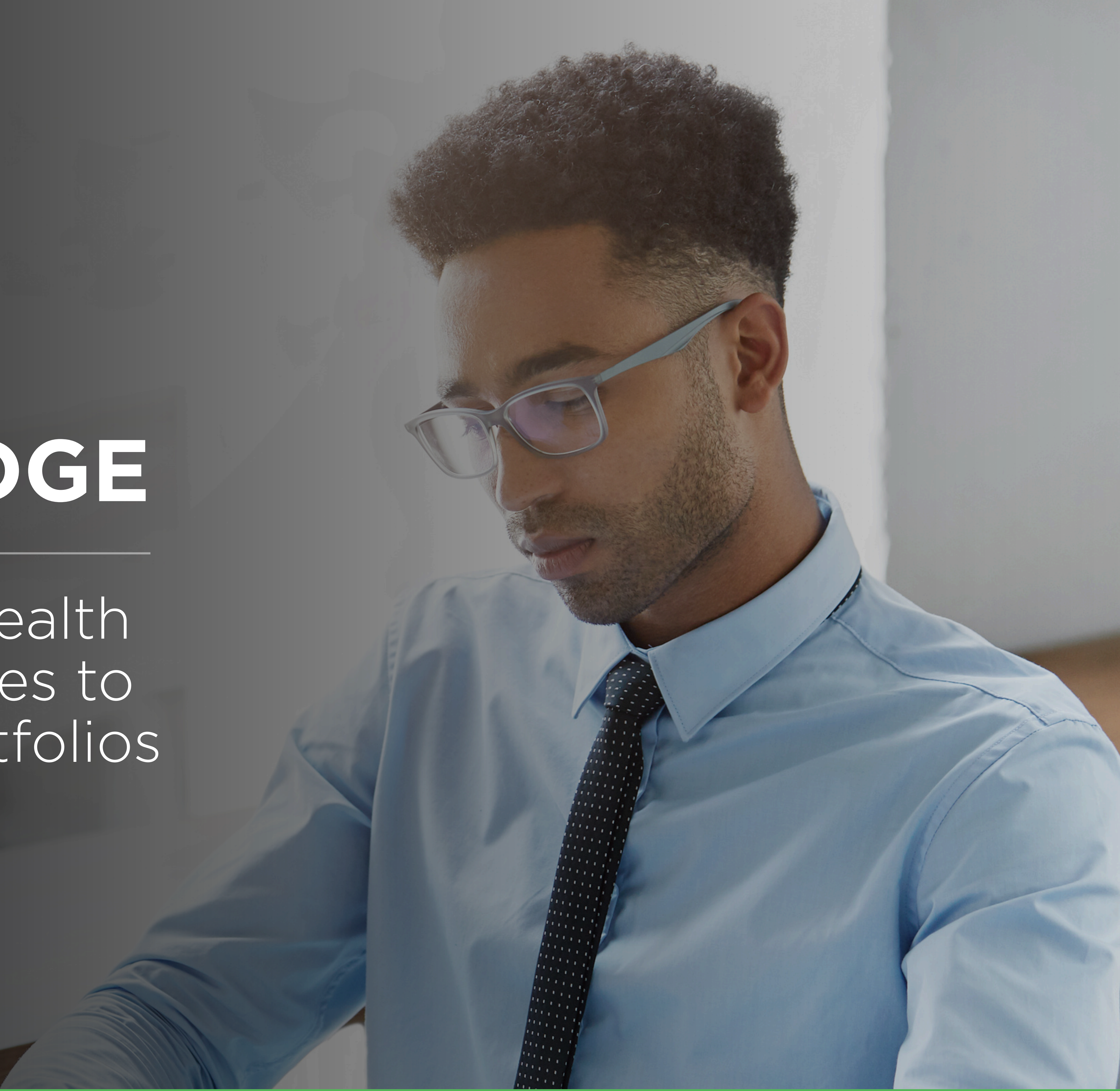
GROVEST

PIONEERING OPPORTUNITY

THE ADVISOR'S EDGE

How South Africa's leading wealth managers are using alternatives to build more resilient client portfolios



THE ALTERNATIVE ALLOCATION GAP

Why alternatives **deserve** a bigger role in client portfolios

Global benchmark

Global pension funds, endowments and family offices typically allocate at a minimum of **15% - 25%** to alternatives.

South Africa today

Most South African investors still allocate only **3 - 5 %**.

A meaningful gap

This allocation gap represents one of the biggest portfolio construction opportunities for advisers today.

Access has changed

Private markets are no longer reserved for institutions and family offices. Lower minimums, simpler structures, and better access have opened the door.

Regulation 28 reinforces the shift

SA retirement funds can now allocate up to **15%** to private equity and hedge funds combined. Institutional frameworks are already moving. Individual portfolios haven't caught up yet.

Advisors who close this gap unlock:

- **Enhanced return** potential through access to opportunities beyond traditional markets
- **Lower correlation** to public markets, helping reduce reliance on listed market performance
- **Asymmetric opportunities** with the potential for stronger upside relative to downside risk

WHY ADVISORS CHOOSE GROVEST

GROVEST
PIONEERING OPPORTUNITY

Proven **experience**. Purpose-built for advisors

With more than R4 billion in assets under administration and a decade of alternatives experience, Grovest has established itself as a trusted partner in South African private markets.

Grovest helps wealth managers access institutional-quality alternative investments through carefully structured solutions spanning income generation, tax-efficient infrastructure, and long-term growth.

R4Bn+ Assets Under Administration

Managing significant capital accross private credit, infrastructure and private equity strategies

10+ Years Alternative Investment Experience

A decade of structuring, launching and managing alternative investment solutions in South Africa.

Industry Firsts that Set the Standard

First movers in Section 12 B structures and innovative private market solutions

Structured for Performance

Carefully structured investment solutions designed to balance risk, return, and long-term value creation.

Enhanced Return Potential

A curated portfolio of alternative investments designed to deliver attractive risk-adjusted returns and long-term value creation.

Strong Track Record and Governance

A proven history of pioneering alternative investment structures, supported by strong governance, careful due diligence and disciplined oversight.

Our focus is simple : build differentitated alternative investment solutions that help advisors deliver better outcomes and grow their business

THE GROVEST ALTERNATIVE TOOLKIT

Three specialist strategies. **Three distinct** client outcomes.

WHY ADVISORS ARE **INCREASING ALTERNATIVE ALLOCATIONS**

01

Income generation beyond traditional fixed income

02

Reduced reliance on public market volatility

03

Greater portfolio diversification

04

Potential tax-efficient structures

05

Access to institutional-quality opportunities

Matching Client Needs **to Alternative Solutions**

Tax Efficiency + Annual Yield

Clients looking to utilise tax incentive to derisk income through compliant structures.

twelveb
green energy fund

Income Generation

Clients seeking cash returns beyond traditional income funds.

BOUTIQUE PRIVATE CREDIT

Medium -Term Growth

Clients seeking institutional-quality growth opportunities beyond listed markets.

METTA SECONDARIES

All funds are FSCA approved and have the relevant boards and governance structures in place

SARS-approved structure designed to materially **de-risk capital**

CLIENT OBJECTIVE: **TAX EFFICIENCY**

twelveb
green energy fund

A private infrastructure strategy providing investors exposure to diversified solar PV assets, generating contracted income through long-term power purchase agreements while offering SARS-approved Section 12B tax efficiency. Investors can access the strategy through either the conventional Fund IV or the Shariah-compliant fund structure.

Asset Class	**Solar Infrastructure**
Structure	**En commandite Partnership**
Minimum Investment	**R100,000**
Investment Term	**10 Years**
Tax Allowance	**Up to 225%**
Target IRR	**42% (on risk capital)**
Target Multiple	**2.3x**
Distribution	**Semi-annual**
Preferred Return	**7% for the first four years and 8% thereafter**

Why this matters

- Exposure to tangible renewable energy infrastructure
- Revenue secured through long-term PPAs with CPI-linked escalation
- Semi-annual income distributions from contracted energy revenues
- For qualifying investors, the 225% allowance can reduce effective capital at risk to zero.
- Shariah-compliant option broadens investor accessibility

Best suited for

- High-income taxpayers seeking tax efficiency
- Investors wanting infrastructure-backed income
- Shariah-conscious investors seeking compliant alternatives

Risk Indicator

Low Medium High

Moderately Aggressive

LOOK FOR THESE CLIENTS

Where to **spot opportunity** in your client book

twelveb
green energy fund

For clients seeking smarter tax efficiency

These are clients with significant taxable income who are increasingly focused on improving after-tax outcomes. Twelve B offers a structured way to remain invested in real assets while, through the 100% Section 12B allowance applied to a geared asset base (about R2.25 of assets per R1 of equity), qualifying investors can claim a first-year deduction of roughly 225% of their invested capital, potentially reducing effective capital at risk to zero.

Signals to look for :

- Consistently in the 45% marginal bracket, or a provisional taxpayer with a large IRP6 top-up each year
- Already maxed RA contributions and still facing a large tax bill
- Business owner or trust beneficiary with lumpy, high-value distributions
- Has used Section 12J before, or asked about it and been told the window closed
- Year-end (Feb/March) tax planning conversations already happening timing matters here, Twelve B has to be raised before the tax year closes

Conversation Starter Options

- "You're paying tax at the top rate, have you looked at structures where SARS effectively funds part of your investment?"
- "If I told you there's a way to get infrastructure income and a first-year deduction of roughly 225% of your invested capital through gearing, would that change how you think about your February tax planning?"
- "What's your Plan B once your RA contributions are maxed out?"

Twelve B becomes especially compelling when clients realise the 100% Section 12B allowance, applied through gearing, can deliver a first-year deduction of roughly 225% of invested capital, materially improving after-tax returns and potentially reducing effective capital at risk to zero.

Income-focused investing with **structural downside protection**

CLIENT OBJECTIVE: **INCOME GENERATION**

BOUTIQUE PRIVATE CREDIT

A private credit strategy focused on securitised lending, providing diversified exposure to carefully structured credit opportunities.

Asset Class	**Private Credit / Direct Lending**
Target Cash Yield	**ZARONIA + 6%**
Minimum Investment	**R100,000**
Investment Term	**10 Years**
Average Loan Tenure	**24 months**
Loan-to-Value Ratio	**60%**
Maximum Counterparty Exposure	**10%**
Management Fee	**1.50% p.a.**
Performance Fee	**15% after achieved preferred return**
Preferred Return	**ZARONIA/JIBAR + 1%**

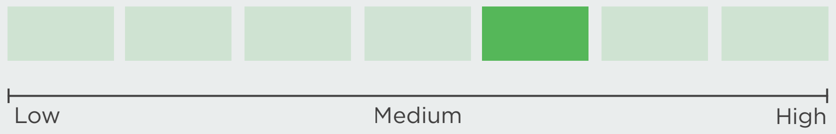
Why this matters

- Targets income above traditional fixed-income strategies
- Floating-rate yield benefits in higher interest-rate environments
- Asset-backed lending provides structural downside protection
- Strict covenant framework reduces borrower risk

Best suited for

- Retirees seeking reliable income
- Income-focused investors seeking yield above traditional fixed income
- Conservative wealth builders prioritising capital preservation
- Clients looking for attractive risk-adjusted returns outside listed markets

Risk Indicator



Moderately Aggressive

LOOK FOR THESE CLIENTS

Where to **spot opportunity** in your client book

BOUTIQUE PRIVATE CREDIT

For clients seeking reliable income with structural downside protection

Boutique Private Credit is best suited to clients who prioritise consistency over speculation. These clients want capital to work harder than cash or traditional income funds, without taking on unnecessary equity market volatility.

Signals to look for :

- Living annuity drawdown clients, especially anyone nudging toward the 17.5% ceiling
- Client has flagged that money market or NCD returns "aren't keeping up"
- Large idle cash balance sitting in a call account "waiting for a decision"
- Bond-heavy conservative portfolio, low appetite for equity volatility
- Asks specifically about "guaranteed," "steady," or "predictable" income, that language is the tell

Conversation Starter Options

- "What's your cash currently earning, and would you take a floating rate above ZARONIA if it came with asset backing instead of nothing?"
- "If your living annuity drawdown had to hold at this rate for another decade, would your income actually last?"
- "You've told me you don't want equity risk, have you seen what asset-backed private lending returns without it?"

Boutique Private Credit is often the strongest entry point into alternatives for income-focused clients who value stability, regular cash flow, and capital discipline.

Access **mature private equity assets** at attractive entry points

CLIENT OBJECTIVE: **LONG-TERM GROWTH**

METTA SECONDARIES

A private equity secondaries fund providing investors access to mature private equity assets acquired at a discount, offering diversified exposure to high-growth sectors while reducing early-stage investment risk.

Asset Class	**Private Equity Secondaries**
Target IRR	**20%**
Minimum Investment	**R250 000**
Investment Term	**5 Years**
Key Focus	**Mature Section 12J, Minority positions & Small PE**
Structure	**En Commandite Partnership**
Management Fee	**1.50% p.a. on invested capital**
Performance fee	**20.00% after achieved preferred return**
Preferred Return (Hurdle)	**CPI +3%**

Why this matters

- Access private equity assets at a discount to NAV
- These are matured and proven business operating models
- Diversified exposure across mature underlying assets
- Illiquidity can create favourable entry opportunities
- Potential for strong capital growth through staged exits

Best suited for

- Growth-oriented sophisticated investors
- Entrepreneurs following liquidity events
- Clients seeking institutional-quality private market exposure

Risk Indicator

Moderately Aggressive

LOOK FOR THESE CLIENTS

Where to **spot opportunity** in your client book

METTA SECONDARIES

For clients seeking access beyond traditional markets

These are clients who have already built wealth through conventional channels and are now looking for opportunities typically reserved for institutions, private networks, and sophisticated investors.

Signals to look for :

- Recent liquidity event, sold a business, exercised options, received an inheritance or divorce settlement
- Portfolio concentrated almost entirely in JSE-listed equity, frustrated with flat index returns
- Has asked about private equity or venture capital access before, unprompted
- Net worth high enough to comfortably lock 5 years without touching lifestyle capital

Conversation Starter Options

- "You've built real wealth through listed markets, have you ever had access to the private equity deals that outperform them?"
- "If most of a company's value gets created before it exits, how much of that growth is your portfolio actually missing?"
- "You're already classified as a sophisticated investor, are you actually using that access, or just qualifying for it on paper?"

These clients are often already asking better questions than traditional portfolios can answer. Metta gives you a differentiated response.

OBJECTION HANDLING FOR ADVISORS

HOW TO **HAVE THE CONVERSATION**

Opening Talk Tracks by Product

Twelve B :

“For qualifying investors, Twelve B can materially improve after-tax returns and potentially reduce effective capital at risk to zero, while providing exposure to income-generating solar infrastructure.”

Private Credit:

"Think of it like being the bank. We lend to businesses secured against their assets with strict covenants and you earn a spread above ZARONIA, paid regularly."

Metta :

"This is a 5-year fund buying into already-mature PE assets at a discount. You get PE upside without the decade-long wait or the J-curve."

Common Client Objections and Responses

"I don't understand private markets."

Begin with Twelve B by taking advantage of a tax incentive structure resulting in a derisked investment from year one with guaranteed cash flows over the term. From there, move into Boutique Private Credit for stable income and lower volatility, before introducing Metta as a higher-growth private equity allocation.

"What if I need my money back?"

The illiquidity is the source of the return premium. Size the allocation so this capital is ring-fenced from short-term needs.

"These returns sound too good."

Twelve B's return is driven by a SARS-approved tax deduction. Private Credit is ZARONIA plus a spread. Structured, documented outcomes.

"Is this regulated?"

Yes. All products are FAIS-compliant with full disclosure documentation, ROA templates, and independent auditors.

Why **Partner** With Grovest

Why Grovest over other alternative providers?

Grovest offers access to multiple alternative strategies across income, tax efficiency, and long-term growth enabling advisors to solve different client needs through one trusted partner.

R4 billion+ in assets under administration and over a decade of alternatives experience.

Will Grovest help me close?

From first conversation to final allocation, Grovest supports advisors with

- **Tailored proposals**
- **Product deep-dives**
- **Scenario modelling**
- **Objection handling**

What operational burden sits with me?

Grovest provides technical support to help advisors confidently navigate questions around:

- **Onboarding documentation**
- **Product disclosures**
- **Due diligence materials**
- **Reporting and investor communication**
- **SARB submissions (IT3B)**

FAQs

Common client questions, **answered simply**

What are alternative investments?

Alternative investments are assets outside traditional listed equities, bonds, and cash. These include private equity, private credit, infrastructure, venture capital and real assets.

Why do investors allocate to alternatives?

Alternatives can improve portfolio diversification, reduce correlation to public markets, generate differentiated income, and provide access to return drivers unavailable in traditional markets.

Why do alternatives often outperform traditional assets?

Alternative assets compensate investors for committing capital over longer periods and accessing specialist opportunities unavailable in public markets.

What is an en commandite partnership?

An en commandite partnership is a limited partnership structure commonly used for private market investments. It allows investors to participate in fund returns while limiting liability to their committed capital.

What are the benefits of an en commandite structure?

- Limited liability for investors
- Efficient capital pooling
- Flexible distribution of profits and cash flows
- Well suited to long-term private market investing
- A flow through of tax incentives

Is illiquidity always a disadvantage?

Not necessarily. Illiquidity is often the source of higher return potential, provided the allocation is sized appropriately within a broader portfolio.

FAQs

Common client questions, **answered simply**

How much should a client allocate to alternatives?

Allocation depends on risk tolerance, liquidity needs, and investment objectives, but alternatives are typically used as a strategic allocation within diversified portfolios with the benchmark being 30% - 50%

Are alternatives higher risk?

Not always. Some alternatives may carry higher return volatility, while others such as asset-backed private credit or infrastructure can offer strong downside protection and stable cash flows.

YOUR PARTNERSHIP JOURNEY

How Grovest helps you build **confidence** and scale **allocations**

01 Learn the Products

Schedule a 60-minute session with the investment team by emailing **wealthmanagers@grovest.co.za**

02 Identify Opportunities

Review your client book and identify one potential fit for each strategy.

03 Identify a First Allocation

Start with one suitable client and one carefully considered allocation before expanding across your broader client base.

The future of wealth management belongs to advisors who can offer clients access to opportunities beyond traditional markets.

Grovest helps you do exactly that.

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