mandate type: 7

Years at Company: 12



### Ester Endjila

Corporate Finance Analyst  
 ester.endjila@capricorn.com.na

#### Qualifications

Chartered Accountant, ICAN  
 Bachelor of Accounting, University of  
 Stellenbosch  
 Master of Commerce in Development  
 Finance, UCT GSB  
 Certificate in Advanced Valuation, NYU

Years in Industry: 7

Years in this mandate type: 7 months

Years at Company: 1



### Jollanda Mbanze

Credit Analyst  
 Jollanda.Mbanze@capricorn.com.na

#### Qualifications

B. Acc University of Namibia  
 Certificate for Financial Risk Management

Years in Industry: 10

Years in this mandate type: 5

Years at Company: 6





## The Investment Philosophy

Our investment philosophy is to Invest Sensibly. To us this means the following:

- Markets are inherently unpredictable thus optimal diversification and strategic asset allocation is key;
- Every investment is unique & warrants a unique approach;
- Clearly define & quantify all risk factors associated with an investment;
- Implement views effectively;
- Never speculate;
- Continuously monitor & assess actual performance

The above forms the basis of what we define as sensible investing. We are thus free to use what we regard as the most sensible approach towards a specific investment or asset class. This makes our decision making robust but highly agile and enable us to take advantage of investment opportunities as they arise.

### Fund Investment Strategy

The Fund's investment strategy is guided by the Investment Plan which is written into the Trust Deed of the Fund. The Investment Plan spells out the investment objectives and investment policy guidelines to be followed in the management and operation, on behalf of Investor Participants, of the Trust for the benefit of the Investor Participants.

### Fund Objectives

A key objective of the Trust's Investment Plan is to align the Trust's investment with the developmental agenda of the Namibian Government in general and specifically to Vision 2030 of the Republic of Namibia.

A key aspiration of Vision 2030 is for Namibia to become an industrialized nation where the manufacturing and services sector constitutes 80% of the country's gross domestic product (GDP). The country aims to largely export processed goods and to have a critical mass of knowledge workers and the contribution of the small and medium-size enterprises (SME's) to not be less than 30 percent. Compared to the current contribution of SME's to GDP it implies that the sector will have to see exponential growth in the remaining eight years to achieve the aspirations as set out in Vision 2030.

### Cash Flow

Anticipated transaction sizes vary between a minimum of N\$2 million to a maximum of N\$60 million with the ideal transaction size being around the N\$20 million mark. Although the Fund is open ended, the holding period for underlying investments is capped at 15 years. The Fund will only invest in debt capital transactions with Namibian domiciled Proprietary Limited Companies with their primary operations being based in Namibia.

### The Investment Universe

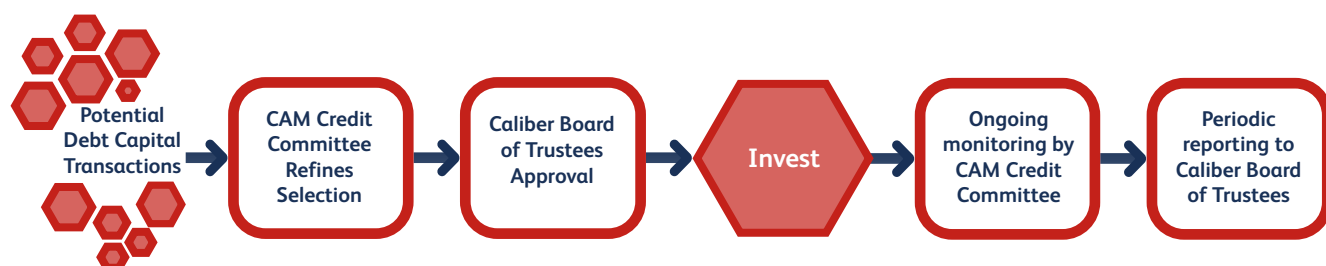
The investable universe excludes property development or property holding companies. Although there are no target industries, the Fund considers investment opportunities on a case-by-case basis with preference being given to transactions that speak to the developmental goals of the nation. At the moment, the Fund is invested in agriculture, agro-processing, financial services, energy generation and healthcare amongst others.

The Fund does not consider extending debt to early stage companies, unless the entity is a new subsidiary that is providing goods and services into the value chain of an established off-taker and is managed by an established related party.

## The Investment Decision Process

The investment process is as follows:

- Potential investment is originated directly or through various intermediaries;
- Unlisted Investment Manager's credit committee determines portfolio fit and recommend or reject investment;
- The Governing Board approves or rejects investment recommendations;
- Investments are made;
- Ongoing monitoring by Capricorn Asset Management's Credit & Compliance Committee and;
- Periodic reporting to the Trust's Governing Board on investment performance.



### New Investment Opportunity Selection Criteria

The following investment criteria is applied when considering new investment opportunities:

- Cash flow projections;
- Quality of Management;
- Key person risks;
- Track record of firm, owners or management;
- Key financial ratios;
- Financial leverage ratios;
- Size of investment and business;
- Term of investment;
- Type of collateral/security (if available);
- Possible loan covenants.


Not all engagements with potential borrowers get to the stage of compiling and submitting an investment submission for the Board's consideration, because of various elements that could be "deal breakers". The Fund has concluded and invested into 16 companies over the last 5 years.

### Screening Process

Two-fold - the Fund's screening and due diligence processes are conducted by the Portfolio management team (PMT). Opportunities will typically start with a conversation between ourselves and the potential borrower to establish the need and the possible structure of the transaction. Before commencing with due diligence, we would establish whether there are any "deal breaking" elements in the transaction (property development, legal status of borrower – if not a proprietary limited company, pending litigations & credit listings, shareholder KYC, etc). This stage of work is primarily carried out by the credit analyst.

Once the screening stage of the opportunity has been cleared, an indicative term sheet is provided to the applicant, which highlights the proposed salient terms of a facility that is yet to be tabled and considered by the board of Trustees.

Once both parties have reached consensus on the proposed facility terms, the PMT will then commence with comprehensive due diligence, which is guided by the Credit Policy Guidelines



document and largely entails historical financial performance analysis; verification of any relationships/contracts with important third parties (regulators, key service providers, off-takers, government, etc); analysis of any macro and micro-economic trends that could affect the future performance of the borrowing party; assessment of management performance and capabilities; cashflow analysis to assess borrower's repayment ability and a quality assessment of available collateral and securities. The findings from due diligence are then compiled in an investment submission that is first considered by the CAM Credit & Compliance committee which refers the transaction to the Caliber Capital Board of Trustees for final consideration.

The Fund will usually make use of third-party service providers for analysis of reports or work that is of a highly technical (legal, scientific or engineering) nature. Though the service provider is appointed by and reports to the Fund Manager, the cost of the service provider is borne by the applicant. The decision to make use of a third-party consultant is usually proposed by the Fund Manager, with the consulting work being carried out as part of the due diligence exercise. The board of trustees can also request for the appointment of a consultant to interrogate some of the technical information provided to us by the applicants.

The Fund manager would also refer names of Directors and entities to the Risk and Compliance team for screening on any local and global sanctions list of various institutions. Over the years, the screening by the risk team has flagged individuals and companies for various listings, with the most recent being the flagging of an entity in the fishing sector due to ongoing investigations. In terms of verifying the chain of title for specific assets, we would often verify ownership of assets directly with the deeds office, BIPA (business and intellectual property authority), Receiver of Revenue, etc.

The final consideration of new investments is done by the full Board of Trustees as prescribed by the regulations of the Pension Funds Act. The Caliber Capital Trust board of Trustees is made up of four individuals, which includes a Fund Manager nominated Trustee, Mr Tertius Liebenberg. The other Trustees on the Caliber Capital board of Trustees include Ms Magano Erkana, Mr Dirk Steenkamp, Mr Ronald Kubas and Mr Patterson Tjipueja who is the Chairman of the Board.

### **Monitoring**

The portfolio team carries out two credit reviews for each underlying investment in the Fund, with the first review being done after the half-year management accounts have been shared and the final review being done after the financial statements have been signed off by the auditors and Directors. The portfolio companies are also required to provide their Management Accounts at the end of each month for monitoring by the Portfolio Management team.

Depending on the nature of the underlying company's operations, more frequent contact is made by the Portfolio Management team with the investee company's management team.

The Fund does not acquire any shareholding in the underlying investee companies, thus, it does not have a say in the board representation of that companies within the portfolio.

## **Why invest in Caliber Capital Trust**

The Fund is set up to be a generalist debt fund that seeks out transactions that are of a developmental nature and with an impact or that speak to the developmental goals of the country. Of late, we have seen a number of opportunities within the renewable energy space as well as in food production and education.





## **Disclaimer**

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