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**WEB:**

www.africaglobalfunds.com
 Twitter: AfricaGlobFunds
 LinkedIn: Africa Global Funds

EDITORIAL:

Anna Lyudvig
 +1 (718) 787 6105
 a.lyudvig@africaglobalfunds.com

COMMERCIAL:

Roman Onosovski
 +1 (561) 866 0737
 r.onosovski@africaglobalfunds.com

SUPPORT/TECHNICAL:

support@africaglobalfunds.com

CONTRIBUTORS:

Yogesh Gokool
 Heleen Goussard
 Neal Roy
 Abhimanyu Yadav



In this month's issue of AGF, we spoke with Mediterranean Capital Partners. In December 2021, the firm via its third fund, MC III, completed a partial exit of Travaux Généraux de Construction de Casablanca (TGCC), a general contractor specializing in construction and public works in Morocco and Sub-Saharan Africa. Learn how the firm implemented its value creation model on pp. 12-14.

In this edition, Abhimanyu Yadav, Head of Fixed Income & Currencies at MCB Investment Management, looks into the Pan African fixed income asset class. He writes that African local currency debt markets have expanded to around \$940bn currently from around \$580bn at the start of 2015. Read on pp.16-17.

Despite the ongoing health and economic impact of Covid-19 worldwide, PwC's annual Africa Capital Markets Watch report shows that African markets have continued with a modest recovery through 2021. Find more on p.15.

In addition, the team at AfrAsia, discusses the African PE landscape outlining how the Bank can be helpful to GPs and LPs. Learn more on p.11.

On the PE front, Heleen Goussard of RisCura looks into shifts shaping PE landscape, saying there are some noticeable shifts in the marketplace that prove how PE is performing. See more on p.19.

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 e-mail myself at a.lyudvig@africaglobalfunds.com**

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Best regards,
Anna Lyudvig
 Managing Editor

DPI and CDC to provide up to \$200m funding to KELIX bio



Sofiane Lahmar,

Partner

DPI

Development Partners International (DPI) and CDC Group (CDC, to be renamed British International Investment), the UK's development finance institution that will shortly be renamed British International Investment (BII), today

announced that have signed an agreement for KELIX bio to acquire Pharmaceutical Institute (PHI), a Moroccan-headquartered producer and distributor of generic and therapeutic pharmaceuticals.

The acquisition, which will be financed through up to a \$200m second round of funding into KELIX bio led by DPI and CDC/BII, is subject to regulatory approvals in Morocco.

It is expected to close in the first quarter of 2022.

Sofiane Lahmar, Partner at DPI, said: "KELIX bio is a gamechanger that has the potential to transform the African pharmaceutical industry – a sector that has historically been significantly underserved and inaccessible to many. Signing this new agreement to acquire PHI demonstrates KELIX's strong pipeline of opportunities and will enable it to continue to create significant long-term impact for communities across Africa, through delivery of essential and life-saving drugs. As a founding investor in KELIX bio, we look forward to continuing our partnership with the management team, BII, EBRD and future investors to the platform, as it progresses with its expansion."

Founded in 1989 by the Sedrati family, PHI is a leading manufacturer and distributor of pharmaceutical products in Morocco.

The company has a strong international partners network and complementary manufacturing capabilities that will support KELIX bio's strategy to create local ecosystems for production and distribution.

The proposed acquisition will mark KELIX bio's first entry into Morocco, an important market on the continent, and gateway into the Francophone Africa pharma market, as it accelerates its expansion across the region.

It will also enable PHI to expand its existing product range, benefiting from KELIX bio's research and development capabilities, cross-selling synergies, and economies of scale it will provide.

There is significant demand in Africa for affordable speciality drugs, accessible to underserved communities that need them the most. KELIX bio, a \$750m pan-African buy and build platform, was established in 2020 by DPI, CDC and the European Bank for Reconstruction and Development (EBRD), in response to this demand.

KELIX bio has an ambitious impact-focused strategy, driven by co-founders CEO Hocine Sidi-Said, and Chief Strategy Officer, Alhadi Alwazir, to improve the quality of life for people across the continent, through the delivery of critical, life-saving drugs.

KELIX bio has recently appointed new Chairman, Jerome Silvestre, who brings significant expertise in the global pharmaceutical and branded generics industry.

Nick O'Donohoe, Chief Executive at CDC/BII, said: "BII is helping to build productive, sustainable and inclusive economies for the benefit of those that need our capital the most. Providing access to affordable drug treatments is a vital part of that mandate."

Since its creation in 2020, KELIX bio has already seen rapid growth, demonstrated by its annual sales growing by 44% in 2021. The acquisition of PHI will be the fourth in two years, reaffirming KELIX's commitment to Africa. The latest funding round by DPI and CDC will bring total capital invested to \$450 million, which will be supported by an additional \$300 million of planned investment over the next two years, as KELIX bio looks to fund its strong pipeline of opportunities, establish new cross-market distribution channels and support research and development of new drugs.

Jerome Silvestre, KELIX bio Chairman, said: "We are pleased to have reached an agreement with Pharmaceutical Institute to join Kelix Bio, as we focus on our mission of improving access to affordable specialty drugs across Africa. PHI is a leader in the Moroccan pharmaceutical sector, with excellent manufacturing capabilities and a strong distribution network. We are confident, that subject to regulatory approvals, they will be a great addition to KELIX bio and also look forward to continuing partnership with DPI, CDC and EBRD."

Kelix bio used Sijilmasa Ltd (Mr Amine Rezzouk) as financial advisor and Naciri & Associés Allen & Overy as legal advisor. UGCG was legal advisor to the Sedrati family.

DEALS

Tana and KITEA in furniture buyout deal

Tana Africa Capital and KITEA Group, a furniture retailer in Morocco, have acquired a majority stake in Furniture Palace, a furniture retailer in Kenya.

Robert Leke, Principal at Tana, said "This transaction is testament to the hard work by KITEA's management team, enabling the business to grow both in Morocco and beyond. Tana is pleased to support KITEA's

investment into Furniture Palace, delivering a world-class furniture retail experience and offering for consumers across Kenya and East Africa. We are proud to support a visionary business alongside top-notch partners who are ambitious and partnership-oriented.”

Founded in 2002, Furniture Palace currently operates in Nairobi, Mombasa, and Eldoret across nine showrooms and plans to expand its store network over the coming years.

Furniture Palace provides a wide variety of high-quality home, décor, outdoor and office furniture to Kenyan consumers across its two brands – Furniture Palace and Big Save Furniture.

The partnership between KITEA and Furniture Palace will allow both companies to augment their current offerings, benefit from synergies and best practices, build a best-in-class supply chain in Kenya, and drive growth into secondary cities in Kenya as well as expand into other East African markets.

The ambition remains the consolidation of KITEA’s leadership position in Morocco and its expansion across the rest of Africa.

KITEA will soon become the sole African furniture retail group with operations across North, East, and West Africa through various brands. The Group also has two historical franchisees in Central Africa.

Tana, as an active long-term investor and shareholder of KITEA, is backing this partnership with the highly experienced and reputable founding shareholders of Furniture Palace who will continue to run the business, backed by seasoned professionals, in a business with exceptional growth potential, and will work to deliver on the company’s long-term vision of becoming one of Africa’s leading players in

its industry.

Amine Benkirane, Founder and CEO at KITEA, commented: “KITEA’s investment in Furniture Palace is aligned with our vision to build the best-in-class diversified furniture retail group across Africa. Our goal in Morocco has always been to democratize furniture by providing the best offering and customer experience to Moroccan consumers and we look forward to extending that vision beyond Morocco in partnership with Furniture Palace. We hope to continue to leverage on the strong foundation and brand that has been built by the Furniture Palace founding 2 shareholders and management, and to expand our offering and accumulated know-how to all Kenyan and East African consumers over the coming years.”

Noorali Manji and Rahul Haria, respectively Founder and CEO of Furniture Palace, added “We are pleased to welcome KITEA on this next chapter of growth for Furniture Palace. We believe there are many synergies and learnings that can be shared between both companies and have a common vision of building a Pan-African leader in furniture retail across Africa. Together with KITEA and Tana, we believe that Furniture Palace will be able to elevate the Kenyan furniture retail sector to new heights that will greatly benefit the Kenya consumer – including the introduction of an expanded product range and extending our quality offering to new segments of the market. We look forward to being a part of this new family and phase of growth.”

KITEA and Tana were advised by ASAFO & CO (legal), Grant Thornton (financial), Dalberg (commercial), Knight Frank (real estate) and Africa Matters Ltd (reputational). ENS Africa advised the Furniture Palace shareholders.

DEALS

Partech and others back Freterium

Partech has led a \$4m Seed round in Morocco-headquartered transport management software provider Freterium.

Cyril Collon, General Partner at Partech, said: “We have been looking closely at the freight trucking market in Africa & the Middle East for the past 5 years, a market worth \$250Billion. 85% of the volume is carried through established legacy partnerships between shippers and carriers and still runs with manual, inefficient tools.”

“Freterium has built a holistic approach to solving the key challenges of the industry with a next-generation cloud-based Transport Management Software (TMS) allowing shippers to connect efficiently with their entire logistics ecosystem and collaborate in real time. We are excited to support them in their mission to empower manufacturers, retailers and logistics teams across Africa.”

The funding round was closed in December.

Other participating investors included Y Combinator, Flexport, CDG Invest, Swiss Founders Fund, Outlierz Ventures, and Business Angels from the U.S., Europe, Asia, and Africa.

Launched in Morocco in 2020, Freterium has experienced fast growth in 2021 and has opened a new office in the UAE to address neighboring markets in the region.

Their product, a new-generation Transport Management Software, connects shippers with their entire logistics ecosystem to collaborate in real-time, helping them cut time and shipping costs.

It is aimed at any company that delivers products on a daily basis:

manufacturers, distributors, retailers, and logistics providers across industries can manage all of their shipments in just a few clicks on Freterium’s slick and intuitive interface.

“This \$4m funding round is an endorsement of our unique model and approach, our team’s capabilities and the tremendous market opportunity. We are grateful for the support of the finest investors that share our vision and our values. The timing is right to scale our product across the region and beyond. For most companies, logistics challenges have become a boardroom conversation. We are already trusted by leaders in their respective industries, and we look forward to putting our product at the Morocco-based T&L Tech startup currently has 20+ enterprise customers and more than 3,000 users of its software disposal of many small and large players that need us,” said Mehdi Cherif Alami, Freterium co-founder.

With this funding round, Freterium has become one of the most-funded startups in the emerging Moroccan ecosystem.

The startup plans to invest its newly acquired funds in its tech and product development to fuel growth and serve more companies in Africa and the Middle East. They are planning to double the size of the team within the next 12 months.

“The value proposition of Freterium is unique and we are convinced that their product will significantly impact the industry. It’s a Moroccan gem that we are proud to support in its development and growth,” commented Yassine Haddaoui, Managing Partner at CDG Invest.

DEALS

Actis Energy 5 secures \$1.2bn impact-linked financing



Hale Matsipa,
Head of Sustainability
Actis

Actis has secured an impact-linked revolving subscription credit facility for its latest energy fund, Actis Energy 5.

The facility includes Revolving Subscription Credit Facility of up to \$1.2bn to be used to finance investments

in accordance with the Fund's investment strategy.

Shami Nissan, Head of Sustainability at Actis, said: "This new credit facility represents the latest in the evolution of sustainability-linked financing, charting a new course when it comes to financing private market investments in the energy sector. It will mean our latest energy fund is fully incentivised to invest in a just and equitable energy transition, and that these investments deliver meaningful positive impact for the environment and society, and further support our mission of transforming infrastructure for a better tomorrow."

"The deal is a collaboration between the Actis Sustainability and Banking teams, and we are delighted to have attracted such a strong syndicate of banks to support us."

Actis Energy 5 recently closed with \$bn of investable capital and will target energy transition investments worldwide.

The new facility represents the next generation of sustainability-linked credit financing in private markets.

It features a hybrid format and is the first to combine both eligibility criteria for projects that can be funded by the facility with a margin adjustment mechanism that incentivises impact outcomes.

These outcomes will be assessed using the Actis Impact Score (AIS) methodology.

This hybrid format facility seeks to overcome the limitations of existing impact-linked structures, by incentivising that loan proceeds are directed to projects that will deliver social and environmental

improvement, and that these can be objectively and continually measured for the magnitude of their impact using the AIS.

By focusing on measurable impact outcomes, Actis and the facility's two sustainability coordinators, Citi and Standard Chartered, hope to catalyse widespread adoption of this new hybrid format in other financing structures, which will help deliver positive social and environmental outcomes across private markets.

The investment strategy is set up to solely invest in sustainable infrastructure projects that contribute to UN Sustainable Development Goal 7 (Affordable and Clean Energy).

The Actis Impact Score, first developed in 2019, is based on the industry consensus for impact measurement and management established by the Impact Management Project and aligns investment impact with the UN sustainable development goals.

Actis uses the AIS throughout the lifecycle of an investment to ensure that the impact intent is clear across the firm and reduces the risk of misalignment in objectives.

Val Smith, Chief Sustainability Officer at Citi, said: "This facility represents the cutting-edge of sustainability-linked credit facilities, and incorporates stringent measurement criteria from the award-winning open-source Actis Impact Score. It's a pleasure to be part of such an innovative initiative at a critical time for climate action, which also aligns with Citi's Sustainable Progress Strategy and commitments to a low-carbon future. We hope this pioneering facility encourages others to follow suit in private markets."

Jonathan Donne, Global Head of Strategic Investors Group at Standard Chartered Bank, added: "We are delighted to have partnered with Actis on this subscription finance facility which incorporates clearly defined ESG performance targets reflecting Actis' commitment to investing in energy transition. Climate change continues to present a significant challenge globally and we will continue to innovate our sustainable finance offering to support the evolution towards a sustainable future."

DEALS

Spear Capital invests in FML

Spear Capital has invested in FML Logistics, a Zimbabwean-registered company focused on the transportation of petroleum products in Sub-Saharan Africa.

Spear Capital has made the investment to buy out current shareholders and to meet the need for replenishing FML's trucking fleet.

"This is an exciting investment for Spear. FML is a company that provides a secure entry into the sector at a time when Sub-Saharan

Africa is gearing up for an incredibly promising economic growth period," said Shaw Mabuto, Partner at Spear Capital.

"By investing in a logistics business, we are confident that there will be an opportunity to help the economic prosperity of the region while also making a conscious effort to minimise emissions and implement core Sustainable Development Goals into the business," he said.

In Sub-Saharan Africa, road-based fuel transportation is critical,

especially as large parts of the region aren't served by pipeline or rail infrastructure.

According to Spear Capital, the bulk fuel logistics sector is characterised by high margins and high growth, and the Southern African Development Community (SADC) region is projected to sustain some of the highest economic growth rates in the world in the coming decade, making the case for investing in FML clear.

With the investment, FML will grow its current fleet and ensure it is

maintained at optimal levels to service the known market opportunity as well as its existing contracts.

Spear will implement a strategy to ensure FML operates in a sustainable and socially responsible manner.

Spear is confident that FML will positively impact lives and comply with safety and quality standards during haulage and the handling of all products, and that it will implement continuous driver training and development.

DEALS

Amethis takes stake in SIBM



Khady Kone-Dicoh,
Partner
Amethis

Amethis has acquired a minority stake in SIBM, a manufacturer of precast concrete products in Côte d'Ivoire.

Founded in 1952 in Abidjan, SIBM addresses three end markets: electrification, with the manufacturing of concrete electric poles; infrastructure (gutters, nozzles, culverts, paving stones, guardrails, rail sleepers, etc.) and building (hoarding supplies, agglomerates, etc.).

SIBM is a long-standing company that has contributed to numerous first-rate projects in Côte d'Ivoire, from the construction of the Yamoussoukro Basilica to the East Road, and the electrification of

with direct impact on the population's daily life. As a matter of fact, SIBM is involved in major road projects which improves mobility, but also in water sanitation for a healthy environment as well as in access to energy with the electrification of urban and rural areas."

"We are honoured to support SIBM's team, led by a talented Ivorian entrepreneur, Serge Bilé, in its next growth stage and regional expansion. SIBM has experienced remarkable growth over the past five years which is expected to continue driven by Côte d'Ivoire's National Development Plan, a dynamic construction industry, and regional opportunities."

This investment represents the sixth transaction of Amethis in Côte d'Ivoire, a country with strong economic growth.

Serge Bilé, CEO and shareholder of SIBM, said: "We are delighted to

"We are proud to support a company which addresses core urbanization issues in Cote d'Ivoire with direct impact on the population's daily life"

- Khady Kone-Dicoh

thousands of villages. Today, the company has 1,200 employees and eight production sites located near the country's major business hubs, namely Abidjan, Yamoussoukro, San Pedro, Bouaké, Korhogo and recently Agnibilékro.

Through this investment, Amethis intends to support SIBM in strengthening its national leadership position by upgrading and increasing its production capabilities and diversifying its products across its various business segments.

In addition, Amethis will provide SIBM access to its network and experience in the West African sub-region to trigger and execute its geographic expansion strategy. Furthermore, Amethis will support SIBM's commitment to improve its environmental and social performance.

Khady Kone-Dicoh, Partner, Amethis, said: "We are proud to support a company which addresses core urbanization issues in Cote d'Ivoire

welcome Amethis alongside us to start the regionalisation of SIBM in West Africa and notably in Senegal. We have reached this level and acquired our technical expertise thanks to our teams of engineers, technicians and all the dedicated and committed staff of SIBM. We have also gained an invaluable experience by serving international and national construction professionals."

"Today, our ambition is to become a regional player in precast concrete in West and Central Africa, Amethis' investment is timely and will allow us to strengthen our position in Côte d'Ivoire by continuing the modernisation our production capabilities throughout the country, but also to benefit from Amethis' experience and network of partners to seize development opportunities in the region. In fact, Côte d'Ivoire, like its neighbours, is a fertile ground of opportunities with an infrastructure gap that is being bridged at a fast pace. We want to be main contributors of that."

Bank of America backs the ABC Fund with \$5m



Dan Letendre,
MD, Environmental, Social and Governance
Bank of America

Bank of America has deployed \$5m into the Agri-Business Capital Fund (ABC Fund), a blended-finance impact fund investing in smallholder farmers and small-to-medium sized rural agribusinesses in developing countries to support sustainable and inclusive agricultural value chains.

Dan Letendre, Managing Director, Environmental, Social and Governance, Bank of America, said: “The ABC Fund is unlocking capital to build a more sustainable agricultural sector and meet the needs of rural farmers. The Fund will help to address the impacts of climate change on rural farming as well as drive more innovation in the sector to help meet the United Nations Sustainable Development Goals.”

“Through this investment, Bank of America is supporting higher rural employment and access to inclusive business opportunities, and a more sustainable agribusiness today and for the future.”

The ABC Fund aims to improve the livelihoods of smallholder farmers with a particular focus on women and young people.

So far, more than 20 investments have been made in nine countries – Benin, Bolivia Burkina Faso, Côte d’Ivoire, Ecuador, Ghana, Kenya, Mali, and Uganda. With more impact-yielding investments in the pipeline, it is expected that other private sector actors will follow suit.

The blended finance structure supports an investment from Bank of America at the intermediate tranche (B-shares).

All previous investors invested in the first loss tranche (C-shares), which acts as a buffer to stimulate commercial investments.

The capital structure of the fund is made of three tranches of different sizes, risk-return profiles and maturity going from A to C-shares.

The Fund was initiated by the International Fund for Agricultural Development (IFAD) in partnership with, and is currently funded by

investments from, the European Union, the Organization of African, Caribbean and Pacific States (OACPS), the Luxembourg Government and the Alliance for a Green Revolution in Africa (AGRA), and IFAD.

The IFAD investment was made possible thanks to financial support from the Swiss Agency for Development and Cooperation (SDC).

Thouraya Triki, Chair of the Board of the ABC Fund, said: “By bringing investments to promising and entrepreneurial agribusinesses and farmer’s cooperatives, the ABC Fund is not only building the sustainable value chains of today and tomorrow, but also making a real difference to the lives of thousands of rural families, women and young people. Bank of America’s backing shows how public and private sector capital can come together to deliver additional impact. This is a first-of-a-kind investment in the ABC Fund and we hope it to be the first of many.”

Jean-Philippe de Schrevel, Founder and Managing Partner of Bamboo Capital Partners, commented: “We are delighted that Bank of America has come on board at this juncture. This reflects the successful execution of the ABC Fund’s investment strategy – especially against the backdrop of the pandemic. We are delighted with this first investment from an institutional investor – which further demonstrates the crucial role of private sector engagement, the blended finance approach and that strong impact and offering commercial investments opportunities, with an adequate risk-reward profile can go hand in hand.”

Jerry Parkes, CEO of Injaro Investments, added: “This investment from Bank of America is a resounding endorsement of the ABC Fund’s blended finance model that seeks to crowd in private commercial capital to supplement the first-loss tranche provided by mission-driven impact investors. Most importantly, this additional capital enables the ABC Fund to support more rural agricultural SMEs and farmer cooperatives. We are thrilled with this development and look forward to welcoming more private commercial investors to join us on this journey.”

INVESTORS

Norfund and CDC back renewable power development in South Africa

Norfund, the Norwegian investment fund for developing countries, and CDC Group, the UK’s development finance institution (DFI), will invest ZAR 600m in H1 Capital (Norfund R360m and CDC R240m) – a South-African black-owned and managed renewables investment and development company.

Tellef Thorleifsson, CEO of Norfund, said: “At Norfund we are honoured that the Norwegian government has entrusted us with the responsibility of managing the new climate investment fund. We are delighted to be able to put the money to work quickly and effectively through what will be the first investment under the new mandate,

with our existing partners in H1 and CDC, in projects in line with the energy plans of the South African government.”

The transaction represents a joint vision by the DFIs to mobilise climate finance to Africa and back clean infrastructure projects across the continent.

The investment from Norfund and CDC, which will soon be renamed British International Investment (BII), will help to improve access to clean and affordable energy in South Africa.

The increase in clean energy supply will provide consistent power to cities, villages, townships, businesses and farms, thereby increasing productivity and encouraging economic growth.

Nick O'Donohoe, Chief Executive of CDC Group, said: "We are delighted to once again partner with Norfund on this investment in H1 Capital, which will help increase clean energy access for people, communities, and businesses across South Africa. This investment marks another key step toward fulfilling our pledge to devote greater capital to fund clean infrastructure and to support markets like South Africa on their path toward a just transition. This investment signals our strengthened relationship with South Africa and clearly signals Britain's commitment to help accelerate economic productivity and inclusive growth for Africa's green recovery."

This investment will support the country's clean energy goals, as it will enable H1 Capital to fund a pipeline of over 2.4 GW of new wind and solar projects, generating approximately 6,400 GWh per year.

This will contribute to avoiding annual emissions of 6.2 million tons of CO₂ and help to accelerate South Africa's transition to clean energy.

H1 Capital is a development partner of choice, owing to the company's expertise on several renewable power projects and its deep commitment to energy sustainability.

As a Broad-based Black Economic Empowerment (BBEE) company, H1 Capital's inclusive approach provides clean energy solutions that enhances the participation of the wider communities in the economy, helping to transform the lives and livelihoods of marginalised groups in South Africa.

The investment in H1 Capital demonstrates commitment by the UK and Norway to act on pledges made at COP26 - scaling climate finance to Africa and deepening collaboration on solutions that will meet the continent's needs and address the climate emergency. At the summit, Norway announced the creation of a new climate investment fund to be managed by Norfund, and this capital to H1 Capital will be the first investment under the new fund.

This commitment from the DFIs helps contribute to the UN's Sustainable Goals (SDG 7) on affordable and clean energy, (SDG 8) on good jobs and economic growth and climate action (SDG 13).

The transaction also qualifies for the 2X challenge, which seeks to support businesses that provide women in emerging economies with access to leadership opportunities, quality employment, and products and services that enhance their economic participation and inclusion.

Moreover, the investment aligns with South Africa's ambitions and steps toward securing a just transition to a low-carbon economy.

Reyburn Hendricks, Chief Executive Officer of H1 Capital, said: "H1 is excited to be able to partner with Norfund and CDC to achieve our purpose of improving the quality of lives. South Africa needs access to long-term, patient capital to develop the large-scale energy projects required for reliable, clean power supply and economic development. H1 hopes that the partnership fostered with Norfund and CDC can be replicated with other players and projects in Sub-Saharan Africa."

INVESTORS

AfDB to fund regional financial market infrastructure in WAMU

The African Development Bank has signed a grant agreement for an amount of \$400,000 with the Dépositaire Central/Banque de Règlement of the West African Monetary Union (WAMU) to modernize the regional financial market infrastructure.

The grant will fund the creation of a digital platform to automate securities issuance for the regional financial market and reduce the holding period preceding subscription allocations and registration in the books of the Dépositaire Central/Banque de Règlement, the host of the digital platform.

It is expected to facilitate access to securities issuance information and data for market stakeholders and allow them to have reliable real-time information on securities issuance.

The grant will be sourced from the Capital Markets Development Trust Fund, a multi-donor fund administered by the African Development Bank and supported by the Ministry of Finance of Luxembourg and the Ministry of Foreign Trade and Cooperation of the Netherlands.

"The African Development Bank is a key partner of the development of WAMU's regional financial market. After having already supported the Conseil régional de l'épargne publique et des marchés financiers, the Bourse régionale des valeurs mobilières, and Agence UMOA-Ti-

tres, we look forward to continue supporting the development of WAMU's regional financial market with this first partnership with the Dépositaire Central/Banque de règlement," said Marie-Laure Akin-Olugbade, Director General for the West Africa Region of the African Development Bank Group. "This project will be implemented at an opportune time, when most of our regional member countries, including WAMU member countries, are seeking to stimulate their post-Covid-19 recovery. The support of the African Development Bank through this grant will help mobilize additional resources and support the efforts of the economies of the West African Monetary Union," she said.

Edoh Kossi Amenounve, Director General of the Dépositaire Central/Banque de règlement, said: "The implementation of this project to digitize securities issuance on our market will facilitate access for investors, especially retail investors, to our products through an automated, transparent and secure subscription mechanism."

"The Dépositaire Central/Banque de règlement is delighted to be a stakeholder in this major technological development which aims to accelerate the development of the WAEMU regional financial market."

INVESTORS

EIB makes follow-on investment in Janngo fund

The European Investment Bank (EIB) has announced an additional €10m through a first-loss equity investment in the Janngo Capital Start-up Fund as a flagship fund of the Boost Africa initiative.

This investment complements a previous €15m commitment signed by the EIB in December 2020.

“Africa has some of the world's fastest-growing economies and a young, fast-growing population. We believe we can improve its living standards and social progress by supporting entrepreneurship and innovation. That is why we are pleased to partner again with Janngo Capital Startup Fund through our Boost Africa Initiative,” said Ambroise Fayolle, EIB Vice President.

Janngo Capital Startup Fund will provide seed and growth investments to early-stage tech and tech-enabled startups that enable Africans to improve their access to essential goods and services such as healthcare, education or financial services; enable African SMEs to improve their access to market & capital, and create sustainable jobs at scale, with a focus on women & youth.

Jointly developed by the EIB and the African Development Bank (AfDB) with financial support from the European Commission and the Organisation of African, Caribbean and Pacific States Secretariat (OACPS), Boost Africa aims at unleashing the entrepreneurial potential of African youth through investment by venture capital funds.

The initiative specifically targets five main objectives: boost entre-

preneurship and innovation; create new and quality jobs; develop an efficient entrepreneurial ecosystem in Africa; address financing gaps at the earliest and riskiest stages of business creation; and develop young entrepreneurs' skills and expertise.

“Boost Africa shows how Africa and the European Union can work together to build a more prosperous future, accelerate digital transformation and create sustainable growth and jobs to benefit future generations. Working with investment experts across Africa the new EU support, as part of Team Europe, will unlock Africa's entrepreneurial potential and ensure that innovation improves lives and create opportunities,” said Jutta Urpilainen, European Commissioner for International Partnerships.

Four years after its launch, Boost Africa has created jobs and unlocked economic growth across Africa and helped to transform access to entrepreneurial finance.

“We are proud to be the first fund in Africa to be backed by the Boost Africa initiative. We have built a strong track record in the region through our first fund with investments in 11 tech & tech-enabled startups across Africa. Our portfolio companies are 56% women-led and have already positively contributed in solving key market failures and creating jobs in healthcare, logistics, financial services, retail, food & agribusiness, mobility and the creative industry,” said Fatoumata Bâ, Founder & Executive Chair of Janngo Capital.

INVESTORS

DFIs support AgDevCo with \$90m investment

CDC Group, Norfund and DFC have invested \$90m in AgDevCo, a specialist investor in early-stage African agribusinesses.

Algene Sajery, DFC's Vice President of External Affairs and Head of Global Gender Equity Initiatives, said: “DFC is thrilled to support AgDevCo with a \$20m loan to bring additional capital to smallholder farmers and agricultural businesses in Africa, promoting food security for lower-income communities across the continent.”

“DFC's loan, alongside financing from our partner DFIs, will enable AgDevCo to link more farmers to markets and create jobs for underserved populations, with a focus on women farmers.”

This is in addition to the announcement of supplementary funding of up to \$5.4m from CDC, Norfund and the UK's Foreign, Commonwealth and Development Office (FCDO) for AgDevCo's integrated technical assistance facility.

Tenbite Ermias, CDC's Managing Director for Africa, said: “This investment reinforces our long-term commitment to investing in key sectors in Africa including agriculture, which is critical for creating jobs, promoting gender equality and supporting people to build a better life for themselves and their families.”

Established in 2009, AgDevCo's vision is a thriving commercial

African agriculture sector that benefits people, economies, and the environment. The organisation contributes to this goal by providing investment capital and technical assistance to grow sustainable and impactful businesses across the agricultural value chain.

In doing so, it aims to promote resilience, gender equality and the production of better-quality, more nutritious food.

This new funding builds on the original endowment funding provided by the UK government which helped establish AgDevCo over the past decade.

This endowment has provided capital to agribusinesses that have directly created or sustained more than 15,000 jobs and to work with 750,000 smallholder farmers to help increase their income and improve their resilience to climate change.

It has also allowed AgDevCo to build a capability and track record to the point where it can secure external investment capital.

Keith Palmer, AgDevCo's founder and Chairman, said: “Securing investment from CDC, Norfund and DFC is a major milestone in AgDevCo's history. The funding marks the beginning of a partnership in which AgDevCo will use its sector specialism, drawing on our new funders' networks and resources, to increase the number of impactful investments in African agriculture.”

AfrAsia Bank -

Connecting People, Places and Possibilities

THE AFRICA POWERHOUSE

2020's black swan has brusquely hindered Africa's flourishing economic growth - in a time of global uncertainty and financial markets volatility, the resilience of the African business landscape has been tested like never before. Nevertheless, new business opportunities have surfaced, the adoption of digital innovation has been catalysed and the private equity (PE) arena has witnessed renewed dynamism.

Yogesh Gokool, Senior Executive – Global Business at AfrAsia Bank: "Over the past 2 decades, the African PE landscape has evolved meaningfully and its importance in offering capital to businesses to create sustainable growth for Africa has been significantly heightened. From 2015 to 2020, there has been a 25.9% increase in private equity deals in Africa, amounting to a total value of \$21.7bn according to the Annual African Private Equity Data Tracker 2020. We are today already looking at a \$5trn global private equity (PE) and venture capital (VC) pool and this is expected to reach \$11trn by 2026. *"

AFRICA, A LAND OF OPPORTUNITIES

The opportunities abound on the continent – on the western African front, there is a big opening for product transformation to finished goods as this region is highly intensive on primary products. Strategic access to capital is likely to transform the agricultural industry to a competitive and efficient food-processing hub for that part of Africa. With regards to Eastern Africa, digital innovation can significantly boost efficiency and affordability in markets which are presently mismatched in terms of price affordability between demand and supply. Technology can create value for enhanced products and services as well as digging into the pool of data available to facilitate business scaling and growth. Whilst Northern Africa depicts the growing importance of factoring in ESG (Environmental, Social and Governance) principles in investment decisions, Southern Africa's ongoing political instability and the significant impact of FX risks on the country opens up an opportunity avenue for experienced investment professionals' advice and tailored products to support regional businesses.

WHAT ARE THE CHALLENGES?

The challenges are real for both General Partners and Limited Partners: the omnipresent FX headwinds, political uncertainty, poor corporate governance frameworks, inadequate legal frameworks that are further crippled by ineffective regulations, the return-risk profiles appeal in other geographies as well as the shortage of expertise to advise and accompany investors in their decision-making processes. The aforementioned encapsulate the big picture of why big global investors still find it difficult to commit larger proportions of their assets under management (AUM) to African alternative investment strategies and African Private Equity Funds.



Yogesh Gokool

Senior Executive –
Head Global Business
yogesh.gokool@afriasiabank.com
+230 5258 1089

AFRASIA BANK – YOUR PRIVATE EQUITY BANKING PARTNER IN MAURITIUS

Headquartered in the Mauritius International Financial Centre since 2007, AfrAsia Bank positions itself as the financial conduit facilitating a triangular cooperation between Africa, Mauritius and the World. Equipped with a distinct expertise to serve clients spanning across 169 countries, including 47 African nations, we develop flexible financing and bespoke investment solutions across four core divisions:

- **Corporate Banking**
- **Global Business Banking**
- **Private Banking and Wealth Management**
- **Treasury and Markets**

A member of the African Private Equity and Venture Capital Association and a key player in positioning Mauritius as a regional hub for Africa and Asia, AfrAsia routes capital flows from around the world safely and swiftly into, within and out of Africa. This is facilitated by our South African Representative Office. An internationally-acclaimed institution, AfrAsia ranks 3rd in terms of Total Assets in the banking sector as per the 2021 TOP 100 Companies List, is one of the five Domestic Systemically Important Banks and ranks 75th in Jeune Afrique's 2021 TOP 200 Banks in Africa.

HOW CAN WE HELP YOU?

Leveraging our extensive offshore banking experience by serving our clients through our global network of 248 International Management Companies (IMCs) – 95 of which are outside Mauritius – we work towards the safety of your assets by bringing you a broad spectrum of global opportunities and offering you bespoke financial solutions. Combined to our expertise of African markets and valuable insights, our wide array of private equity products and services include:

- **Global Custody**
- **Transactional and Payment Services**
- **Cash and Liquidity management**
- **Placement and FX Solutions**
- **Short term Bridge Financing to PE Funds**
- **Corporate Banking for investee companies of PE Funds**
- **ESCROW Bank Accounts**

MORE THAN JUST BANKERS, WE ARE PARTNERS.

Whether you are a corporate setting up a regional treasury centre in Mauritius, a trust or a foundation, or a private equity fund, our ultimate goal is to be a financial partner you can trust from the time you set your financial ambitions to the time you achieve them. Should you wish to embark on our 'Bank Different' journey, please get in touch with our Team.

*Preqin's 2022 Global Private Equity Report



Neal Roy

Head of Business Development –
Global Business
neal.roy@afriasiabank.com
+230 5256 4510

THE LARGEST-EVER Private Equity Exit in the CSE

By Africa Global Funds



Mohamed Ali Abdelhak,
Partner, Mediterrania Capital Partners

“In order to help TGCC continue its expansion and reach its growth goals, we implemented our value creation model that was adjusted and adapted to the company’s particularities and specificities

In December 2021, Mediterrania Capital Partners (MCP) via its third fund, MC III, completed a partial exit of Travaux Généraux de Construction de Casablanca (TGCC), a general contractor specializing in construction and public works in Morocco and Sub-Saharan Africa.

TGCC’s shareholders launched the IPO process on the Casablanca Stock Exchange to enable MCP to begin its exit process and increase its financial capabilities to fuel growth to the next milestones.

With a one-week subscription period, the IPO was significantly oversubscribed, highlighting the company’s attractiveness and strong fundamentals, and enabled the largest-ever Private Equity exit in the CSE. The IPO consisted of a cash-out of 300 million Dirhams and a capital increase of 300 million Dirhams.

Mediterrania Capital Partners, a dedicated Private Equity firm focusing on growth investments in SMEs and mid-cap companies in Africa, initially invested €25m in the business in January 2018, part of a €55m capital raise alongside DEG, Proparco, and South Suez.

Founded in 1991, TGCC leads the Moroccan construction industry, handling large projects that span several sectors such as residential, hospitality, commercial, industrial, administrative and infrastructure. TGCC has provided integrated design, engineering, procurement, construction and project management services in more than 1,000 projects to date. TGCC expanded into Gabon in 2015, Côte d’Ivoire in 2016 and launched operations in Senegal in 2018. Today the company employs more than 8,000 people.

Mohamed Ali Abdelhak, Partner at Mediterrania Capital Partners, states that TGCC presented a strong growth potential at the time of investment. “TGCC clearly differentiated itself from its competitors, thanks to its high versatility, market diversification and strong investment in equipment,” he says.

The company was well positioned to capture the growth in the Moroccan market and had an extremely efficient commercial team that allowed “to capture a large backlog of orders covering at least between two and three years of revenues”.

Another reason for MCP’s investment was TGCC’s resilience and the sound historical financial performance despite the crisis between 2011 and 2014, Abdelhak adds.

The group had all the ingredients to capture the future growth



**INVESTMENT: TRAVAUX GÉNÉRAUX DE
CONSTRUCTION DE CASABLANCA (TGCC)**

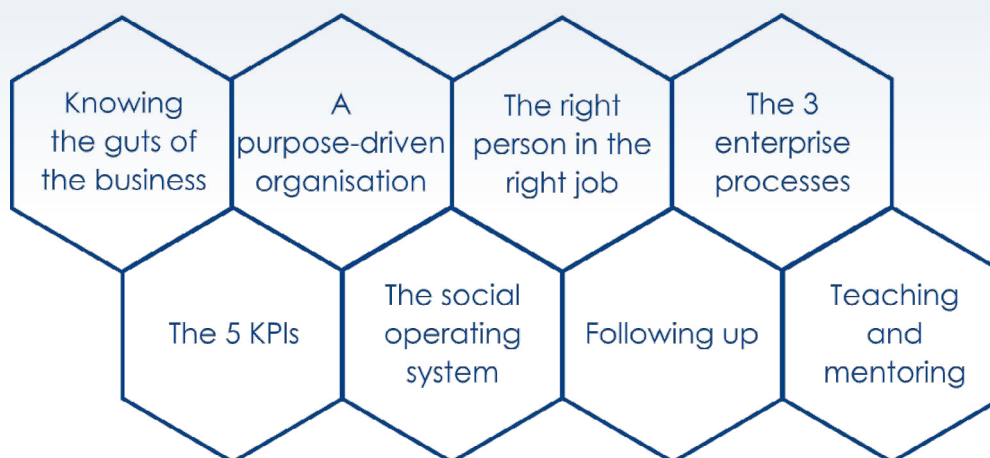
COUNTRIES: MOROCCO, GABON, COTE D’IVOIRE AND SENEGAL

INVESTMENT DATE: JANUARY 2018

INVESTMENT FUND: MEDITERRANIA CAPITAL III

MEDITERRANIA CAPITAL PARTNERS' EIGHT PILLARS OF VALUE CREATION

Source: Mediterrania Capital Partners, www.mcapitalp.com



offered by the market. At the same time, MCP also identified a few challenges, mainly related to the improvement of the internal processes and governance. "In order to help TGCC continue its expansion and reach its growth goals so we implemented our value creation model that was adjusted and adapted to the company's particularities and specificities."

Mediterrania Capital Partners' value creation model is based on eight pillars combining principles of sound execution, bespoke strategies, governance, human capital best practices and strong company-wide processes.

Since the early days of the investment, Mediterrania Capital Partners placed considerable emphasis on building strong governance processes within TGCC and setting up a Board of Directors with robust expertise. A strong sense of corporate governance with clearly defined responsibilities was implemented, providing tight control of the business, improved risk management and lower potential liabilities.

"In order to create value, we worked with the management team to initiate and implement the three wide enterprise processes which are the Strategic process, the HR process, and the Budgeting process," Abdelhak explains.

A very important area towards improving TGCC's governance was focused on defining what Mediterrania Capital Partners calls the company's "social operating system", which typically includes board meetings, management meetings, audit committees and strategic sessions which are combined with informal touchpoints with the management team at different levels.

Moreover, in order to support TGCC's expansion plans in Morocco and internationally, Mediterrania Capital Partners recommended the creation of two new departments - the Audit & Internal Control Department and the Financial Controlling Department.

After improving TGCC's governance and strengthening the company's finance departments, with Mediterrania Capital Partners' support and

expertise, at the end of 2018 TGCC launched operations in Senegal and won its first tender in the country for the turnkey construction of a 5-star hotel, one of TGCC's main market segments.

Following Mediterrania Capital's investment in TGCC, the company expanded its prefabricated concrete unit to fulfill its internal demand, decrease its dependency on external suppliers and increase its profitability. As a result of this initiative, the unit tripled its production capacity and significantly increased its storage capacity.

As part of its verticalization strategy, in 2019 TGCC began investing in a wood carpentry unit and, in 2020, it launched an aluminum carpentry unit with the objective to eventually insource all of TGCC's demand.

"The group intends to continue this verticalization to develop other activities such as steel structure and facade. This strategy allows the group not only to master the timeframe of the project and the quality, but also allows the group to gain some points of margins through these different subsidiaries," he adds.

GOING FORWARD

Through the IPO Mediterrania Capital Partners sold approximately 1/3 of its shares in TGCC. "There is still a lot of value to create within TGCC," Hatim Ben Ahmed, Managing Partner at MCP, says. Ben Ahmed led the IPO process for MCP working hand-in-hand with TGCC's management and the other investors. "The results accomplished during the past 4 years show the excellence of the MCP processes, from the identification and analysis of the asset's potential, investment in and implementation of value creation and sustainability initiatives through to exit. Today, TGCC is a company with a clear vision that makes a major contribution to the development of Africa by supporting its economies and delivering a positive social and environmental impact. We're looking forward to continue working with TGCC in its growth path", he concludes.



“A key pillar to turn TGCC into a sustainable building construction is to shift into a strategy which saves time and material. By prioritizing the use of sustainable material acquisition TGCC has managed to reduce waste, energy, and several inefficiencies at building sites

Rajaa Berrkia,

Partner and Director of Sustainability & Risk Officer, Mediterrania Capital Partners

DRIVING ESG ACTIONS AT TGCC

Mediterrania Capital Partners puts a high emphasis on sustainability. According to Rajaa Berrkia, Partner and Director of Sustainability & Risk Officer at Mediterrania Capital Partners, one of TGCC’s ESG challenges is to minimize its use of resources and generation of waste, seeking opportunities for recycling and reuse, and embedding circular economy models within its projects. She says that another challenge is to master the selection of the building material, including how and from where raw material is procured, its potential for adaptation and reuse, and its ecological implications. “TGCC is also facing challenges in recruiting skilled labor and attracting new talent. The global Covid-19 pandemic, from one side, has tightened health, safety, well-being, staff development and training. But, from another side, it caused a shortage of skills, which is both a short-term and long-term concern,” she says.

At TGCC, Mediterrania Capital Partners has emphasized on the importance of creating and delivering projects which have positive outcomes for the society and the environment. “A key pillar to turn TGCC into a sustainable building construction is to shift into a strategy which saves time and material. By prioritizing the use of sustainable material acquisition TGCC has managed to reduce waste, energy, and several inefficiencies at building sites,” she says. “Construction Waste Management such as separating and recycling waste, recycling on site, etc. has also become central. Stormwater Management is yet another example to prevent site activities and by-products pollutants from entering the stormwater system,” she adds.

Berrkia says that naturally TGCC is more exposed to social risks, but it has also relatively high exposure to environmental risk. “The identification and assessment of ESG risks and opportunities are an integrated part of the company’s risk management approach. A companywide ESG materiality assessment, based on the SASB standards and TGCC’s own history has allowed to determine which common metrics subcategories are material for construction. Then, a tailored materiality assessment exercise is also conducted to identify precisely which other ESG factors should also be considered material given the nature of construction and development projects such as economic displacement or destruction of natural habitats.”

Developing and improving capacity building to ensure the company has skills, knowledge, and expertise to manage and monitor these risks once they are identified is of crucial importance, she adds.

“CEO endorsement, the explicit designation of a qualified person for the integration of sustainability risks, and active engagement with the teams on the ground have proven to be effective measures in order to enhance ESG risk visibility and focus,” she says.

With the support of Mediterrania Capital Partners, TGCC introduced employee performance appraisal mechanisms in which career development planning is also addressed and increased the criticality of self-appraisals to provide an accurate performance rating.

In July 2020, TGCC obtained the international certification of its Health Risk Management System in order to further strengthen the resilience of its business model in pandemic situations and thereby protect the business and employees and ensure its business continuity, emergency preparedness and job protection. Quality, health, safety and environment (QHSE) factors are a key part of the construction, commissioning and start-up phases of any TGCC project.

Consequently, the company put together an integrated team supervising that onsite QHSE is hardwired into each project and continuously monitored to ensure that the right organization, planning, procedures and systems are in place at all construction sites. An active environmental player, TGCC is a pioneer in the shift toward alternative building materials for green construction in some projects, using innovations such as Low-E glass, Isophone paint, hydro-ceramics, green asphalt solutions, etc. TGCC also implemented an enhanced wastewater policy for remote construction sites, requiring all wastewater to be collected and transported to a communal wastewater treatment plant and a wastewater treatment system in the machinery washing station equipped with an oil-water separator to remove oils, grease, and hydrocarbons.

The company has also taken steps to improve employee safety, reducing workplace risks and creating better, safer working conditions for all. As a result of these measures, TGCC is the first construction company in Morocco to receive ISO 14001 and ISO 45001 certification.

Berrkia explains that ESG performance is assessed against the sector’s largest ESG impacts, as defined by the SASB standards. The company measures its performance against a set of voluntary and mandatory ESG criteria. “To more accurately quantify its ESG performance, TGCC intends to align its management system and performance measurement to ISO 26 000,” she comments.

Three Shifts Shaping PE Landscape



By Heleen Goussard,
Head of Alternative Investment Services, RisCura

Interpreting the changes that take place in private equity (PE) prices over time isn't straightforward as many of the drivers are unobservable. But there are some noticeable shifts in the marketplace that prove how PE is performing.

MORE DEALS, SMALLER TRANSACTIONS

According to the latest Bright Africa research, PE prices have dipped below those of listed companies, but deal activity is growing significantly. In 2021, notwithstanding tough market conditions and sentiment, deal activity reached new highs, albeit at lower transaction values. Despite erratic fundraising and volatile risk and growth conditions, exemplified by current global geo-political events such as the Russia-Ukraine war, long-term market trends in African private equity have remained constant. Our research shows that the significant amount of committed capital has had a stabilising effect on pricing, which survived short-term changes in funding levels and risk profile.

going forward.

The committed capital model, however, can only delay the efficiency of markets. Prolonged decreases in fundraising and risk outlook are filtering through to pricing but there is hope for a recovery as the post-pandemic economic slowdown improves. In the interim, firms are grappling with how to deploy funds and manage the impact on returns.

SECTOR INVESTMENT SHIFTS TO TECH-CAPABILITIES

The Covid-19 pandemic has of course impacted PE. Key sectors for investment include healthcare, pharmaceuticals, IT and education, and tech-enabled businesses are gaining traction.

Consumer products have historically been a PE focus due to the perception of the growing African middle class, but investment into consumer staples has decreased by 38%. Investment activity in the consumer discretionary sector remained stable over the year but investor interest has moved towards internet and direct marketing retail, education, communication services, and publishing. This shows a possible shift from targeting a broader target market with lower income

“Consumer products have historically been a PE focus due to the perception of the growing African middle class, but investment into consumer staples has decreased by 38%”

- Heleen Goussard

Total private equity transaction activity steadily increased by 20% from June 2018 to June 2019, then tapered to a 9% increase from June 2019 to June 2020. Transaction activity then rebounded strongly, resulting in a 19% increase from June 2020 to June 2021. The average transaction value in our database between 2016 and 2019 was \$40.44 m, whereas between 2020 and 2021 it shrunk to \$11.1 m.

DRY POWDER COULD POWER UP PRICING

Dry powder is the amount of committed but unallocated capital a firm has on hand. Using fundraising data and the average deployment period, RisCura estimates the dry powder of the African PE industry to have averaged around \$8.51bn until 2018, reaching recent highs of \$9.56 bn in 2019, last achieved in 2016. Dry powder levels declined to about \$6.5 bn by June last year. The recent decline is due to investment funds continuing to draw on committed capital – to invest in new businesses and support existing investments through the pandemic – without the corresponding flow of commitments from Limited Partners, third party investors of PE funds, through fundraising. This reduction in dry powder should contribute significantly to stabilising private equity pricing

to a smaller market with a higher income.

Internet and direct marketing retail companies, classified as a sub-sector of the consumer discretionary sector, have experienced 63% growth. The global pandemic has accelerated E-commerce in many parts of the world, which could present substantial opportunities. Africa's large and growing young population is expected to continue to drive demand for online retail and services.

Realising Africa's potential for enormous growth and innovation, given its young population and vast natural resources, requires considerable investment into economic reform, education, healthcare, and digital skills development. Africa's rapid urbanisation and technology uptake so far, are factors that support long-term growth on the continent, and RisCura expects this to be reflected in PE deal activity to come.

Africa remains an attractive investment destination, but requires enhanced economic reforms, good governance and a stable political landscape to continue attracting PE fundraising and entrepreneurs. Addressing these factors will play a pivotal role in the development of the continent, including attracting vital private investment to accelerate progress.

Fixed Income Opportunities



By Abhimanyu Yadav, Head of Fixed Income & Currencies at MCB Investment Management - Emerging Market and Frontier Debt

The Pan African fixed income asset class, both local and hard currency, has really come into its own in the last handful of years. While access to the “Africa growth story” was well established via the private equity route, public fixed income wasn’t in investors sights just yet, at least on a continent wide basis – a mixture of a lack of secondary market liquidity, limited market depth, data transparency and accessibility most likely contributed towards that.

When it launched its Africa Bond Fund back in 2014, MCB Investment Management (MCBIM) became an early player in the pan-African fixed income space. Since then we’ve seen a number of efforts on the technical and regulatory side to help improve and develop the local capital markets on their degree of openness, tradability, infrastructure and liquidity.

A key development we believe took place in 2018, when the African Development Bank (AfDB), in its endeavor to improve and develop local currency capital markets across Africa, helping countries and corporates reduce and better manage their dependency on hard currency issuances, created the venture to launch the African Domestic Bond Fund (ADBFB), an ETF investing in local currency Pan African government and quasi-government bonds of 10 African markets, with MCBIM as the fund manager and Bloomberg creating the benchmark.

This initially aimed to address the transparency aspect (daily pricing, historical data openly disseminated) of investing as well as providing an easy, liquid and cost effective vehicle for institutional and individual investors alike to access the asset class. Over time, the impressive performance of the fund (total return of ~45% in USD terms since launch in Sep 2018) has also played a pivotal role in changing the perception of investment in the continent.

Since its launch, the fund has outperformed its global fixed income peers, be it US high yield, Investment Grade bonds or Emerging Market hard or local currency bonds (see Chart).

Additionally, the fund - and the asset class - has delivered this out-performance often times with lower volatility compared to its peers, as the Sharpe Ratios show.

RECENT PERFORMANCE

What’s more is that we’ve seen this outperformance almost on a calendar year by calendar year basis since 2018, during both bull and bearish risk environments. Outperforming in a bull market is good, but outperforming on a relative and absolute basis during a down market, not losing investors’ money is better. During 2022, we’ve

seen the hawkish central bank environment and Ukraine-Russia war wreak havoc on risk assets and bond markets alike. But, along with the commodity complex, African local currency bond markets seems to be one of a few investable asset classes exhibiting positive performance in USD, highlighting the premiums that can be harnessed from the still high real yields in a lot of the African countries and their uncorrelated nature to global factors. All highly appealing aspects from a portfolio construction perspective.

LONG TERM PERFORMANCE

We’ve tried to bring out this attractiveness in the asset class in another way in the chart below. Using Index data (where available for greater than five years), one can see the annualised returns from the local bond market for each country in grey below and the annualised returns from their FX market in the red bars. The sum of the two, essentially returns from the local currency bond market in USD terms, is displayed in blue in the table. What strikes here is that none of the eight African countries, over a 5 year period has lost money in USD terms on an annualised basis from their local currency bond market. This includes countries with significant FX led drawdowns (e.g. Zambia), but the returns from the local bond market overpowered this by much more.

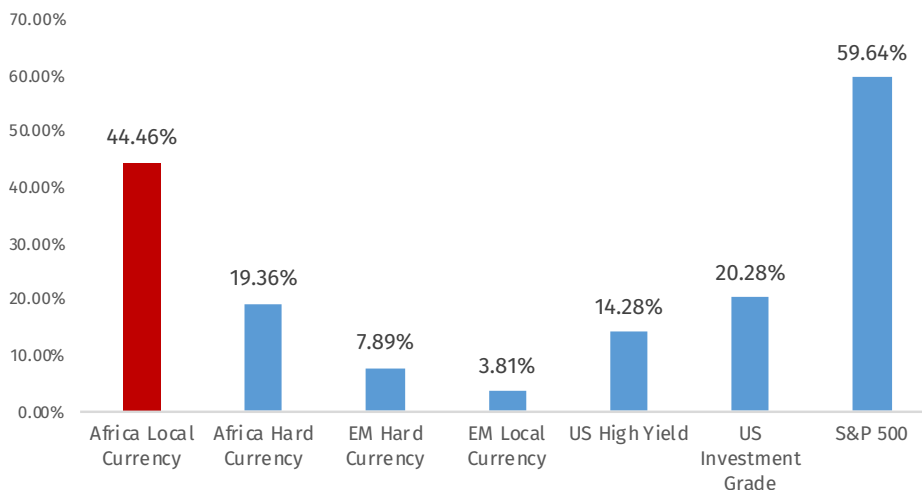
IN CONCLUSION

As Pan African fixed income continues to grow and mature - African local currency debt markets have expanded to around \$940bn currently from around \$580bn at the start of 2015, which includes both bills and bonds, with hard currency closer to \$100bn- we believe more and more global investors will start to lean towards this asset class.

The asset class has already exhibited highly attractive risk-adjusted returns in the past 4-5 years and the current environment could present an opportunity for investors to consider allocating or increasing their investments further. This is mainly because apart from the diversification aspect and the high real yields offered by African local currency bonds markets (most African local markets offer high real yields; in Uganda, Egypt and Ghana, they are around 10%), the majority of the performance has come during a dollar bullish environment. However, as is usually the nature of dollar cycles, when this does reverse (most EM/Frontier currencies are widely expected by strategists to strengthen in the second half of 2022), it would only add to the local-currency bonds’ total return.

SINCE ADBF INCEPTION (SEP 2018) (TOTAL RETURNS IN USD)

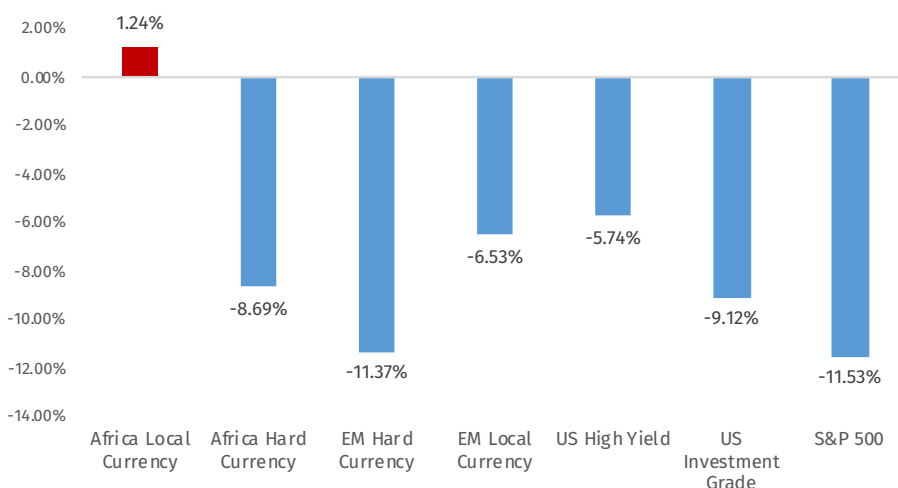
Source: Bloomberg, performance of the largest ETFs tracking each asset class, except Africa Hard Currency, where no ETF exists.



Sharpe Ratio (1 year)	African Local Currency	African Hard Currency	EM Hard Currency	EM local Currency	US High Yield	US Investment Grade	S&P 500
	0.62	N/A	(1.01)	(1.10)	(0.54)	(0.72)	0.71

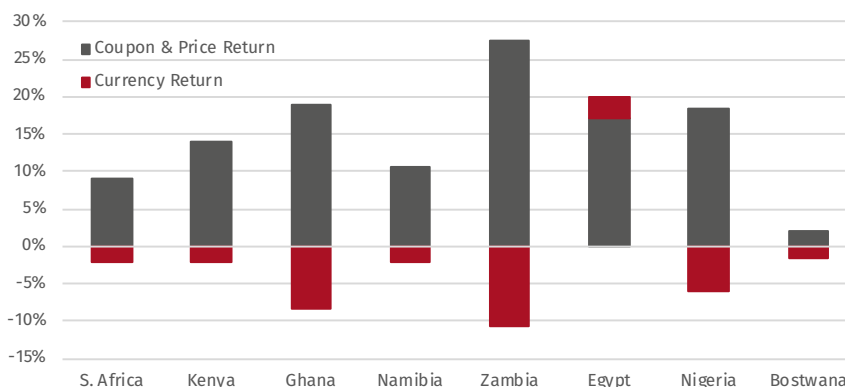
2022 YTD TOTAL RETURNS IN USD

Source: Bloomberg, performance of the largest ETFs tracking each asset class, except Africa Hard Currency, where no ETF exists. As at Mar 11th 2022.



AFMISM BLOOMBERG[®] AFRICAN BOND INDEX

Source: Bloomberg; Dec 2016 to 28 Feb 2022



Country	Coupon & Price Return (Ann. %)	Currency Return (Ann. %)	Total Return (Ann. %)
S. Africa	9.03%	-2.16%	6.87%
Kenya	14.11%	-2.06%	12.05%
Ghana	18.90%	-8.39%	10.51%
Namibia	10.65%	-2.16%	8.49%
Zambia	27.52%	-10.68%	16.84%
Egypt	17.06%	2.82%	19.88%
Nigeria	18.31%	-5.87%	12.44%
Botswana	2.11%	-1.57%	0.54%

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	Feb.	3-Month	1-Year
Botswana	0.73%	2.42%	-10.17%
Egypt	1.09%	3.91%	14.37%
Ghana	-4.67%	-4.45%	-1.47%
Kenya	0.99%	0.92%	6.99%
Mauritius	-0.68%	0.25%	-12.07%
Morocco	-1.24%	-2.58%	-4.61%
Namibia	-0.71%	5.55%	2.38%
Nigeria	3.71%	6.69%	6.77%
South Africa	0.71%	8.06%	6.88%
Tanzania	0.78%	6.62%	18.17%
Uganda	0.04%	8.21%	27.00%
Zambia	3.35%	5.55%	98.77%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (GROSS TOTAL RETURNS USD %)

Country	Feb.	3-Month	1-Year
Botswana	3.80%	5.90%	18.96%
Cote d'Ivoire	8.31%	8.09%	47.29%
Egypt	-3.68%	-3.06%	1.45%
Ghana	-7.95%	-12.52%	14.20%
Kenya	-2.00%	-1.74%	2.55%
Malawi	2.30%	11.02%	36.31%
Mauritius	-0.16%	6.54%	27.76%
Morocco	-7.38%	-3.78%	8.27%
Namibia	2.25%	1.62%	36.49%
Nigeria	1.80%	8.37%	19.65%
Rwanda	0.51%	0.41%	22.74%
South Africa	3.78%	15.09%	13.32%
Tanzania	4.94%	17.45%	21.23%
Tunisia	-0.71%	-0.96%	-0.65%
Uganda	-7.32%	0.30%	-4.72%
Zambia	18.04%	30.47%	173.64%

Source: S&P Dow Jones Indices



MARKET COMMENTARY: By Tony Mallam, Managing Director, UBU

South Africa's Fintech Sector

South Africa's burgeoning fintech sector is one of the country's major success stories. Just three months into 2022, and there have been major funding announcements from Floatpays, Lipa, Tall Order and Stitch, among others.

Google's recently released Africa Developer Report reveals that South Africa has a strong developer landscape as a result of having the largest developer population on the continent, investment in leading technologies, strong education and a robust startup and tech ecosystems, which are all driving South Africa's standout performance. Certainly having the money is a cornerstone of any successful industry and South Africa has a number of willing investors, both locally and internationally, in the form of major players like Naspers Foundry, Knife Capital, and an established network of angel investors.

South Africa's financial sector has for many years been recognised as an established and innovative sector. In South Africa, we've been banking from our mobile phones while other countries are still writing out cheques. We've also seen the rise of established players in mobile payments, payment apps and in the crypto currency space.

Beyond this, it is also key that the South African Reserve Bank

(SARB) has recognised the potential of the industry, establishing the Intergovernmental Fintech Working Group in 2016, and a dedicated Fintech Unit in 2017. This means that the SARB is not only working to understand the landscape and develop policy and regulations, but that it is also working towards innovating in this space.

All of this is adding to the growing wave of disruption in the traditional finance and banking sectors in South Africa. We've already seen fintech players like Tyme Bank start to challenge the traditional "big four" banks by making it easier and cheaper to open a bank or savings account, and Yoco's range of affordable card machines is allowing small businesses to take digital and card payments where they would previously only have been able to accept cash."

As established fintech areas start to saturate, there will be a move towards savings, investments and loans. Micro-savings and investment products, which allow consumers to put away a small amount of money, are perfectly suited to the South African context where savings rates are low, and the cost of living means that not everyone can put away set amounts of money each month. South Africa's fintech sector has the potential to improve financial inclusion which goes way beyond just having a bank account.

Debt Raised in Africa in 2021

Points to Possible Economic Turnaround



Despite the ongoing health and economic impact of Covid-19 worldwide, PwC's annual *Africa Capital Markets Watch report* shows that African markets have continued with a modest recovery through 2021, reflected in higher values of non-local corporate, sovereign and supranational debt raised during the year. Average issuances were larger than the prior year, with 94 issuances valued at \$47.5bn (2020: 81 issuances worth \$28.5bn).

Global investors continue to assess the repayment burden on African sovereigns, which was exacerbated by the pandemic, leading to higher levels of indebtedness. Concerns about African sovereigns' ability to repay debt remain, with all African sovereigns issuing foreign-denominated bonds in 2021 experiencing budget deficits sometimes as high as 8% of GDP. However, global investors seem undeterred, with several issuances being oversubscribed by more than three times.

Despite economic frailty, several African issuances attained an improved coupon rate in comparison with their previous issuances. Cameroon's Eurobonds issued in 2021, as one example, had a coupon rate of 5.95% – a marked improvement on the country's 9.5% Eurobonds in 2015.

AFRICAN IPO ACTIVITY BELOW GLOBAL TRENDS

While there was a global surge of Initial Public Offerings (IPOs) on the world's exchanges, African companies seem to have systematically shied away from equity markets. The reduction of IPOs and capital raising in Africa throughout the year indicates that the continent may be falling behind the international market's ability to leverage the private sector to create investment and wealth.

Sub-Saharan Africa reported a reduction of around 73% in equity capital raised from the prior year.

African equity capital markets (ECM) activity continued its downward trend, with declines in value and volume down by 28% and 23% respectively from the prior year. This represents the lowest ECM activity in the last five years.

Fast-growing tech companies in major African markets continue to source growth capital from outside the equity capital market,

due to perceived onerous regulations, among other reasons. Not a single IPO was recorded in South Africa – the largest bourse on the continent – in 2021, while the exchange experienced a large number of delistings at 24 – four more than in 2020.

LISTED AFRICAN COMPANIES ALSO WARY OF FURTHER EQUITY ISSUANCES

In terms of further offers (FO) by companies already listed, 2021 recorded the lowest activity of the last five years, declining by 39% and 28% in FO value and volume respectively from 2020. The largest FO transaction recorded was Pepkor Holdings, the South African investment and holding company, recording a share sale by Steinhoff International to raise \$850 million, representing 34% of the total FO value for the year.

The JSE accounted for 82% of all FO activity by value in Africa during 2021.

AFRICAN COMPANIES TEND TO RAISE CAPITAL DOMESTICALLY

Analysing the sources of funding, domestic deals accounted for 57% and 82% of ECM volume and value respectively in 2021. Only one cross-border transaction was recorded during the year, raising \$177 million for Mauritius-based real estate investment company Lighthouse Capital.

There was an increase in outbound ECM activity in 2021 from the prior year, with 13 transactions recorded for a total value of \$165 million (2020: 11 transactions worth \$75 million).

AFRICAN DEBT MARKET ISSUANCES EXCEED PRE-PANDEMIC LEVELS

African issuers on debt markets raised \$193.4bn in foreign currency-denominated debt, in 566 issuances, through 2021. The number of corporates issuing debt in 2021 was more than double the number pre-pandemic (11 in 2019, 27 in 2021). The \$15.2bn total proceeds are almost double the highest annual value of the last ten years.

25% of corporate bonds in 2021 were issued for the purposes of refinancing or repaying debt, compared with only 7% used for the same purpose in 2020.

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 2022-02-28)										
-0.92	-1.78	16	-1.15	0.57	326.00 (04/21)	Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
Absa Africa Equity Fund (as-of 2022-03-15)										
-2.26	-2.08	12.15	2.46	4.98	12.93 (01/22)	Equity	African region	South Africa	Unit Trust	10/16
African Domestic Bond Fund (as-of 2022-02-28)										
1.5	0.2	3.6			38.90 (02/22)	ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2022-01-31)										
2.57	2.57	19.92			14.94 (01/22)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2022-02-28)										
-3	-6.9	3.9	4.9	7.8	375.00 (02/22)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa Equity Fund (as-of 2022-02-28)										
6.8		17.1	6.8	12.4	305.00 (02/22)	Equity	African region	Bermuda	Open-End	07/98
Allan Gray Africa ex-SA Equity Fund (as-of 2022-02-28)										
3.73	2.29	21.84	8.33	12.65	502.00 (02/22)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2022-03-15)										
0.5	-3.19	-3.19	0.38	-2.31	7.41 (02/22)	Equity	African region	Luxembourg	SICAV	6/10
Altree Capital - Africa Opportunities Fund (as-of 2022-02-28)										
-3.4	-3.11	7.13	19.97			Equity	African region		Open-End	6/06
Arisaig Africa Consumer Fund (as-of 2022-02-28)										
0.95	-0.03	-17.4	-42.37	-29.35	1.33 (02/22)	Equity	African region	Mauritius	Open-End	12/07
Bellevue Funds Lux - BB African Opportunities (as-of 2022-03-15)										
2.26	-0.53	8.46	-2.52	-0.35	60.59 (02/22)	Equity	African region	Luxembourg	SICAV	6/09
Blue Clay Pan Africa Fund (as-of 2021-10-31)										
12.91	4.16				13.05 (10/21)	Equity	African region	Cayman Isl.	Open-End	03/19
Commonwealth Africa Fund (as-of 2022-03-15)										
10.24	4.51	23.72	4.4	2.95	3.40 (02/22)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2022-02-28)										
8.34	5.85	25.25	5.49	8.37	390.76 (07/21)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
DWS Invest Africa (as-of 2022-03-15)										
-0.46	-3.64	10.02	1.89	-0.04	35.33 (02/22)	Equity	African region	Luxembourg	SICAV	07/08
EFG-Hermes MEDA Fund (as-of 2022-02-28)										
5.11	1.14	45.9	19.44	10.42		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2021-12-31)										
-3.12					2.60 (12/21)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2022-02-28)										
-3.86	-2.97	3.18	16.79	15.44	767.80 (02/22)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2022-03-15)										
-5.39	-41.06	-38.09	-7.88	-5.27	509.64 (02/22)	Equity	EMEA	Luxembourg	SICAV	06/07

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
Imara Africa Fund (as-of 2022-02-28)										
-3.5	-2.64	-2.94	3.88	4.53		Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2022-02-28)										
-7.49	-6.42	-14.73	-1.91	-1.23		Equity	African region	BVI	Open-End	6/05
JPMorgan Funds - Africa Equity Fund (A) (as-of 2022-02-28)										
5.95	4.6	7.44	2.42	3.8	150.16 (03/22)	Equity	African region	Luxembourg	SICAV	5/08
Laurium Limpopo Master Fund (as-of 2022-02-28)										
-2.26	-1.86	8.31	2.08	4.29	181.00 (02/22)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2022-02-28)										
-2.38	-2.46	6	0.72	2.72	92.00 (03/21)	Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2022-02-28)										
3.3	-0.2	2.4	7.7	7.6	11.78 (02/22)	Fixed Income	African region	Mauritius	Open-End	2/14
Ninety One Premier - Africa Fund A (as-of 2022-02-28)										
-16.04	-0.92	-47.34	-22.12	-13.59	0.83 (02/22)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Fund (as-of 2022-02-28)										
-2.02	-1.75	14.33	4.46	8.51	291.00 (04/21)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Optis African Frontier Fund (as-of 2022-02-28)										
-3.39	-2.31	1.85	5.07		40.51 (02/22)	Equity	African region	BVI	Open-End	8/09
Robeco Afrika (as-of 2022-02-28)										
2.57	0.28	19.35	6.55	6.29	29.20 (02/22)	Equity	African region	Netherlands	Open-End	6/08
Rudarius Africa Fund (as-of 2022-02-28)										
-8	-6.24	-4.23	-3.45	-0.13	30.00 (03/21)	Equity	Africa ex-SA	South Africa	Open-End	06/14
Sanlam Africa Equity Fund (as-of 2022-02-28)										
3.66	1.55	19.57	4.32	8.03		Equity	Africa ex-SA	Ireland	Open-End	07/15
Sanlam Centre Africa Equity Fund (as-of 2022-02-28)										
-0.92	-0.38	5.38			66.34 (02/22)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
Sanlam Centre Sub Sahara Africa Equity Fund (as-of 2022-02-28)										
1.22	1.14	6.59	-3.55	-0.73	54.83 (02/22)	Equity	Sub-Saharan ex.SA	Cayman Islands	Open-End	07/08
Steyn Capital Africa Fund (as-of 2022-02-28)										
4.58	4.43	23.38	1.41	7.77	172.00 (02/22)	Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2022-02-28)										
6.36	4.86	10.15	7.19	1.5	300.30 (04/21)	Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2022-02-28)										
-2.93	-3.2	1.47	-2.05	2.15	9.60 (04/21)	Equity	Africa ex-SA	Holland	Open-End	03/08
Threadneedle Lux - Stanlib Africa Equity (as-of 2022-03-15)										
0.5	3.57	5.47	0.07	0.84	1.55 (01/22)	Equity	African region	Luxembourg	SICAV	8/14
T. Rowe Price Africa & Middle East Fund (as-of 2022-02-28)										
8.1	0.09	30.8	10.94	9.48	162.80 (02/22)	Equity	MENA & SSA	United States	Open-End	10/11



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