



**The first of its kind
secondaries fund,
unlocking liquidity
and creating value
in private markets.**

mettasecondaries.co.za

Metta Secondaries Fund I, managed by Metta Capital Managers Proprietary Limited, registration number: 2017/250417/07, an authorised Financial Services Provider under the FAIS Act (FSP No 48601)

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GROVEST

BACKGROUND

In private markets, one of the biggest challenges investors face is the lack of liquidity. Unlike public markets, where shares can be easily traded, private equity and alternative investments require long-term commitments, often tying up capital for 7-10 years or more. This can create a problem for investors who need to rebalance their portfolios, respond to market conditions, or access liquidity for other purposes.

Secondaries investments provide a solution to this problem. By making it easier to sell existing commitments in private funds, secondaries allow investors to exit these illiquid positions early, offering liquidity where it was previously unavailable. For buyers, secondaries present an opportunity to purchase mature assets, often at a discount, leading to potentially quicker returns and reduced risk. This strategy benefits both sides: sellers gain flexibility, and buyers can capitalise on more predictable, lower-risk investments with shorter timelines.

MARKET OVERVIEW

The private equity secondaries market is experiencing significant growth, driven by a liquidity crunch across the broader private capital landscape. Secondary funds, which allow general partners (GPs) and limited partners (LPs) to buy or sell stakes in private assets, have become essential as traditional exits prove difficult. Secondaries provides LPs and GPs with the tools to rebalance portfolios and access liquidity.

Private equity faces a major challenge, with \$3.2 trillion in unsold companies sitting in buyout portfolios. While secondary transactions are providing some relief generating around \$120 billion in liquidity annually, this remains modest compared to the industry's \$20 trillion in assets under management

The secondaries market has evolved, introducing more sophisticated solutions like continuation funds, portfolio strips, and structured transactions. These tools help LPs adjust exposure and offer liquidity to stakeholders. Fund managers use them for portfolio management and succession planning, while investors are attracted by the stable returns and lower volatility that discounted secondary deals offer.

Although still undercapitalised, the secondaries market is well-positioned for continued growth as investor demand for liquidity and alternative solutions rises.

SOUTH AFRICA'S FIRST SECONDARIES FUND

MeTTa Secondaries has been established to take advantage of the arbitrage opportunities arising from the lack of liquidity in South Africa's private capital markets. The fund seeks to raise R20 million to acquire Limited Partner (LP) interests in Kalon Venture Partners 1 (KVP1) for its first investment.

With no actively promoted secondary fund in South Africa, MeTTa Secondaries offers a pioneering solution in a market where liquidity events are rare. The KVP1 portfolio enables investors to get access to the biggest, high-growth technology companies, including Ozow and Sendmarc, and has achieved a compounded annual growth rate (CAGR) of 19% over the past seven years. The fund offers investors an opportunity to invest at a huge discount, with a target return of 16%.

MeTTa Capital, the manager of the fund, has a 7-year proven track record, consistently exceeding its 16% IRR target with recent vintages achieving over 29%. Backed by experienced leadership and a focus on unlocking liquidity, MeTTa Secondaries aims to provide investors with unique access to South Africa's venture capital market

INVESTMENT OPPORTUNITY

This secondary opportunity has emerged as existing Kalon Venture Partners Fund I ("KVP1") shareholders seek liquidity after holding their shares for 7 years. Metta Secondaries Fund I ("The Fund") has secured an option to purchase 9,244 shares at R1,050 per share from these shareholders. The Fund Manager has carefully valued the portfolio, factoring in market liquidity, time value of money, performance fees, and capital gains tax. KVP1, a venture capital tech fund, consists of 8 investments, including stakes in some of South Africa's largest tech companies.

RETURN PROFILE (net of fees)

Targeted IRR: 19.88%

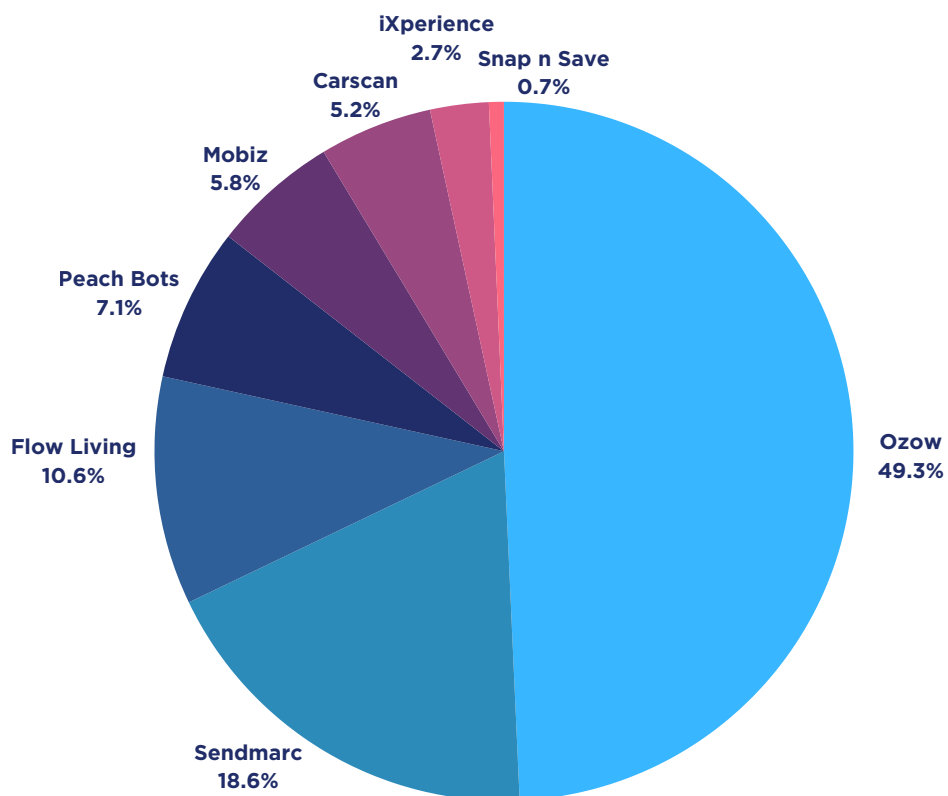
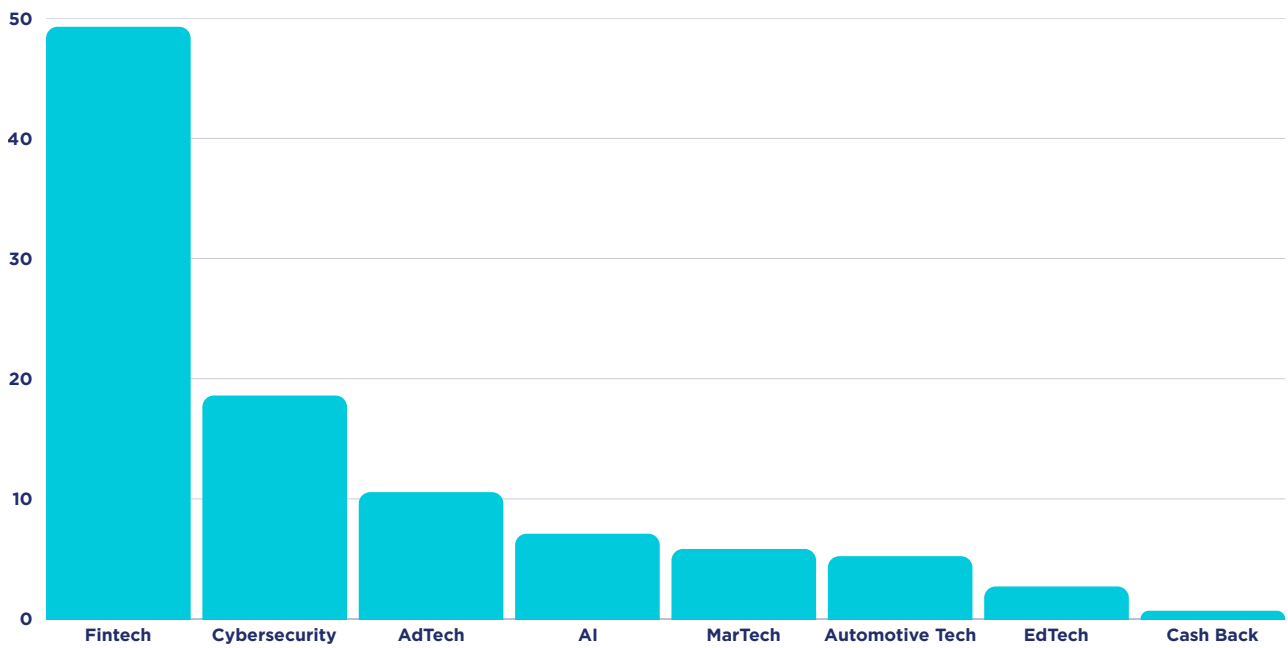
Targeted Times Money: 1.8x

FUND INVESTMENT MANDATE

The Fund provides investors with the opportunity to acquire a portion of **KVP1** shares at a significant discount to the net asset value. The Fund seeks to capitalise on secondary market opportunities by purchasing existing KVP1 shares from current shareholders, offering potential for attractive returns.



PORTFOLIO COMPOSITION





SECONDARIES VALUATION METHODOLOGY

The Secondaries Team have valued the businesses using a blended approach, incorporating various methodologies.

These include:

- Multiples of comparable companies
- Recent binding offers
- SaaS Baseline Valuation Multiple Calculation
- Nolands Capital Valuation

By implementing the above methodologies, the Secondaries team are confident that they have arrived a fair, and conservative valuation multiple.

BACKGROUND - KALON

Kalon Venture Partners builds and invests in a portfolio of high-growth technology companies with innovative business models tailored to meet the needs of both established and emerging institutions and their customers.

Kalon Venture Partners provides growth capital in the form of equity to support established yet high-risk ventures, enabling them to expand operations, strengthen traction within South Africa, enter African and global markets, and develop new products or technology lines.





Leron Varsha
CEO (Acting):

Leron founded and ran a multitude of companies in the fast-moving consumer goods space and founded several technology companies. Leron has 20 years of experience as a technology specialist.



Romeo Kumalo
Non-Executive Chairman:

Romeo was the former CEO of Vodacom / Vodafone of International Business. He is currently CEO and Co-Founder of LLH Capital. Romeo has over 20 years of experience in the Information Communication and Telecoms industries.



Arnold Basserabi
Non-Executive Director:

Arnold is the Former Group Chief Executive of Fedsure Financial Services Group. Arnold currently consults for numerous businesses, focusing on strategy and business development.



Edwin Oblowitz
Non-Executive Director:

Eddy is the Principal at Contineo Financial Services and serves as an adviser to high-net-worth SA and international families. Eddy is a Non-Exec Director of several listed & non-listed companies.



Fatima Habib
Non-Executive Director:

Fatima previously served on the Board of SEDA and was the former GM of ABSA Private Bank. Fatima has over 20 years of experience within all areas of business - HR, Finance, IT, Operations and Strategy.



Glen Scorgie
Non-Executive Director:

Glen is currently the joint- CEO of Caleo Private Equity. His expertise spans private equity, financial advisory, property and venture capital.



Gil Oved
Non-Executive Director:

Gil is a well-known South African entrepreneur having founded the Creative Counsel. Gil featured on Shark Tank South Africa and was previously voted EY Southern Africa World Entrepreneur.



Melbourne Nyamadzawo

Analyst: Melbourne holds an undergraduate degree in Entrepreneurship and Business Management with a major in Finance. He completed Honours and Master's Degrees in Strategic Management.



Sean Bernstein

Analyst: Sean Bernstein holds a B.Com Honours in Corporate Finance & Investment from the University of the Witwatersrand. He now applies his expertise in venture capital at Kalon, where he plays a key role in supporting innovative tech startups.



FORECASTED CASH FLOWS IN THE HANDS OF A LIMITED PARTNER

	Years				
	0	1	2	3	4
Investment					
Organisational Expenses					
Exit Events					
Management Fees					
Performance Fees paid to the Manager					
Cash Flows before Tax					
Tax payable by Limited Partner					
Cash Flows after Tax in hands of partner					
Cash Yield					

Cash Yield	Ave
Before Tax	
Average annual yield (Gross Investment)	45,96%
After Tax	
Average annual yield (Gross Investment)	42,18%
	-
	-2,50%
	34,68%
	47,17%
	104,48%
IRR on Gross Investment	
Before Tax	19,88%
After Tax	17,12%
	(10 000 000)
	(250 000)
	3 467 857
	4 716 607
	10 447 982

Times money on Gross investment	
Before Tax	1,84
After Tax	1,69

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a way that they seem to converge towards the top of the frame, creating a sense of height and scale. The sky is a deep blue with scattered white clouds. The overall color palette is dominated by blues and greys, with a small red rectangular element in the top left corner.

CONTACT US

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