

Update on Bridge Taxi Finance

For the 12-month period ending 31 March 2025, the Vunani IP Enhanced Income Fund returned 10.81%, materially outperforming its benchmark, the SteFI Composite Index, which returned 8.36% over the same period.

Some of your clients hold units in the Vunani IP Enhanced Income Retention Fund, which is invested in a taxi finance company called Bridge Taxi Finance ("BTF"). That company, like much of the taxi lending market, has been struggling.

What Have We Done?

We've been working tirelessly since early 2024 to fix the problem:

- We changed who manages the loans (from Mokoro to an established company called Mobalyz), and they've been much more efficient in managing the underlying portfolio of assets.
- We secured legal and valuation expertise to improve governance and ultimately explore avenues to increase cash collections and return cash to investors.
- Along with other investors, we agreed to restructure (fix and reorganise) the loans in December 2024.

What Were the Options?

We looked at three ways to deal with the problem of returning cash to investors:

1. Sell everything quickly – but we'd get very little back.
2. Wind down slowly – slightly better.
3. Fix the loans and manage them properly over time – this option gave us the best chance of getting more of your money back.

We chose option 3.

What Happens Next?

The old taxi loans will be swapped for new ones in two new companies:

Asambe 1 – holds the old BTF6 loans (RED706 and RED707 instruments in your portfolio)

Asambe 2 – holds the old BTF8 loans (MAR02B and MAR03B instruments in your portfolio)

When the structures have sufficient cash, funds will be distributed to noteholders more frequently. The new notes allow investors/fund managers more direct control over the activities and cash distributions of the underlying structures. Our aim is to improve cash collections and in time, increase cash returned to investors.

What Does This Mean for You?

Asambe 1 (BTF6):

Right now, these loans aren't bringing in enough to cover their costs. So, we've valued them very low — 1 cent per rand. We currently do have cash in the underlying operations and will be looking to increase collections and return cash to investors.

Asambe 2 (BTF8):

These are doing a bit better, so we've valued them at 37 cents per rand (down from 70 cents). This is based on more realistic numbers. The portfolio has higher cash balances and will be distributing a portion of this cash in the next few months.

The overall impact at the end of April on the Vunani IP Enhanced Income Retention Fund was a reduction of 58.40%.

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It is worth noting that these declines represent an accounting write down and not a write down of economic value. This means that these reductions reflect a change in how we show the value on paper. If things get better, these values can go back up.

Investors continue to not be charged any fees on these instruments that reside in their respective Retention Funds.

We're Still Working for You

Vunani Fund Managers remain resolute in our commitment to recover funds owed and to realise maximum value for our clients within the shortest amount of time.

Yours sincerely,

Vunani Fund Managers

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