

Case study | Ashburton Investments Credit Enhanced Fund

Ashburton Investments Impact Investing – Job creation through asset management

In the realm of asset management within Sub-Saharan Africa, only a select few have achieved success in the unlisted debt markets, let alone the impact sector. The Ashburton Investments Credit Enhanced Funds have excelled in both domains. These funds play a pivotal role in unlocking investments for Small and Medium-sized Enterprises (SMEs) and intermediaries often considered too risky by traditional funders.

Ashburton Investments collaborated with the South African National Treasury's Jobs Fund to create a multi-million rand facility. This facility serves as an initial loss mechanism within the relevant portfolios. By doing so, it effectively reduces both volatility and default risk. Consequently, the product becomes appealing to a broader range of clients, achieving its social

purpose while utilising minimal capital to attract private capital market participants. The resulting Ashburton Investments Credit Enhanced Fund I and II, running as limited liability partnerships, emerged from this innovative public-private partnership. Catalytic capital, a concept at the heart of these funds, deserves attention. It stands for investment capital that willingly accepts disproportionate risk or concessionary returns relative to conventional investments. Its purpose is to achieve specific positive social outcomes and enable third-party investments that might otherwise remain unrealised while maintaining commercial returns.

The success of these projects serves as a testament to the viability of public-private partnerships and suggest that such partnerships are effective in bringing about positive change. We have also found that the pursuit of positive impact tends to be contagious. It activates an intrinsic motivation to 'do good.' This phenomenon has been observed among our investees, investors, as well as employees of Ashburton Investments and the greater FirstRand Group. Since their inception in 2014, the Ashburton Credit Enhanced Funds

have successfully amassed over R2.3 billion in capital. Notably, the companies benefiting from these debt investments have generated over 17 000 new verified jobs, with nearly 90% of these opportunities held by women. These employment gains are particularly significant in underserved provinces such as the Eastern Cape, Limpopo, and the North West. Despite their social impact focus, the Funds have not sacrificed financial returns. In fact, they have consistently outperformed inflation by over 4% per annum.

The Ashburton Investments Credit Enhanced Funds exemplify how commercial solutions, driven by catalytic capital, can address critical needs such as affordable housing, infrastructure development, agriculture and supplying capital where it is most needed. Their success underscores the importance of collaboration between public and private sectors in achieving sustainable, scalable impact.



Voted Top 3 South African Investment House according to the 6th African Investing for Impact Barometer by UCT-Riscura.