

## **Impact fund launched to invest in early stage businesses**

**· Investor benefits include significant tax advantages and B-BBEE points**

*Monday, 1 August 2016:* Seed Engine, the WDB Investment Holdings (WDBIH) and Grovest have developed a creative response to the dearth of funding for early and growth stage businesses. The WDB Seed Fund will fill this critical gap and offer significant tax advantages and Broad-Based Black Economic Empowerment (B-BBEE) points for corporates.

This impact fund has been established as a section 12J Venture Capital Company.

Donna Rachelson, CEO of [Seed Engine](#), says, “The fund allows organisations to achieve an above average targeted internal rate of return of 20% on their investment in enterprise and supplier development programmes with a focus on black women and youth-owned businesses.”

Corporates can select the sectors of entrepreneurs the business wishes to develop including ICT, Education, Healthcare, Services, Retail, Manufacturing, Logistics, Agriculture and Agri-Processing. It also allows returns to be reinvested. Three kinds of shares are available: enterprise development, supplier development and impact shares.

Investors may deduct the full amount of their investment into the fund from their taxable income in the year in which the investment is made. The significant tax benefit is 28% for businesses and 41% for individuals and trusts.

Additionally, investment into the fund is classified as Enterprise Development and Supplier Development spend, which contributes towards the B-BBEE scorecard as capital invested will be utilised for enterprise and supplier development initiatives.

“We believe that the impact of WDB Seed Fund will be significant as the partners bring specialized experience. The WDBIH has funded and

supported female entrepreneurs and is experienced in impact investments. Grovest has pioneered Section 12J companies and Seed Engine and [Seed Academy](#) has a track record in training and supporting entrepreneurs,” says Rachelson.

Faith Khanyile, CEO of [WDBIH](#), says that the WDB Seed Fund will promote economic growth by unlocking barriers that prevent the SME sector from expanding and creating jobs. “This will be achieved through capital, high impact mentorship combined with technical and business support, as well as support in accessing markets,” she says.

Jeff Miller, CEO of Venture Capital Company [Grovest](#), says: “The intention of Section 12J funds is to incentivize investment in the development of SMEs, and the WDB Seed Fund will generate not only financial returns for our investors but social, environmental and economic impacts as well.”