

4Di Capital announces second close to new \$25m seed fund

South African early-stage venture capital firm, 4Di Capital, has announced the second closing of its new \$25m seed fund - created in partnership with DotExe Ventures in Mauritius - with an undisclosed raise from Mauritian-based conglomerate, IBL Group, via its investment vehicle, IBL Link Investments.



Source: [Unsplash](#)

This follows an initial close of \$8m from the SA SME Fund, with capital targeting seed and post-seed stage startups in South Africa, East Africa, and the continent at large.

In particular, the fund will focus on businesses exhibiting continental or global ambitions and will remain open to new investors until the final close in early 2023.

Founded in 2009 by a team of entrepreneurs, 4Di Capital has established itself as a highly regarded investor in the African venture capital market, with investees benefiting from the partner's significant hands-on experience in growing and scaling startups in Africa.

This is backed by the firm's portfolio of seed investments into noteworthy startups that have since raised significant late-stage funding, such as Aerobotics, LifeQ, VALR, and Nairobi-based Wasoko.

Says Justin Stanford, partner at 4Di Capital:

"It is with great excitement that we welcome IBL Group and IBL Link Investments to our investor base. A key feature of our firm's approach is that we prefer to have fewer investors and work very closely together with them, maximising value-add and providing a close look at the coalface. Having spent the past 13 years refining our investment strategy and expanding our footprint past South Africa into the East African market and beyond, we look forward to collaborating hand-in-hand with our new partners. IBL features a network of more than 280 companies across 19 markets which will be invaluable as we continue our efforts to support the growth and development of the next cohort of highly scalable startups in the region."

The partnership between 4Di Capital and IBL comes as venture capital establishes itself as a promising asset class on the African continent: In the first quarter of 2022 – while markets in the United States, Asia and Europe slumped – Africa was the only region globally to record three-digit growth, with venture funding growing by 150% year-one-year to hit a record \$ 1.8bn compared to \$730m in the same period in 2021.

Moreover, the attractiveness of the East African market was epitomised by Kenya, which by the end of Q1 2022, had attracted more venture capital funding in the first three months of the year (\$482m) than it did in all of 2021 (\$412m).



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“With Africa showing the rest of the world up, now is the right time for investors to get into the African innovation market,” adds Stanford. “The early-stage investment landscape is even more enticing. While the supply of funding is rapidly increasing on an annual basis, there is still a major capital deficit and under-served demand. Unlike other markets globally which have become saturated, the African market still represents an opportunity for investors. The investment landscape is less competitive, resulting in more favourable valuations and terms, and thus the opportunity to potentially achieve higher returns.”

Commenting on the partnership, Laurent Fayolle, managing director of DotExe Ventures, says: “At the core of our business is a desire to elevate the African innovation ecosystem. To achieve this, we must be prepared to back daring founders with the capital and resources they need to generate both scale and value.”

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