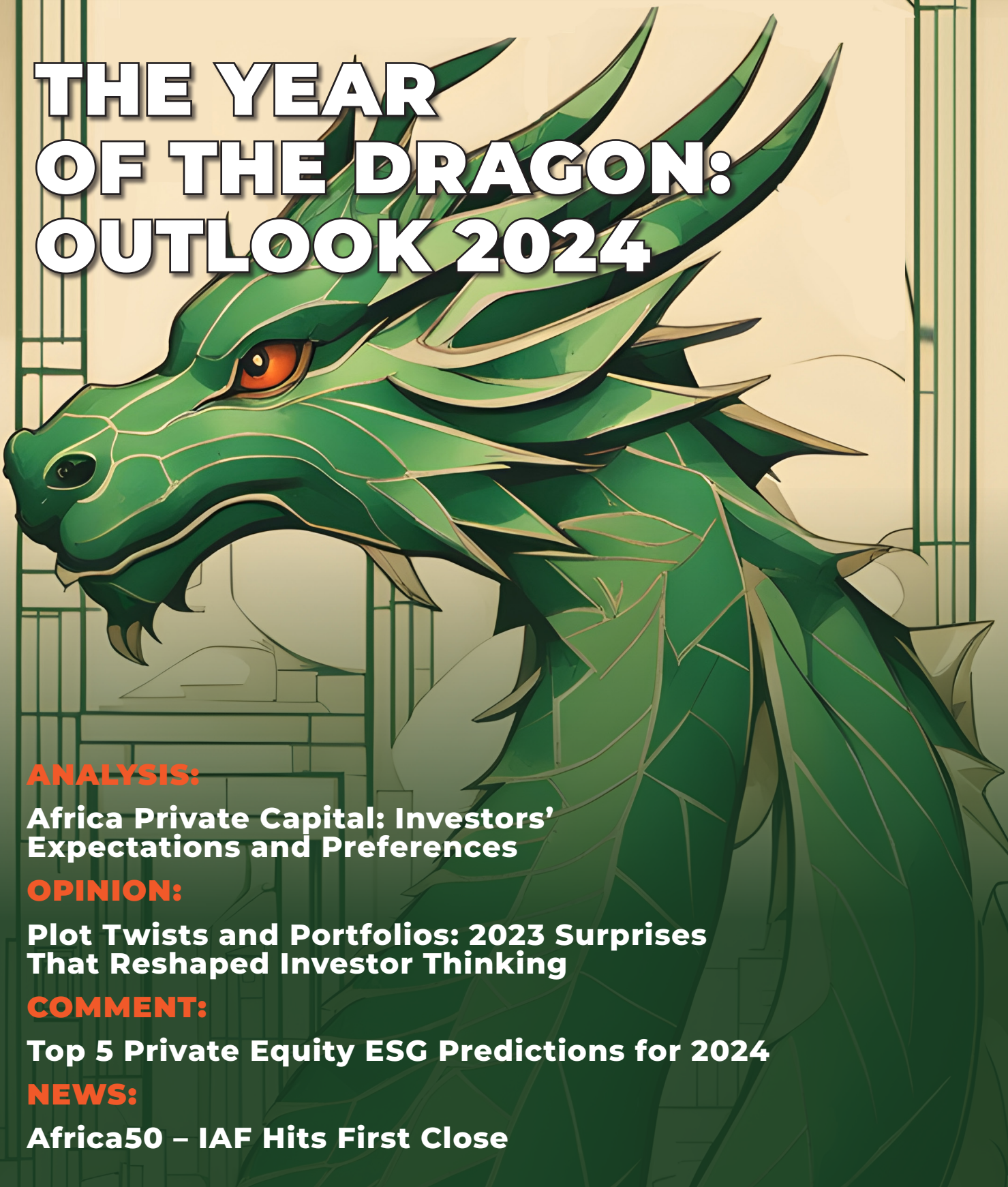


AFRICA

GLOBAL FUNDS

THE YEAR OF THE DRAGON: OUTLOOK 2024



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Happy New Year, dear readers! Thank you for your trust in our services. Wishing you a successful and prosperous 2024!

In this month's issue we look at the past year and also the next 12 months. In our annual outlook feature industry experts

share their expectations and investment opportunities, as well as the best strategies for investors in Africa. Read this insightful article on pp 11-13.

In addition, on the private equity front, check the extract from the AVCA report on Investors' Expectations and Preferences in the Africa Private Capital space on p. 17.

In 2023, private equity firms continued to integrate ESG considerations into their investment processes with LPs and regulators continuing to prioritize the importance of transparency and reporting related to ESG factors, writes Charlie Chipchase of Petra Funds Group. So, what can GPs expect as they look to 2024? Find on p. 20.

In this month's issue, we also hear from Sandile Malinga of M&G Investments. He looks back at the year that was, to some of the outcomes that were widely predicted, and what has actually transpired. Read on p. 14.

On the fundraising front, Africa50 Group has announced the first close of the Africa50 Infrastructure Acceleration Fund, securing \$222.5m in commitments (p.4).

***For more up-to-date news, analysis and insights visit
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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

Africa50 - IAF Hits First Close



Alain Ebobissé,
CEO
Africa50 Group

Africa50 Group, a pan-African infrastructure investment platform, has announced the successful first close of the Africa50 Infrastructure Acceleration Fund (Africa50 - IAF), securing \$222.5m in commitments.

Africa50-IAF secured participation from 16 African institutional investors, including sovereign wealth funds, pension funds, social security funds, insurance companies, banks and Development Finance Institutions (DFIs), underlining the commitment of regional stakeholders to drive transformative change on the continent.

First close investors include notable names such as the African Development Bank (AfDB) and the International Finance Corporation (IFC).

Alain Ebobissé, CEO of Africa50 Group, said: "We are thrilled to see such strong support from African institutional investors for the Africa50 Infrastructure Acceleration Fund. This achievement is a testament to the increasing role that African institutional investors are playing in financing the real economy and being at the forefront of unlocking Africa's potential. The Africa50-IAF is the first of a suite of new investment vehicles and instruments that the Africa50 Group plans to raise as we seek to mobilize further private sector capital from within Africa and globally into African infrastructure."

Africa50-IAF is a 12-year closed-ended infrastructure private equity fund established to invest in infrastructure assets that unlock

transformative impact, create jobs, and accelerate Africa's green industrial revolution.

Mobilising large-scale and long-term institutional capital from African and international investors, Africa50-IAF seeks to deliver long-term growth and attractive risk-adjusted returns by investing in diversified and sustainable infrastructure sectors across Africa.

The first close of the Fund, marks a significant step towards capitalising on Africa's infrastructure opportunities, and fostering sustainable development across the continent.

The capital raised will be deployed into a pipeline of transformative infrastructure projects spanning power and energy, transportation and logistics, water and sanitation, and digital and social infrastructure.

The fund is led by Vincent Le Guennou, supported by a team of talented private equity practitioners with extensive Africa and international exposure.

Vincent Le Guennou, CEO of Africa50 Infrastructure Acceleration Fund, said: "The successful first close is a significant milestone, and we are grateful for the trust and commitment of our investors. The fund is well-positioned to make a lasting impact, accelerating the development of key infrastructure projects that will benefit communities and economies across Africa."

The Africa50 Infrastructure Acceleration Fund will play a vital role in addressing Africa's infrastructure deficit and promoting inclusive and sustainable development. The fund's target final close is \$500m.

DEALS

Amethis Acquires Majority Stake in Capital Banking Solutions

Amethis, a member of the Edmond de Rothschild Private Equity Partnership, through its European strategy aimed at supporting SMEs in their internationalization, has taken a majority stake in Capital Banking Solutions (CBS) alongside Samer Hanna (President & CEO), Michel Tueni (COO) and Aziz Akl (CFO), as well as several key executives of the company who are reinvesting all their proceeds.

Nicolas Manardo and Romain Gauvrit, Amethis partners, said: "Samer Hanna and his team have built a prominent player in core banking and wealth management software, a true agile and competitive alternative to the sector's giants. We are pleased to support them in this primary

operation, by providing them with access to Amethis' networks in Europe, Africa and the Middle East, as well as our proactive ESG approach."

For over 25 years, CBS has been a publisher and integrator of innovative banking solutions tailored to international banks in Europe, Africa, the Middle East and America, headquartered in Paris, France.

The company currently offers two flagship solutions, each complemented by satellite products available on a standalone basis. CapitalBanker is its main solution, designed to meet the needs of financial institutions (retail, corporate, microfinance, treasury or postal

Deals & Exits

banks), with this agile banking ERP offered as a cloud-based solution or on-premise in Europe, Africa, the Middle East and America.

In addition the company offers CapitalPrivate - a front-office wealth management solution for European private banks and wealth management specialists, designed to provide portfolio management, CRM and compliance tools within a single digital platform.

In 2022 CBS generated sales of over €30m, of which more than half in Europe, and currently employs nearly 300 people across its offices in France, Monaco, Switzerland, the United States, Morocco, Lebanon and Ivory Coast.

Amethis will support CBS in this primary operation in order to accelerate its organic growth, especially internationally.

Amethis will also support CBS in its external growth strategy, with the acquisition of players that will enable the Company to extend its

geographical coverage and/or strengthen its existing solutions.

Lastly, CBS will pursue its sustainability initiatives, in line with Amethis' policy.

Samer Hanna, President and founder of CBS, said: "We are delighted about the entry of Amethis into CBS's capital. Amethis, and its partnership with Edmond de Rothschild Private Equity, bring extensive experience through their investments in Europe, Africa, and the Middle East. Nicolas Manardo and Romain Gauvrit, along with the entire Amethis team, share our vision of a successful future across the regions in which we operate. Amethis will support CBS in its external growth and global reach. Together, we will shape a future where innovation, growth, and productivity converge harmoniously. For CBS, this new step marks the opening up of new and very positive perspectives for our development."

DEALS

EAIF Acts As Cornerstone Investor to Anchor Zambia's First Green Bond



Paromita Chatterjee,
Investment Director
Ninety One

The Emerging Africa Infrastructure Fund (EAIF), a Private Infrastructure Development Group Company (PIDG), has committed to de facto underwrite \$50m of Zambia's first US\$53.5m green bond, to finance key solar infrastructure and support diversification of the country's energy sector.

Paromita Chatterjee, Investment Director at Ninety One, fund manager of the Emerging Africa Infrastructure Fund, said: "The willingness of a local and regional capital market to back an entirely new funding instrument highlights Zambia's commitment to sustainably advancing its energy market. We are delighted to partner with CEC and act as the cornerstone investor, increasing investor confidence in a rapidly evolving sector."

EAIF acted as the cornerstone investor of the bond issued by CEC Renewables (CECR), an affiliate of Copperbelt Energy Corporation Plc. (CEC), a private energy generation, transmission and distribution company listed on the Lusaka Securities Exchange (LuSE) since 2008.

The funding will enable the development and growth of CECR's clean energy portfolio, consisting of two solar PV plants, with a combined generating capacity of close to 100MW, and supports the company's ambitions to provide over 200MW of renewable energy.

The renewable energy potential in Zambia is abundant, with solar resources becoming increasingly critical to leverage as rising temperatures and unpredictable rainfall impact energy production

from hydropower - the country's primary power source. Diversifying generation sources is essential for the long-term resilience of the energy sector. CECR's bond, to be listed on the LuSE, progresses the country's energy transition and builds on momentum in Zambia's emerging solar power sector.

The ongoing development of low cost solar is symptomatic of an evolving energy market - opening up to private sector participation in generation, transmission and distribution. CEC is leading the sector's modernisation, leveraging its extensive transmission and distribution network to power key sectors of the Zambian economy.

Issuance of Zambia's first green bond via private placement, structured by Cygnum Capital, has attracted investor interest from local capital markets. Commitments from local banks and pension funds have been integral to recent financing of key infrastructure across the country and are a testament to a rapid response to being locked out of international capital markets.

EAIF was able to scale back its original commitment to \$20m following robust participation from private sector investors in the region, including commercial bank ABSA.

EAIF's integral role in the issuance adds to a rapidly growing portfolio of anchoring bonds in markets across the continent. Most recently, the fund acted as a committed investor alongside the International Finance Corporation in launching West Africa's first ever asset-backed security, increasing grid connections for citizens in Côte d'Ivoire's rural areas.

Owen Silavwe, Managing Director of CEC Plc, said: "we are thrilled to be the pioneers in Zambia of Green Bond issuance. The response from a wide spectrum of investors has been extremely positive and

encouraging. We are thankful to our partners for the support and hard work exhibited during the entire green bond process. The successful issuance of this first Green Bond is not only a pivotal moment for the CEC Group, but for Zambia and its capital markets, marking a clear demonstration of alternative financing options for the much-required diversification of energy sources in our country. We remain keen on actualising our green energy ambitions and the issuance of this Bond is an affirmation of our commitment to actualising our flagship 200MW of solar energy”.

James Doree, Head of Corporate Investment Banking at Cygnus Capital, added: “We are committed to finding capital markets solutions for infrastructure and clean energy investment. EAIF has again proved to be a pragmatic and innovative partner, acting as Cornerstone Investors for Zambia's first Green Bond and working hard to bring commercial investors into the programme. Many congratulations to CEC, as they roll out their renewables pipeline through this flexible and scalable structure.”

DEALS

BII Makes \$15m Commitment to NMB Bank's Sustainability Bond



Ruth Zaipuna,
CEO
NMB Bank

British International Investment (BII), the UK's development finance institution and impact investor, has announced its anchor commitment of \$15m equivalent in Tanzanian Shilling to NMB Bank's (NMB)

inaugural sustainability bond offering, known as the NMB Jamii Bond.

Seema Dhanani, Head of Office and Coverage Director, Kenya and East Africa, BII, said: “We are delighted to be one of the anchor investors in the Jamii Bond, the first of its kind issued by NMB Bank and listed on the Dar es Salaam Stock Exchange.”

“This aligns with our strategy in supporting the development of capital

sustainability bond, significantly above its target subscription, making it the largest sustainability bond ever issued in the East African region.

The Jamii bond was backed by over 5600 local investors and co-anchored by BII and the International Finance Corporation (IFC), a member of the World Bank Group.

The level of oversubscription is a powerful testament to the growing capacity of local capital markets to meet the growing need for climate and sustainability financing and mobilisation of institutional and other impact investors.

The proceeds from the bond will finance social and climate projects that contribute to inclusive socioeconomic growth and strengthen the response to climate change.

Ruth Zaipuna, CEO of NMB Bank, said: “The extraordinary success of

“The extraordinary success of the bond demonstrates the strong appreciation among Tanzanian and global investors for the soundness of NMB Bank and its commitment to the sustainability of its operations, business, community, and environment

- Azeez Amida, CEO of Pan African Towers

markets in Tanzania and serves as a fine example for institutional investors and financial institutions in the region to encourage greater innovation in this area. We look forward to supporting further initiatives to finance high quality projects that deliver climate and development impact.”

In Tanzania, NMB is a market leader and pioneer in sustainability, promoting financial inclusion and wellbeing.

The bank has received a total of TZS 400 billion from its dual-tranche

the bond demonstrates the strong appreciation among Tanzanian and global investors for the soundness of NMB Bank and its commitment to the sustainability of its operations, business, community, and environment.”

It further reiterates the bank's creditworthiness and the desire of local and international investors to take advantage of the multiple safe and impactful investment opportunities offered by the robust investment climate of the country”.

DEALS

TLG Capital Launches Debt Facility for Flow 48

TLG Capital (TLG) has announced a debt facility of up to \$5m in Flow 48, an early-stage FinTech company at the forefront of redefining Alternative Finance in Africa.

Flow 48 introduces an automated and integrated platform providing clients access to financing based on their revenues. This investment underscores TLG's commitment to fostering innovation in lending to provide African SMEs access to capital.

The investment is made through TLG's Africa Growth Impact Fund (AGIF).

Flow 48's team has a track record of building two unicorns, whose journeys revealed the need for alternative financing mechanisms. "Revenue-Based Financing is an innovative funding solution that has seen great success in the US and Europe. In Africa, where banks are often straightjacketed to lending against landed property, the use case for RBF is even stronger," said Isaac Marshall, Investment Professional at TLG Capital.

The strategic alignment between TLG Capital and Flow 48 extends beyond financial considerations, fostering innovation and

transformative solutions in the global financial landscape.

Flow 48's focus on Finclusion addresses a critical issue in the African market, where a substantial percentage of Micro, Small, and Medium-sized Enterprises (M/SMEs) remain underbanked.

By offering credit access based on documented revenues, Flow 48 emerges as a catalyst for financial inclusion, unlocking opportunities for businesses previously excluded from traditional bank credit.

The integration of modern payment gateways facilitates the digital recording of revenues, paving the way for a new asset class in African financing. This not only positions Flow 48 as an industry pioneer but also aligns with TLG Capital's commitment to fostering innovation and impactful investments.

Idriss Alrifai, CEO of Flow 48, said: "We are super excited to be working alongside TLG as we have common ambitions and values. We are thrilled to partner with an organization that is so deeply knowledgeable about the new region and we believe this partnership can be very fruitful in South Africa where we will enter during the course of Q1 2024."

INVESTORS

EIB Global Backs Seedstars Africa Ventures I

EIB Global has announced a \$30m equity investment in the Seedstars Africa Ventures I venture capital fund.

"Encouraging and promoting innovation and digitalisation is crucial to developing strong and sustainable economies," said EIB Vice-President Ambroise Fayolle.

"African entrepreneurs hold the key to the continent's future, creating jobs, reducing inequality and improving quality of life. The EIB, as part of Team Europe, is committed to supporting African businesses, and we are proud of the success of Boost Africa and the

A rounds, with an ability to follow-on significantly, effectively bridging the pools of capital available.

The fund will invest in companies developing and implementing digital technologies, in particular those addressing basic needs such as education, healthcare and utilities, or enhancing goods, services and efficiency.

Robert Daussun, Chairman of LBO France and Stéphanie Casciola, CEO of LBO France, said: "Identifying areas with high growth potential is at the heart of LBO France's strategy, and we have been reinforcing our

"The Fund expects to reach a first close early this year, but has already completed four transactions: Beacon Power Services, Poa! Internet, Shamba Pride and Bizao

ACP Trust Fund."

Seedstars Africa Ventures I was created by Maxime Bouan, Tamim El Zein and Bruce Nsereko Lule, in partnership with Seedstars, a global organisation that invests and supports entrepreneurs from emerging markets, and LBO France.

The Fund is targeting \$80 to \$100m and will invest in Seed+ and Series

position in Africa by targeting highly dynamic sectors and supporting disruptive entrepreneurs. Our commitment to Seedstars Africa Ventures is part of our strategy to offer a range of diversified alternative assets to our investors and allow them to participate in Africa's growth story, with a strong ESG ambition."

"The digital sector is a key driver of growth and innovation. Small

and medium-sized enterprises, together with start-ups, are fuelling the digital economy. Kenyan and African digital economies have tremendous potential and helping entrepreneurs access finance can be a game changer to foster quality growth and jobs, a common priority for both the EU and our African partners. With Global Gateway, the EU is investing in Africa's digital transformation and helping provide the right conditions for digital economies to thrive - as demonstrated with the recent digital economy package in Kenya," said European Commission Vice-President Margaritis Schinas.

The Fund expects to reach a first close early this year, but has already completed four transactions: Beacon Power Services, Poa! Internet, Shamba Pride and Bizao.

Global pressures in the last 18 months have made it more difficult for companies to access finance, in particular at the earliest stages of developing the business.

This has limited the expansion of innovative technology companies. Fostering private sector development and the digital economy will contribute to inclusive economic growth, reducing economic and social disparities.

Digitalisation is a key part of the economic and social development of many African countries.

It is also a core pillar of the European Union's Global Gateway strategy. The \$30m EIB Global investment is backed by the EU, through \$20m from the ACP Trust Fund and \$10m from the Boost Africa programme.

With this investment, the EIB has now fully deployed Boost Africa, a programme launched in 2016 with the aim of boosting sustainable jobs and prosperity through venture capital for African entrepreneurs. Under Boost Africa, the companies invested in by Seedstars Africa Ventures 1 will also benefit from technical assistance to develop business skills and expertise, funded by the EU.

INVESTORS

BII Commits \$40m to Apis Growth Markets Fund III

British International Investment, the UK's development finance institution and impact investor, has underlined its support for fintech entrepreneurs with a \$40 m commitment to a new Apis fund - the Apis Growth Markets Fund III (Apis III). Apis Partners is a UK-based private equity firm investing exclusively in high-growth, capital-light, tech-enabled financial services businesses globally.

It is the third time BII has backed an Apis fund.

The partnership between BII and Apis dates back to 2015, when BII anchored Apis' first fund with a \$30m commitment.

It continued in 2019 with a \$50m to Apis' second fund.

Apis specialises in investing in digital financial services companies, particularly those involved in payment and credit services.

Digital infrastructure is a vital pillar to support economic growth in the emerging economies in which BII invests.

Dalia Aga-Shaw, Director and Head of Financial Services Funds at

BII, said: "Apis has a proven track record of delivering impact by supporting the fintech sector. This new fund will provide vital capital to entrepreneurs as well as large businesses. The provision of services by Apis' investee businesses will boost low-income households and create wider economic opportunities."

The latest BII investment in Apis supports Sustainable Development goal 8.10 - improved economic opportunities for consumers and businesses via an improved ability to manage liquidity, investment and risk.

BII's commitment to Apis III will help Apis to reach its target fund size and comes at a time when there is reduced demand for emerging market fintech businesses among commercial investors.

BII has been a key advisor to Apis since backing its first fund and has played a crucial role in developing ESG and BI standards at the fund manager as well as strengthening its impact management capabilities.

INVESTORS

IFU Invests €21m to Expand Healthcare in Morocco

The Danish Investment Fund for Developing Countries (IFU), on behalf of the Danish SDG Investment Fund, has invested €21m in Oncologie et Diagnostic du Maroc (ODM), a healthcare provider in Morocco.

The investment will serve a dual purpose, enabling ODM to expand its existing network and diversify its service offerings, thus contributing to the realization of Morocco's broader national healthcare strategy.

The funds will be instrumental in bolstering ODM's efforts to enhance healthcare accessibility and quality across Morocco.

IFU is investing in healthcare with the aim of contributing to increasing

access to affordable and essential healthcare for more people, especially low-income groups.

ODM matches the strategy as the company is providing services related to cancer, which is a growing disease leading to a significant undersupply in treatment. Moreover, the investment is in line with Morocco's plan to reach full healthcare coverage with the help of private investments in the healthcare sector to provide capacity and high-quality services.

ODM's ambitious plans include the development of additional capacity within its current network of facilities, ensuring that more patients

have access to high-quality medical care. Furthermore, the funds will be allocated to the creation of new services and initiatives aimed at expanding ODM's footprint and impact in the healthcare sector.

"We are excited to support ODM in its mission to advance healthcare services in Morocco. This investment aligns with our commitment to fostering sustainable development and improving access to more affordable healthcare services in emerging markets. ODM's vision and track record in delivering healthcare excellence make them an ideal

partner for this endeavor," said Lisbeth Erlands, Senior Vice President at IFU.

"We are thrilled to have IFU as our partner in this endeavor. This substantial investment will empower us to further our mission of providing world-class healthcare services to the Moroccan population. We believe that our partnership with IFU will drive innovation, increase our reach, and help us meet the evolving healthcare needs of our country," Mohamed Elmandjra, ODM's Founder and CEO.

INVESTORS

DFC Backs Miro With \$24m



Scott Nathan,
CEO
DFC

The U.S. International Development Finance Corporation (DFC) has committed a \$24m equity investment in Miro Forestry Developments Limited (Miro) to expand the company's sustainable forestry and timber processing on degraded land in West Africa.

This is the latest investment in DFC's growing portfolio of nature-based solutions, an area in which the agency has established itself as an innovator.

DFC has deployed its range of tools, from political risk insurance and loans to technical assistance and equity investments, into the sector.

DFC is focusing on nature-based solutions as a key tool in our ongoing work to sequester carbon, strengthen communities against the worst effects of climate change, and protect fragile ecosystems.

The investment for Ghana and Sierra Leone will create jobs, increase atmospheric carbon sequestration, and contribute to economic growth

economic opportunity, creating jobs, and equipping communities with the tools they need for resilience."

Miro employs more than 2,500 people which, with DFC's support, will grow to more than 3,000. Miro has rehabilitated more degraded land to forest than any other group on the African continent over the past few years, having planted more than 20 million trees that have sequestered millions of tons of atmospheric carbon - tackling climate change efforts on a global scale.

DFC's investment in Miro will support the expansion of its existing timber manufacturing, increasing installed output capacity to 120,000 cubic meters per year, making Miro one of the largest producers of wood panel products on the African continent.

Miro plywood and other timber products are Forestry Stewardship Council (FSC) certified - one of the highest levels of sustainability certification in the forest industry. Miro sells its sustainable timber products locally in West Africa, and exports to North America, Europe, the Middle East, and other locations, to large and mid-scale, high-quality customers. This significantly helps to displace timber products

"Miro's work to promote sustainable forestry on previously degraded land is helping us deliver on our climate goals while generating economic opportunity, creating jobs, and equipping communities with the tools they need for resilience

- DFC CEO Scott Nathan

in both countries. DFC Chief Executive Officer (CEO) Scott Nathan was joined by Miro CEO Andrew Collins and CFO Anthony Gaydon on the sidelines of COP28, the U.N.'s annual climate change conference, for the ceremonial signing of the commitment.

"DFC is leading on efforts to respond to the climate crisis through the financing of nature-based solutions," DFC CEO Scott Nathan said.

"Miro's work to promote sustainable forestry on previously degraded land is helping us deliver on our climate goals while generating

from unsustainable sources.

Anthony Gaydon, Miro Group CFO, said: "We are delighted to welcome DFC as a shareholder in Miro. DFC is a high-quality investor with a very good reputation in the regions in which we operate. With their capital and support, we can continue to expand Miro delivering a triple-bottom-line economic, social, and environmental return on investment - for the good of shareholders, the communities in which we work, and the planet."

Growth Trajectories Across Africa Remain Strong



Dumebi Oluwole,
Senior Economist
Stears

In 2024, Africa's overall growth is forecasted at 4.0%, a notable increase from 3.3% in 2023, positioning it as the second-highest globally, trailing only Asia (4.8%), according to Stears 2024 African Outlook Report.

East Africa takes centre stage in this growth narrative, exhibiting consistently higher growth rates than the rest of the continent.

Rwanda, Tanzania, Uganda, and Kenya are identified as key drivers, collectively contributing significantly to the region's economic

significance of inflation as a barometer of economic health and advocated for the urgent need to address the persistent challenge of currency depreciation.

The report reveals a closer alignment of the Kenyan Shilling (KES) to its fair value, shedding light on the delicate balance between inflation dynamics and investor attractiveness.

Nevertheless, Kenya's GDP per capita stands 30% above the Sub-Saharan Africa average, signalling increased consumer spending and positioning the country as a significant market.

The report, however, highlights the potential for further GDP per capita growth, primarily through improved job creation in high-value

"In 2024, Africa's overall growth is forecasted at 4.0%, a notable increase from 3.3% in 2023, positioning it as the second-highest globally, trailing only Asia (4.8%)"

- Stears 2024 African Outlook Report

resurgence.

"East Africa's growth is propelled by dynamic sectors such as natural resources, transportation, tourism, and agriculture. Significantly, there is potential for further acceleration due to increased investment from Gulf countries. These developments are shaping East Africa into a model region for economic resilience and diversification," said Fadekemi Abiru, Head of Insights at Stears.

Notably, South Africa, Egypt, and Nigeria, considered economic giants, are poised for growth rates below the regional average, emphasising the importance of recognising and navigating the diverse economic landscapes that exist within the continent.

Stears' 2024 Outlook further delves into key African countries, specifically Kenya and Nigeria, projecting persisting economic challenges for both nations.

The macroeconomic analysis for Kenya anticipates persistent currency depreciation and inflationary pressures. The 2024 Africa Outlook Report highlights that inflation averaged 7.8% in 2023, with a nuanced forecast ranging between 6% and 7.4% for 2024.

This aligns with the Central Bank of Kenya's (CBK) target range of 5±2.5%, reflecting a global trend targeting enhanced price stability.

Dumebi Oluwole, Senior Economist at Stears, emphasized the

sectors like manufacturing and services.

Simultaneously, the 2024 African Outlook Report delves into Nigeria's macroeconomic landscape, revealing a formidable challenge in the form of a high headline inflation rate, currently at 28.2%. Stears projects an average annual inflation rate ranging from 27.59% to 31.85% for 2024, necessitating proactive measures for economic stability.

Oluwole explained: "The elimination of petrol subsidies has significantly heightened the cost of living for consumers, leading to an overall uptick in inflation. Coupled with the devaluation of the naira, this has precipitated higher exchange rates, complicating the economic landscape for both consumers and businesses."

According to the report emphasized the need for strategic interventions to enhance liquidity and stabilise the exchange rate, highlighting the importance of collaborative initiatives between the government, regulatory bodies, and the private sector for sustained economic growth.

Yvette Dimiri, Director at Stears, said: "Our 2024 African Outlook Report reflects Stears' commitment to providing data-driven insights that transcend conventional narratives. As Africa navigates its course in the global economic landscape, understanding distinctive growth trajectories and leveraging regional strengths will be key."

OUTLOOK 2024

Africa Global Funds' Anna Lyudvig speaks with industry experts about the past year, expectations for the next 12 months and investment opportunities.



Jason Horn (top),
Execution Trader and Macro Analyst at Steyn Capital Management



Peter Jarvis (2nd),
Chief Investment Officer at African Alliance Asset Management



Johnny Jones (3rd),
Partner, Vantage Capital



Tony Schroenn (4th),
Portfolio Manager, Imara Asset Management



Harry Wulfsohn (bottom),
Joint CEO, Imara Group

AFRICA GLOBAL FUNDS (AGF): WHAT WAS THE HIGHLIGHT OF 2023?

PETER JARVIS: An encouraging trend in 2023 was the increased cross-border investments within Africa. The rise of intra-African investments goes beyond just capital flows. It also involves the exchange of expertise, technology, and best practices. South African and Moroccan investors became more active in countries like Kenya and Nigeria, while regional development finance institutions like the African Export-Import Bank (Afreximbank) played a crucial role in supporting intra-African trade and investment. This highlights the growing intra-continental collaboration and the diversification of investor sources. However, challenges remain, such as persistent barriers to trade, regulatory hurdles, and limited access to finance.

JASON HORN: 2023 was a mixed bag on the return front for many of the markets across the continent as higher interest rates and the subsequent US dollar strength took hold. Weaker currencies, persistent inflation, elevated debt levels and an inaccessible Eurobond market provided significant headwinds to most governments and by extension African investors. However, despite these headwinds we are pleased to have beaten the market in 2023, for the 8th time in 13 years and 3rd year running, with a net return of 11.5%. This is the result of a focus on high quality businesses in combination with our refined macro research process to assist with navigating the turbulence we saw in 2023.

AGF: WHAT SURPRISED YOU IN 2023?

PETER JARVIS: The determination of the Kenyan Central Bank to decisively fight both inflation and a weak currency. 2023 wasn't just a year of calendar flips for Kenyan businesses; it was a year of grappling with a dramatically shifting interest rate landscape. The real earthquake, however, came in December. The 200-basis-point jump in the Central Bank Rate (CBR) to 12.5% sent a clear message: price stability took precedence, even if it meant higher borrowing costs and potentially dampened economic activity. The impact on businesses was immediate and multifaceted. Banks, mirroring the Central Bank's move, raised lending rates significantly. Prime

lenders like Equity Bank crossed the 17% mark, making borrowing expensive, especially for small and medium-sized enterprises (SMEs). This choked off access to vital credit, putting expansion plans on hold and impacting cash flow. Existing loans also became heavier burdens, squeezing operating margins and profitability. Yet, there was a glimmer of hope. The high-interest rates, while painful, aimed to address concerns that were already plaguing businesses. Inflation, hovering above 6%, was eroding profit margins and making long-term planning difficult. A stable currency, another target of the rate hikes, offered the prospect of more predictable import costs and reduced uncertainty.

AGF: WHAT ARE YOUR EXPECTATIONS FOR 2024?

HARRY WULFSOHN & TONY SCHROENN: We are cautiously optimistic about the outlook for African capital markets for 2024 due to exceptionally attractive valuations of quality African companies. The bottom-up story has been strong for a few years, but valuations have stubbornly not reflected fundamentals largely due to macro headwinds. We expect liquidity to improve as these headwinds shift in Africa's favour. Recent developments, such as reduced inflation in the US, the Fed indicating rates cuts for 2024 and the re-establishment of Nigeria as an investable market, support our cautiously optimistic outlook. A relatively small increase in flows from these low levels will have a significant impact, on both Public and Private markets, and Imara and our clients are well-positioned to benefit.

JASON HORN: We believe that 2024 is set to be the start of interest rate moderation in the US which, as we have spoken about previously should lead to a weaker US dollar – this has historically been a tail wind for African investors. Africa has had a challenging 18 months on the currency front as we have seen the US dollar on a real effective exchange rate basis break out and hit levels last seen 50 years ago (with some research houses putting it as much as 40% overvalued). This has led these currency markets to dry up and the subsequent devaluations in Nigeria, Ghana, Egypt and Kenya. The weakening in the currency usually is the pressure release valve for an economy but misguided and outdated policies unfortunately exacerbated the liquidity shortages as many African central banks continued to get in the way of market clearing levels. We have started to see a positive policy shift in the likes of Nigeria, Ghana and Kenya. Across the continent many governments are successfully engaging with the IMF to gain access to further funding – which typically requires fiscal adjustments in combination with a currency market functioning at market clearing levels.

Commodities have had to deal with significant headwinds of their own with more than a decade of underinvestment while the ESG battle rages on, in addition to anaemic global growth driven by the China slow down. As global growth improves, driven by frontier and emerging markets and the push towards a more sustainable world, the broader commodity complex and in particular the clean energy commodity complex is wound like a coiled spring. This coupled with a weaker US dollar should begin to see significant outperformance in Africa relative to the rest of the developed world which cannot be understated.

We believe that the current investor apathy and potential change in direction sets the stage for a potential rally in large, franchise African stocks, and we have been rotating the portfolio accordingly.

AGF: WHAT'S THE BEST INVESTMENT STRATEGY FOR AFRICAN INVESTORS IN 2024?

HARRY WULFSOHN & TONY SCHROENN: AFRICAN FINTECH: Like cellphones before, it's not about when, but how much African fintech will grow. In Egypt, point of sale (PoS) device growth is +100%, yet only 2% of payments are digital, with only 500 PoS devices/100k pop, contrasted against Brazil at 8% and 2,500/100k. Let us be very clear, African fintech has taken off already, but the steepest part of the adoption curve lies ahead. Convergence of technology, a youthful population, government support are underlying drivers. Our process identifies Africa's high quality, fast growing and attractively valued Fintech's. These companies tap the whole population pyramid, generating small, recurring revenue streams, whose profitability increases exponentially with scale.

CELLPHONE UBIQUITY POINTS US TO THE ENDGAME - Cynics asserted that cellphones were a luxury few in Africa could afford. Thanks to cheaper handsets, 80% of Africans have a cellphone, creating tremendous utility for customers and wealth for investors. Financial inclusion, driven by Fintech, banks and telcos, is following a similar pattern. Cellphones have also provided consumers across the whole pyramid with a platform to transact. The enormous opportunity is for Fintech to bridge the gap between the level of cellphone and digital payment penetration.

FINTECH DELIVERS POSITIVE IMPACT AND FINANCIAL RETURN: Fintech has boosted FINANCIAL AND SOCIAL INCLUSION with a positive, sustainable impact on the daily lives of local communities by giving participants access to :

- Cheaper, faster and safer ways to transact. MPESA cut cost AND time of transfers by 90%.
- Secure saving. Equity Bank provided an alternative to "cash under the mattress".
- Markets and services. Remittances, utilities, agriculture, health and education platforms.

Fintech is bridging the vast gap left by traditional banks in Africa, where banking penetration rates are as low as 20%. Barriers to entry for low income, large geographies are branch proximity and cost. These have been overcome by Fintech using technology, agency banking, cellphones and above all in Africa, raw creativity and talent. Over traditional bank services, Fintech is providing a vast array of new services at the click of a button. To name a few, instant payments, instant receipts, payment of utilities, pensions collection, school fees, micro-lending and informal sector supply chain management. Importantly for investors, these asset light, high network-effect and scaleable Fintechs, yield high financial returns.

Our public market Fintech portfolio companies are all profitable, self-funding, with most paying healthy dividends yet at extremely attractive valuations. Whilst in the private markets we have a portfolio of high growth Fintech companies, all post revenue with experienced teams and robust scalable business models. Access to these opportunities is proprietary and solely a function of Imara's relationships and networks.

JOHNNY JONES: A large part of Vantage Capital's historical success has been due to our investment structures which are focused on controlling risks. There are significant macro and FX challenges prevalent across the continent, and reducing risks in our investments remains a key feature of our strategy.

We undertake a detailed assessment of the level of risk of the growth initiatives of any investment target. For example an existing manufacturing company which is adding a new production line is

seen as lower-risk if its additional volumes are to be irrevocably and contractually purchased by an established offtaker. Contrast this with an investment in a manufacturer which has no contractual buyer for its new product line. The return profile could be similar across these two examples but the risk levels are vastly different. We spend much more time identifying, mitigating and structuring for these types of risks than we spend assessing the upside cases of potential investments. We believe this is a robust strategy that can be very useful this year given all the challenges across our markets.

AGF: WHAT INVESTMENT OPPORTUNITIES DO YOU SEE IN AFRICAN MARKETS/SECTORS?

JOHNNY JONES: Vantage has a long history of investing in businesses that operate in sub-segments that have buoyant growth trajectories, despite meagre national GDP growth rates. Across Africa, we believe sectors such as digital infrastructure, healthcare, certain real estate developments and business process outsourcing can significantly outperform the broader economy. We find that sub-segments such as these can benefit from micro trends including a lack of specialised healthcare services relative to robust patient demand, or the significant cost advantages of professional outsourced services for foreign and domestic clients. These advantages can support industry advancement which outpaces overall economic growth across the country, and it's our job as fund managers to locate these unique opportunities and support them using well-balanced investment structures.

PETER JARVIS: Despite global economic headwinds, agri-tech, renewable energy, and fintech should continue to attract significant investment in the short and medium term. Africa's vast agricultural potential, coupled with the challenges of climate change and population growth, creates a fertile ground for agri-tech. Startups are harnessing the power of data analytics, precision farming, and AI to improve yields, access to market, and sustainable farming practices. Examples include companies like SunCulture in Kenya providing solar-powered irrigation systems and Hello Tractor in Nigeria connecting farmers with affordable tractor rentals. The potential of agri-tech extends beyond food security, creating jobs in rural areas, empowering women farmers, and fostering rural development.

The continent's abundant renewable resources, particularly solar and wind, offer a promising escape from reliance on fossil fuels and fluctuating energy prices. Startups are developing innovative solutions like mini-grids for off-grid communities and solar-powered irrigation pumps to provide clean and affordable energy solutions. Companies like Mkopa in East Africa provide pay-as-you-go solar lighting systems, while Africa's largest wind farm in Kenya, Lake Turkana Wind Power, showcases the potential for large-scale renewable energy projects. The shift towards renewables also contributes to climate change mitigation and environmental sustainability, paving the way for a greener future for Africa.

A large unbanked population presents a massive opportunity for fintech to further revolutionize financial inclusion. Startups are developing mobile money platforms, digital lending solutions, and insurance products tailored to the needs of underserved communities. Companies like M-Pesa in Kenya and Flutterwave in Nigeria have become household names, facilitating cross-border payments and

boosting financial access. Fintech not only empowers individuals but also drives economic growth by promoting entrepreneurship and small business development.

African Alliance Asset Management has launched its Thrive Africa Fund with the aim of giving investors exposure to these sectors through a USD denominated Fund.

AGF: WHAT INDUSTRY TRENDS HAVE BEEN PROMINENT BUT ARE NOW FADING (OR WILL SOON FADE)?

JOHNNY JONES: We assess a large number of transactions each year, and we've noted a few trends recently. In some of our markets, real estate was viewed as a strong hedge against local currency depreciation, due to the majority of tenant leases being linked or denominated in USD. However, we have seen a number of examples of real estate assets losing significant value, when they are based in countries facing currency weakness. We've found that tenants are not able to pass along price increases at a rate that fully offsets the currency depreciation, and the US Dollar value of the properties declines as a result. We now view USD-linked leases as providing only a partial hedge against currency volatility.

Another trend we've witnessed is that high levels of upfront infrastructure or capital investment can put significant strain on businesses, and sometimes render companies unprofitable for years. When businesses invest in substantial infrastructure and then sell products or services with profit margins of 20% or less, it can be quite a challenge for that enterprise to recoup all its capital costs over the medium term. If you also factor in the maintenance and replacement capex required, the hurdle may become insurmountable. We've observed this trend in a wide range of sectors including internet providers, data centres, payment processors, manufacturers and technology companies. Some of these companies look great from an income statement perspective, but once the true capital cost of their infrastructure is factored in, we find that some firms actually run at a deficit. This phenomenon highlights that a strategy of investing in fixed assets in smaller increments can be prudent, and allows stakeholders to observe the initial return on capital deployed before committing to larger investment programmes.

AGF: WHAT TRENDS ARE GETTING UNDERWAY THAT INVESTORS MAY NOT KNOW ABOUT, BUT WILL BE IMPORTANT?

JASON HORN: The importance of favourable demographics and rapid urbanisation as economic growth drivers. This trend has taken a while to play out but as the demographic situation in the developed world continues to deteriorate this is leading to Africa and Emerging Asia as being the main drivers for global growth. As of October 2023, the IMF in their world economic outlook is forecasting real GDP growth in Sub-Saharan Africa of 4% in 2024 which will outstrip growth in the likes of the US and EU which are forecast at 1.5% and 1.2% respectively. The reality is that African markets account for 17% of the world's population 2.8% of global GDP, while GDP continues to grow versus the slowdown in the rest of the world. So, these markets matter but yet they make up only 0.1% of global stock market capitalisation. It is clear that these markets are undervalued, highlighting the opportunity in African markets.

PLOT TWISTS AND PORTFOLIOS:

2023 Surprises That Reshaped Investor Thinking



By Sandile Malinga, CIO of Multi-Asset, M&G Investments

As the tumultuous year of 2023 draws to a close, investors have now naturally turned their focus to the coming year and are trying their hands at predicting what might happen over the next 12 months. However, we decided to instead look back at the year that was, to some of the outcomes that were widely predicted, and what has actually transpired.

A RECESSION WAS IMMINENT

At the end of last year, the prevailing view by far was that a recession in 2023 was practically a given, on the back of high inflation, sharply rising interest rates and slower economic growth. Starting in the US, it would spread to much of the developed world, and spark a string of financial crises in emerging markets and developing economies, with a lasting detrimental effect. A long list of indicators appeared to support this prediction, including a falling stock market, historic lows in consumer sentiment and the inversion in the US Treasuries yield curve. Instead, in the US, the economy defied the pundits, consistently beating even the most optimistic expectations: first quarter real GDP growth was positive at 2% y/y, as was second quarter growth at 2.1% y/y, and in the third quarter, the US economy expanded by an annualised 5.2%.

THE STOCK MARKET WOULD SUFFER

At the end of 2022 the outlook for the stock market was bleak, to say the least. Against the backdrop of surging interest rates, high inflation, the Russian invasion of Ukraine and its negative effects, and the recession fears mentioned above, analysts were predicting a negative year for equities. What occurred instead was one of the best starts to a year, with the S&P 500 Index up by nearly 16% in the first six months, albeit with volatility along the way. By the end of November, the S&P 500 had posted a total return of 21% for the year to date, largely the result of technology stocks, in particular the so-called "Magnificent 7" mega-caps that are expected to take advantage of the burgeoning expansion of AI into industry and business. This is particularly impressive given that a US regional banking crisis rattled markets and investor confidence in the second quarter.

CHINA WOULD LEAD THE POST-COVID RECOVERY

As the world's second largest economy, many had hoped that China would be at the forefront of the global post-pandemic recovery. What happens in China has significant implications globally for inflation, growth and trade. But while China's economy has achieved positive growth this year, it has been at a slower pace than initially hoped for. While its actual GDP growth rates of 4.5% y/y in Q1 2023 and 6.3% y/y in Q2 2023 were favourable in absolute terms, they disappointed most pundits who were hoping for 7.3% y/y expansion in Q2, for example. Government policies to boost consumption and support the ailing property market have not had the desired impact, and deflation risks have been growing. Recently, the International Monetary Fund raised its China growth forecast to 5.4% for 2023, but it expects growth to slow to 4.6% in 2024 due to continuing weakness in the Chinese property market, as well as subdued demand from global markets.

INFLATION WOULD CONTINUE TO RISE

Investors started the year expecting inflation to continue spiraling upwards, or at least to remain at high levels for all of 2023. Many countries experienced their highest inflation rates in decades in 2022 as a result of the widespread economic dislocation and supply chain problems that Covid triggered. Having peaked at 9.1% y/y in June 2022, US inflation declined to 6.4% y/y in January, and the downward trend continued. By the end of October, US inflation was just 3.2% y/y. A similar pattern was seen elsewhere, although inflation did prove more stubborn in certain regions like Europe and the UK before falling in the latter part of the year. Eurozone inflation stood at 2.9% y/y in October, and at 4.6% y/y in the UK.



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AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	December	3-Month	1-Year
Botswana	2.33%	7.42%	6.24%
Egypt	1.42%	4.37%	-10.51%
Ghana	3.31%	-4.69%	-47.82%
Kenya	-1.29%	-5.52%	-20.19%
Mauritius	-0.44%	-0.28%	8.78%
Morocco	3.26%	6.72%	7.13%
Namibia	4.70%	9.73%	10.13%
S&P/FMDQ Nigeria	-5.45%	-7.66%	-44.11%
South Africa	5.16%	11.45%	1.92%
Tanzania	1.47%	-0.48%	-2.89%
Uganda	0.35%	3.49%	17.40%
Zambia	-5.53%	-7.44%	-3.00%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	December	3-Month	1-Year
Botswana	2.06%	6.04%	18.55%
Cote d'Ivoire	1.89%	6.74%	19.40%
Egypt	-1.45%	26.77%	47.08%
Ghana	-0.43%	-5.03%	8.85%
Kenya	-2.56%	-8.74%	-40.41%
Malawi	-2.89%	-44.78%	16.16%
Mauritius	0.19%	-1.02%	2.11%
Morocco	4.27%	5.66%	22.41%
Namibia	2.64%	5.67%	43.43%
Nigeria	-4.19%	3.79%	-5.50%
Rwanda	-1.30%	-2.49%	-1.44%
South Africa	6.96%	12.28%	1.53%
Tanzania	-0.21%	3.68%	12.37%
Tunisia	3.40%	6.01%	8.90%
Uganda	0.23%	1.10%	33.14%
Zambia	-5.96%	4.96%	16.49%

Source: S&P Dow Jones Indices

MARKET FOCUS: NIGERIA

By Imara Asset Management

From the heady days of 2007, driven by consolidation and recapitalization, to the fall from grace in the years thereafter, Nigerian banks have been the most controversial in the African public equity space. They operate in Africa's largest economy, where financial inclusion remains low and the investment opportunity is massive. Macro headwinds have created a tough operating environment for the banks, making it difficult justifying investing in them. However, despite this, a select few of the top banks have done incredibly well. The change of government and a new CBN head are fixing policy, substantially improving the operating environment and making the top banks incredibly attractive investment opportunities again.

The question often gets asked, but what about bad loans and asset quality in Nigeria? Despite the significant macro-economic shocks, we think the impact of asset quality deterioration on the banks' asset quality should be relatively contained as: i) the unorthodox monetary policy of the previous governor led to average loans to assets falling from a peak of 46.8% in FY14 to 32.9% in FY22 and so the banks' exposure to higher risk assets is much lower compared to the previous

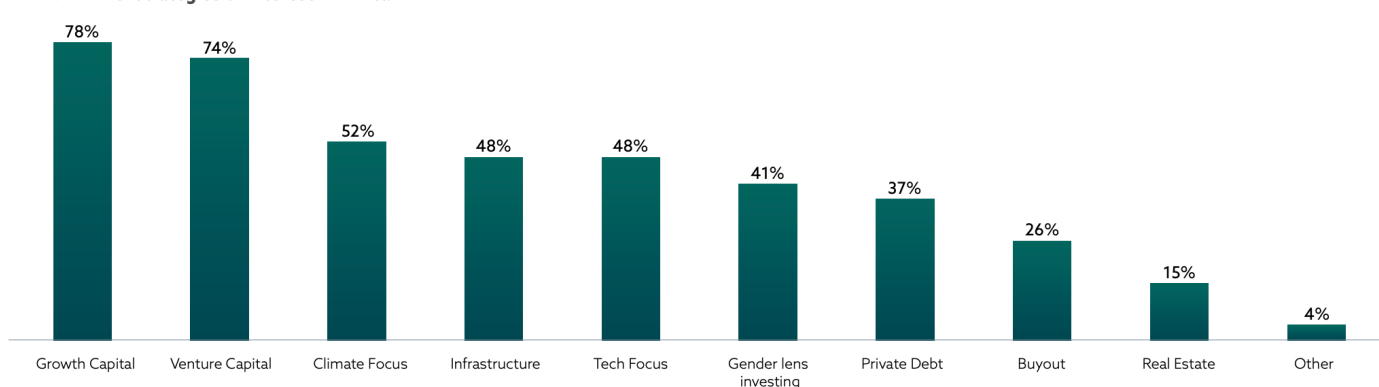
cycle; ii) the banks' primary loan exposure is to the corporate segment, which is better able to withstand the macro-economic shocks; iii) the banks (in particular Access and UBA) have significantly increased their exposure to loans outside Nigeria; and iv) the banks (in particular GTCO, UBA and Zenith) have taken advantage of the exceptional gains in FY23e to increase their NPL cover, which will enable them to absorb any material deterioration in asset quality. On the last point, due to aggressive provisioning by some banks, we forecast the average CoR to increase from 1.0% in FY22 to 3.4% in FY23e before declining to 2.3% in FY24e and 1.0% by FY28e.

The new President is taking reforms seriously, collapsing all rates to a single I&E window; a hugely positive signal to the markets. This, as new bills have been signed into law coupled with other positive moves, including the removal of fuel subsidies. The road to full recovery will take committed policy change and will be bumpy. The communications, fintech and banking sectors are growing strongly, yet high quality companies exploiting these, are at all time low valuation multiples.

AFRICA PRIVATE CAPITAL: INVESTORS' EXPECTATIONS AND PREFERENCES

By AVCA

LPs' Strategies of Interest in Africa



A significant majority of LPs (78%) view growth capital as an attractive investment strategy when investing in African private capital. This figure reinforces the long-lasting popularity of this strategy that has been tested and trusted by investors in Africa's private capital industry. Unsurprisingly, venture capital closely follows with 74% of LPs expressing an interest in this investment strategy. This further solidifies venture capital's emergence as a prominent

period. Moreover, the fourth largest group of investors is interested in infrastructure and tech strategies to promote inclusive development and bridge the infrastructure gap across the continent.

A significant percentage (63%) of GPs are already implementing, currently considering, or probably exploring ways to modify their investment strategies and themes. Within this group of GPs, venture capital and climate investing are their preferred choices (selected by

“Data from 2023 YTD reveals that eight climate-focused funds managed to raise commitments from LPs totalling US\$0.5 billion, representing more than a quarter (28%) of the total fundraising value of interim closes reported during the period

investment approach with a potential which is recognised by LPs. The relatively recent rise of venture capital has significantly transformed the continent's private capital industry in various ways. It has boosted Africa's entrepreneurship, attracted investors from across the globe, promoted the establishment of local venture capital firms, and finally altered the dynamics within the different private capital asset classes in Africa. Notably, venture capital investments have accounted for a significantly increasing share of the total number of private capital investments reported in Africa.

Following the trends from previous years, data from 2023 YTD reveals that 69% of all reported investments were in the venture capital space. It's particularly noteworthy that the third largest share of LP participants (52%) prefer climate-focused investments, indicating increasing attention to addressing climate challenges. This trend reflects a growing awareness among investors of the urgency to contribute to sustainable and environmentally responsible practices. Data from 2023 YTD reveals that eight climate-focused funds managed to raise commitments from LPs totalling US\$0.5 billion, representing more than a quarter (28%) of the total fundraising value of interim closes reported during the

39% of GPs each). This preference echoes the substantial interest fund managers have shown in these investment strategies and themes in recent years. It also reflects the alignment of GPs' strategies with the evolving preferences of LPs. By adapting to these evolving dynamics and shifting trends, GPs are positioning themselves strategically to meet the changing demands of the investment landscape. Following closely behind are growth capital and private debt, selected by the third and fourth highest proportions of fund managers, at 33% and 30%, respectively.

Private debt, in particular, has gained popularity within Africa's private capital landscape and has demonstrated resilience amidst the current macroeconomic challenges. Data from 2023 YTD shows that private debt has maintained its appeal as an investment strategy. This highlights the continued demand for private debt as an attractive alternative source of funding in an environment marked by rising interest rates and stricter lending standards imposed by banks. Finally, LPs gave higher credence to gender lens investing, with 41% naming it as an investing strategy of interest compared to just 27% of GPs who shared the same view.

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 2023-12-29)										
16.74	1.39	16.74	8.86	0.86	326.00 (12/23)	Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
African Domestic Bond Fund (as-of 2023-11-30)										
	1.3	-6.9	-24.7	5.9		ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2023-09-29)										
6.95	2.73	8.34	46.03		21.33 (09/23)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2023-12-29)										
16		16	2.4	5.1	309.00 (12/23)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2023-12-29)										
10.06	2.53	10.06	8.89	3.74	352.00 (12/23)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2024-01-18)										
-3.29	-1.91	0.09	-4.32	-3.59	2.90 (12/23)	Equity	African region	Luxembourg	SICAV	6/10
Bellevue Funds Lux - BB African Opportunities (as-of 2024-01-18)										
-11.43	-6.95	-17.4	-6.66	-5.34	36.97 (12/23)	Equity	African region	Luxembourg	SICAV	6/09
Commonwealth Africa Fund (as-of 2024-01-18)										
-2.37	6.9	-2.37	1.45	-0.1	3.21 (12/23)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2023-12-29)										
-4.12	3.91	-4.12	-2.34	-4.39	342.00 (12/23)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
DWS Invest Africa (as-of 2024-01-18)										
-2.47	-0.64	-0.63	0.73	-1.15	26.84 (12/23)	Equity	African region	Luxembourg	SICAV	07/08
EFG-Hermes MEDA Fund (as-of 2024-01-18)										
10.56	7.85	20.84	25.13	18.63		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2023-09-29)										
-6.48					1.56 (09/23)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2023-12-29)										
16.37	1.75	16.37	8.76	15.04	606.80 (12/23)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2023-12-29)										
8.68		8.68			216.78 (12/23)	Equity	EMEA	Luxembourg	SICAV	06/07
Imara Africa Fund (as-of 2023-12-29)										
-17.38	-0.8	-17.38	-12.19	-5.09		Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2023-12-29)										
-10.8	0.24	-10.8	-12.15	-6.83		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 2023-11-30)										
-11.83	-1.22	-10.93	-6.25	-3.72	76.68 (11/23)	Equity	African region	Luxembourg	SICAV	5/08
Laurium Limpopo Master Fund (as-of 2023-09-29)										
5.45	0.76	15.36	0.4	-2.44	153.70 (08/23)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2023-12-29)										
-8.71	-2.22	-8.71	-6.84	-4.78		Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2023-11-30)										
	0	-6.2	-25.8	-7		Fixed Income	African region	Mauritius	Open-End	2/14
Ninety One Premier - Africa Fund A (as-of 2023-12-29)										
-3.83	-8.95	-3.83	-31.18	-21.77	0.51 (12/23)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Flexible Income Fund (as-of 2024-01-18)										
8.43	-0.32	3.32			22.31 (12/23)	Fixed Income	African region	Ireland	OEIC	05/22
Old Mutual African Frontiers Fund (as-of 2023-12-29)										
-0.29	-0.29	-0.29	-4.83	-1.97	291.00 (12/23)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Robeco Afrika (as-of 2023-09-29)										
-5.27	0.23	1.35	7.2	-0.2	20.50 (09/23)	Equity	African region	Netherlands	Open-End	6/08
Sanlam Africa Equity Fund (as-of 2023-12-29)										
-3.05	3.54	-3.05	2.41	0.47		Equity	Africa ex-SA	Ireland	Open-End	07/15
Sanlam Centre Africa Equity Fund (as-of 2023-12-31)										
-0.79	-2.18	-0.79			58.53 (12/23)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
Steyn Capital Africa Fund (as-of 2023-12-29)										
11.49	1.53	11.49	12.2	1.53	48.00 (12/23)	Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2023-12-29)										
12.69	0.8	12.69	3.9	4.53	300.00 (12/23)	Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2023-12-29)										
2.1	-2.6	2.1	-3.54	-2.73	8.00 (12/23)	Equity	Africa ex-SA	Holland	Open-End	03/08
T. Rowe Price Africa & Middle East Fund (as-of 2023-12-29)										
11.76	6.51	11.76	11.06	7.21	99.60 (12/23)	Equity	MENA & SSA	United States	Open-End	10/11

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

Source: Company Data

TOP 5 PRIVATE EQUITY ESG Predictions of 2024

By Charlie Chipchase, Managing Director, Petra Funds Group

In 2023, we saw private equity firms continue to integrate ESG considerations into their investment processes with Limited partners (LPs) and regulators continuing to prioritize the importance of transparency and reporting related to ESG factors. Whether the ESG acronym continues to be used over the long term remains to be seen but, make no mistake, ESG in one form or another has cemented itself into the private equity landscape. Irrespective of recent political debate in the US, general partners (GPs) must accept that ESG has become a strategic imperative and, given the ESG regulation sweeping across the globe, a legal necessity. So, what can GPs expect as they look to 2024?



1 Move toward outsourcing routine ESG monitoring and reporting. When it comes to ESG monitoring and reporting, you need to be able to collect data and have the experience and knowledge to analyze and make sense of it and disclose it. Certain PE firms believe in having a larger team at the GP level responsible for various activities and reporting directly to the Head of ESG. These tend to be the large cap funds – a luxury that is often not an option for the mid-market and certainly not for the firm that is on its second or third fund. Justifying the need for a sizable in-house ESG team can be difficult. This dynamic is leading to an increasing shift within GPs, with a growing move towards outsourcing ongoing ESG monitoring and reporting functions to reliable third-party providers with the majority of those costs being allocable to the funds. We anticipate this trend gaining further momentum throughout 2024.

2 The (rising) cost of ESG. Given that a great deal of external ESG-related costs are ultimately borne by the LPs, GPs need to ensure that they are getting “bang for their buck” when they engage external consultants and the raft of ESG vendors (legal, carbon accounting, tech etc) that have sprung up in recent years. A typical refrain from founders through to CFOs and in-house ESG personnel over the last 12 months has been “how has this become so expensive” and “should we simply hire/develop the relevant capabilities internally”? While we would not be surprised to see some market consolidation of ESG service providers in 2024, PE firms will start scrutinizing ESG costs and in-house legal personnel will be working carefully with their finance teams to ensure those costs are correctly allocated.

3 Increased focus on Corporate Sustainability Reporting Directive (CSRD) reporting. The CSRD represents a profound change in ESG reporting that should not be underestimated. While Europe may seem less relevant to US funds, the CSRD will affect a number of US-headquartered firms with European offices and portfolio companies.

Reporting obligations for some start in 2025 (on 2024 data) and for many others from 2026 (on 2025 data). We see 2024 as a key year for firms as they and their EU portfolio companies assess whether they are in the scope and, if so, what processes, resources, and controls are needed to comply. Regulatory change, such as the CSRD, will hopefully usher in an era of standardized and audited reporting of non-financial disclosures, which, in turn, will focus LPs and GPs on the key components of a successful ESG program, including data, talent, and technology.

4 Continued politicization of ESG, particularly in the US. Support for ESG as an important lens through which investments should be viewed has gained momentum in recent years while also drawing criticism and, in some quarters, anti-ESG legislation. This is particularly true in the US where there is a clear divide between states supporting ESG considerations and those that do not. We expect to see a continued backlash to ESG in 2024. ESG integration and the long term advantage it represents will however not go away – notwithstanding short term political headwinds. Large and mid-cap firms will continue to double down on their ESG reporting efforts and new funds coming to market in 2024 advised to do the same. In the wake of COP28 and with elections in the US, UK and EU in 2024 it will be interesting to see if those in power continue the regulatory work and sentiment of the previous administrations in 2024 and beyond, or change tack.

5 Rise in ESG litigation and enforcement actions. After years of voluntary ESG disclosures there will undoubtedly be a steady rise in the number greenwashing claims in 2024 as the chickens come home to roost. So too on ESG-related regulatory enforcement actions. The SEC’s thematic mantra of “Say What You Do and Do What You Say” may seem obvious to most but its focus on the truthfulness of disclosures that PE firms make – on ESG or otherwise – will mean a continued scrutiny of past ESG disclosures and will unfortunately result in certain sanctions and penalties across the PE sector. Given this, and the swath of incoming ESG-related regulation, we expect to see GCs and CCOs leaning in more on ESG across the board.

As a postscript, it will be interesting to see if the tension between ESG and antitrust laws develops. European regulators have generally encouraged private sector collaborations that pursue legitimate sustainability objectives whereas regulators in the US have been less permissive of “climate cartels” with some states actually launching antitrust investigations into ESG initiatives. Another reason for GCs and CCOs to assess the risks inherent in their firm’s sustainability collaborations.



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