


AFRICA GLOBAL FUNDS

ACCELERATING DIGITAL TRANSFORMATION IN PRIVATE EDUCATION



QA:
APPLYING “EIGHT M’S” PHILOSOPHY

QA:
INVESTING IN QUALITY ASSETS

NEWS:
PROPARCO AND BPIFRANCE LAUNCH AVERROES
AFRICA TARGETING €100M



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Dear Reader,

Globally, the Covid-19 crisis has had a tremendous effect on education. In Africa, the school closures caused by the pandemic have exacerbated previously existing inequalities, and the children already most at risk of being excluded from a quality education have been the worst affected. In this month's issue Daniel Viñas Mediterranean Capital Partners, gives his view on the current situation and explains how the private sector and development partners can continue to support education institutions facing new challenges and combating educational inequality (pp. 13-14).

Last month, African Lions Fund closed its initial share offering, and in this issue we caught up with Tim Staermose, CEO of the Investment Manager, ST Funds Management, to learn more about the new offering and investment opportunities in Africa (pp.15-16).

On the private equity side, Vantage Capital has made the largest growth-capital investment to date. We spoke with Luc Albinski, Managing Partner, and Driss Benabdeslam, Associate Partner at Vantage Capital, to discuss details (pp.22-23).

On the fundraising front, Eos Capital, a Namibian private equity fund manager, has launched its third fund - the Euphrates Agriculture Fund, whereas Bpifrance and Proparco have announced the first closing of Averroès Africa, their fourth fund-of-funds (FoF) for Africa, at €55m with a target size of €100m. Read news on pp.4-5.

*Best regards,
 Anna Lyudvig
 Managing Editor*

Eos targets N\$500m for its Agriculture Fund



Nicole Maske,
Managing Partner
Eos Capital

Eos Capital, a Namibian private equity fund manager, has launched its third fund - the Euphrates Agriculture Fund, which aims to facilitate the industrialization of the agriculture sector, deliver social impact and provide medium term returns to investors.

The fund's target is to raise N\$500m by March 2021.

Eos Capital's strategy and decision for launching the Euphrates Agriculture fund is to address the challenges faced by the agriculture sector in Namibia, and to focus on boosting its productivity and sustainability by means of an unlisted manager solution.

Nicole Maske, Managing Partner of Eos Capital, said: "Eos Capital's mission is to contribute to the growth of the Namibian economy and the Agri fund will take us a step further on this mission. It will be attractive to investors seeking diversification and investing into real assets that provide a hedge against inflation."

Agriculture is a diverse asset with a broad range of risk/return profiles and characteristics, offering options and diversification.

Euphrates will serve as a catalyst to industrialization by pursuing quality assets at attractive prices, seeking to maximize returns over the long term.

The fund will make equity and quasi-equity investments into unlisted vehicles and target sectors will include agro-processing, distribution and logistics, commercial agriculture, retail, biomass, and manufacturing of chemicals, fertilizers, seeds, animal products and equipment.

The fund will invest in agriculture projects with emphasis on economic growth, social upliftment, and job creation.

Frederico Van Wyk, Senior Associate at Eos Capital, believes the sector's significance is largely because of a potential for growth;

through investing into technology and ingenious application of capital.

He said: "this vision can be achieved in Namibia through creating an ecosystem for development between private and public sector".

The fund will both catalyze local investment and enable inward investment from Development Finance Institutions, regional and international investors due to its positioning, track record and high governance standards.

Mesag Mulunga, who attended on behalf of Percy Misika, Executive Director of the Ministry of Agriculture, Water and Land Reform, supports and congratulates Eos Capital on the launch of the fund.

"The launch of this Euphrates Agri Fund comes at an opportune time, when public and private sector need to integrate and coordinate efforts in the promotion of investment in the agriculture sector".

In addition, Eos Capital is currently fundraising for the Namibia Infrastructure Development and Investment Fund (NIDIF) – which has N\$535m in commitments so far, and has a target fund size of N\$1bn.

Target sectors include energy, water and sanitation, transport and logistics, ICT, healthcare, and education.

NIDIF is an infrastructure platform with a Namibian-only mandate that will develop, acquire, invest in, build, operate and hold infrastructure assets, forming a portfolio that provides robust, low volatility and income yield to its shareholders over the long term.

Equity and quasi-equity investments into unlisted Namibian companies will have a range of investment size from N\$100m-N\$350m, over a term of 10 years.

The target IRR will be 12%.

Eos Capital's objective is to contribute to the growth of the Namibian economy.

The company's first fund, Allegrow Fund is a growth and operational development fund with a Namibia-only mandate that provides equity, debt and mezzanine finance to fast growing Namibian businesses.

FUNDRAISING

Proparco and Bpifrance launch Averroes Africa targeting €100m

Bpifrance and Proparco have announced the first closing of Averroès Africa, their fourth fund-of-funds (FoF) for Africa, at €55m with a target size of €100m.

Gregory Clemente, CEO of Proparco, said: "The launch of the 4th Averroès fund-of-funds demonstrates the growing ambition of the partnership between Proparco and Bpifrance. This new vehicle aims

to mobilize public and private capital and direct it towards some of the most dynamic and high-impact sectors in Africa."

"AFD and Proparco's experience, tools and network of partners in Africa make them key players in financing start-ups, microenterprises and SMEs on the continent. Indeed, we are convinced that the support to African businesses and entrepreneurs is key to the resilience and

development of the continent. This is why we have further increased our support to them, with over €2bn already committed since 2018 under the French Choose Africa Initiative.”

Averroès Africa is open to subscriptions from French and foreign public and private third-party investors.

Averroès Africa will invest in African funds dedicated to start-ups and small and medium-sized enterprises in order to continue to support private sector development, employment and innovation on the continent.

The FoF will use the same investment thesis as Averroès Finance III, by targeting multi-sectoral private equity funds with a multi-country, regional or pan-African dimension and managed by experienced teams.

Averroès Africa will have an increased focus on venture capital funds and, for the first time, will be able to invest in sectoral funds for financial services, health and agribusiness, in line with developments on the African market.

With a target portfolio of 10 to 12 funds, the FoF will eventually provide exposure to over a hundred African companies, from start-ups to midcaps, in all the main sectors related to the emergence of the middle class in Africa, such as consumer goods, transport and logistics, industry, education and TMTs.

Beyond financial performance, the Averroès Africa team will actively focus on maximizing the environmental, social and governance impacts of its investments, in line with the commitments made by

Bpifrance and Proparco.

As with the predecessor vehicles, the team will also seek to generate deal flows between African portfolio companies and French companies supported by Bpifrance that want to seize the opportunities offered by the African market.

“We are very pleased to be launching this fourth vehicle with Proparco, almost twenty years after we started our investment activities in Africa. Its extended investment thesis will allow us to further diversify our portfolio and seize a maximum of opportunities, especially in new high-potential technological segments,” said Nicolas Dufourcq, CEO of Bpifrance.

“This launch is being conducted at a time when Africa is facing new major challenges: the Covid-19 crisis, which requires providing greater support to small and medium-sized enterprises to maintain activities and employment, as well as climate change, for which Africa is on the front line. We hope that Averroès Africa will contribute to addressing these challenges.”

The Averroès mechanism was launched by Bpifrance and Proparco in 2003 to support the development of the private equity market, initially in North Africa, then across the continent with the launch of a first pan-African vehicle (Averroès Finance III) in 2015.

This pioneering fund of funds mechanism has channeled some €1.2bn in about 20 private equity funds and over 150 companies in 40 African countries.

FUNDRAISING

Endeavor Catalyst raises \$134m for Fund III



Linda Rottenerg,

Co-founder and CEO

Endeavor

Endeavor Catalyst has announced the final closing of Fund III, a \$134m venture capital fund through which it plans to continue to invest in

Endeavor Entrepreneurs in emerging and underserved markets globally.

Since launching Endeavor Catalyst in 2012, the fund has invested into over 150 Endeavor Entrepreneur-led companies across 30 different markets.

This \$134m Fund III represents Endeavor Catalyst's largest fund to date, surpassing the \$120m target goal that had originally been set.

It also brings Endeavor

Catalyst's total assets under management up to \$250m.

“Reaching \$250m in AUM is an amazing milestone,” said Linda Rottenerg, Endeavor's co-founder and CEO.

“I couldn't be more proud of this amazing Endeavor team of 500+ people around the world who make this all possible. When we created Endeavor Catalyst eight years ago, we had a big dream: to build the world's most founder-friendly investment fund that could be truly of, by and for entrepreneurs. Today, we are well on our way to making that dream a reality!”

Endeavor Catalyst is backed by some of the world's leading

“I couldn't be more proud of this amazing Endeavor team of 500+ people around the world who make this all possible”

entrepreneurs and investors, including Reid Hoffman (LinkedIn), Michael Dell (Dell Technologies), and Pierre Omidyar (eBay), as well as General Atlantic's Bill Ford and Pershing Square's Bill Ackman.

Endeavor Catalyst Managing Director Jackie Carmel said that that fund has also become "a powerful platform for Endeavor Entrepreneurs to reinvest their success in their peers," with more than 60 Endeavor Entrepreneurs as investors in this latest fund. Across Europe, the Middle East and Africa (EMEA), dozens of Endeavor Entrepreneurs have also joined Fund III as LPs, including the founders of Careem, Yemeksepeti.com, Property Finder, Checkout.com, Softomotive, Moneyfarm, and Flutterwave, among others.

With this new fund, Endeavor Catalyst plans to continue to co-invest in the Series A, B and C rounds of Endeavor Entrepreneurs — partnering with some of the world's leading venture capital and grown equity funds as co-investment partners.

"We are proud to have at least one investor from every single country where Endeavor operates, and we hope soon to be able to say that have at least one investment in every Endeavor market as well," said Managing Director Allen Taylor.

"We hold a deep conviction that entrepreneurial talent is globally distributed, and that this talent can build multi-billion dollar 'scale-up' companies everywhere."

DEALS

Vantage makes its largest growth-capital investment to date

Vantage Capital has made a \$28m equity investment to acquire a significant minority shareholding in the Cliniques Internationales du Maroc Group (CIM Santé Group), one of Morocco's leading healthcare groups.

CIM Santé Group is Vantage's second investment in Morocco after its investment in Equity Invest, an IT group last year, and its third in Francophone Africa.

Luc Albinski, Managing Partner at Vantage Capital, said: "Vantage is proud to have concluded its largest growth-capital investment to date. It is always pleasing when our funds are applied towards building new, leading-edge infrastructure in Africa whether it takes the form of power plants, fibre networks or hospitals."

"But given the impact that world-class health care can have on patients and on their families, in many cases saving lives that would prematurely succumb to heart disease and other medical conditions, this investment, at this time, with the COVID epidemic raging, is a source of great joy and pride for the Vantage team."

The business was founded in 1994 by Professor Assad Chaara, an internationally renowned cardiologist who pioneered coronary angiography and catheterisation in Morocco.

CIM Santé Group is made up of the following entities: the Heart and Vascular Diseases Clinic; the International Clinic of Marrakech; and the International Clinic of Tangier, currently under development and expected to be fully operational in Q4 2020.

CIM Santé Group also owns or is in partnership with radiology centres, medical laboratories and laundry service companies in Marrakech and Tangier.

Vantage's funding will enable the founding family to part-finance the extension of the existing clinic in Marrakech and the opening of new

clinics in Tangier and Casablanca.

Thereafter, CIM Santé Group plans to further strengthen its position in the Moroccan market by adding more clinics to its portfolio as well as entering new markets in the rest of Africa.

Fahd Chaara, CEO of CIM Santé Group, said: "We feel that, with Vantage's financial support and strategic guidance, we are up for the challenge of building on the wonderful legacy created by my father and developing Morocco's finest private sector health group, housing a broad range of medical disciplines and covering all of the Kingdom's major cities. With Vantage we will also investigate the opportunity of

"We are confident that in a few years' time, CIM Santé Group will be one of the biggest private multi-disciplinary healthcare groups in Morocco"

- Driss Benabdeslam, Associate Partner at Vantage Capital

expanding the business into West Africa in the next few years."

Driss Benabdeslam, Associate Partner at Vantage Capital, added: "We are proud to partner with the highly-regarded Chaara family and contribute with our funds and our ideas to the further growth of the Group. We are confident that in a few years' time, CIM Santé Group will be one of the biggest private multi-disciplinary healthcare groups in Morocco."

Clifford Chance (in Morocco) acted as legal counsel to Vantage; Asafo (in Morocco) acted as legal counsel to CIM Holding; Deloitte (in Morocco) and Webber Wentzel (in South Africa) provided tax advice, Deloitte (in Morocco) was the financial advisor, Strategy& (part of the PwC network in Morocco) provided commercial advice, and Ibis Consulting (in South Africa) reviewed the environmental impact.

This transaction represents Vantage Capital's 30th transaction across three generations of mezzanine funds with its portfolio of investments spread across ten countries in Africa (Read QA on p.22).

DEALS

Greenlight Planet secures \$90m in equity and debt funding



T. Patrick Walsh,
Co-founder and CEO
Greenlight Planet

Greenlight Planet, the largest provider of solar-powered home energy products in Sub-Saharan Africa and South Asia, has secured \$90m in new funding to expand its Pay-As-You-Go (PAYG) solar consumer financing business and consolidate its debt portfolio.

The new debt and equity investments were provided by European development finance institutions CDC Group, FMO, and Norfund, along with impact investors ResponsAbility, SIMA Funds, Symbiotics, Global Partnerships, and private equity firm ARCH Emerging Markets Partners' Africa Renewable Power Fund.

Of the total \$90m in committed funding, \$69m has been disbursed to the company, with the balance to be drawn down as the company delivers additional solar-powered home energy systems, with end-consumer financing, to homes in Africa.

Geoffrey Manley, Director and Head of Energy Access and Efficiency at CDC Group, said: "Our financing of Greenlight Planet provides our team with a great opportunity to support a company that is creating jobs and taking meaningful strides to fight climate change. We're thrilled that our commitment promotes the UN's Sustainable Development Goals, helping to facilitate economic development across the African continent."

William Barry, Managing Director at ARCH Africa Renewable Power Fund (ARPF), added, "ARCH ARPF is delighted to support Greenlight Planet's continued growth as it delivers on its mandate to expand energy access across sub-Saharan Africa. Greenlight's global market leadership in the off-grid solar sector positions the company strongly within ARPF's expanding off-grid renewable energy portfolio, complementing our existing utility-scale, independent-power-producer development pipeline."

Under its Sun King brand, Greenlight Planet operates the largest

direct-to-consumer PAYG solar distribution and service network in the world, having delivered over 1.3 million PAYG solar products to date in Kenya, Tanzania, Uganda, and Nigeria, expanding at a rate of over 65,000 new rooftop solar installations per month. The company employs 1,250 full-time staff worldwide, and over 5,500 sales agents, 30% of whom are women, across areas of sub-Saharan Africa suffering from high levels of unemployment.

Sun King solar products include home lighting, mobile phone chargers, radios, televisions, and fans, as well as the solar panels and batteries to power these appliances. During the global COVID-19 pandemic, such solar-powered home energy systems have proven all the more essential to families spending more time at home. Families depend on Sun King energy access and appliances for light, communication, entertainment, and access to news and information.

Greenlight Planet's Sun King solar-powered home energy systems have a profound social impact for off-grid families around the world. Sixty million individuals across 65 countries have used them to access clean, renewable energy. This access to energy increases the time children spend studying, increases productivity for small businesses, and reduces spending on old-fashioned energy products. Sun King products have saved over \$3.4 billion on fossil-fuel-based energy costs, reducing global greenhouse gas emissions by more than 14 million metric tons.

T. Patrick Walsh, Co-founder and CEO of Greenlight Planet, said: "Greenlight Planet's goal is to bring affordable, clean energy to every under-electrified household that needs it. After a decade of honing our solar technology and our solar distribution, installation, and service strategy, we are now jumping the last hurdle to solve this global challenge, that being financial inclusion. We are expanding access to consumer financing, making basic solar power available to all people, at a cost as low as \$0.15 per day. We are delighted to work with CDC, Norfund, FMO, ResponsAbility, SIMA Funds, Symbiotics, Global Partnerships and ARCH to expand access to finance and access to energy."

DEALS

Zebu Investment Partners takes majority stake in SA AgTech platform

Zebu Investment Partners through its sophomore fund, the Africa Food Security Fund, has acquired a majority equity stake in South African Ag-Tech company IQ Logistica (IQL).

IQL is the owner and developer of a cloud-based platform used to collect, collate, and aggregate data for the purposes of tracing agricultural outputs and related key data as these progress through

the value chain.

The AFS Fund focuses on food production and processing across Africa, underpinned by the assertion of the positive impact which investing in the agricultural value chain can have for food security.

This investment represents the fund's first foray into the Ag-Tech sector.

The genesis of IQL in 2015 was ignited by an effort to improve the South Africa cotton industry's capacity and competitiveness and was supported by multiple stakeholders including the Department of Trade and Industry (DTI).

This big data platform which has been built, has enabled complete value chain visibility within the cotton industry of South Africa (from farmer to retail store), with the ability to expand across various other agricultural value chains and countries.

This presents an opportunity for high-growth and meaningful impact on a continent where Agriculture plays a pivotal role in providing livelihoods and contributing to GDP.

It is well documented that the use of technology within the Agricultural sector can transform the industry and drive tangible impact for smallholder farmers and small and medium enterprises.

The CEO and founder of IQ Logistica, Thomas Robbertse, believes that the Company has the potential to revolutionize the industry, "IQL sits at the center of a disruptive movement - where farmers can be judged by their performance and not their balance sheets. IQL is enabling farmers to raise their profiles while providing services such as dedicated market access, competitively priced inputs, and access to finance and insurance. All these services reduce cost, remove uncertainty, and put more money back in the pockets of these essential workers".

Robbertse added: "when we began our search for growth capital for IQL, we all agreed that it was imperative that any funder would have to understand the nuances of African agriculture. Zebu as a private

equity team understands the journey of agriculture from farm to retail – we look forward to leveraging the relationships of Zebu as well as sharing ours to grow our ecosystems together. The additional resources such as the TAF (Technical Assistance Facility) will extend our reach to farmers, small or large across the continent, which is really exciting for the team."

"This investment allows IQL to scale up our business quickly while enabling us to carry the upfront cost of customer acquisition and development in Africa's nascent ag-tech sector," he said.

The AFS Fund's Technical Assistance Facility (TAF), once fully funded, will explore the possibility of funding inclusive projects targeting agricultural input suppliers and smallholder farmers within the respective value chains.

Dennis Matangira, Zebu Investment Partners Senior Managing Partner, said that "at a time when the Covid-19 pandemic has further illuminated the need for traceability and transparency within food value chains, IQL presents us with an opportunity of not only resolving these pertinent issues; but also addressing the challenges of primary agriculture in Africa such as facilitating access to finance, and enabling efficient markets based on information symmetry."

"AFS Fund's value creation team will be working with IQL to ensure successful expansion of the platform within other agricultural value chains and regions, empowering us to deliver on our impact mandate of food security, diversity, and improving livelihoods- all whilst ensuring attractive and sustainable risk-adjusted returns for our LP's. We look forward to the partnership with IQ Logistica in unlocking the power of big data within the African agricultural landscape," he added.

The AFS Fund achieved first close at \$84m in 2018, with final close expected in December 2020 at a target of \$100m.

The AFS Fund TAF is in the process of first close and will be managed and implemented by TechnoServe.

DEALS

Vuna Partners Fund I makes first investment

Vuna Partners Fund I, a fund managed by Vuna Partners, has acquired an 80% equity stake in 4PL Group, a South African provider of logistics solutions.

Siya Nhlumayo, CEO of Vuna Partners, said: "4PL has reported consistent revenue and operating profit growth over the medium-term period, despite facing significant economic headwinds. The high quality of its earnings, impressive return on invested capital, and its experienced founding management team with strong capital allocation discipline, has made 4PL Group an attractive investment for the Fund. The enhanced empowerment credentials afforded by the Fund's investment also advances 4PL Group's transformation goals."

Founded in 2006, 4PL Group is a rapidly growing provider of third-party logistics and fourth-party logistics, serving clients throughout the southern African region.

Headquartered in Irene, Pretoria, 4PL Group is an integrated supply chain company with a national and international footprint.

The logistics solutions span specialised and bulk road, rail, sea and

air freighting, import/export clearance and forwarding, crossborder services, warehousing, as well as tracking and reporting technology.

4PL Group's 260-strong team are responsible for the successful transportation of more than 240 000 tonnes of cargo per month, servicing over 450 clients with a fleet of owned and subcontracted vehicles.

The Fund is acquiring its equity stake from the Mergon Group, which has served as 4PL's investment partner since the company was founded 13 years ago.

"We enjoyed a long and fruitful partnership with Mergon under the stewardship of its COO, Gauche Radley," said Brendan Pearson, CEO of 4PL Group.

"We are now embarking on the next chapter of 4PL's journey together with Vuna Partners, with whom we anticipate a future of transformative, empowered growth, sustainable expansion into new markets and long-term mutual success."

4PL Group is the first investment by the Fund.



Vuna Partners is a South African private equity investor focused on medium-sized businesses across a range of sectors.

Vuna Partners leverages off the collective experience of its investment team, matched with its bespoke partnership strategies,

to forge companies with enduring value.

The firm presents investors with a compelling value proposition that allows for capitalisation of the under-served regional small to mid cap unlisted equity market.

DEALS

Helios invests and launches African reinsurance business

Helios Investment Partners has launched Africa Specialty Risk Group (ASR), a reinsurance business focused on becoming the partner of choice to corporations through the provision of risk mitigating insurance solutions.

Souleymane Ba, Partner at Helios, said: “We have identified a sustained lack of adequate insurance capacity across Africa, which has been exacerbated further by Covid-19 as global reinsurance providers focus on their home markets.”

“ASR has been established to address this gap by providing specialist risk mitigation products which companies and capital providers operating in Africa have found difficult to access to date. As demonstrated in the US and Europe, private equity has a long and successful track record of stepping up to fill unmet insurance capacity to de-risk and support investment activity,” he added.

The investment in ASR is being made from Helios’ latest fund, Helios Investors IV.

ASR was launched in partnership with Mikir Shah, former CEO of AXA Africa Specialty Risks, and Bryan Howett, former CEO of Old Mutual’s pan-African reinsurance operations.

Helios, through its extensive financial services expertise in Africa,

identified an unmet need in the reinsurance space to expand the continent’s long-term domestic capacity beyond its current capabilities.

Having previously founded market-leading businesses such as Helios Towers, the firm took a similar approach to develop and increase domestic reinsurance capacity.

ASR will create tailored solutions for local and global customers, using Africa-specific pricing models coupled with a deep understanding of African risk and cultural environments.

This provides corporates and investors with the confidence to grow their businesses, thereby unlocking investment activity, and the associated developmental benefits.

Mikir Shah said: “We chose to work with Helios given their extensive reach across Africa, their knowledge and experience in our key markets, as well as their established track record in helping entrepreneurial businesses to scale.”

ASR intends to work proactively with local regulators and clients to develop skills and provide training to local underwriters.

Environmental, social and governance considerations are central to ASR’s values, particularly in relation to local capacity building.

DEALS

PAPE Fund 3 almost 50% invested



Zuko Kubukeli,

CEO and Principal

PAPE Fund Managers

PAPE Fund 3, a mid-cap South African private equity fund, has acquired a 45% of the equity in the DDS Group of companies, an African beverage dispensing and refrigeration services provider.

DDS Group is the fund’s fourth investment, taking total capital drawn down to approximately 50% in the first two years of the fund’s 10-year timeline.

Zuko Kubukeli, PAPE Fund Managers CEO and Principal, said: “We are looking forward to working with the DDS management team to

scale the group and to identify and capitalise on new opportunities linked to economic growth in selected countries across Africa. With its longstanding track record of delivering high-quality services to pedigree beverage companies like AB InBEv, Unilever and others, DDS is ideally positioned to take full advantage of the burgeoning middle class consumer markets in countries like Mozambique, Botswana, Nigeria and Ethiopia.”

“PAPE Fund 3’s mandate is to identify young, experienced and highly-motivated management teams and to back them with capital to realise greater levels of their potential. In the DDS Group we have found a credible team of young managers who have been in this business for years, have demonstrated their ability to grow the

group's revenue and bottom line and to successfully penetrate new African markets," he added.

The DDS Group of companies provide beverage dispensing and refrigeration services on behalf of the multinational distributors, as illustrated by the servicing of draught beer installations and coffee machines found in bars and restaurants.

DDS also specialises in the sale, installation and servicing of refrigeration systems, ventilation systems, cold rooms and air conditioning units, as well as the sale and distribution of spare parts. PAPE Fund 3 has also provided loans to key members of the management team to increase their equity stakes in the business.

DDS is an owner-managed business with an established track record as a leading operator in the ancillary services segment associated with the beverage, dispensing and refrigeration industries.

The business was founded in 1995 and operates in South Africa and in 11 countries in Africa, namely Mozambique, Nigeria, Botswana, Namibia, Malawi, Ghana, Lesotho, Uganda, eSwatini, Zambia and Ethiopia.

The group employs more than 400 personnel across the continent and manages approximately 130,000 assets on behalf of its customers.

Travers Shaw, DDS Group CEO, said: "Our group has a conservative,

focused and assertive view on growing operations across countries in Africa and we are confident that the emerging middle class in countries such as Ethiopia and Nigeria will create a really buoyant market for the beverages industry that it supports."

"Additionally, the growth in the FMCG sectors in these countries creates a significant opportunity for DDS to provide and maintain refrigeration, ventilation, cold room and air conditioning systems into cities and towns located across these countries."

PAPE Fund 3 is a South African BBEE Level 1 private equity fund in which nine investor institutions and groups have provided R1.03bn in capital commitments.

These investors include the Public Investment Corporation, Eskom Pension & Provident Fund, The SA SME Fund, FMO, 27four Investment Managers, Alexander Forbes Investments, the Transport Sector Retirement Fund, the Impala Workers Provident Fund and the Rosebank Wealth Group.

PAPE Fund 3 achieved first closing in July 2018 and final closing in January 2020.

To date, the fund has invested into a national logistics company, a software development business and an automotive conversion enterprise.

FUNDRAISING

EAEF contributes to LCP Fund II first close

The Egyptian American Enterprise Fund (EAEF), a US government-funded private entity, has invested \$50m in Lorax Capital Partners (LCP) Fund II, which has raised \$142m for its first close.

LCP Fund II aims to raise up to \$250m to invest primarily in growing companies in Egypt.

EAEF is joined by the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), the European Investment Bank (EIB) and Proparco as investors in LCP Fund II.

Incorporated in 2015, Lorax Capital Partners (LCP) is an Egypt-focused private equity firm managing the EAEF's funds.

LCP is EAEF's long-term partner on the ground.

In 2015, EAEF appointed LCP as its asset manager and investment advisor in Egypt.

In five years, LCP has become one of Egypt's leading private equity funds with support from a talented staff of Egyptian investment professionals.

LCP has invested in five companies on behalf of EAEF, which include Fawry, Egypt's largest electronic payments platform and Sarwa Capital, the country's leading consumer finance company.

Both these companies held successful IPOs within four years of our investment.

In August, Fawry became Egypt's first unicorn company after achieving a market capitalization of \$1bn.

The decision to seed and appoint LCP as its asset manager and

investment advisor was the first and most important step made by EAEF in its early years.

EAEF's model of empowering local fund managers has been key to its success to date and catalyzing the growth of Egypt's private equity and venture capital markets.

James Harmon, EAEF's Chairman, said: "Lorax has been instrumental to EAEF's success and advancing our goal of developing Egypt's private sector. I believe Lorax is Egypt's most successful private equity firm today. Lorax's success is a testament to the outstanding team that was built over the last five years. In the coming years, I believe Lorax will be the leading private equity firm in the Middle East and North Africa region."

"Very few if any funds have closed in the region in recent years. It is a tribute to the Lorax team that they could close in today's difficult environment. EAEF is proud to have seeded Lorax and looks forward to its future growth."

Ashraf Zaki, LCP's Managing Partner, added: "LCP would not be here today without the support of EAEF, which provided the capital that helped establish LCP and led to its first, independent private equity fund. The trust and support placed in LCP by Jim and EAEF's board allowed LCP to make investments that have not only generated considerable returns but contributed to Egypt's socioeconomic growth. We are appreciative of EAEF's support over the years and look forward to working together into the future."

INVESTORS

Acumen, FMO and Trine invest \$5m in Easy Solar

A cumen and FMO have led a \$3m Series A Equity round in Easy Solar, a solar company in West Africa.

In addition, the company has received a \$2m debt facility from investment platform Trine.

Easy Solar is an innovative distribution company making energy and financial services affordable and accessible for those with limited access to power in Sierra Leone and Liberia.

Marieke Roestenberg, FMO Venture Program Manager, said: "Off-grid energy companies play a critical role in delivering clean, affordable, reliable energy without the need for grid infrastructure. Sierra Leone's low electrification rates combined with limited alternatives for clean energy make EasySolar's business model highly relevant."

"The company has a strong and dedicated founding team, which has managed to grow the company substantially during the past years. FMO's funding allows the company to continue this expansion, both inside and outside Sierra Leone."

Sierra Leone and Liberia are both low-income countries, with rates of electrification below 20%.

The funding will enable Easy Solar to scale its reach in these markets, where the vast majority of the population are off-grid, while simultaneously expanding its portfolio of products for existing customers.

"Acumen is thrilled to support Easy Solar's growth in markets that are too often overlooked. Despite low mobile-money penetration and a high concentration of low-income customers, Easy Solar has made pay-as-you-go solar accessible to Sierra Leoneans and now

Liberians," said Meghan Curran, West Africa Director for Acumen.

Founded in 2016, Easy Solar has brought transformative energy services to more than 400,000 people, and created over 500 clean energy jobs, with a far-reaching distribution network going all the way to the last mile.

The company offers a wide range of energy solutions from small solar lanterns for lighting and mobile charging, to pico solar home systems with appliances like TVs and fans, all the way up to kW sized systems designed for residential, commercial and industrial users.

Because of its extensive distribution network and volume of prior credit data, Easy Solar's offering now goes beyond its core solar range, with complimentary products including clean cooking devices and pay-as-you-go smartphones.

Alexandre Tourre, CEO of Easy Solar, said: "While further expansion in West Africa is on the horizon with this funding, we remain committed to our vision of going deep into the markets we operate in. We will continue to improve the reach of our brand and distribution network in Liberia and Sierra Leone - where we operate the country's largest direct retail network - and leverage it to offer additional products and services to our customers, directly or through strategic partnerships.

We're also very excited to have brought such experienced and committed investors to the table as we continue with the scaling up of our C&I activities to answer the growing energy needs of offices, farms, factories, schools, hospitals, etc. across West Africa, with the same commitment to quality, ease of use and affordability."

INVESTORS

Proparco backs Kenyan bank with \$100m

Proparco, a French Development Finance Institution, has granted \$100m loan to Equity Group Holdings, which will allow the Kenyan bank to grow and continue its support to the private sector.

The announcement will further support Equity Group's dedication to remaining Kenya's leader in MSME's financing and its ambition to better support underserved segments, in particular small scale farmers, micro small and medium enterprises, contributing to the "Big 4" developmental agenda: manufacturing, affordable housing, health and food security.

In total, the project is expected to support about 240 MSMEs and more than 15,000 direct and indirect jobs.

MSMEs have been particularly affected by the economic shock of the COVID-19 crisis and the collaboration speaks to Equity's firm commitment to help the private sector to quickly recover and to thrive after the pandemic is over.

The agreement was signed in Paris on the sidelines of President

Uhuru Kenyatta's high-level trade delegation to France by Dr. James Mwangi and witnessed by Agence Française de Développement Group's (AFD) CEO, Remy Rioux.

James Mwangi, Managing Director and CEO of Equity Group, said: "The impact of the COVID-19 pandemic started as a health crisis, which quickly became an economic crisis and humanitarian crisis that has seen almost 40% of Kenyan small business owners affected by the Great economic shutdown in business."

"Equity's goal is to keep the lights of the economy on to support lives and livelihoods and as the economy begins to open up, our partnership with Proparco will help us to support quick recovery of their businesses and most importantly their growth out of the crisis."

Proparco is a French Development finance institution which is a subsidiary of Agence Française de Développement (AFD) together forming the AFD Group, devoted to private sector financing and

engaged in promoting sustainable development for 40 years.

The organization works in 80 countries across Africa, Asia, Latin America and the Middle East, providing funding and assistance to businesses and financial institutions.

Remy Rioux, AFD Group's CEO, said: "AFD Group is delighted to work once again with Equity Bank, whose dedication to SMEs in Kenya make it an important partner of the French initiative Choose Africa. This operation illustrates that AFD, through its subsidiary Proparco, is more than ever committed to empowering Kenyan entrepreneurs confronted with the challenges raised by the Covid-19 crisis while pursuing its fight against climate change in Africa by specifically dedicating \$20m of the \$100m loan to financing projects with climate co-benefits."

The project will also see Equity Group support the French initiative Choose Africa, which is working to dedicate €2.5bn to start-ups and

MSMEs in Africa by 2022.

This is Equity's second edition of its partnership with Proparco of the current \$22.8m loan granted in 2019 as part of a broader financing of \$100m arranged by Proparco and released in partnership with Germany's DEG.

"I am most gratified by Proparco's trust in and support of Equity Group, our customers and our stakeholders during this critical time in our society. With Proparco and AFD's willingness to work with us in such a substantial and significant arrangement, Kenyans can be reassured that their businesses and our economy will be strengthened and supported so that we emerge from the COVID-19 crisis stronger and better. Given Equity's purpose-driven mission, Proparco is a natural like-minded partner who will help us to expand opportunities and grow prosperity for Kenyans and the continent as we seek to build back better after COVID-19," said Mwangi.

INVESTORS

CDC and NSIA strengthen partnership



Nick O'Donohoe,
CEO
CDC Group

CDC Group has signed a memorandum of understanding with the Nigeria Sovereign Investment Authority (NSIA) to facilitate long-term inclusive growth and encourage private capital to scale up their participation in high-impact sectors of the Nigerian economy.

The agreement includes information sharing on prospective projects in Nigeria and Africa at large with the ambition to co-invest in sectors such as healthcare, agriculture, infrastructure and climate-resilience.

The partnership will foster collaboration on areas of knowledge sharing with an explicit objective of creating jobs and generating impact in Nigeria and across Africa.

This strengthened partnership builds on the relationship CDC and NSIA have developed since NSIA's inception, having both invested in Africa-focused private equity funds managed by CardinalStone, Helios and Sahel Capital.

The announcement builds on CDC's January 2020 commitment to invest an additional £2bn in African companies between 2020 and 2022, building on CDC's 70-year track record of making successful impact-led investments in Africa.

In line with CDC's capital partnerships approach, the partnership represents CDC's broader ambition to accelerate capital mobilisation and accelerate the flow of capital into high-impact sectors in Nigeria.

NSIA's \$685m Future Generations Fund invests in a diversified portfolio of asset classes, including private equity and venture capital, in order to provide future generations of Nigerians a savings base in the context of declining domestic oil reserves, mirroring CDC's long-term commitment to sustainably investing in Nigeria.

Nick O'Donohoe, Chief Executive Officer, CDC Group said: "CDC and NSIA have a shared vision and ambition for Nigeria's large economy, diverse market and exciting entrepreneurial talent. This partnership demonstrates CDC's continued motivation to act at scale and actively expand our presence and portfolio in Nigeria, and we are confident that our strengthened relationship will unlock new investment opportunities in sectors that promote human capital development and accelerate economic growth and job creation."

"Our collaboration with NSIA is more vital than ever before, as CDC's key priority for the country is to support Nigeria to build back better, a more resilient economy beyond the COVID-19 crisis."

Uche Orji, Managing Director and CEO, NSIA, added: "We are delighted to have signed this agreement with CDC, with whom we have worked closely for a number of years. CDC's investment rigour and high environmental, social and governance (ESG) standards, combined with NSIA's institutional mandate to support the prosperity of future generations of Nigerians, present a powerful opportunity to drive sustained economic development and enhance infrastructure development for the benefit of all Nigerians."



MEDITERRANIA CAPITAL PARTNERS

Creating value and impact in Africa

We invest in consolidated and growing companies with a focus on value creation and sustainable development.

€1.5 Billion

Portfolio companies
total annual
revenues

20,000

Direct jobs
supported by
portfolio companies

€485 Million

AuM

100%

Of portfolio companies offer
health and pension plans to
their employees

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Accelerating digital transformation in private Education



By Daniel Viñas, Partner at Mediterrania Capital Partners

All around the world, Covid-19 has had a tremendous effect on education, closing schools for millions of students. In Africa in particular, the school closures caused by the pandemic have exacerbated previously existing inequalities, and the children already most at risk of being excluded from a quality education have been the worst affected.

The current economic contraction threatens the ability of African governments to invest in education at a time when it is most imperative. This will have long-term impacts on the future of Africa's labor force, which needs the skills gained through a high-quality, relevant education if it is to adapt to a digitized, fast-changing, and global world of work.

In this context, the private sector can play a key role by supporting education institutions as they develop the technologies and framework needed to shape and improve the learning experience on the continent.

Daniel Viñas, Partner at Mediterrania Capital Partners, gives his view on the current situation and explains how the private sector and development financial institutions (DFIs) continue to support schools and universities in Africa enabling their fast-digital transformation.

When the Covid-19 crisis struck, Africa was in the middle of a far-reaching digital transformation. In recent years, the continent has seen the world's fastest rate of new broadband connections. E-commerce has also been growing quickly. Despite this progress, however, most sectors of African societies and economies still lag behind the rest of the world in terms of digitalization.

The lockdown and social distancing measures enforced by the governments in most African countries has prompted a rapid response from hundreds of thousands of education institutions throughout the continent. Schools and universities that had the means immediately shifted to remote interaction and teaching via learning management systems and communication platforms. This initial phase was implemented quite quickly and efficiently.

At the beginning of the 2020/2021 academic year, educational institutions are now entering the second phase of this process, consisting of tackling the inherent challenges such as the need to improve their online curriculums and course navigation, enhance their solutions for holding examinations and strengthen their IT capacity and security while also maximizing student inclusion.

After the pandemic, the sector will then enter the third phase, which will be the most challenging for African education institutions: planning for the new reality, with distance learning (eLearning) playing a more prominent role than classroom teaching.

Although solutions to the disruption have been both innovative and rapid, the fact remains that some schools and universities are better positioned than others to take advantage of the resources, technological infrastructure and education technology available and thereby respond to the crisis more effectively and

comprehensively. Existing inequalities caused by limited access to technology and reliable internet connections have been aggravated. Even within the schools and universities themselves, inequalities such as those affecting persons with disabilities or reduced family income often obstruct access to distance learning. Furthermore, these challenges are amplified for some teachers because of their own caregiving responsibilities and lack of access to technology and infrastructure.

Looking ahead in this new reality, African education institutions will need to adopt innovative approaches if they are to emerge from the global crisis in a stronger competitive position. Building for the new, post-Covid world will require a much more structured and broader assessment of capabilities and strategy in order to choose the right model.

Business models will have to focus more on digital distance and eLearning capabilities. This must be combined with other factors such as improving operating efficiency and making acquisitions to strengthen competitiveness through consolidation and innovation. Now that the education sector needs the most attention and financial support, the current global crisis is adversely affecting the revenue of many schools and universities, and government budgets are significantly constrained. That is where the private sector can help.

Over the last decade, the private sector and the DFIs have played an important role in the development of education institutions and platforms in Africa. Mediterrania Capital Partners is firmly committed to continuing to be part of this non-governmental investment, which will remain critical for addressing the continent's immense education challenges and scaling up the delivery of education services through digital transformation.

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CASE STUDIES

**GROUPE SCOLAIRE RENÉ DESCARTES**

Country: Tunisia

Investment date: December 2017

Fund: Mediterrania Capital II

**UNIVERSITÉ PRIVÉE DE MARRAKECH**

Countries: Morocco and Senegal

Investment date: August 2016

Fund: Mediterrania Capital II

Groupe Scolaire René Descartes (GSRD) is a Tunisian group of private educational institutions specializing in French and Tunisian teaching programs from pre-primary school to high school and one of only three schools in Tunisia in partnership with the AEFÉ (Agency for French Education Abroad). Founded 28 years ago, GSRD welcomes more than 2,500 students at its various sites in the Ennasr and Berges du Lac neighborhood of Tunis. As a result of the lockdown measures brought by Covid-19, GSRD has accelerated its digital transformation plans to enable its programs to be taught online. Furthermore, in order to support students' families whose economies have been impacted by the pandemic, the group has established a partnership with Banque Zitouna to provide a solution for financing the children's tuition fees for the current scholastic year.

Founded in 2005, Université Privée de Marrakech (UPM) is the leading and largest state-recognized multidisciplinary provider of private higher education in Morocco. It offers more than 60 undergraduate, graduate and master's programs in six major fields: management and governance, tourism and hospitality management, engineering and innovation, health sciences, sports management, and the arts. UPM runs campuses in Marrakech, Casablanca and Dakar with a total capacity of 10,000+ students and residences housing 600+ students. The sudden enforcement of the lockdown and social distancing measures brought by the pandemic in mid-March forced UPM to adopt a variety of technology-based strategies as alternatives to the traditional classroom, providing lessons through videoconferencing and online learning platforms and sharing learning materials and worksheets through school-based intranets and messaging platforms.

About Mediterrania Capital Partners

Mediterrania Capital Partners is a dedicated Private Equity firm investing in consolidated SMEs and mid-cap companies in Africa. With offices in Abidjan, Algiers, Barcelona, Cairo, Casablanca and Valletta, Mediterrania Capital Partners takes a proactive, hands-on approach to implementing the growth strategy of its portfolio companies by driving the Value Creation and ESG processes. Today, the group companies and portfolio companies of Mediterrania Capital Partners deliver over €1.5 billion in annual revenues and employ more than 20,000 people in Africa.

Applying "Eight M's" philosophy



African Lions Fund closed its initial share offering on September 30 with 52 investors and approximately \$3.7m under management. Africa Global Funds's Anna Lyudvig speaks with Tim Staerose, CEO of the Investment Manager, ST Funds Management, to learn more about the new offering and investment opportunities in Africa.

ANNA LYUDVIG (AL): WHY IS IT A GOOD TIME TO BE LAUNCHING A FUND?

TIM STAERMOSE (TS): Africa's long-term prospects for strong economic growth, have not changed in my view.

This growth will be driven by a demographic dividend. Over the coming decades in Africa, there will be many more people in their productive working years, and fewer children dependent on them. Africa's population structure today is almost identical to that in Asia in 1970. It unleashed an economic boom unlike anything the world had ever seen as Asia's working age population tripled over 30 years. Countries went from poor to middle income and from middle income to rich within a generation in some cases.

Now it's Africa's turn. The working age population should double by 2050. Against this backdrop of excellent long-term growth potential, you have valuations for high-quality, publicly traded African businesses that are now the lowest in 10 years.

Africa is the only place in the world where I can buy high-quality growth assets at value prices.

AL: WHAT MAKES YOU STAND OUT AS A FUND MANAGER?

TS: I have lived in the emerging markets of Asia and worked in the investment research and management business there all my working life. I also lived in Singapore as a child. I have seen how long-term economic development played out here. Africa is not Asia. And the script will be somewhat different. But the basic macro principles are the same. It's about identifying development trends, and the countries that put in place the right structural and governance environment to best capture them. I think I can apply my deep knowledge of the Asian template, to what might happen in Africa.

To further increase our odds of success at the micro level, I have a very rigorous stock selection framework, based on my proprietary "Eight M's" philosophy.

- **Macro** (Is the macro environment in the country of operation favorable? If not, we pass.)
- **Market** (Does the business have a large enough potential market to double its sales and profits inside 5 to 10 years?)
- **Model & Moat** (Is the business model efficient, and does the company have a strong enough moat to keep earning superior returns on invested capital over the long term?)
- **Management** (Are the management team members ethical and competent, in business and in life? Are they the sorts of people I would do business with on a

handshake?)

- **Money** (Is the company well funded with a rock-solid balance sheet, and ideally zero net debt?)

- **Multiple** (Does the company trade at an attractive enough current multiple of earnings or book value? It is conceivable that multiple can double on a 5 to 10 year view?)

- **My fellow shareholders** (What does the ownership structure of the company look like? If there is a controlling shareholder, does that shareholder treat minorities well. Are there sufficient shares freely floating that we can take a meaningful position?)

- **My exit** (Under what circumstances would we exit this investment? This must be well thought out ahead of time, for both the case in which we are successful with our stock pick, and where we have made an error and decide to reverse our decision.)

AL: WHERE IN AFRICA DO YOU SEE INVESTMENT OPPORTUNITIES?

TS: For me the sweet spots right now are in the Great Lakes region in East Africa. Namely, in Kenya, Tanzania, Uganda, Rwanda and Malawi. In West Africa, I am also looking at selected companies in Ghana, Cote d'Ivoire, and Senegal. Mauritius, Botswana, and Namibia are also home to companies on my current watch list. Nigeria is a market I am shying away from until they sort out their foreign exchange market issues. Zambia has similar issues at present keeping me away. As for Zimbabwe, there are stocks on my radar which operate there, but not ones trading locally. I would invest via overseas exchanges that list companies operating in Zimbabwe.

AL: WHAT ARE THE RISKS OF INVESTING IN YOUR FUND?

TS: Currency exchange rate risks are top of my list of concerns. We denominated the fund in US dollars, so as to have a wide international appeal. That means that if we invest in countries that go through periods of exchange rate depreciation it will be a drag on our performance in US dollars. The low levels of liquidity in most frontier African markets is the other obvious risk. It can make it difficult to deploy capital, and to exit, at the prices we would like.

I am also highly attuned to political risk. But in general, good companies will do well regardless of who is in political power.

“To further increase our odds of success at the micro level, I have a very rigorous stock selection framework, based on my proprietary “Eight M’s” philosophy

- Tim Staermose

On a more fund-based level, we have an Australian licensed and regulated investment manager for the fund. I am the CEO of that firm. I am the key person for the fund. At this stage, being so small, there is not yet anyone who could fill my shoes were something to happen to me. That said, the board of the investment management company has been given clear instructions on what do in the event I become unable to manage the fund.

The other risk is that we can't scale sufficiently to spread the fixed costs of running a fund such as this. While it would have been good to start with a little more capital on day one, considering the tough market generally for frontier markets and that we're in a period of high global uncertainty, we feel happy to have got the fund up and running with nearly \$4m. We're especially pleased that 52 investors from all around the world have shown confidence to back the fund. Already more are lined up in the wings to come in over the coming months. There is a steady stream of enquiries.

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	Sep.	3-Month	1-Year
Botswana	-0.48%	2.64%	0.79%
Egypt	1.84%	4.18%	18.19%
Ghana	0.72%	3.71%	12.47%
Kenya	0.59%	2.39%	7.78%
Mauritius	0.14%	1.94%	2.81%
Morocco	-1.19%	8.08%	11.94%
Namibia	2.04%	6.55%	-0.81%
Nigeria	6.42%	11.66%	42.53%
South Africa	1.47%	5.57%	-6.18%
Tanzania	4.86%	6.67%	24.93%
Uganda	-1.50%	3.03%	12.49%
Zambia	-1.19%	3.87%	-13.15%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (GROSS TOTAL RETURNS USD %)

Country	Sep.	3-Month	1-Year
Botswana	0.31%	2.14%	-2.88%
Cote d'Ivoire	0.94%	6.24%	11.21%
Egypt	-0.07%	7.39%	-13.80%
Ghana	1.64%	3.74%	-20.43%
Kenya	0.91%	3.44%	-4.47%
Malawi	-0.89%	1.91%	6.91%
Mauritius	-0.51%	-4.47%	-27.92%
Morocco	-0.79%	7.46%	-7.45%
Namibia	1.49%	-14.49%	-35.89%
Nigeria	5.69%	12.11%	-5.99%
Rwanda	-0.41%	-6.19%	-6.45%
South Africa	3.03%	7.66%	-9.52%
Tanzania	0.38%	1.73%	3.56%
Tunisia	-0.95%	6.13%	0.45%
Uganda	0.85%	1.78%	-8.15%
Zambia	0.22%	-8.30%	-45.09%
Zimbabwe

Source: S&P Dow Jones Indices



LOW INFLATION PRINT IN EGYPT COULD TRIGGER IMF CONSULTATIONS

By Callee Davis, Analyst, NKC African Economics

According to data from the Central Bank of Egypt (CBE), consumer price inflation accelerated slightly to 3.7% y-o-y in September, from 3.4% y-o-y in August. This largely reflects an uptick in core price inflation – which excludes volatile items such as fuel and food – to 3.3% y-o-y in September, from 0.8% y-o-y in August, thus signaling a general uptick in underlying price pressures in the country. On this note, data from the Central Agency for Public Mobilisation and Statistics (CAPMAS) shows that six out of 12 subcategories experienced an acceleration in the pace of inflation; four experienced disinflation, while deflation in the food & non-alcoholic beverages category slowed. Data on the communication subcategory was not reported. Food prices declined by 2.8% y-o-y in September, compared with a 4.1% y-o-y drop in August.

September's slightly stronger inflation print had been expected as unfavourable base effects place upward pressure on inflation in the remaining months of the year. The print also follows the CBE's decision to cut key policy rates by 50 bps bringing the main operation rate to 9.25% on September 24. A relatively subdued inflation print

deepens the CBE's dilemma as to whether key policy rates should be cut once again to stoke domestic demand or be held unchanged to maintain high real interest rates in a bid to attract portfolio inflows. The inflation print has remained below the CBE's inflation target range of 6% to 12% by Q4 2020 for several months now. According to a Monetary Policy Consultation Clause (MPCC) under the separate Stand-By Arrangement (SBA) with the IMF, if inflation deviates outside of the inner band of 9% \pm 3 percentage points (ppts), consultations with IMF staff will be triggered. Specifically, Egyptian authorities will have to explain the "reason for the deviation" and "the proposed remedies to restore inflation within the band". Furthermore, if inflation falls outside the outer band of 9% +4 ppts/-5 ppts, a similar consultation with the Executive Board will be triggered.

September's low inflation print makes such consultations with the IMF increasingly likely. Such consultations could potentially see IMF staff steer Egyptian authorities in the direction of inflation targeting, possibly fuelling another rate cut. Overall, inflation is forecast to end the year within the upper bounds of the 4% to 5% range.

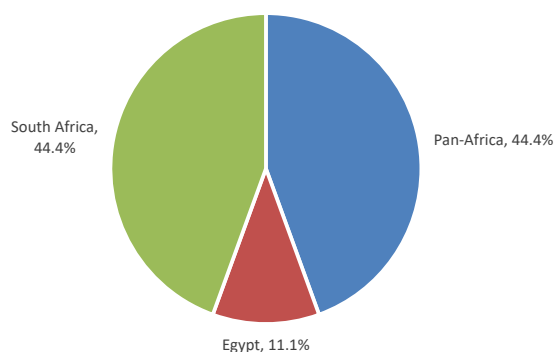
PRIVATE EQUITY FUNDS & DEALS

DEALS (as of 30th September 2020)

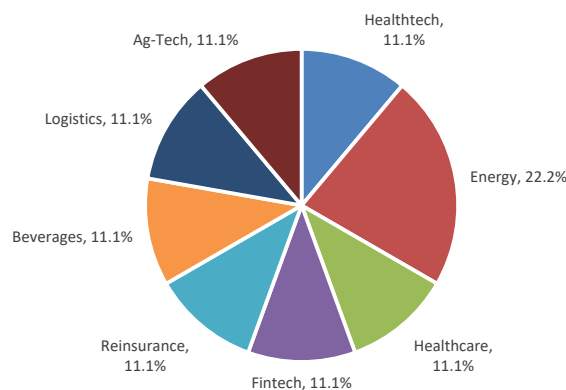
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
CreditEase Fintech Investment Fund // LeapFrog Investments // Allianz	BIMA	Healthtech	Pan-Africa	Growth Capital	\$30m
Energy Access Ventures // Proparco // EDFI Electrifi	Solarise Africa	Energy	Pan-Africa	Series B	\$10m
Ezdehar Management	Al-Tayseer Healthcare Group	Healthcare	Egypt	Growth Capital	Undisclosed
Helios Investment Partners // Checkout.com // GGV Capital // Future Shape	Thunes	Fintech	Pan-Africa	Series B	\$60m
Helios Investment Partners	Africa Specialty Risk Group	Reinsurance	Pan-Africa		Undisclosed
Metier	Broadreach Energy	Energy	South Africa	Growth Capital	Undisclosed
Pape Fund Managers	DDS Group	Beverages	South Africa	Growth Capital	Undisclosed
Vuna Partners	4PL Group	Logistics	South Africa	Buyout	Undisclosed
Zebu Investment Partners	IQ Logistica	Ag-Tech	South Africa	Buyout	Undisclosed

DEALS BY COUNTRY (as of 30th September 2020)



DEALS BY INDUSTRY (as of 30th September 2020)



FUNDRAISING (as of 30th September 2020)

Company	Fund	Geography	Style	Sectors	First close (\$)	Final Close (\$)	Target size (\$)
Endeavor Catalyst	Endeavor Catalyst Fund III	Emerging Markets	Venture Capital	Generalist		\$134m	\$120m
XSQL	African Rivers Fund III	Central & East African region	Debt, equity and mezzanine finance	Generalist	\$54m		\$85m

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
Absa Africa Equity Fund (as-of 2020-08-09)										
-12.52		-7.45	-0.04		19.17 (07/20)	Equity	African region	South Africa	Unit Trust	09/16
Adventis Africa Equity Fund (as-of 2020-09-30)										
-19.04	-0.4				25.00 (01/19)	Equity	Sub-Saharan	Cayman Isl.	Open-End	12/14
African Domestic Bond Fund (as-of 2020-08-31)										
3	-0.4	11.8			28.00 (08/20)	ETF - local	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2020-10-14)										
					3.74 (10/20)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Equity Fund (as-of 2020-08-31)										
-16.8		-5.8	-6.2	0.5	181.00 (09/20)	Equity	African region	Bermuda	Open-End	7/98
Allan Gray Africa ex-SA Bond Fund (as-of 2020-09-30)										
-2.8		-2.2	5.4	11.3	383.00 (09/20)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2020-09-30)										
-14.7		-11.3	-7.1	-1.2	298.00 (09/20)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2020-10-15)										
	-1.21	-8.6	-5.9	-1.25	9.17 (09/20)	Equity	African region		SICAV	6/10
Altree Capital - Africa Opportunities Fund (as-of 2020-09-30)										
-1.31	-1.03	3.02	-0.22			Equity	African region		Open-End	6/06
Arisaig Africa Consumer Fund (as-of 2020-10-15)										
	-0.92	-56.59	-28.51	-18.16	120.62 (09/20)	Equity	African region	Mauritius	Open-End	12/07
Bellevue Funds Lux - BB African Opportunities (as-of 2020-10-14)										
-15.45	-2.5	-15.62	-5.96	-2.37	66.32 (08/20)	Equity	African region		SICAV	6/09
Challenger Trade Finance Segregated Portfolio (as-of 2019-12-31)										
	0.34				72.00 (10/19)	Trade Finance	Africa ex-SA	Cayman Isl.	Open-End	11/15
Commonwealth Africa Fund (as-of 2020-10-15)										
	2.19	-17.12	-10.99	-4.43	2.05 (09/20)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2020-09-30)										
	5.44	-19.66	-6.12	-0.3	314.56 (08/20)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
Drakens Africa ex S.A. UCITS Fund (as-of 2020-10-15)										
	-1.11	-15.82	-6.88		27.00 (07/20)	Equity	Africa ex-SA	Ireland	UCITS	11/16
Duet Victoire Africa Index Fund (as-of 2020-09-14)										
-21.47		-16.03	-13.28	-9.6		Index	Sub-Saharan	Jersey	Open-End	10/07
DWS Africa (as-of 2020-10-14)										
	-2.38	-14.57	-7.89	-1.51	2.94 (06/20)	Equity	African region		SICAV	01/11
EFG-Hermes MEDA Fund (as-of 2020-09-30)										
	5.46	-12.2	-0.15	2.71		Equity	Africa & Middle	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2020-07-31)										
-23.33					2.20 (07/20)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2020-09-30)										
20.19	-1.1	25.36	18.91		375.40 (09/20)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2020-10-14)										
	-3.68	-9.31	-3.66	4.07	24.28 (07/20)	Equity	EMEA		SICAV	06/07
HI EMIM Africa Fund (as-of 2020-10-14)										
	-3.11	-4.24	2.52	5.97	0.37 (06/20)	Long / Short	African region	Ireland	Open-End	4/15

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 2020-09-30)										
-8.5	0.7				53.30 (02/18)	Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2020-09-30)										
-2.1	1.7				25.01 (02/18)	Equity	African region	BVI	Open-End	6/05
Imara Zimbabwe Fund (as-of 2020-09-30)										
17.7	6.1				9.94 (02/18)	Equity	Zimbabwe	BVI	Open-End	3/07
IPRO African Market Leaders Fund (as-of 2020-09-30)										
-23.06	-1.12	-18.22	-11.59	-5.49	4.61 (09/20)	Equity	African region	Mauritius	Open-End	7/08
IPRO Africa Total Return Fund (as-of 2020-09-30)										
-0.2	-0.08	1.47	5.36	6.13	5.30 (09/20)	Fixed Income	African region	Mauritius	Open-End	05/14
JPMorgan Funds - Africa Equity Fund (A) (as-of 2020-09-30)										
-10.41	-2.19	-3.87	-4.26	-1.02	138.46 (10/20)	Equity	African region		SICAV	5/08
Laurium Limpopo Master Fund (as-of 2020-09-30)										
-16.66	0.2	-11.64	-2.27	2.61	195.90 (09/20)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
MCB Africa Bond Fund (as-of 2020-08-31)										
2.7	-0.6	7.4	6.4	8.4	21.92 (08/20)	Fixed Income	African region	Mauritius	Open-End	2/14
MCB Africa Equity Fund (R) (as-of 2020-08-31)										
-13	7.4	-10.8	-16.5		4.80 (08/20)	Equity	African region	Mauritius	Open-End	9/15
Ninety One Premier - Africa Fixed Income Opportunities Fund (as-of 2020-10-14)										
	-2.85	3.98	8.06	11.21	19.59 (06/20)	Fixed Income	African region	Guernsey	Open-End	7/13
Ninety One Premier - Africa Fund A (as-of 2020-09-30)										
	1.3	-16.95	0.19	-8.91	0.29 (07/20)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Fund (as-of 2020-10-14)										
-12.66			0.24	4.63	253.67 (10/20)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Optis African Frontier Fund (as-of 2020-07-31)										
-17.26	2.86	-9.94	-10.53		27.81 (07/20)	Equity	African region	BVI	Open-End	8/09
Robeco Afrika (as-of 2020-02-28)										
-11.26	-10.25	-7.62	1.19	-2.83	25.10 (02/20)	Equity	African region		Open-End	6/08
Sanlam African Frontier Markets Fund (as-of 2020-08-10)										
-23.25		-17.58	-9.77	-5.42	39.91 (07/20)	Equity	African region	Ireland	Open-End	1/09
Sanlam Centre Africa Equity Fund (as-of 2020-08-31)										
-17.97	4.74	-15.9	-11.27	-8.28	64.80 (12/19)	Equity	Africa ex-SA	Cayman	Open-End	05/19
Sanlam Centre Sub Sahara Africa Equity Fund (as-of 2020-09-30)										
	1.88	-21.5	-28.5	-24.2	51.36 (09/20)	Equity	Sub-Saharan	Cayman	Open-End	07/08
Silk African and Frontier Markets Fund (as-of 2020-07-31)										
-18.89	2.04	-15.22	-9.65	-4.07	6.10 (07/20)	Equity	African region		UCITS	12/10
Threadneedle Lux - Stanlib Africa Equity (as-of 2020-10-15)										
	0.28	-11.14	-1.89	-0.64	6.45 (09/20)	Equity	African region		SICAV	8/14
T. Rowe Price Africa & Middle East Fund (as-of 2020-09-30)										
-17.51	1.41	-11.68	-3.34	-0.06	100.70 (09/20)	Equity	MENA & SSA	United	Open-End	10/11

INVESTING IN QUALITY ASSETS

In October, Vantage Capital, Africa's largest mezzanine fund manager, made a \$28m equity investment to acquire a significant minority shareholding in the Cliniques Internationales du Maroc Group (CIM Santé Group). For Vantage, this was the largest growth-capital investment to date. AGF's Anna Lyudvig speaks with Luc Albinski, Managing Partner, and Driss Benabdeslam, Associate Partner at Vantage Capital, to discuss details.



Luc Albinski,
Managing Partner



Driss Benabdeslam,
Associate Partner

ANNA LYUDVIG (AL): CAN YOU PLEASE TELL US ABOUT YOUR TYPICAL DEAL SIZE AND WHY HAVE YOU DECIDED TO INCREASE IT?

LUC ALBINSKI (LA) & DRISS BENABDESLAM (DB): Vantage's deal size ranges between \$5-25m even if our sweet spot is more around \$10-15m. As a fund manager, we always have to tackle two issues: (i) fund deployment during the investment period, i.e. make sure to invest all investors' commitments in quality deals; and (ii) diversification of the portfolio, i.e. avoiding exposing the fund to a small number of assets/sectors/countries to mitigate the risk for investors.

Regarding CIM Santé Group, we decided to increase the ticket for several reasons:

(i) CIM is a quality asset in a sector we wanted to invest in, healthcare. CIM Santé is one of the leading private healthcare groups with a founding family with a solid reputation in the market. As a pioneer in interventional cardiology and as an active leader of the National Union of Cardiologists, the Chaara family has created a strong medical network, not just in cardiology, with deep connections to the star physicians that a successful clinic needs. This is in stark contrast to the unsuccessful efforts of other groups that have failed to garner the support of a critical mass of top doctors.

(ii) Morocco is one of the rare investment grade countries in Africa with a sound political and macro-economic environment: we were therefore happy to increase our exposure to this country.

(iii) Returns expected on CIM Santé should allow to boost the overall returns of the Fund as the CIM Group is well positioned in its various markets:

a) CIM Marrakech dominates the market and is one of the most renowned cardiology clinics in the Kingdom. This is a real success with almost 100% occupancy in 2019. Once the extension of Marrakech is operational, CIM Marrakech will strengthen its position as a leader in cardiology but will also expand its share of other medical specialties as the first multidisciplinary clinic in Marrakech and in the southern region of Morocco.

b) CIM Tangier will benefit from the limited competition due to the limited number of low capacity and aging clinics in Tangier. CIM Tanger, with its sophisticated offering of international standards, will dominate the market in the northern region of the Kingdom.

c) CIM Casablanca will compete with a handful of clinics of comparable size in a large and rich market. CIM Casablanca will differentiate itself from the existing offering by having the complete value offering which will include a prime location, state of the art equipment, excellence in cardiology and other specialties and the largest real estate footprint and capacity in the private sector.

(iv) Sponsors were looking for a funder who is able to cover all the program of capex that is needed for the opening of new clinics.

AL: HAVE YOU PREVIOUSLY DONE ANY DEALS IN MOROCCO? WHAT'S YOUR VIEW ON THE COUNTRY'S PRIVATE EQUITY AND PRIVATE DEBT MARKETS?

LA & DB: Yes, we invested €8.0m in Equity Invest in October 2019. Equity Invest is a holding company with several assets in the IT / technology sector in Morocco.

Considering Private Equity, Morocco's is one of the most dynamic market in Africa and represents the lion share of private equity deal flow in French-speaking African countries.

Private Debt in Morocco, on the other hand, is still in an embryonic stage: the large part of actors (banks and DFIs) invest mainly in senior debt, the mezzanine segment is still under covered.

AL: WHAT'S YOUR EXPERIENCE OF INVESTING IN THE HEALTHCARE SECTOR?

LA & DB: CIM Santé is our first investment in the healthcare sector. We invested in the past in correlated sector like pharma: e.g. Austell in South Africa.

AL: GIVEN THE ONGOING COVID-19 PANDEMIC, DO YOU CONSIDER ANY OTHER HEALTHCARE-RELATED INVESTMENTS?

LA & DB: Vantage is a generalist fund, which means we are sector agnostic. If you look at our portfolio, we have deals in real estate, pharma, hospitality, oil & gas, distribution, etc. Healthcare is a sector we do particularly like and will always consider in the future.

AL: HOW DOES COVID-19 AFFECT VANTAGE CAPITAL'S OPERATIONS?

LA & DB: On the investment side, Vantage's operations have not really been impacted by Covid-19: we closed Alleyroad in South Africa during lockdown and CIM Santé while Morocco was still under State of Emergency. Moreover, our pipeline is also promising with deals being in execution (i.e. signed term sheets, on-going due diligence, etc.) that should hopefully close by the end of 2020 / early 2021.

On the portfolio side, depending on the sector, companies were more or less impacted by Covid-19 and the imposed lockdowns. Moreover, the nature of Vantage's instrument (i.e. bullet instrument with grace period on cash coupons) do not put pressure on the companies' cash position; therefore, during the sanitary crisis, we did not have to go through major restructuring.

AL: HOW LONG DO YOU EXPECT THE CRISIS TO LAST, AND HOW DO EXPECTATIONS AFFECT YOUR INVESTMENT DECISIONS?

LA & DB: This is a \$1bn question... Unfortunately, no one really knows how long the crisis will last, we all hope for the best. One thing is sure, even when the sanitary crisis will be fully under control, the economic consequences deriving from it will be felt for a while globally. The extended lockdowns all over the world have and will still weigh heavily on the countries' economic health.

Concerning our investment decisions, we do not expect any changes. We will continue to follow our in-depth due diligence process to make sure that we invest in quality assets. Vantage only considers established companies leading on their respective sectors. It is true that some sectors that were hardly hit by the Covid-19 crisis, like hospitality, will be more difficult to invest in in the short term.



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