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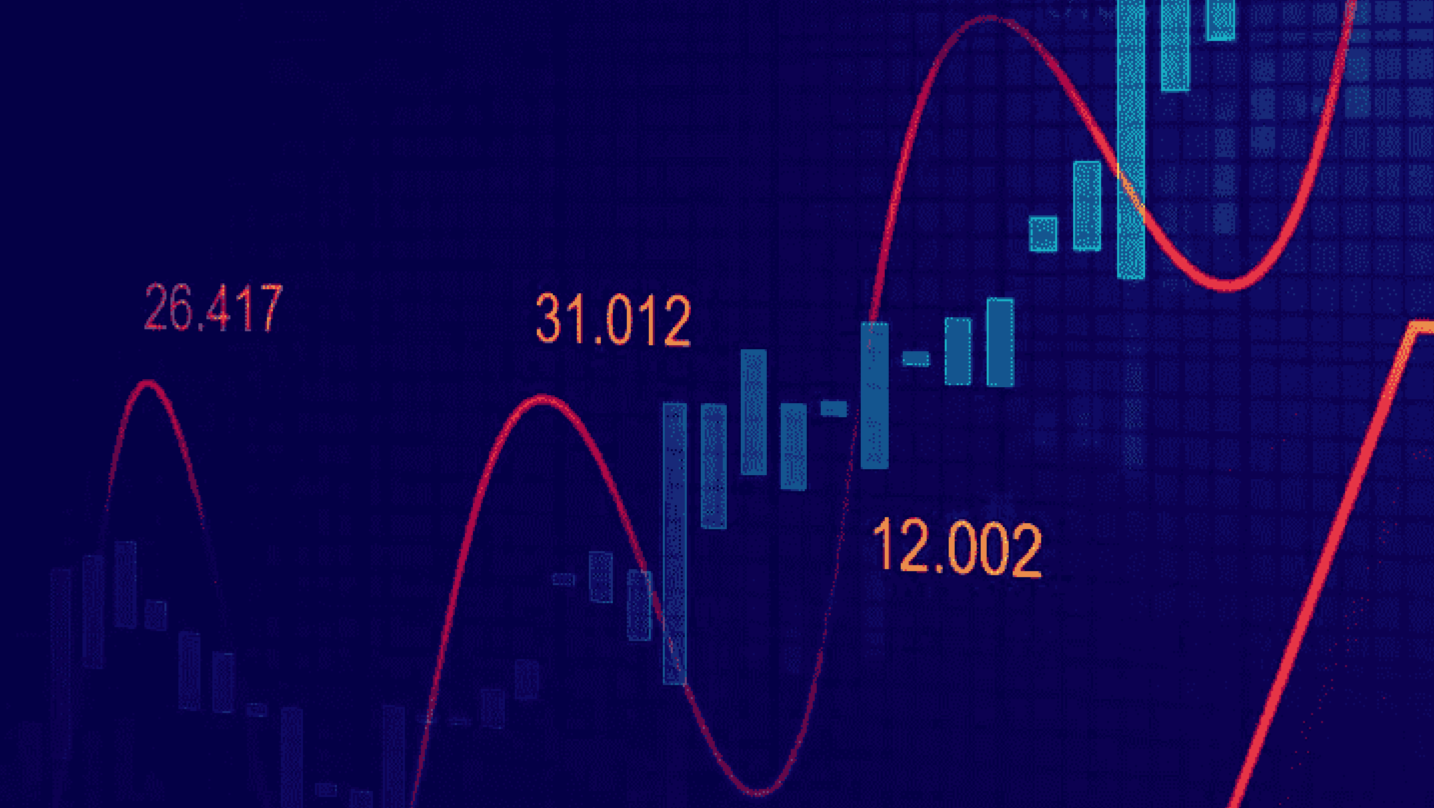
AFRICA GLOBAL FUNDS

FOCUS ON MARKET STRUCTURE



ANALYSIS
How to Accelerate Sustainable Private Capital in Renewable Energy in South Africa?

COMMENT
Why Fund of Funds Unit Trusts Are the Way to Go

NEWS
uMunthu II Gets €57m From Investors

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In this month's issue we focused on the Dar es Salaam Stock Exchange (DSE), which operates a securities exchange in Tanzania. Currently the DSE has 28 listed companies of which 22 are local companies and 6 are cross-listed companies. Several weeks ago, the broking community and other stakeholders, met with the DSE's management, outlining a number of issues and putting forward proposals to change the rules of the exchange, according to Tim Staermose, CEO, ST Funds Management. Find more on pp. 12-13.

In this month's issue we also asked industry experts on how to accelerate sustainable private capital in renewable energy in South Africa. Rizaan Samuels of Mergence Investment Managers and Jim Hodges of the European Investment Bank shared their views on pp. 14-15.

In addition, Gregoire Theron, CIO at GraySwan explained why fund of funds unit trusts are the way to go for investors. He said that one of the key selling points of fund of funds unit trusts is that they provide more diversification than single-manager products. Find more on p. 20.

On the fundraising front, a mixed group of investors, including family offices, private investors, and institutional investors, have committed €57m to the first close of uMunthu II fund (news on p.4).

We are also excited to announce the 8th Annual Africa Service Providers Awards. We're accepting submissions and nominations at www.agfawards.com until September 8.

For more up-to-date news, analysis and insights visit africaglobalfunds.com and don't forget to follow the magazine @AfricaGlobFunds on Twitter.

If you would like to get in touch with any comments or suggestions for future issues, please e-mail myself at a.lyudvig@africaglobalfunds.com

Best regards,

Anna Lyudvig
Managing Editor

Fundraising & Fund Launches

UMunthu II Gets €57m From Investors

Els Boerhof,
Managing Partner
Goodwell

A mixed group of investors, including family offices, private investors, and institutional investors, have committed €57m to the first close of uMunthu II fund.

Managed by Goodwell Investments and its long-standing partner Alitheia Capital, the fund is expected to reach its final close within two years, with a minimum target of €150m.

Els Boerhof, Managing Partner of Goodwell, said: "The African market provides a huge opportunity for impact and economic growth, especially during turbulent economic times, as we learned once again during recent crises. African economies and specifically inclusive businesses that provide essential products are highly resilient and continue to grow, contrary to global developments. Because crisis or not, unmet demand for basic goods and services on the continent will rise for an ever-growing group of underserved users."

The fund will focus on closing this gap in Africa by investing in local entrepreneurs and providing local solutions to local issues.

The investments will be managed by women-led investment teams based in the same regions as the entrepreneurs they work with.

Tokunboh Ishmael, Co-founder and Managing Director of Alitheia Capital, said: "uMunthu II will tap into the huge potential of inclusive businesses that provide high-quality, reasonably priced goods and services for underserved low-income groups, such as food, housing, transportation, and healthcare. Improving access to these essentials directly links to increasing participation in social and economic networks and improving livelihoods."

"Funding from uMunthu II will enable these innovative entrepreneurs to build businesses that reach millions of underserved end-users while delivering positive social and environmental impact and market-rate financial returns," he added.

Despite growth opportunities, African entrepreneurs need more funding to reach their potential.

Venture capitalists injected a record $6.5bn into the 54 African countries in 2022.

> "African economies and specifically inclusive businesses that provide essential products are highly resilient and continue to grow, contrary to global developments. Because crisis or not, unmet demand for basic goods and services on the continent will rise for an ever-growing group of underserved users
>
> - Els Boerhof, Managing Partner of Goodwell

Yet that pales in comparison to the $200bn raised in the United States alone that same year.

uMunthu II is specifically investing in early and growth-stage SMEs, and actively seeking out women-led businesses because currently only 15% of venture capital funding is going to companies founded and or led by women.

A strong uMunthu II portfolio is taking shape, as one of the anchoring feeder funds has already invested in nine companies, including Copia, Chicoa Fish Farm, Sendy, Good Nature Agro, Instill Education and Origen Fresh, which are indicative of the overall strategy to invest in high-impact sectors.

In addition to growing the uMunthu II portfolio, Goodwell aims to welcome new family offices and institutional investors to its network who are looking for growth opportunities that match their impact and financial objectives and who understand the huge potential for creating social and environmental impact on the African continent while delivering competitive financial returns.

INVESTORS

FSDAi Backs Africa Climate Ventures with £1m

FSD Africa Investments (FSDAi) has invested £1m in Africa Climate Ventures (ACV), a pioneering venture builder working to build a $45m portfolio.

The convertible loan will support the venture builder's formalisation and build additional ventures as demonstrations to attract investment from larger funds.

On top of this investment, FSD Africa will provide £75,000 in grant funding to support the development of premium carbon credits and the marketing of portfolio and pipeline companies.

Moving forward, FSDAi has secured the right to invest up to £8m in ACV's planned 2024 close.

Anne-Marie Chidzero, CIO of FSD Africa Investments, said: "In backing the ACV partners, FSDAi sees a tremendous opportunity to galvanise global investment and finance to promote Africa's status as the pre-eminent climate investment destination."

ACV will catalyse the carbon asset class in Africa by building innovative businesses focused on solving our generation's greatest challenge and at the same time capturing a significant share of global carbon markets in Africa.

The venture represents a series of "firsts" in Africa: from its entirely Africa-based founder team and its permanent capital structure based in Kigali, to its exclusive focus on carbon mitigation, capture and removal, the continent's fastest evolving sector.

ACV represents a historic evolution in Africa's carbon ecosystem and will contribute directly to capital mobilisation in climate action.

AVC team is working to build a portfolio of climate positive businesses across Africa, with the ultimate aim of launching and scaling 15 ventures in the next four years. ACV is seeking to build this portfolio by investing to: i) bring proven global climate technology to Africa, ii) accelerate and de-risk the continental expansion of technologies and business models that have gained traction in one or a few African market(s), and iii) add carbon revenue streams to existing African businesses with the potential to scale climate positive solutions.

ACV has adopted a structure more in-line with a global north venture studio in which the vehicle is structured as a permanent capital vehicle which sells equity rather than securing fund management mandates. This has allowed ACV to begin building ventures in parallel with fund raising, which the founders believe is paramount given the urgency of climate change, and the need for Africa to quickly establish itself as part of the solution.

There are already two ventures in the portfolio: KOKO Networks Rwanda, a co-venture between ACV and KOKO Networks which already provides sustainable bioethanol cooking fuel to over 900,000 Kenyan families and aims to reach a million Rwandan families by 2027, and Great Carbon Valley, a Kenya based developer of direct-use clean energy applications currently focused on developing a direct air capture and permanent carbon storage site in Kenya.

James Mwangi, CEO of Africa Climate Ventures, said: "We are thrilled that FSDAi has joined us in building ACV. The involvement of FSDAi has already been invaluable in refining the ACV model. As we work towards ambitious objectives, we believe FSDAi will be a key partner in ensuring our success."

DEALS

Standard Bank Invests Over $200m in M-KOPA

Standard Bank Group, Africa's largest bank, has led and arranged over $200m in sustainability-linked debt financing to M-KOPA, a leading fintech platform.

"Supporting M-KOPA is in line with our purpose of driving sustainable growth for Africa and her people. Financial inclusion not only enables economic growth, it also accelerates it. M-KOPA has, in a short time, managed to positively impact so many lives by enabling access to power and smartphone connectivity, which are a vital part of enabling the economic empowerment of all," said Nick Riley, Corporate Financing Solutions at Standard Bank.

Another $50m in debt was secured from the International Finance Corporation (IFC), funds managed by Lion's Head Global Partners, FMO, British International Investment, Mirova SunFunder and Nithio.

A further $55m in equity investment was backed by existing strategic investor Sumitomo Corporation, which is contributing $36.5m to the total raise and will engage closely with M-KOPA on new growth markets and products.

Blue Haven Initiative, Lightrock, Broadscale Group and Latitude, the sister fund to Local Globe, also participated in the transaction.

"As a strategic investor, we are very excited to accelerate business growth through collaborative efforts in business development. By leveraging each expertise and resource, we believe this partnership will have a positive impact on both the financial and telecommunications sectors, ultimately enriching the lives of people across the continent." commented Masaki Nakajima, Senior Managing Executive Officer, General Manager, Media & Digital Business Unit at Sumitomo Corporation.

The financial proceeds will be used to expand its financial services offering to underbanked consumers across Sub-Saharan Africa.

M-KOPA's fintech platform combines the power of digital micropayments with the Internet-of-Things (IoT) to provide customers with access to productive assets. In markets where individuals have limited pre-existing financial identities and conventional collateral, M-KOPA's flexible credit model allows individuals to pay a small deposit and get instant access to everyday essentials, including smartphones, electric motorcycles and solar power systems, and then graduate to digital financial services such as loans and health insurance. M-KOPA's solution embeds credit into the product through a smart digital connection, giving customers ownership instantly, which they can pay off through micro-instalments over time. The company has sold over 3 million of these products through a unique direct sales model that includes more than 10,000 agents.

M-KOPA's operations started in East Africa and successfully expanded to Nigeria in 2021 and, more recently, Ghana. From 2020 to 2022, M-KOPA recorded a compound annual growth rate of 85% in new customer acquisition. Today's news coincides with the business reaching over 3 million customers and providing over $1 billion in cumulative credit for underbanked customers in Africa. The company continues to scale rapidly and is on track to acquire an additional million customers over the course of 2023.

With this new funding, the business aims to grow its smartphone services, expand its model to new markets and extend its financed product set. In line with M-KOPA and its partners' longstanding commitment to creating a positive impact, the debt financing is structured to support sustainability-linked goals with pricing that is linked to the achievement of environmental and social targets.

M-KOPA will also use the financing to drive women's financial inclusion and reduce greenhouse gas emissions in its East African markets by increasing smartphone ownership among women and further developing its electric mobility solutions offering, respectively.

Jesse Moore, M-KOPA CEO and Co-founder, said, “At M-KOPA, we are working hard to create a positive environmental and social impact by systematically addressing the barriers to digital financial services. We have already unlocked $1bn in cumulative credit to over 3 million customers, and are proud of the thousands of local jobs we've created during tough economic times. As we continue to scale we remain committed to building a sustainable business and closing economic and digital gender gaps. We are delighted to have the support of new and existing investors who share our vision and mission”.

DEALS

AIIM Consortium Announces
Financial Close on 89MW Castle Wind Farm

Sechaba Selemela,
Investment Principal
AIIM

AIIM consortium has reached a financial close on 89MW Castle Wind Farm (Castle) to supply renewable energy to Sibanye-Stillwater's South African mining operations via an Eskom wheeling agreement.

The consortium consists of African Infrastructure Investment Managers (AIIM), through its renewable energy project development and delivery platform African Clean Energy Developments (ACED), and Reatile Renewables.

This milestone marks the effective date of the Power Purchase Agreement (PPA) between the project company and Sibanye-Stillwater and the commencement of construction.

The energy will originate from Castle Wind Farm, located near the town of De Aar in the Northern Cape province of South Africa and will result in energy cost savings, increased energy security and decarbonisation benefits for Sibanye-Stillwater, a multinational mining and metals processing group.

The addition of increased power generation capacity to the national grid will contribute to offsetting the power deficit currently being experienced in the country. AIIM has been a strong proponent of increasing the ability of South African pension funds to invest in unlisted infrastructure investments.

These assets provide an attractive option for pension funds to meet their investment return aspirations, and also help address the significant infrastructure backlog the country is facing.

The backlog includes power generation and transmission infrastructure, rail and ports infrastructure, as well as the water sector.

In the power generation sector alone, AIIM has identified an equity investment opportunity of more than R100bn in the period to 2030. Sechaba Selemela, Investment Principal at AIIM, noted that “the transaction was another step towards greater reliance on renewable energy and solving South Africa's energy crisis”.

Selemela added that, “with this transaction, which follows on a similar wind farm development Msenge Emoyeni reaching financial close in March, AIIM continues to be committed to, and successfully executing, its mandate of investing in renewable energy projects that can deliver strong returns for our investors and make an impact over the long term.” AIIM is a division of Old Mutual Alternative Investments (OMAI) and has invested in the project through the IDEAS Managed

Fund, one of South Africa's largest domestic infrastructure equity funds which invests in the SADC region's economic, social, and energy infrastructure.

ACED is a renewable energy developer and asset originator within the AIIM stable.

Simphiwe Mehlomakulu, Executive Chairman of Reatile Group, said: “We are delighted to have reached financial close on this project and support big businesses such as Sibanye-Stillwater that create employment in South Africa. We continue to bring tangible solutions to alleviating load shedding by bringing sustainable generation capacity to the grid in South Africa”.

This transaction will be the second private wind power wheeling project in South Africa to have reached financial close.

This milestone is a proud one for ACED as it has been the originator of both projects.

James Cumming, General Manager at ACED, said: “ACED is pleased to have reached Financial Close on Castle for Sibanye-Stillwater and must thank and congratulate all those involved at Sibanye-Stillwater, AIIM, Reatile, and our lenders, RMB. It takes a huge effort to conclude these transactions and thanks must also go to our advisers on the project. We now look forward to reaching commercial operation, all the while bringing more renewable energy projects to life over the short term and beyond, which the country is obviously in urgent need of.”

Rand Merchant Bank, a division of FirstRand Bank, is the sole mandated lead arranger for the project.

Neal Froneman, CEO of Sibanye-Stillwater, said: “This marks our first major step in delivering over 550 MW of our renewable project portfolio and is a significant milestone in our journey to carbon neutrality by 2040. The project will not only play a pivotal role in reducing carbon emissions and mitigating climate change but also results in cost savings on electricity and provides energy security benefits for Sibanye-Stillwater's SAoperations. Additionally, it will also contribute to addressing the electricity challenges in South Africa. We look forward to bringing the project into operation.”

DEALS

DOB Equity And Others Invest in Zydii

DOB Equity, Kua Ventures, Kaleo Ventures and NaiBAN have invested in a pre-seed funding round in Zydii, a Kenya-based digital training solutions provider.

The funds will support the company's growth and expand its suite of upskilling solutions for the African business workforce.

Vera Wachira, Investment Manager at DOB Equity, said: “We are excited to invest in Zydii and grow our support for local and female led enterprises, which now make up a third of DOB's active portfolio companies.”

Zydii was founded in 2017 by Joyce Mbaya, a trainer, author and computer scientist with a passion for training and technology. Mbaya founded Zydii in a bid to raise the skills of small and medium enterprise (SMEs) employees with relevant, accessible, and affordable knowledge and skills.

Zydii offers 100+ digital training courses on soft skills and technical skills that businesses need to grow. These courses are developed in partnership with local experts and are highly accessible and affordable.

The objective of Zydii's courses is to help empower the African workforce by providing localized upskilling training courses to help Africa's emerging businesses. The company will use the funding to expand its services to clients across Africa, including Kenya, Nigeria and South Africa.

Joyce Mbaya, Founder and CEO of Zydii, said: “We provide much-needed localized training courses to address the skills gap in the African employment market and help improve the skills of the working population.”

Zydii recently completed the Scaleup Accelerator program by Greenhouse Capital and Microsoft which aims to help tech pre-series A stage companies prepare for strong growth and funding. The company was also selected for the inaugural Google for Startups Accelerator for Women Founders.

Mbaya added: “Our vision for Zydii is to be able to ignite prosperity through shared wisdom. We are passionate about our missions to provide accessible and transformative digital training for African businesses.”

SMEs are crucial towards contributing to Africa's inclusive socioeconomic development and growth, and SMEs are estimated to account for 80% of the continent's workforce in both formal and informal sectors. These businesses require their staff to have both job-specific hard skills and general soft skills to be successful.

Low workforce skills are increasingly recognised as a key constraint to the success of businesses in Africa. The skills gap is also notable in the over 10 million youth entering the labour market yearly. As businesses grow to meet the current and evolving needs in the African market and beyond, it's imperative that they find solutions that will upskill their workforce affordably and effectively.

Nick Vilelle, founding member of NaiBAN, said: "We see a gap in the market for upskilling employees with quality and affordable localized courses. The solutions by international platforms often do not adequately capture the nuanced intricacies of our market. The passion and deep domain experience of Zydii founders Joyce Mbaya and Rhoda Kingori make us confident that they are the right people to solve this problem and that they will be at the forefront of upskilling the workforce in Africa."

Peter Fry, Executive Director of Kua Ventures, commented: “The demands on the modern workforce have never been higher and are rapidly changing. Zydii's affordable, engaging and localised training product has the opportunity to transform Africa's education landscape by making a meaningful impact to help prepare professionals for greater success and personal growth”

AfDB Backs Africa50 Infrastructure Acceleration Fund I with $20m

The African Development Bank Group has approved an equity investment of $20m in the Africa50 Infrastructure Acceleration Fund I, a pan-African infrastructure private equity fund.

African Development Bank Director for the Industrial and Trade Development Department, Abdu Mukhtar said the Bank's investment in the Fund underlined its strategic nature and the fact that the Bank prioritizes investing in strategic infrastructure sectors that contribute to closing Africa's infrastructure financing gap (estimated at $68-108 billion annually).

"The Bank's investment will support Africa50 to crowd-in private capital into African infrastructure through a private equity fund vehicle that private investors better understand and are more comfortable investing in," Mukhtar said.

> "The Bank's investment will support Africa50 to crowd-in private capital into African infrastructure through a private equity fund vehicle that private investors better understand and are more comfortable investing in
>
> - Abdu Mukhtar - African Development Bank Director for the Industrial and Trade Development Department

Wale Shonibare, African Development Bank's Director for Energy Financial Solutions, Policy and Regulations, added the Bank's support for the Africa50 Infrastructure Acceleration Fund I aligned with its High Five objectives.

"It also strengthens the Bank's already existing partnerships with the Africa50 Group on initiatives such as the African Sovereign Investors Forum and the Alliance for Green Infrastructure in Africa," Shonibare said.

The Africa50 Infrastructure Acceleration Fund I is mobilizing up to $500m for investment and value creation in strategic infrastructure sectors.

These include power, energy, digital and social infrastructure, transportation, logistics, and water and sanitation.

The fund is sponsored by Africa50, an infrastructure investment platform established by governments and the African Development Bank.

Africa50 brings infrastructure project development and financing under one umbrella. Africa50 has a strong track record of investments in the private sector and of projects undertaken under a Public Private-Partnership (PPP) framework.

The mobilization of private capital is critical to closing the infrastructure financing gap in Africa, especially given the limited fiscal space of African governments which currently provide the largest source of infrastructure funding on the continent.

The Africa50 Infrastructure Acceleration Fund I was established as a vehicle to help execute Africa50's mandate of mobilizing private capital and accelerating further investment flows into African infrastructure by targeting private and institutional investors.

By leveraging private capital for infrastructure investment, The Africa50 Infrastructure Acceleration Fund I can help create jobs, strengthen healthcare access, improve education access through digital technologies, enhance access to financial services and financial inclusion through fintech investments, and reduce the impact of climate change. The fund is projected to create 3,278 full-time equivalent jobs over the period 2023-2035, including 1,676 jobs for women.

In addition, the fund is expected to contribute to fostering regional integration through improvements in transport and logistics infrastructure that can lead to increased inter and intra-regional trade.

The African Development Bank and partners in the new fund will continue to provide growth capital and infrastructure equity to support the urgent need to accelerate private sector funding toward bridging the infrastructure financing gap in Africa.

Alain Ebobissé, CEO of the Africa50 Group, said: "We are highly appreciative of the African Development Bank's support for the Africa50 Infrastructure Acceleration Fund I. We look forward to continuing to work collaboratively with the African Development Bank and other investors to make a meaningful contribution to improving the infrastructure landscape on the continent."

INVESTORS

IFC Invests in Africa Conservation And Communities Tourism Fund

IFC has agreed to invest up to $13m in the senior equity tranche in the Africa Conservation and Communities Tourism Fund (ACCT Fund).

The investment aims to support ecotourism businesses in and around conservation areas in East and Southern Africa, with a focus on South Africa, Botswana, Kenya, Namibia, Tanzania, and Zambia.

In addition to financing, IFC will also provide non-commercial risk mitigation and capacity building by supporting the development of climate guidelines that will contribute to setting standards for the sector and help operators improve their environmental performance by reducing energy and water use and improving waste management.

With the financing from IFC and other investors, the fund has now reached final close with a total of $70m raised.

"As part of this innovative blended finance approach, IFC has partnered with the Nature Conservancy, a global environmental conservation organization, to support sustainable ecotourism and deliver impact to small tourism operators," said Sérgio Pimenta, IFC Vice President for Africa.

"IFC's investment in the ACCT Fund will help financially affected ecotourism businesses to preserve jobs and contribute to the local economy. The partnership aligns with IFC's strategy to support the revival of domestic and regional tourism markets, and to use a blend of financing tools to support countries' development priorities."

The ACCT Fund is structured using a blended finance approach with three tranches of capital: grant funding, junior equity, and senior equity funding.

The ACCT Fund will invest in operators of safari camps, hotels, and lodges, helping them address liquidity shortages while recovering from the impact of the COVID-19 pandemic.

The fund is also helping them refurbish, renovate, and expand their operations, especially where the businesses can achieve meaningful conservation and community development impact.

Impact investment and advisory group, ThirdWay Partners, and The Nature Conservancy, a global environmental non-profit organization, established the ACCT Fund, a structured debt vehicle, in 2021 in response to COVID-19-related challenges affecting the ecotourism sector.

Ecotourism businesses are committed to protecting the environment and wildlife where they operate.

Based on IFC estimates, the ACCT Fund is expected to contribute at least $530m to economies where it invests through direct, indirect, and induced effects in the agriculture, retail, transportation, and recreational sectors.

IFC expects the investment to also save about 21,200 full-time jobs.

"We are very grateful for IFC's support to this innovative and very important initiative," said Maarten Weehuizen, Managing Director of the ACCT Fund. "The ACCT Fund is an impact investment vehicle which balances financial goals with a clear conservation and community impact agenda."

"Tourism is critical to the long-term survival of conservation landscapes across the African continent, to the benefit of the people and the wildlife who depend on them," Weehuizen added.

"Even prior to the COVID pandemic these areas were under significant pressure; tourism provides jobs in rural areas, funding for nature protection and its activities with guests in these landscapes significantly reduce the risk of poaching, deforestation and land conversion."

INVESTORS

EIB Global Reports Record 2022 Investment, Up 50% with Major Financing in Africa

Werner Hoyer,
President
European Investment Bank

EIB Global, the development arm of the European Investment Bank, provided more than €4.2bn for public and private investment across Africa in 2022, representing about 39% share of the total financing outside Europe.

Overall, EIB Global financed €10.8bn in 2022, representing the largest ever engagement outside Europe and a 50% increase from the previous year.

In Sub-Saharan Africa, the EIB responded strongly to accelerate investment in sectors impacted by the COVID-19 pandemic, food security, energy and inflation shocks triggered by Russia's invasion of Ukraine, providing €2.57bn for new climate action, clean transport, renewable energy and targeted business financing.

Support for African entrepreneurs and companies included new dedicated financing for trade, women-led business, start-up companies, microfinance, and fragile regions, in cooperation with leading African banks and financial institutions.

“The challenging geopolitical situation and conflicts happening around the world should not make us lose sight of our objective to promote a global, just transition to net zero,” said Werner Hoyer, President of the European Investment Bank.

“If we want to stand a chance to achieve the UN Sustainable Development Goals, we need to forge sustainable partnerships and alliances at all levels globally. In its first year of existence, EIB Global proved that we are making an active contribution to a more equitable world under the banner of the European Union, in particular through our support to Global Gateway projects,” he added.

The EIB Global Report highlights how EIB Global engagement in Africa supports the European Union's Global Gateway initiative, providing long-term financing and tackling investment gaps to accelerate high-impact projects that contribute to delivering sustainable development and are technically, socially and environmentally sound.

Africa is seen as a region with enormous potential, but faces huge investment needs, and many financial, institutional and security challenges. Governments alone cannot close the structural bottlenecks that hinder more inclusive, broad-based development.

To support economic recovery, sustained growth and job creation, funding and investment support is needed. Apart from its Public Sector lending to governments, EIB recognised that strong financial intermediaries are key to addressing market failures and suboptimal investment situations.

EIB Global is building on its many years of experience and partnership with banks, microfinance institutions and equity funds, supporting their efforts to innovate and enhance the scope and inclusiveness of their outreach. It also considers non-banking financial institutions, such as guarantee funds, leasing companies or fintechs, that have a financial model to enable greater outreach to underserved smaller businesses.

19% of EIB's funding to Sub Saharan Africa went into climate action and environmental sustainability.

For example, in Madagascar, the WeLight project will support the installation of solar mini-grids in more than 120 villages in rural Madagascar, equipping more than 45,000 households.

In Senegal, the EIB signed a €150m loan to support the modernisation of Dakar's bus fleet. The project is expected to reduce air and noise pollution, greenhouse gas emissions and road accidents. It will also reduce the cost of transport across the urban area, providing an affordable mobility solution and making employment, education and other key services more accessible.

Moreover, a €64.5m EIB loan coupled with a €5.55 million European Union grant to Senegal will bring drinking water to residents of Saint-Louis, and two towns in Senegal's centre and south, Kaolack and Kolda.

A new project in the Republic of Congo will expand the domestic broadband network by some 1,400 kilometres. The EIB was the first multilateral development bank to sign up to the 2X Challenge gender lending criteria. Under its SheInvest initiative, women's economic empowerment and gender equality has been greatly boosted.

Since the launch of the initiative four years ago, the EIB has mobilised more than €2bn in gender-lens investing across Africa.

Overall, EIB has invested around €60bn in 52 African countries to date, supporting infrastructure projects, innovative firms and renewable energy, in the public sector and private companies, from microenterprises to the largest multinationals.

The EIB has begun this year on a high note participating in EU Business Forums in Kenya and Tanzania, signing the largest ever business financing cooperation with the Eastern and Southern Africa Trade and Development Bank in the presence of Kenya's President Ruto.

It saw a new $200m EIB credit line of new investment for SMEs across Africa most impacted by trade shocks, triggered by Russia's invasion of Ukraine and the COVID-19 pandemic.

In Tanzania, EIB signed its largest ever support for business investment in the country, that released €540m targeted investment for women owned businesses and the blue economy.

EIB and Afreximbank partnered for a new financing scheme to accelerate hospital pharmaceutical investment across sub-Saharan Africa with each providing €100m to the health resilience initiative.

More recently, EIB and IFAD have partnered to strengthen food security, climate adaptation and expedite project implementation for low- and middle-income African countries, in line with the EU's Global Gateway strategy.

As part of the first agreement, the EIB has agreed to release a €350m loan to IFAD from the initial €500m package, to strengthen food security, reduce poverty and strengthen resilience to climate change in rural areas

INVESTORS

IFC Invests in Pharmaceuticals
Factory in Côte D'Ivoire

IFC has invested in Shanghai Fosun Pharmaceutical to help the company build a pharmaceuticals production facility and distribution hub in Côte d'Ivoire.

Under the partnership, IFC will provide subsidiaries of Fosun Pharma with two loans totaling €50m to support the construction of a manufacturing facility near Abidjan to produce anti-malaria drugs and anti-bacterial medicines.

"Strengthening Africa's healthcare infrastructure and capabilities is essential for the continent's social and economic development, especially in the wake of COVID-19," said IFC VP for Africa Sérgio Pimenta.

"This initiative will increase Africa's ability to manufacture essential drugs locally, helping patients more easily access high-quality, affordable medicines."

The pharmaceuticals factory will be Côte d'Ivoire's largest and have a capacity of five billion tablets annually. The distribution hub will be located near the production facility.

The project will improve access to quality, affordable life-saving medicines across West Africa, contributing to better health outcomes in a region that contends with heavy loads of infectious and other diseases.

The project will also facilitate medical and manufacturing knowledge transfer to Africa, supporting the long-term growth and strength of the wider region's health sector.

According to the World Health Organization, sub-Saharan Africa accounts for more than 95% of global malaria cases and deaths. The region is facing the added task of mitigating the impacts of COVID-19 while addressing numerous other public health challenges.

"We are glad to be supported by IFC to localize pharmaceutical manufacturing and distribution in Africa," said Wu Yifang, Chairman of Fosun Pharma.

"Since 2006, IFC has repeatedly provided financial and advisory support to Fosun Pharma, which is committed to ensuring the continuous accessibility and affordability of pharmaceutical products and improving the resilience of healthcare supply chains in the region."

Tridem Pharma will undertake the project's distribution component and Guilin Pharma will undertake the project's manufacturing component. Both Tridem Pharma and Guilin Pharma are subsidiaries of Fosun Pharma.

Since 2006, IFC has provided financial and advisory support to Fosun Pharma, a leading Chinese pharmaceutical company with a worldwide footprint.

Fosun Pharma's Artesun® (Artesunate for Injection) has treated more than 56 million patients with severe malaria worldwide. As one of the world's largest antimalarial drug manufacturers, Fosun Pharma is a major antimalarial drug supplier to the Global Fund, UNICEF, the WHO, and national drug procurement centers in Africa.

In Africa, IFC is helping private providers meet the soaring demand for healthcare and is supporting governments in their goal of achieving universal health coverage by 2030. IFC's investments and advisory services foster best practices in healthcare and life sciences, promote the deployment of innovative technologies, and advance quality care.

INVESTORS

Standard Bank Partners with DP World to Expand Trade Finance in Africa

Kenny Fihla,
CEO, Corporate and Investment Banking
Standard Bank

Standard Bank has partnered with DP World, a global provider of supply chain solutions, to jointly offer trade finance solutions.

African companies looking for trade finance will now be able to access working capital from Standard Bank via the DP World Trade Finance platform.

Kenny Fihla, CEO, Corporate and Investment Banking at Standard Bank, said: "As Standard Bank moves forward with the ambition of becoming a digitally enabled organisation, we seek partnerships with global multinationals like DP World to deliver trade solutions to our clients across the continent. Partnering with DP World allows us to enhance how we facilitate cross-border transactions in growing key trade corridors."

DP World Trade Finance connects business with financial institutions as a fintech platform while also directly offering trade finance facilities on its own.

It offers businesses a single window to access trade finance solutions - customers can simply apply for credit on the digital platform, which will present them with the best options from global financiers who may otherwise be out of their reach.

Access to finance is one of the biggest barriers for businesses seeking global trade opportunities, evidenced by the struggle that many businesses face in securing the upfront funds required to move cargo.

By bringing Standard Bank onto the platform, DP World Trade Finance now offers an array of financing solutions to African businesses, which face an ever-growing need for logistics and financial support to connect to global trade routes.

Sultan Ahmed Bin Sulayem, Group Chairman and CEO of DP World, said: "DP World exists to make the world's trade flow better and this partnership with Standard Bank is testament to that goal. Africa is a key market for us, with this partnership complementing our ongoing investment and development across the continent. Our recent acquisition of Imperial Logistics allowed us to enhance our logistics capabilities in Africa. With the addition of DP World Trade Finance into our offerings, we aim to support African businesses of all sizes for their working capital needs. Together with Standard Bank, we will help African businesses go from strength to strength and grow their exports to new markets."

Sinan Ozcan, Senior Executive Officer of DP World Financial Services, said: "Standard Bank joining the DP World Trade Finance platform is great news for businesses across Africa. DP World offers Standard Bank access to data on cargo movements, enabling them to lend with confidence. We in turn plan to co-lend and share risk with Standard Bank on deals made via the platform, whilst Standard Bank will be able to support the many suppliers in DP World's ecosystem across Africa with its strong financing capabilities. This ecosystem has itself been strengthened by the acquisition of Imperial Logistics by DP World in 2022. Standard Bank's strong presence across countries like Nigeria, Kenya and Mozambique will see this partnership develop further in the African market."

Dr Rassem Zok, Chief Executive Officer, Middle East and North Africa at Standard Bank, added: "This partnership reflects our strategic vision of driving Africa's growth. Platform businesses require strong partnerships at various levels of the value chain. The value derived from our shared knowledge, capability and skills will create unique opportunities to deliver financial services and trade solutions to our clients. As Africa's largest bank, this is a demonstration of our commitment to the transition of financial services to platform-based ecosystems and improving client experiences."

Since its launch in July 2021, DP World Trade Finance has partnered with 23 financial institutions and generated over $700m in credit limit submissions.

The registration process takes less than five minutes and over 57,000 global clients have already signed up for affordable access to trade finance through the platform.

DP World Trade Finance also started directly lending to businesses since 2022.

Readily Solvable Market-Structure Problems

Holding Back Development of Equity Markets in SSA

By Tim Staermose, CEO, ST Funds Management, Manager of The African Lions Fund

Several weeks ago, the broking community and other stakeholders in the Dar es Salaam Stock Exchange (DSE) in Tanzania, met with the DSE's management. They canvassed a number of issues and put forward several concrete proposals to change the rules of the exchange, so as to remove what they see as clear obstacles to the efficient functioning and growth of the DSE equities market.

Top of the list was the current trading rules, which say that the "closing price" of a security can only change if at least 0.0025% of the outstanding shares of the company changes hands in that session. For example, if there are 500,000,000 shares on issue, 12,500 shares must change hands in one market session before a change in price for that company's shares is recorded.

A volume-weighted average price is then calculated and becomes the new price for the following day. If fewer than 0.0025% of the issued shares trade in a session, it does not matter what the price they traded at, the closing price remains what it was the last time at least 0.0025% shares traded in a session.

On top of that, so-called "large capitalization stocks," with a total market value of at least TZS 1 trillion, can only fluctuate up or down in price by 5% in a session. For sub-TZS 1 trillion market capitalization stocks, the daily limit is +/- 10%.

Absurdly, this has created a situation where three of the largest listed stocks, Tanzania Cigarette Company (TCC), Tanzania Breweries Limited (TBL), and Vodacom Tanzania (VODA) currently never trade in sufficient volume on the stock market to change the price. All have been offered "limit down," i.e. -5% from the last "closing price" for years, with no one willing to buy sufficient volumes of shares at that price to "tick" the price down to a new closing price, from which they could then fall by another 5% in the subsequent session, and so on.

The prices are thus "stuck" at prices way above what the current market clearing prices would be in an unrestricted market, where price discovery is not hampered by arbitrary volume requirements and trading limits.

And yet, the shares in these companies can still be traded in so-called "pre-arranged, off-market blocks," which require a minimum trade size of TZS 200,000,000 (approximately USD 85,000). This effectively means that only larger investors with at least that value of shares to sell can get any liquidity for their shares.

> "Absurdly, this has created a situation where three of the largest listed stocks, Tanzania Cigarette Company (TCC), Tanzania Breweries Limited (TBL), and Vodacom Tanzania (VODA) currently never trade in sufficient volume on the stock market to change the price
>
> - Tim Staermose, CEO, ST Funds Management, manager of The African Lions Fund

The only shares to have come out of a similar state of suspense in recent years are those of NMB Bank PLC (NMB), for which eventually the price fell in a series of daily 5% increments to a market-clearing level, and trading then moved from off-market blocks in pre-arranged deals, back to the main board.

What brokers and other stakeholders are lobbying for is for the exchange to do away with the minimum volume rule, and to allow the closing price to simply be set at the day's volume-weighted average, regardless of the day's volume.

This would be a great positive step. But unless the exchange also widens the permissible trading bands, we would still be stuck with a process where shares such as TCC, last traded on market at TZS 17,000, and offered limit-down at TZS16,200, would take a very long time to reach anything near the recent market-clearing level in off-market block trades of TZS 6,000.

In Nigeria, meanwhile, the trading rule for the price to reset to a new level on the NGX is that at least 100,000 shares of that company's shares must trade in a session, regardless of how many shares a company has on issue, or what the price is. Again, the outcomes this generates are anything but ideal for accurate price discovery. Shares can change hands in small volumes, day after day, at vastly different prices from the quoted market price.

These are but two salient examples where simple changes to the rules would go a long way towards solving market structure problems, aiding price discovery, and boosting liquidity around Africa's frontier markets.

But there are a myriad of other things which, in my opinion, can be done, or at least considered, by frontier African stock exchanges and their regulators to make their markets more investor friendly and thus, potentially, more active.

Here is a non-exhaustive list of things which could be considered:

• Get rid of VAT on brokerage and custody fees, as well as other financial services transactions. Very few, if any, developed countries charge VAT or sales tax on financial services.

• Abolish the system of minimum, and excessive fixed brokerage commissions. The rest of the world liberalized commissions decades ago. Instead, make brokerage rates negotiable. Market activity will pick up as a result.

• Reconsider the excessive "tick-sizes" which widen bid/ask spreads and create large frictional costs for share trading. Even if a share trades for TZS 10,000, why not allow tick sizes of TZS 1, instead of TZS 100?

• Abolish trading rules that say a minimum number of shares regardless of the value of those shares must turn over to establish a new "closing" price, for example 100,000 shares in a session, in Nigeria, or 0.0025% of all issued shares for a company in Tanzania.

• Scrap restrictive daily up/down fluctuation limits, for example +/- 5% for "large capitalization" stocks in Tanzania. Or, at least consider the system used in Tokyo, where the price is allowed to reset by a further "limit-down or limit-up" percentage in the following trading session, even if no shares traded the session before. Price discovery can then occur.

• Allow publicly listed shares to be transferred between different beneficial owners other than through the stock exchange. Most developed markets allow "off-market" trading of shares between willing third-party buyers and sellers and have mechanisms and laws to facilitate such transfers.

• Scrap the compulsory use of custodians for foreign investors, and thus get rid of the additional frictional costs this entails, when world best-practice electronic Central Securities Depositories already exist in nearly all African frontier markets, where an individual's shares are registered in their own name already.

• Consider introducing rules in Company Acts / Corporations Laws to allow for "compulsory acquisition" of small remaining "free-floats" when companies make takeover bids or tender offers for others, making de-listings, and large cost savings as a result, possible for acquirers.

• Introduce rules as to what constitutes a "minimum marketable parcel" of shares to trade on the exchange, so that many tiny and inefficient holdings that are currently in the hands of retail investors can be cleaned up. Many holders of some listed companies would pay more in brokerage to sell their tiny stakes than their entire shareholding is worth. Allow compulsory buy-backs of "minimum marketable parcels" or invite shareholders who so choose to "top up" their holdings to the minimum marketable parcel size.

• Institute a real-time electronic "market announcements" platform on frontier African markets. Real-time company releases to the exchanges would vastly improve informational transparency.

• Institute standardized presentation rules for company announcements, such as proft warnings, quarterly, half-yearly, and annual results. When each company makes announcements it in their own, different way, analysis of company performance is more time-consuming and difficult for shareholders and the investment research community.

None of these things are new, or difficult to implement. There are examples of how best to do it, all over the world, from Spain to South Korea.

The advantage that frontier African markets have is they could be adopting world best-practice from a global smorgasbord of practices by other, more developed markets.

Few people currently want to invest on African frontier stock exchanges, regardless of the quality of the opportunities, when the frictional costs, rules, regulations and disclosure platforms make it expensive and cumbersome to do so. Removing these unnecessary roadblocks would be a big help.

How to Accelerate Sustainable Private Capital in Renewable Energy in SA?

Rizaan Samuels,
Investment Associate: Private Markets
Mergence Investment Managers

Accelerating sustainable private capital in renewable energy in South Africa requires a multi-faceted approach that involves government policies, private sector initiatives, and public awareness campaigns. Key steps that must be taken to promote sustainable private capital investment in renewable energy include:

1. ***Provide incentives:*** The government can provide incentives to investors in renewable energy by offering tax credits, subsidies, or other financial incentives to encourage investment in this sector. This will make renewable energy more attractive to investors and help to increase the amount of private capital flowing into the sector. More specifically, greater incentives need to be made available for South African citizen to help transition to a clean energy environment in a sustainable and fast manner urgently required.

2. ***Reduce regulatory barriers:*** The government can reduce regulatory barriers that make it difficult for investors to enter the renewable energy market. This can be achieved by streamlining the permitting process for renewable energy projects and reducing bureaucracy. Good work has already been done in increasing the energy allowed by Independent Power Producers and lifting the energy generation capacity.

3. ***Increase public awareness:*** A lack of public awareness about renewable energy can be a major barrier to private investment. The government can launch public awareness campaigns to educate the public about the benefits of renewable energy and the opportunities available for investment. More needs to be done to educate our youth and create opportunities for them to be incorporated into this energy transition program through investment in skills and education.

4. ***Encourage collaboration:*** The government can encourage collaboration between investors, renewable energy companies, and research institutions to drive innovation and bring new renewable energy technologies to market. This will create the sustainable environment for further Public-Private-Partnership initiatives.

5. ***Build a sustainable energy infrastructure:*** The government can invest in building a sustainable energy infrastructure that can support the growth of renewable energy. This can include building new transmission lines, investing in energy storage technology, and upgrading the existing grid to accommodate more renewable energy.

6. ***Create a supportive policy environment:*** The government can create a supportive policy environment for renewable energy investment by setting clearer renewable energy targets and being held accountable for failures to meet set targets. Long-term contracts for renewable energy projects (such as the REIPPP) have kick-started a flood of opportunities and investment already.

> "Long-term contracts for renewable energy projects (such as the REIPPP) have kick-started a flood of opportunities and investment
>
> - Rizaan Samuels, Investment Associate: Private Markets, Mergence Investment Managers

By taking these steps, the government and private sector can work together to accelerate sustainable private capital investment in renewable energy in South Africa.

KaXu Solar project

Jim Hodges,
Head of the Regional Hub for Southern Africa and the Indian Ocean
European Investment Bank

According to the African Development Bank, the African continent already loses as much as 15% of its GDP annually due to impact of climate change. If this goes unchecked, Africa could lose much more. Energy is at the heart of every conversation about climate change.

It's no surprise that Africa has made great strides in adopting renewable energy, with countries like Kenya, Africa's leading and the world's 7th leading producer of renewable energy, standing out. The European Investment Bank (EIB) has greatly supported Kenya's renewable energy sector, which supplies over 90% of the country's power needs, with an ambitious plan by the government to attain 100% supply by renewables by 2030. Other African countries have also greatly increased their share of renewable energy that is powering their needs.

Lack of capital inflows remains the continent's biggest obstacle to growth in the renewable energy sector. Perspectives around risk play a key role in determining the level of investment in the continent's energy sector and South Africa is no different.

Private capital providers tend to be cautious, limiting investments or cover risk premiums due to higher risk perception. This in turn leads to lower availability of affordable capital for renewable energy projects while also driving project costs up, despite a lot of technological advancement in the sector.

Some of the risks include economic and financial considerations around the macroeconomic environment in South Africa such as global interest-rate fluctuations and inflation. Another big consideration is the political or regulatory framework in South Africa and how receptive it is to investments in renewable energy.

The European Investment Bank is the bank of the European Union and one of the world's largest multilateral financiers of climate action. It has been fostering investment in the renewable energy sector through tailored support in its toolbox such as long-term public-sector loans; equity and fund investments; private-sector loans and guarantees; concessional investment, sustainable bond issues; as well as project finance and Public Private Partnerships (PPPs).

Since 1995, the EIB has supported development and economic activity in South Africa with loans and equity investment worth over EUR 3.6 billion. The bank has been supporting South Africa's ambitious programme to grow renewable energy and diversify its energy mix as well as ensuring the Just Energy Transition Plan is successful by providing the most appropriate funding.

Citing some notable examples, in 2014 the EIB provided part funding for the KaXu Solar project which is South Africa's first solar thermal electricity plant and one of the largest in the southern hemisphere. In 2022 at COP27 in Sharm El Sheikh, Ambroise Fayolle, Vice-President of the EIB, and CEO Patrick Dlamini of the Development Bank of Southern Africa (DBSA) formally agreed to EIB financing in South Africa that will back a new targeted financing programme to unlock EUR 400 million for private-sector renewable energy investment across South Africa.

The EIB recognizes that grants, technical assistance, financial instruments and the presence of public money in the renewable energy sector helps to reduce risk perception thus spurring private investment. Funds also play a catalytic role to unlock private-sector investments in renewable energy and energy efficiency.

Over time, the bank has steadily increased its activity in the renewable energy sector outside the EU, working under various mandates to support energy projects. The EIB has phased out financing of unabated fossil fuel energy projects. In 2019 it adopted a comprehensive legal framework to deliver ambitious climate and energy targets by 2030. The framework centres on four thematic areas: energy efficiency; decarbonising energy supply; supporting innovative technologies in clean energy; and securing enabling infrastructure.

Addressing the energy issues that South Africa is facing while supporting climate action requires long-term investment, the majority of which will come from the private sector. The EIB's energy lending policy sets out how the bank, as a public bank, can help to meet this challenge. It focuses the Bank's activities on those areas in which it can provide a high degree of additional value. By supporting the South African public and private sectors as the country seeks to diversify its energy mix, we shall begin to witness more change for a better future.

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	May	3-Month	1-Year
Botswana	-3.98%	-2.16%	-9.13%
Egypt	1.71%	1.29%	-36.51%
Ghana	-11.63%	-25.75%	-59.86%
Kenya	-1.29%	-6.50%	-7.54%
Mauritius	-0.86%	3.62%	-5.80%
Morocco	-0.65%	1.71%	-10.21%
Namibia	-8.72%	-6.66%	-13.33%
S&P/FMDQ Nigeria	0.35%	2.37%	-9.39%
South Africa	-12.21%	-11.72%	-21.27%
Tanzania	-0.03%	0.13%	5.26%
Uganda	1.63%	3.53%	11.83%
Zambia	-7.44%	7.69%	4.48%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	May	3-Month	1-Year
Botswana	-3.22%	1.00%	-0.36%
Cote d'Ivoire	-0.88%	0.60%	-1.88%
Egypt	-0.41%	1.97%	8.92%
Ghana	1.80%	18.43%	-33.41%
Kenya	-4.43%	-20.46%	-23.98%
Malawi	21.85%	49.43%	175.34%
Mauritius	1.61%	0.65%	-11.05%
Morocco	3.46%	2.53%	-10.47%
Namibia	-4.22%	18.89%	19.26%
Nigeria	17.59%	14.26%	10.17%
Rwanda	3.91%	2.23%	5.86%
South Africa	-14.30%	-11.49%	-22.48%
Tanzania	-1.53%	2.95%	9.01%
Tunisia	2.62%	8.45%	14.14%
Uganda	18.31%	30.70%	43.13%
Zambia	-5.70%	19.51%	18.49%

Source: S&P Dow Jones Indices

MOZAMBICAN BANKS: Healthy Margins and Lower Provisions Boost Net Profit

By Tiago Bossa Dionísio, Chief Economist, Eaglestone

The Mozambican banking sector faced an improvement in domestic economic growth in 2022. However, a lot of uncertainties on the international front, namely related to geopolitical factors and persistently high inflation levels, also impacted the domestic economy and activity in the sector.

Real GDP growth accelerated to 4.1% in the period from 2.3% in 2021 thanks to stronger growth in several key sectors of the economy, including agriculture and fishing, mining, transport and communication and retail. On the other hand, annual inflation in the country continued to rise, reaching double-digit figures in the second half of the year for the first time since the end of 2017. This led the Banco de Moçambique to continue to raise its benchmark interest rate on two occasions for a total of 400bps, with the MIMO rate currently standing at 17.25%. The reserve requirements at the central bank were left unchanged during 2022. However, already in 2023, they were significantly increased in order to try to absorb the excess liquidity in the banking system, which tends to generate some inflationary pressures.

The combined profit and loss account of the six largest banks in the country showed a strong improvement in net profit (44.6% YoY) in 2022, reaching MZM 23,404 million (US$ 366 million). This net profit represents a ROE of 19.4% and a ROA of 3.36%. The evolution in net profit continued to reflect the favorable impact of higher interest rates on margins from customer loans and profitability from debt instruments. It also reflected a sharp fall in loan provisions (-61.9% YoY), especially from the reversal of impairments at BCI and the large drop in provisions at Moza.

Overall, the combined operating income of these banks advanced 17.3% YoY, with revenues rising 11.5% YoY and costs 5.8% YoY, with the latter staying well below the average inflation rate of 10.91% recorded in the country in 2022.

The cost performance of the sector largely reflected a higher increase in staff costs (roughly half of the total cost base) than in the previous year. This was due to the stabilization of the metical exchange rate, as an important part of these costs is linked to foreign currency. This meant that the combined cost-to-income ratio of the six largest banks improved to 47.7% from 50.3% in 2021.

PRIVATE EQUITY FUNDS & DEALS

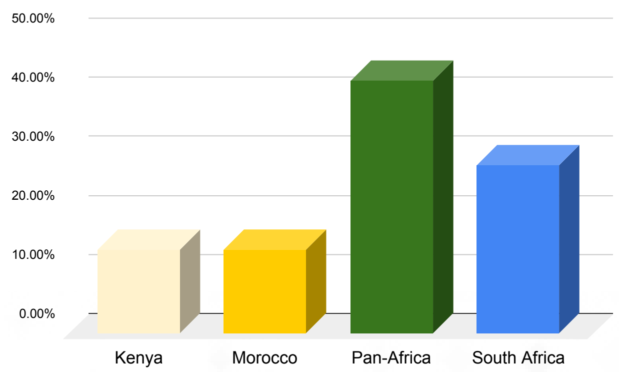
(as of 31st May 2023)

DEALS

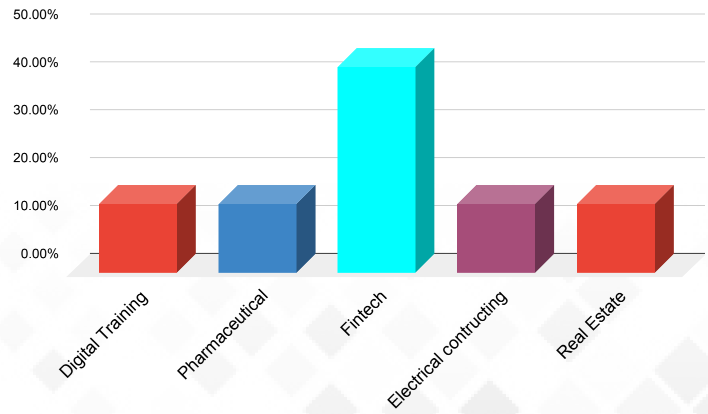
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
DOB Equity // Kua Ventures // Kaleo Ventures // NaiBAN	Zydii	Digital Training	Kenya	Pre-Seed	Undisclosed
Mediterrania Capital Partners // DEG // Proparco // FMO	Laprophan	Pharmaceutical	Morocco	Growth Capital	Undisclosed
International Finance Corporation (IFC), Lion's Head Global Partners, FMO, British International Investment, Mirova SunFunder // Nithio	M-COPA	Fintech	Pan-Africa	Debt	$50m
Standard Bank Group	M-COPA	Fintech	Pan-Africa	Debt	>$200m
Sumitomo Corporation	M-COPA	Fintech	Pan-Africa	Equity	$55m
The Abadali Equity Equivalent Investment Programme	Oakantswe Construction and Projects	Electrical contructing	South Africa	Venture Capital	Undisclosed
The Futuregrowth Community Property Fund	Sam Ntuli Mall	Real Estate	South Africa		Undisclosed

DEALS BY COUNTRY



DEALS BY INDUSTRY



EXITS

Company	Divestment	Industry	Geography	Buyer (s)	Nature of exit
Vantage Capital	Cap Tamarin	Real Estate	Mauritius	Trimetys Group	Trade

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM ($m)	Strategy	Focus	Domicile	Type	Start
337 Frontier Capital - Kimberlite Frontier Africa Fund (as-of 2023-05-31)										
4.44	0.4	0.4	6.67	-5.12		Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
Absa Africa Equity Fund (as-of 2023-06-13)										
-7.71	-1.42	-14.45	-2.86	-3.26	2.46 (05/23)	Equity	African region	South Africa	Unit Trust	10/16
African Domestic Bond Fund (as-of 2023-04-28)										
	0.1	-16.6	-3.8		43.00 (07/22)	ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2023-05-31)										
7.47	4.4	2.98			21.02 (05/23)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2023-04-28)										
-1		-6.2	3.4	1.8	306.00 (04/23)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2023-05-31)										
15.09	6.23	-2.29	16.13	2.2	467.00 (05/23)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2023-06-13)										
-13.96	0.86	-17.92	-3.36	-6.75	3.21 (05/23)	Equity	African region	Luxembourg	SICAV	6/10
Bellevue Funds Lux - BB African Opportunities (as-of 2023-06-13)										
-9.71	-1.85	-11.88	-2.02	-5.75	42.72 (05/23)	Equity	African region	Luxembourg	SICAV	6/09
Commonwealth Africa Fund (as-of 2023-06-13)										
-15.53	-12.7	-25.15	8.76	-6.12	2.70 (05/23)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2023-05-31)										
8.28	1.29	-4.56	8.4	-3.3	281.47 (05/23)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
DWS Invest Africa (as-of 2023-06-13)										
-11.27	-2.08	-8.59	1.96	-5.11	24.76 (05/23)	Equity	African region	Luxembourg	SICAV	07/08
EFG-Hermes MEDA Fund (as-of 2023-06-13)										
2	3.47	-1.84	28.89	13.27		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2023-03-31)										
-2.7	-2.57				1.64 (03/23)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2023-05-31)										
-0.71	10.33	11.95	5.44	12.35	526.00 (05/23)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2023-06-13)										
-3.46	0.19	-1.34	-7.74	-6.38	225.80 (05/23)	Equity	EMEA	Luxembourg	SICAV	06/07
Imara Africa Fund (as-of 2023-05-31)										
-4.74	-3.82	-13.98	1.46	-5.77		Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2023-05-31)										
0.1	-0.31	-5.16	-0.76	-8.41		Equity	African region	BVI	Open-End	6/05

DISCLAIMER: *All data is provided "as is" for your information and personal use only, and is not intended for trading purposes or advice.*

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM ($m)	Strategy	Focus	Domicile	Type	Start
JPMorgan Funds - Africa Equity Fund (A) (as-of 2023-05-31)										
-10.02	-9.47	-26.4	-2.74	-7.71	97.53 (06/23)	Equity	African region	Luxembourg	SICAV	5/08
Laurium Limpopo Master Fund (as-of 2023-05-31)										
5.14	1.86	-1.03	0.16	-5.06	154.40 (05/23)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2023-05-31)										
1.54	4.36	-5.95	0.14	-5.87		Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2023-04-28)										
	0.8	-20.2	-11	-8.4	8.69 (12/22)	Fixed Income	African region	Mauritius	Open-End	2/14
Ninety One Premier - Africa Fund A (as-of 2023-05-31)										
18.77	-4.37	-23.34	-29.43	-16.81	0.67 (05/23)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Flexible Income Fund (as-of 2023-06-13)										
-4.45	5.86	1.43				Fixed Income	African region	Ireland	OEIC	05/22
Old Mutual African Frontiers Fund (as-of 2023-05-31)										
4.81	2.35	-6.12	-0.21	-2.97	265.51 (04/23)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Optis African Frontier Fund (as-of 2023-05-31)										
-3.88	-1.96	-11.41	-1.96	-6.17	28.54 (05/23)	Equity	African region	BVI	Open-End	8/09
Robeco Afrika (as-of 2023-05-31)										
-6.47	-3.01	-12.1	9.32	-3.07	21.90 (05/23)	Equity	African region	Netherlands	Open-End	6/08
Sanlam Africa Equity Fund (as-of 2023-05-31)										
0.63	0.57	-4.3	8.88	-1.32		Equity	Africa ex-SA	Ireland	Open-End	07/15
Sanlam Centre Africa Equity Fund (as-of 2023-05-31)										
4.06	5.55	1.54			61.39 (05/23)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
Steyn Capital Africa Fund (as-of 2023-05-31)										
9.65	4.4	2.64	12.1	-2.33	169.00 (05/23)	Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2023-05-31)										
9.28	8.2	-0.43	14.86	-1.52		Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2023-05-31)										
4.18	5.16	-2.82	3.46	-7.12	8.00 (05/23)	Equity	Africa ex-SA	Holland	Open-End	03/08

For Funds Performance Graphs, visit:
https://irx.exchange/equity-funds-africa-ex-south-africa/

Source: Company Data

Why Fund of Funds
Unit Trusts Are the Way to Go

By Gregoire Theron, Chief Investment Officer at GraySwan

Investors have the option to either construct their own portfolio of selected single unit trusts or use a fund of funds solution – otherwise known as a fund of funds unit trust.

Investors who are looking for well-diversified combination of single unit trust funds which provides consistent superior performing and at lower fees than the industry should consider fund of funds unit trusts. There are a select few premium fund of funds unit trusts which provides such as a one stop shop solution.

Single manager unit trusts, which are managed funds that pool money from investors to achieve economies of scale, have grown increasingly popular as they provide easy access to a broad range of assets, such as local and offshore stocks, bonds and cash.

One of the key selling points of fund of funds unit trusts is that they provide more diversification than single-manager products. Because each of the underlying fund managers has a different investment style and approach, this helps to diversify the fund of funds unit trust portfolio. In contrast, a single-manager unit trust is limited to one fund manager's investment strategy and views, which means less diversification and greater risk.

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Fund of funds unit trusts also offer greater flexibility and adaptability in that the fund of funds manager adjusts the investment strategies and asset allocations dynamically in response to changes in the market. The fund of funds manager also rebalances or replaces fund managers or moves out of certain styles which may not be in favour during certain market environments. On the other hand, investors in a single-manager unit trust is tied to one strategy that may no longer works in a changing market environment.

Fund of funds provide full transparency, as they provide monthly reports on the performance and asset allocation and fees of the overall strategy.

Further, they offer access to a wider range of investment teams relative to single-manager unit trusts, and can invest in unit trusts overseen by fund managers that specialise in particular segments of the market. This can give rise to otherwise overlooked investment opportunities if an investor tries to select their own funds and aim to combine such into a diversified portfolio.

There is a perception that fund of funds unit trusts tend to be more expensive than single-manager funds because they add an extra layer of management fees over and above the fees of each underlying fund. The extra fee that the fund of funds manager charges equates to approximately 0.36% per annum. To justify such extra fee the fund of funds manager must use skill and experience to carefully select and combine various single unit trust funds in a way that ensures superior risk-adjusted returns than the average of all the single manager unit trusts.

In short, it certainly is possible for a fund of funds to deliver outperformance of the universe of single fund manager unit trusts without incurring additional fees.

This is an important observation considering the numerous advantages that fund of funds offer – including greater diversification, flexibility, transparency, and access to best of breed fund managers.

For investors who are looking for a lower fee but superior performing portfolio which is well-diversified across best of breed fund managers, actively managed, risk managed and transparent, fund of funds unit trusts are undoubtedly a great option.