

BY LEVERAGING KNOWLEDGE, NETWORKS & FUNDING, KNF VENTURES II ACCELERATES THE GROWTH OF SOUTH AFRICAN INNOVATION-DRIVEN SMES TO GENERATE ENHANCED RETURNS FOR INVESTORS

KNOWLEDGE

In selecting entrepreneurs with deep subject matter expertise and then adding a blend of the business building skills of KNF and the diversified experience of a credible investor base, investees gain a solid knowledge foundation to scale from.

NETWORKS

KNF provides market access and accelerates investee traction by leveraging a dynamic partner network to ensure that the solution to virtually every challenge confronting a South African high-growth business is no more than three phone calls away.

FUNDING

With emphasis on each phase of the investment cycle: Find, Make, Grow & Realise - KNF responsibly applies funding to take advantage of windows of opportunity for investee companies to close growth gaps and create sustainable exit-ready businesses.

KNF Ventures II is the second Section 12J Venture Capital Company launched by Knife Capital. It has the same investment mandate as KNF Fund I and will continue to build on the success and momentum created. Qualifying Investors in KNF II can compensate for risk and enhance their return on investment by claiming amounts incurred on acquiring KNF II shares as a deduction from taxable income.

KNF II is managed by Knife Capital - a South African venture capital investment firm focusing on innovation-driven ventures with proven traction. Knife Capital also managed Mark Shuttleworth's HBD Venture Capital Fund in SA (fully invested and successfully exited, achieving an IRR significantly above the KNF II target) and builds high-growth technology enabled SMEs through its Grindstone Accelerator programme.



KNF II 12J SNAPSHOT

Target Fund Size	R150m*
Fund Closing	30 June 2021*
Minimum Participation	R1m
Maximum Participation	20% of Fund
Max Tax Deduction p.a.	R2.5m per Investor (Individuals and Trusts) R5m for Corporates
Investor Holding Period	> 5 years
Investee Exit Horizon	4-7 years
Targeted IRR	40%
Annual Management Fee	2.5%
Setup/Raising Fee	1.5%
Carried Interest Upside	20% after payback of investor funds

* The VCC regime is subject to a 12 year sunset clause which stipulates that no new S12J deductions will be granted after June 2021. Should this be extended, the Target Fund Size and Closing Date may be reviewed.

KNF II PORTFOLIO INVESTMENT MANDATE

Stage of Investment	Growth/expansion (not seed)
Minimum Investment	R10m
Maximum Investment	20% of Fund Size
Industry Preference	Innovation-driven ventures
Excluded Investments	Listed co's; immovable property; financial or advisory services; 'sin' industries
Investee Size	< R50m book value of assets per co.
Geography	Companies operating in South Africa
Investment Instrument	Non-controlling equity stakes

Knife Capital takes pride in the quality and profile of its investor base, consisting of private investors with mostly entrepreneurial backgrounds as well as financial institutions, such as the SA SME Fund. Target KNF II investors subscribe to combining their Knowledge, Networks and Funding to build quality deal pipeline and assist portfolio companies where relevant. KNF II is not just about the tax break or the money and there needs to be a mutual fit on investment philosophy and values.

FIND > MAKE > GROW > REALISE

Finding and making investments in local SMEs are relatively easy, but growing these investments to unlock value and eventually realise returns for all stakeholders is more challenging. Knife Capital has experience across the full investment cycle and has facilitated lucrative VC exits of local technology companies to the likes of General Electric, Visa, Garmin and Uber, resulting in attractive financial returns.

NOTABLE EXITS



KNF I INVESTMENT PORTFOLIO

Investors in KNF II will benefit from the traction of KNF I portfolio companies and there may be follow-on investment opportunities. The investees targeted will have a similar profile to KNF I investments.



Cloud-based event ticketing, fundraising and donations platform
www.quicket.co.za



Teaching solutions through SkillUp, Code4Kids, Lessonspace and room.sh
www.skilluptutors.com



SaaS Warehouse Management Solutions for SMEs
www.granitemws.com



EdTech company enabling digital learning through an educational content marketplace
www.snapplify.com



AI-enabled Manufacturing Process Optimization
www.dataprophet.com



IoT temperature monitoring solutions and medical fridges for the pharmaceutical industry
www.pharmascout.co.za



'Evolved Refreshment' beverage products for the health conscious consumer
www.purabeverageco.com



AI-driven Customer Journey Management software
www.inquba.com

KNF II PARTNERS AND DIRECTORS



KEET VAN ZYL

BAcc ACMA MBA
P&G | SAEDF | Investec
HBD VC



ANDREA BÖHMERT

M,Comm | MBA
Siemens | DiData | HP Ventures



EBEN VAN HEERDEN

CA (SA)
EY | Ohlthaver & List | HBD VC |
DraperGain



BOB SKINSTAD

Entrepreneur | Investor | Speaker
Springbok Rugby | DraperGain



DAVEY GANT

BComm LLB MBA
BVPG | Stonehage Fleming
DG Holdings

REGISTERED NAME: KNF Ventures II (Pty) Ltd
VCC REFERENCE NO. VCC-0181
EMAIL: invest@knifecap.com

CO REGISTRATION NO. 2019/132983/07
FSP LICENSE NO. 50550
TEL. 021 555 1933

WWW.KNIFECAP.COM

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