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There is a massive backlog of affordable accommodation in South Africa. With a further six million South Africans expected to migrate to urban areas by 2035, access to safe, affordable, and accessible housing is needed to improve the resilience of both our cities and communities, according to Tshepiso Appie of Mergence Investment Managers. Read a Social Return on Impact (SROI) study for an affordable housing investment on pp.14-15.

In this month's issue, we also hear from Trident Trust, a privately owned and independent provider of fund administration and private client solution, on its journey in African Private Equity. Read what brought Trident Trust to Africa and more on page 13.

In addition, Will Buchan, Investment Manager, British International Investment tells Africa Global Funds about PE landscape, BII investing in private capital in Africa and BII's plans for supporting PE investments. Read more on p.16.

In October, Africa Global Funds also supported AFSIC – *Investing in Africa*, Africa's annual investment event, which has delivered year on year growth and successes for both companies seeking funding with Africa-focused investors and companies wanting to grow globally. In this month's edition, we covered a panel focused on Kenya's investment opportunities on p.11 and a presentation on the dynamics of African currencies on p.22.

**For more up-to-date news, analysis and insights visit
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**If you would like to get in touch with any comments or suggestions for future issues, please
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Best regards,
Anna Lyudvig
 Managing Editor

Sanari 3S Growth Fund Reaches R1.25bn in Second Close



Samantha Pokroy,
CEO
Sanari Capital

Sanari Capital, a women-led and majority Black- and women-owned South African private equity firm, has raised R1.25bn (approximately \$65m) at the second close for its

Sanari 3S Growth Fund, as the firm edges

closer to its goal of reaching a final close equivalent of up to \$100m.

New investors in this closing include the Public Investment Corporation (PIC), the largest asset manager on the African continent, and Alexforbes Investments, South Africa's leading and largest provider of multi-manager investment portfolios and related investment services in Southern Africa, with R450bn in assets under management and administration.

Samantha Pokroy, Sanari Capital's CEO, said: "We are delighted to have raised capital from such highly regarded financial institutions, both of which share our commitment to achieving a balance between financial and socio-economic benefits. This funding will play a pivotal role in addressing structural economic imbalances, promoting transformation, fostering economic growth, creating jobs, and delivering both environmental and financial returns."

The addition of the PIC and Alexforbes complements Sanari Capital's existing investor base, which includes the 27four Black Business Growth Fund, Telkom Retirement Fund and the Motor Industry Retirement Funds through the RisCura Manager Development Programme, and National Fund for Municipal Workers (NFMW).

"We are grateful for our investors' continued support and the additional top-up allocation provided by NFMW, underscoring their confidence in our portfolio and pipeline," Pokroy said.

Sanari Capital invests between R50m and R250m in well-established

businesses at an inflection point, driven by technology, innovation, thematic or sectoral growth drivers, and new markets.

Moushmi Patel, Executive Director at Sanari, said: "This fund equips us with the financial capacity to invest in larger businesses than was previously possible, allowing us to extend the reach of our work with founder-run, owner-managed, and family-owned businesses across the mid-market."

"Additionally, we can back our investee companies for longer through their expansion and scaling. For example, we expect to continue backing our investment in Edulife Group, an affordable quality independent schools group in South Africa, where we have already grown the learner base from 1,000 to 3,000 students and a pipeline to double the business in the near term."

Sanari's investment philosophy is centred on themes aligned with the ever-evolving global landscape, focusing on technology, a more interconnected digital world, IoT, data, and services.

Moreover, in line with the growing global consciousness of social responsibility, Sanari strategically invests in sectors such as education, healthcare, food security, and eco-friendly solutions.

Sanari's Executive Director Sihle Gumede, said: "One of our core strategic objectives is to encourage businesses to broaden their horizons, a concept we refer to as 'local to regional, Africa to the world.'"

The capital invested by the fund qualifies as 100% black ownership in underlying portfolio companies, offering benefits over and above the firm's growth capital and value-adding support.

Closely tied to the firm's diverse composition and commitment to being relevant players in the African market and on a global platform, the fund also aligns with the criteria for the 2X Challenge, promoting the mobilisation of resources to advance women's participation in international economic development and leadership.

FUNDRAISING

Secha Capital Fund II Hits First Close

Secha Capital has announced a first close of its second fund, with R300m in investments from blue-chip investors RMB - Rand Merchant Bank Ventures, 27four Investment Managers, SA SME Fund and Caleo Capital.

Brian Waweru of RMB Ventures (pictured), said: "We are impressed with

Secha's thesis-driven, growth stage investment strategy. By investing in this gap in the market, it is a win for the entire Southern Africa PE and VC ecosystem. Our investment in Secha is consistent with our strategy to explore alternative models to stimulate economic growth in South Africa. We are proud to support Secha's ongoing success."

Deals & Exits

Claudia Manning of The SA SME Fund, added: “We were impressed by Secha’s track record of job creation, transformation, growth and exits. We invested in them so that they can continue what they do with more companies, more people and at a greater scale.”

Founded in 2017, Secha Capital is a black, female-founded fund manager.

The fund invests in traditional companies across sectors in Southern Africa that are making the tech-enabled transition into the green economy.

This first close of the R650m fund enables the team to deploy its unique Operator-Investor model, which places highly skilled human capital resources into Secha’s portfolio companies to work on high impact value creation projects that deliver exponential growth for its entrepreneurs.

Secha’s first fund proved that the combination of equity investments and human capital for growth stage businesses is a replicable model for generating financial returns and social impact, particularly in women-founded businesses in South Africa.

“We invest in companies at an inflection point in their growth

trajectory. Most capital in Southern Africa is invested in either extremes – early-stage start-ups or mature companies. We’ve identified a gap in the market where we can find unique proprietary pipeline and bring in our team of Operator-Investors to achieve outsized returns,” explained Rushil Vallabh, MD at Secha Capital.

Brendan Mullen, co-founder and MD at Sacha Capital, added: “We are a young and diverse team. We bring operating expertise to ‘heartbeat-of-the-economy’ growth stage companies via our strategy consulting, finance and entrepreneurial backgrounds.

“We believe that our Operator-Investor model will re-imagine African investing and we are proud to have the support of some the greatest investors on the continent to do so,” he said.

Ridwaan Kajee of 27four Investment Managers, commented: “Secha’s Operator-Investor value-add model is the first of its kind. We believe that this is an inherent organisational strength that will deliver financial and impact returns. Secha has demonstrated that the model works and is replicable and we’re proud to therefore back this team to scale the model and showcase a new approach to investing in Africa.”

DEALS

Mediterrania Capital Partners Co-Invests in CASH PLUS

Mediterrania Capital Partners, a private equity firm focused on growth investments for SMEs and mid-cap companies in North Africa and Sub-Saharan countries, has invested €57m in Moroccan financial services provider CASH PLUS together with FMO, the Dutch entrepreneurial development bank, and IFC, a member of the World Bank Group.

CASH PLUS provides online payment and transfer services and has more than 3,600 physical locations across Morocco, making it one of the country’s largest financial service providers.

The combined €57m equity investment will enable CASH PLUS to continue developing its network of branches in Morocco and internationally, enhance the company’s digital financial services offerings by further developing its M-Wallet application – which already

Albert Alsina, Founder and CEO at Mediterrania Capital Partners, added: “We are delighted to be part of this project alongside our long-time partners, IFC and FMO. CASH PLUS is a company that we know well and which fully embodies our mission of improving people’s lives through responsible investments. With its strong track record of promoting financial inclusion and providing access to essential financial services to underserved communities in Morocco, CASH PLUS stands as an innovative company with a powerful vision. Together with IFC and FMO, we aim to support CASH PLUS in expanding its reach and enhancing its services, ultimately benefiting the people of Morocco and fostering economic development.”

Nabil Amar, Chairman of the Board of Directors of the CASH PLUS Group, said: “For 20 years, CASH PLUS has been a trusted partner

“Together with IFC and FMO, we aim to support CASH PLUS in expanding its reach and enhancing its services, ultimately benefiting the people of Morocco and fostering economic development

- Albert Alsina, Founder and CEO at Mediterrania Capital Partners

serves more than 1 million customers – and boost financial inclusion across Morocco.

Hatim Ben Ahmed, Managing Partner at Mediterrania Capital Partners, said: “We’re thrilled to be backing CASH PLUS management in its ambitious development strategy. CASH PLUS has emerged as one of the continent’s fastest-growing financial institutions and Mediterrania Capital will provide support in creating additional value for customers and stakeholders.”

serving its customers with a high innovation drive and over 3,600 points-of-sale, showing our commitment to accessibility and financial inclusion in Morocco. We greatly appreciate our esteemed partners, Mediterrania Capital Partners, IFC and FMO, for their unwavering belief in our vision. Together, we’re taking another significant step towards progress, inclusion and building a brighter and more prosperous future for all.”

Mediterrania Capital Partners’ investment in CASH PLUS is the second

investment of MC IV, following its investment in Laprophan, one of the largest pharmaceutical companies in Morocco, in May 2023.

The investor consortium was advised by Asafo for legal advice and Accuracy for the financial due diligence.

CASH PLUS was advised by DLA Piper. Mediterranean Capital Partners has been present in Morocco since 2013 with investments in the Financial Services, Retail, Education, Construction, IT, FMCG and Healthcare sectors.

DEALS

Harith to Acquire 46% Stake in Mergence



Siphon Makhubela,

CEO

Harith

Harith General Partners, a Pan-African investor and developer of infrastructure projects across the continent, has agreed to acquire a significant stake (46%) in Mergence Investment Managers, an institutional fund manager with a strong 19-year track record and capability across both Private and Public markets within SADC.

The transaction is subject to approval by the Competition Commission which is anticipated by year-end, enabling final close of the deal in January 2024.

It will also entail the creation of an independent women-led group to own 5% of Mergence, boosting women's participation in the infrastructure investment sector, while also further enhancing diversity within Mergence's management team.

Structuring the women-led group's shareholding into the transaction is informed by a commitment shared by both entities to the transformational imperatives of our society and the financial services sector, as well as the recognition of the importance of diversity and inclusivity in our economy.

"Harith's acquisition of a controlling stake in Mergence will have a force-multiplier effect on the unique strengths, expertise and experience that both these formidable financial sector players have in their own right," said Harith CEO Siphon Makhubela.

"Our shared commitment to, and belief in the African continent's ability to harness capital to unlock value for both investors and societal stakeholders is a particularly pronounced feature of our partnership. It's that conviction that will stand us in good stead as we seek to build a formidable financial services participant that has diversified public and private market capabilities, ability to leverage synergies and optimize efficiencies," he added.

Founded in 2006, Harith is a South African based, Pan-African Investor in, and developer of infrastructure assets across the African continent, managing circa R22bn of assets through the two funds it manages, namely PAIDF I and PAIDF II.

The assets managed by Harith are quality, market-leading assets with significant, long term growth potential.

Over the past 16 years, Harith has established a successful track-record of creating value for its investors in core infrastructure sectors, namely

energy, information and communications technology (ICT), water and sanitation, and transport.

Mergence, founded by Mr. Masimo Magerman, is a majority Black-owned institutional fund manager with a strong 19 year track record and capability across both Private and Public markets within SADC.

The Company offers a range of investment management services to institutional clients, including pension funds and insurance companies, and has a geographical footprint that extends to Lesotho and Namibia.

Mergence is a prominent asset management firm with R37bn in managed assets and targeting to diversify into investments in clean energy, water, digital infrastructure, financial inclusion, food security and social infrastructure.

The combined expertise and collaborative benefits will facilitate a wider range of private market offerings, including unlisted debt and equity products. Synergies between Harith and Mergence span private market investment across sectors that include energy, ICT, transport, healthcare, water & sanitation and disruptive businesses.

The shared strategic objective underpinning the acquisition transaction is to build Mergence as a formidable, black-owned, yet diversified company that becomes an African financial services champion in both the public and private markets.

The acquisition also fits in with Harith's new strategic course, as it presents the opportunity to diversify its sectoral focus areas. This aligns well with Harith's recent strategic pivot away from being anchored on a fund-manager business model to one that will see Harith become a holding company with diversified, directly-owned investments across a range of sectors on the continent and beyond.

Mergence brings to the transaction significant expertise and experience in public markets. As such, Regulation 28 benefits are also anticipated, enabling diversification of retirement funds' portfolio and risk management, increased liquidity and ESG factors, as well as compliance with various African regulatory frameworks.

Sholto Dolamo, MD of Mergence Investment Managers, said: "Infrastructure investment has been singled out by government as a catalyst for economic growth. This consolidation leverages Mergence's footprint for expanded reach and new investment opportunities."

"Notably, we bring to the table experience in water investment, being the only investment manager with a stake via a public-private partnership in the only two privately-held water concessions in South Africa," he said.

DEALS

Adenia V Completes First Investment

Adenia Partners, a private markets investment firm committed to responsible investing and a sustainable Africa, has completed a majority investment in Enfin, a solar financing solutions provider serving commercial and industrial clients across South Africa.

This is the first investment from Adenia V fund.

Florent de Boissieu, Partner at Adenia, said: "Enfin's vision to fund a better future, based on the triple bottom line paradigm of people, planet and profit, aligns perfectly with our long-proven strategy to create sustainable impact while delivering financial returns. We look forward to working with Werner and the rest of the Enfin team to provide more South African businesses with energy savings and preserved capital – and as a result greater freedom to achieve their growth potential at this critical economic and environmental juncture."

Enfin aims to improve affordability of and access to electricity for South Africans by backing smart businesses, farms, sectional titles, and schools who are seeking cheaper, cleaner and more sustainable energy sources that are less reliant on unreliable power from the grid.

The firm funds, maintains and insures solar solutions, enabling clients to achieve their sustainability goals with no risk and no need for capital expenditure.

It aims to own, build, and operate more than 100MW of solar assets over the next five years, with potential to avoid more than 200,000 metric tons of CO2 emissions per year.

Werner Loftus, CEO of Enfin, said: "We are thrilled to join forces with Adenia Partners, whose track record in sustainable investing speaks for itself. With Adenia's support and guidance, we will be able to accelerate the reach of our funding solutions that support full independence from unreliable grid energy. Specifically, we will look to better support the commercial and industrial sectors that are most impacted by the current energy crisis, reducing their coal dependence and enhancing their long-term sustainability."

Adenia is partnering with Heine Herholdt on this transaction, following the landmark success in their collaboration on Herholdt's, an importer and distributor of solar equipment in South Africa.

Adenia V, which will exceed its \$400m target fundraise, continues the firm's long-term investment strategy of making control investments in medium-sized companies across Africa with proven business models that demonstrate ample room for operational and ESG improvements, coupled with the intentionality to generate measurable Social and Environmental Impact.

A key priority for the Fund is to drive urgent climate action across the African continent with deliberate mitigation and adaptation strategies for climate change.

In particular, the Fund will elaborate carbon reduction targets for all investees, steering toward a reduction in CO2 intensity over the life of the investment based on annual greenhouse gas monitoring and a bespoke action plan.

DEALS

FEDA Invests in Cabinda Oil Refinery

The Fund for Export Development in Africa (FEDA), Afreximbank's impact investment subsidiary, has invested in Cabinda Oil Refinery, an integrated modular oil refining platform in Angola being developed by Gemcorp in Joint Venture with Sonangol.

Marlène Ngoyi, CEO of FEDA, said: "Our investment in Cabinda Oil Refinery demonstrates FEDA's commitment to drive industrialization and import substitution on the continent."

"The Project is central to Angola's plans to drive further local value addition of its crude resources, allowing the country to meet its refined petroleum needs as well as creating export opportunities. The Refinery further contributes to a reduction in greenhouse gases by reducing the need to transport crude and refined products to and from Africa. The investment speaks to FEDA's mandate of providing capital with a focus on delivering development impact in diverse sectors in Africa which are critical to driving industrialization and value-added export development."

Cabinda Oil Refinery is a 60,000 barrel per day (bpd) high conversion refinery, with a first phase of 30,000 bpd, in the Cabinda Province of

Angola, one of Africa's largest crude oil producers.

The Refinery is targeted at processing Angola's crude oil into a variety of petroleum products including diesel, gasoline, naphtha, and jet fuel for both local and export consumption.

Upon completion, Cabinda Oil Refinery will double Angola's refining capacity, enabling the country and the wider region to gradually reduce their reliance on the importation of refined petroleum products.

With this investment, FEDA confirms its commitment to support Africa's industrialization and economic development, while ensuring environmental sustainability.

The transaction will support Angola's energy transition by enabling the production of cleaner, high value refined products to cater for up to 20% of the domestic demand, as well reducing emissions by decreasing the need of transportation for both the exportation of locally produced crude oil and the importation of refined products.

FEDA's investment comes shortly after Gemcorp, Afreximbank and Africa Finance Corporation successfully led the debt raising of a \$335m

project financing facility in July 2023.

With this additional investment from FEDA, the Afreximbank Group demonstrates its unique ability to invest across the capital structure and therefore provide unparalleled support to the development of critical infrastructure across the continent.

Atanas Bostandjiev, CEO of Gemcorp Holdings, said: "Gemcorp is delighted to be playing a key role in the construction of the Cabinda

Oil Refinery in partnership with Sonangol, Afreximbank, Africa Finance Corporation, and FEDA. Angola is an oil rich country on a mission to leverage its resources for the socioeconomic benefit of its people. Once completed, the refinery will go a long way in unlocking the nation's economic potential as it becomes more self-reliant for its energy needs. Gemcorp's investment in the project will play a significant part in realising this ambition."

DEALS

Alitheia IDF Invests \$5m in IVILI Group



Polo Leteka,
Co-founder
Alitheia IDF

Alitheia IDF, the first dedicated gender focused investing Private Equity Fund in Africa, has invested \$5m in a South African woman-owned textile company, IVILI Group.

Alitheia IDF is a \$102m private equity fund which was co-founded by South African Polo Leteka and Tokunboh Ishmael from Nigeria.

The partnership with the IVILI Group fits with the firm's investment strategy of investing in a diversified portfolio of women-owned,

Butterworth in the Eastern Cape, and IVILITEX, a garment manufacturing factory located at the heart of the clothing and textiles industry in Cape Town.

IVILI Loboya was co-founded by South African social entrepreneur and global director of the International Women's Forum, the late Dr Vuyokazi Mahlati.

IVILITEX recently opened its large-scale garment manufacturing plant in Epping, Cape Town where the initial production will consist of jeanswear for the local retailer market.

The factory includes a jeans wash facility, with state-of-the-art technology imported from Spain, in partnership with Jeanologia, a

"We are the first private equity fund manager in Africa that prioritizes growth stage companies that have gender-diversified teams across the whole business value chain with the vision and potential to scale regionally and drive economic and social transformation"

- Polo Leteka, Co-founder, Alitheia IDF

women-led, or women-serving Small to Medium Enterprises (SMEs).

"We are the first private equity fund manager in Africa that prioritizes growth stage companies that have gender-diversified teams across the whole business value chain with the vision and potential to scale regionally and drive economic and social transformation," said Leteka.

The government has consistently identified the clothing and textile sector as a strategic priority due to the labour intensity of manufacturing and its potential to support sustainable industrialisation, low- and semi-skilled employment and export growth.

"Our operations are built to eventually cover the entire value chain of textiles through the local harvesting and production of raw materials, to the production of semi-processed textiles products and finally producing apparel and other products for sale as finished goods in the retail market," Mahlati said.

IVILI Group is made up of IVILI Loboya, one of Africa's only wool and cashmere processing facilities, which is based at Ibika Industries in

manufacturer of technologies for the textile industry.

The factory will leverage technology that allows the production and washing of garments with optimum levels of output and efficiency while maintaining low environmental impact.

IVILITEX aims to close the gap between locally made and imported apparel in the SA garment production industry by providing a solution for local retailers seeking locally manufactured garments on a large scale.

IVILI Group has set a target to become the leading textiles group in Africa while supporting local textile companies and aims to increase locally produced apparel for the local retail industry from the current 44% to 65% by 2030.

"For us being a pioneer textiles group on the continent simply means not compromising on quality and providing a technologically advanced sustainable product to the global markets," said the Group's CEO, Lilitha Mahlati.

EXITS

Oasis Capital Ghana Makes First Exit

Oasis Capital Ghana, an SME growth equity investor in West Africa, has announced the successful exit of its holdings in Legacy Girls College (LGC), an educational institution based in Ghana catering exclusively to female students.

This achievement marks a significant milestone as it represents the first complete exit from the Oasis Africa Fund I.

Matthew Boadu Adjei, Chief Executive Officer at Oasis, said: "During the investment period, we have supported the promoters in actualizing their vision for the school. We have helped strengthen corporate governance and significantly expanded both digital and physical infrastructure, all of which are critical for sustained business success."

"We are proud of the school's strides in the past five and a half years, and we look forward to their continued success".

Starting operations in 2015, LGC has firmly established itself as

a respected name in the education sector in Ghana, fulfilling its commitment to empowering young women to become ethical and dynamic leaders.

Throughout the partnership with Oasis, the school has experienced remarkable growth with the student population having grown more than ten-fold.

The institution has also chalked success with student academic results in both WASSCE & Cambridge curricula, and with its community engagement.

The Founders of the school, Dr. Mrs. Ellen M Hagan & Mrs. Essie Anno Sackey, highlighted: "Our partnership with Oasis Capital, enabled us to expand Legacy Girls' College to reach a critical mass rapidly. We are indeed very grateful for this assistance, received in a timely manner, which was required to aid the growth of the school."

DEALS

Verod Capital And AfricInvest Co-Invest in ISON Xperiences

Verod Capital and AfricInvest have acquired a majority stake in ISON Xperiences, an ICT solutions provider across Africa, the United Arab Emirates, and India.

Established in 2010, ISON Xperiences specialises in delivering business process outsourcing (BPO), business process management, and digital customer experience solutions.

The company serves more than 500 million end-users spanning diverse sectors such as Telecom, Financial Services, Energy & Utilities, Media & Entertainment, Aviation, Retail and E-commerce. ISON Xperiences employs over 18,000 individuals across 19 countries, including 16 in Africa.

The investment was structured from the Verod Capital Growth Fund III, and AfricInvest Funds III and IV.

AfricInvest first invested in ISON Xperiences in 2018 and is now renewing its commitment.

Hakim Khelifa, Senior Partner at AfricInvest, said: "Our re-investment in ISON underscores our unwavering belief in the company's potential and its positive impact on employment in developing nations. We have already achieved a lot in terms of growth, footprint, and diversification."

"The next chapter will be even more exciting with the objective to enter new countries and provide more added value services to our customers. We look forward to working actively with the ISON team and its shareholders on this next leg of our journey together."

As a BPO provider, ISON Xperiences is committed to strengthening its leading position in Africa.

The new capital injection will empower it to diversify its service offerings and to enter new markets.

Danladi Verheijen, Co-Founder and Managing Partner at Verod Capital,

said: "Verod's excitement about this opportunity stems from several key factors. Africa holds immense potential for BPO services, thanks to its diverse, multilingual population and cost-efficient operational environment."

"Additionally, the rapid advancements in artificial intelligence (AI) are creating new collaborative and innovative avenues. BPO expertise is now creatively applied to tackle long-standing financial challenges like debt recovery. ISON is at the forefront of these transformative developments in Africa and beyond, and Verod is honoured to be one of their preferred partners on this journey."

Pravin Kumar, Global CEO at ISON Xperiences, added: "We extend our gratitude to AfricInvest for their demonstration of confidence through the doubling of their investment in ISON Xperiences. Additionally, we take great pride in welcoming Verod Capital as our new investment partners. ISON Xperiences is strategically positioned to achieve a significant increase in its value over the next two to three years, utilizing a combination of organic and inorganic growth strategies. This direction is grounded in our steadfast belief in the transformative power of job creation and service excellence. Our primary focus is centered on the attainment of offshore hard currency revenue within the GCC, European, and UK markets."

"We have placed emphasis on digital initiatives, leading to the introduction of numerous digital services and products. This strategic move toward digital transformation of our existing services is geared towards bolstering profitability and enhancing overall value. The ISON Xperiences team is quite excited with this development and is highly enthusiastic about the prospects that lie ahead and remains dedicated to realizing our vision."

IFC Backs LeapFrog's Consumer Fund With \$50m

IFC has announced a \$50m equity investment in LeapFrog Emerging Consumer Fund IV LP, a new fund by LeapFrog Investments, one of the largest private equity groups dedicated to impact investing in emerging markets.

IFC is investing alongside the Singaporean sovereign wealth fund Temasek, global insurance strategic investors AIA and Prudential Financial and global asset managers such as Van Lanschot Kempen.

"The project will support private sector growth in Africa and Asia, bridge the investment gap in healthcare in emerging markets, and further accelerate financial inclusion across these regions," said William

IFC's investment in the fund will be made along with an additional \$50 million, which will allow IFC to selectively invest alongside the fund in Leapfrog portfolio companies.

The fund will focus on growing businesses in healthcare and financial services by helping companies adopt digital solutions and offer new products that can reach underserved segments of the population.

In addition, IFC will work with LeapFrog to improve gender diversity at the fund manager level and the companies the fund will invest in.

The COVID-19 pandemic exacerbated access to capital challenges, especially for mid-cap companies in Africa, South Asia, and Southeast

"IFC's support over multiple fund vintages and as a regular co-investor constitutes a powerful endorsement of LeapFrog's distinctive team and of our Profit with Purpose strategy for accessing opportunities across Africa, South Asia and Southeast Asia

- Andy Kuper, Founder and CEO of LeapFrog

Sonneborn, IFC's Global Director of Disruptive Technologies, Creative Industries, and Funds.

"The project will be one of the largest emerging markets-focused funds and will attract other commercial investors to this market segment. It will help boost the competitiveness of Africa and Asia's private equity markets and demonstrate the attractiveness of investing in businesses that help solve large social problems all while generating market returns."

This is IFC's third engagement with the fund manager, following an investment of \$20m in LeapFrog's first fund and \$45m in its third fund.

In addition to its fund commitments, IFC has provided \$64m to five companies backed by LeapFrog's funds in Africa and Asia, including the largest genomic medicine company focused on emerging markets, MedGenome, and fast-growing Vietnamese bank, HDBank.

The fund targets \$1bn in commitments and will represent the largest offering by LeapFrog to date.

Asia.

Private equity can help accelerate the regions' economic recovery by providing growth capital, especially to mid-cap companies, and helping them adopt professional governance practices.

"We are delighted to deepen our relationship with IFC, which shares our ambition to generate life-changing social and environmental impact, as well as robust financial returns, in growth markets" said Andy Kuper, Founder and CEO of LeapFrog.

"IFC's support over multiple fund vintages and as a regular co-investor constitutes a powerful endorsement of LeapFrog's distinctive team and of our Profit with Purpose strategy for accessing opportunities across Africa, South Asia and Southeast Asia. We have established a strong and long track record with IFC, together identifying, building and realizing attractive returns from purpose-driven companies. We look forward to the next 10 years of working together via this new fund," he said.

INVESTORS

African Development Fund Approves \$20m to Improve Business Environment in Mozambique

The African Development Fund, the African Development Bank Group's concessional lending window, has approved a \$19.98m grant to finance the implementation of Mozambique's Economic Acceleration and Governance Support Programme.

This funding is the first of two successive general budget support

operations for fiscal years 2023 and 2024, each worth about \$20m.

The programme will support reforms in two broad areas, namely (i) Improving the private sector enabling environment for economic recovery and green growth, and (ii) Strengthening the efficiency, accountability and transparency of public expenditure.

It will enable Mozambique to streamline the regulatory framework and investment facilitation processes – that foster private sector development and attract investment in climate-smart agriculture.

It's expected to help stimulate the development of agribusiness and micro, small and medium-sized enterprises, as well as finance efforts to mainstream gender and climate action initiatives into economic development. It will also strengthen public financial management, particularly internal controls, public procurement, and debt management functions.

Numerous reform measures are supported by the program. These include securing the government's approval of the Agricultural Development Strategy (2030) and Investment Plan (2022-2026); new cashew law designed to strengthen the legislative regime of the cashew nut value chain by adapting it to the current requirements of national and international markets; new law to strengthen support for micro,

small and medium-sized enterprises, including tax incentives; and revised draft investment law which introduces provisions to promote responsible investment practices, streamline investment processes, provide protection against expropriation.

"The program has a strong private sector development focus, with particular emphasis on enhanced private sector participation in key sectors, particularly agro-industry, and a strong job creation potential, including for women and youth, and is therefore expected to positively impact socioeconomic development in Mozambique," said Leila Mokaddem, Director General of the Bank's Southern Africa Regional development and Business Delivery Office. "

At the end of July 2023, the African Development Bank Group's active portfolio in Mozambique stood at \$1.19bn.

Investments cover the energy (48.8 %), transport (32.6 %), agriculture (16.8 %) and social (1.6 %) sectors, as well as multi-sector operations (0.2 %).

MARKETS AND INDUSTRY NEWS

Kenya: Strong Investment Case Still Present



Theo Clarke,
MP

UK Prime Minister Rishi Sunak's Trade Envoy to Kenya

Kenya has a wide range of sectors with ready-to-be accessed investment opportunities, according to panelists of the Kenya Investment Summit at the AFSIC - Investing in Africa 2023.

Theo Clarke MP, the UK Prime Minister Rishi Sunak's Trade Envoy to Kenya, said that the United Kingdom is "absolutely committed" and remains one of the Kenya's largest and most important foreign investors.

"We have British businesses spread across multiple sectors. We have around 130 British companies currently working in Kenya with over 250,000 Kenyans," she said.

According to Clarke, the UK government is really focused on green energy projects in Kenya.

Charlie Tryon, CEO, Maris, said: "For us, Kenya is the number one country that we are invested. Kenya is a more liquid market. There are multiple sectors to invest in Kenya, commented Tryon.

"Kenya is one of four countries in the world that offers world class agricultural investments," he said.

He added that 69% of all private equity investment flows into East Africa has been into Kenya.

Maris is invested in 12 different countries in Africa. Maris companies span five core sectors – Agriculture & Forestry, Renewable Energy,

Services, Property, and Mining. "We found Kenya is a much easier investment destination," commented Tryon.

Ollen Machimbi, Associate at Verdant Capital, added that there are many players in the financial services space. "That has created a lot of opportunities of us. Our sweet spot is the credit only microfinance institutions," he said.

Graham Shaw, CEO at Wilken Group, said that healthcare and agriculture offer the real opportunity for investments.

"Political stability is one of the key fundamentals and that's why Kenya is one step above," he said.

Meanwhile, Tryon said that one of the big challenges in Kenya today is a legacy issue from previous governments.

"They over indebted the country and spent a lot of the capital. I'm afraid the previous regime spent a lot of these euro bonds that they raised and they spent too easily and I think what you're seeing now is the government who are new to the job, and they've got an awful lot of work to do," he said.

"They've got to find a way to help default on their debt. Kenya's credit rating is under question. We do have some tough times ahead," he said.

Nevertheless, he added that he is quite confident that "we will get through the next 12 months".

"It's not going to be easy, but we then going to see some growth come back in the Kenya economy. I think the future is going to be interesting," he added.

Andrew Halsall, CEO of Poa Internet, commented that in the next few months there are going to be some potential shocks in the system. We've invested significantly in Kenya and will continue to significantly invest in Kenya. There are some headwinds, like currency and inflationary pressures, and significant government debt to clear out, but underneath that you've got all the right ingredients for a very potent economy to invest into.

The panel was moderated by Paul Kamau, Director at Finaltus.

The AFSIC 2023 agenda was investment focused, with several of the

most experienced and successful asset management firms investing in Africa sharing insights into where smart money is investing, and business leaders running some of Africa's most exciting growth companies showcasing new investment opportunities.

Content was centred around focused streams on Banking, Informed Investing, Building, Fintech Innovation, Sustainable Growth, Agriculture, and Power.

The AFSIC 2023 agenda covered content from a wide range of industry sectors from experts in their fields.

ASSET SERVICING

Apex Group Completes South African Acquisitions



Peter Hughes,
Founder and CEO
Apex Group

Apex Group, a global financial services provider, has acquired Boutique Collective Investments (BCI) and Boutique Investment Partners (BIP) in South Africa.

BCI is a collective investments scheme manager ("ManCo") with a core business focus on third-party branded portfolios.

BIP is an independent investment management and consulting firm providing multi-manager and consulting services to leading South African independent financial advisors, and their retail and institutional clients.

Peter Hughes, Founder and Chief Executive Officer of the Apex Group, said: "We are pleased to welcome the BCI and BIP businesses and clients to Apex Group in South Africa. This latest strategic acquisition is further evidence of our commitment to building strategic hubs in South Africa to access the abundant pools of talent that we need to support both our South African and global client bases. We look forward to further enhancing our technology-enabled solutions to service the asset management industry in South Africa."

BCI will become an Apex Group company alongside the existing FundRock brand which delivers the Group's ManCo services, enabling more than 1,200 funds with a total of €221 billion in assets under management in 14 countries to streamline their operations in a cost-effective manner.

The additions of BCI and BIP further expand Apex Group's African footprint following the acquisitions of Sanne Group and Maitland, reinforcing the Group's commitment to the region and expansion of its

local operations.

This strategic acquisition adds \$19bn of AuA and add around 50 new employees to the existing Apex Group platform in South Africa which currently employs over 1,200 people across offices in Cape Town and Johannesburg, servicing 140 clients with assets of c. \$130bn (ZAR 2.5trn).

BCI and BIP clients will now benefit from access to the Group's global single-source solution, providing all services required across the full value chain of their business via one convenient and efficient relationship. This includes Apex Group's Digital Banking, Fund Raising, Distribution and Administration solutions, as well as pioneering ESG Rating, Reporting and Advisory services.

This follows the recent announcement that Apex Group South Africa has sold a minority stake to a 100% Black owned consortium of investors, reaffirming the business' commitment to unlocking opportunities for growth and to build further strategic teams in sub-Saharan Africa.

Heiko Weidhase, Chief Executive Officer of the Efficient Group (parent company of BCI and BIP), said: "With BCI and BIP becoming part of Apex Group, clients will now benefit from the efficiency of a single relationship with a global service partner delivering technology-enabled solutions across the full value chain of their business. The completion of this acquisition allows us to realign our strategic focus on the continued expansion of our Wealth, Risk and Investment segments which service our growing retail client base."

Macquarie Capital acted as financial advisors to Apex Group. The management team Efficient Group, the parent company of BCI and BIP facilitated the Acquisition on behalf of Efficient's shareholders and were advised by Cliffe Dekker Hofmeyr Inc.

Trident Trust's Journey in African Private Equity: A Decades-Long Commitment to Growth and Change



Rajan Rosick, Director, Mauritius (left)
Karine Seguin, Head of Business Development – Fund Services, Europe

For over 40 years, Trident Trust, a privately owned and independent provider of fund administration and private client solutions, has been an unwavering presence in the world of financial services. Known for our focus on client service and our ability to make long-term commitments to new regions and services, Trident Trust made its foray into the African Private Equity scene in 2006. Over the years, we have witnessed significant transformations in the industry and adapted to the evolving landscape. Trident Trust Mauritius, established in 2000, now employs more than 100 staff and serves clients from 45 of the 54 countries in Africa.

WHAT BROUGHT TRIDENT TRUST TO AFRICA?

In 2006, while most service providers in Mauritius were focused on the Indian market, we recognised the abundant opportunities that Africa could offer and we were busily onboarding our first African private equity fund client. This decision set the stage for a remarkable journey which enabled us to work with some of the leading private equity firms on the continent, such as Africinvest, GroFin, Mediterrania Capital Partners and African Capital Alliance. This growth was made possible through the support of pioneering Development Financial Institutions (DFIs) and Foundations, including FMO, BII (formerly known as CDC), IFC, Shell Foundation, Syngenta Foundation, and AfDB.

Driven by a commitment to building the ecosystem, we supported AVCA for several years with company secretarial and other administrative services as the Association built up its presence in and support for the market. Over the years, our client portfolio expanded across 45 African countries and encompassed various asset classes, including consumer goods, healthcare, agriculture, financial services, telecommunications, and information technology.

CHANGES IN AFRICAN PRIVATE EQUITY OVER THE PAST DECADE

Over the past decade, the African private equity scene has witnessed significant transformations. The early capital allocation for the continent primarily came from Foundations and DFIs with a mandate to "bring the capital back."

While pioneering DFIs laid the foundation for private equity investment in Africa, around 2012-14, there was a surge in Funds of Funds, US

investors, and family offices raising up to billion-dollar Africa-focused funds.

Post-COVID, the pioneer DFIs regained prominence, and new asset classes such as venture capital, tech funds, and sector/mandate-focused funds (e.g., Energy, Healthcare, Women in Business) have gained traction. The LP landscape also saw new entrants in the form of African pension funds and organizations like the Norrskan Foundation.

Numerous GPs that had invested in institutionalizing their operations were now successful in raising multiple successive funds. The African private equity landscape today is characterised by a few large pan-African funds dominating the market, with smaller funds typically focusing on specific regions or asset classes and often outsourcing their administration, back-office, and compliance functions to third-party firms.

ADAPTING TO MARKET CHANGES

As the market evolved and GPs became more sophisticated, we adapted to the changes by implementing a leading-edge specialist private equity fund administration platform – Allvue - to enhance operational efficiency and improve the investor experience.

In addition, our global footprint allowed us to assist GPs who began using various domiciles, such as the Cayman Islands, Delaware, the DIFC, Malta, and Luxembourg, to structure their funds. Through our worldwide presence we can meet the demand for cross-jurisdiction offerings, such as servicing Cayman/Delaware funds from Mauritius and providing professional fund administration services for local onshore Kenyan and Nigerian funds from different offices.

THE FUTURE

Looking ahead, we see further evolution and innovation in the African private equity market, such as the development of new investment vehicles alongside traditional blind pool funds, including permanent vehicles, co-investment and listed vehicles, and tokenized funds. There is also continued interest from LPs globally in venture capital, investment in the transition to renewable energy, and also impact funds. Regional champions are likely to emerge through business consolidations within East and West Africa.

If you want to know more, please contact Trident Trust:

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Karine Seguin, Head of Business Development – Fund Services, Europe, E: kseguin@tridenttrust.com T: +44 20 7935 1503

A SOCIAL RETURN ON IMPACT (SROI) STUDY for an Affordable Housing Investment

By Tshepiso Appie, Investment Associate: Private Markets, Mergence Investment Managers



In 2022, Mergence Investment Managers acquired a controlling equity stake in a portion of the innovative affordable rental housing group, Live Easy, through the Mergence Infrastructure and Development Equity Fund I.

Live Easy is one of South Africa’s largest affordable housing rental lifestyle brands, with a current 3,500 units over 10 building complexes in prime locations between Johannesburg and Pretoria in Gauteng, and with an additional 1,000 units under development. The focus is on the “gap market” in the affordable housing segment, aiming to close the divide between social housing and privately owned homes. Providing for the gap market is highlighted as important in the National Development Plan.

Live Easy was co-founded 12 years ago by entrepreneurs James Huff and Jeffrey Froom with the introduction of the original “nano units” concept.

Aso-called “nano” comprises an average 18 m2 home, with a kitchenette and bathroom. The average rental is around R3,500 per month and is therefore affordable to those within the R10,000 to R20,000 monthly income bracket.

The Live Easy tenant age profile ranges predominantly between 21 and

30 years of age. Many are in their first jobs or professions, with around 30% earning less than R15,000 per month and a further 40% earning less than R20,000 per month. They need accommodation that matches their aspirations and has easy access to their place of work.

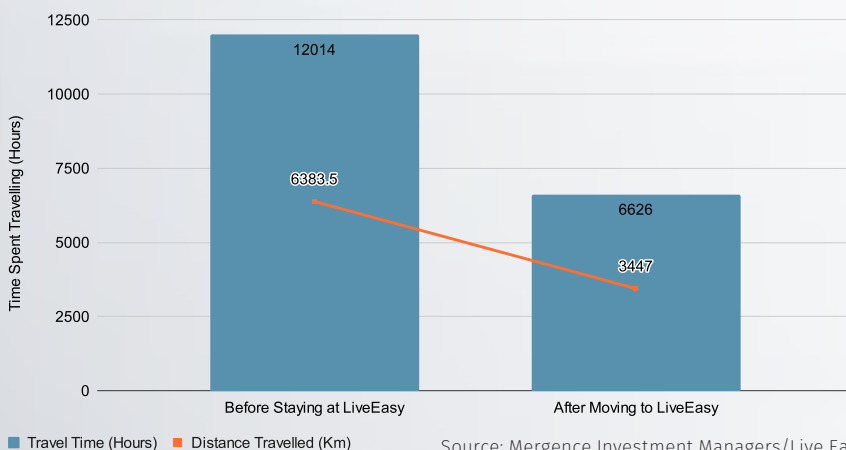
Live Easy provides a solution to this segment of customers who are price-sensitive but demand an upmarket look and feel lifestyle with quality finishes, a variety of amenities and 24-hour security. It is particularly attractive to young women who make up 60% of the tenant profile.

The buildings are located where tenants can easily access main transportation to desirable nodes and business hubs. Each Live Easy building provides amenities not usually associated with this price range: 24/7 security, biometric access, workspaces with wi-fi, lounges, chill areas, playgrounds, open spaces, retail shops, laundromats, salons, gyms and creches. This allows for a fully integrated affordable housing solution that offers tenants a “live, work and play” benefit and convenience, as well as a distinct “cool factor”.

By deliberately focusing on the conversion of existing buildings, Live Easy has a smaller environmental impact than constructing apartment blocks from the ground up. It further plays a key role in revitalising buildings that otherwise may have gone into severe decline.

Through the investment made by Mergence, Live Easy has already impacted the lives of thousands of tenants. Buildings in Johannesburg and Pretoria are fully let with a long waiting list for units and upwards of 5,000 queries per month across the Live Easy portfolio.

TRAVEL TIME AND DISTANCE SAVINGS



Source: Mergence Investment Managers/Live Easy

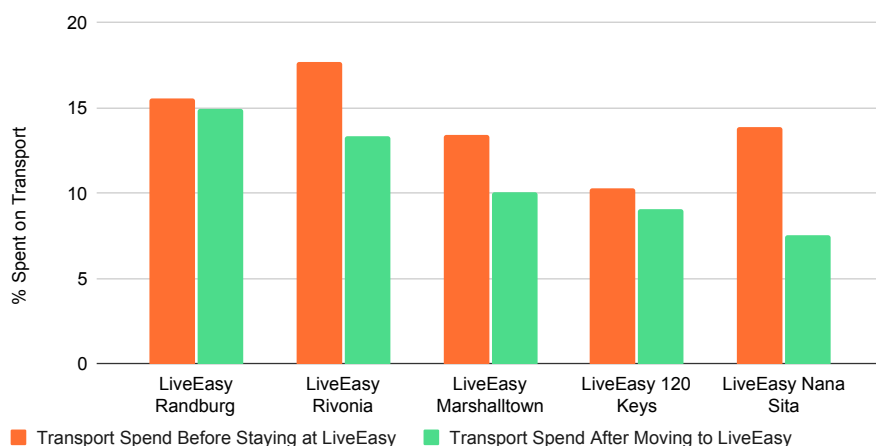
THE INVESTMENT CASE

Within the affordable housing sector, the Mergence approach is to invest in companies that:

- * Facilitate the provision of safe, affordable housing in the low-income and affordable market
- * Increase the availability of units near transport hubs to facilitate growing mixed-income communities
- * Improve the quality of life for tenants with an average rental of R3,500 per month.

We identified Live Easy as a first-of-its-kind initiative in South Africa, a prime mover in offering

TRANSPORT SPEND SAVINGS



Source: Mergence Investment Managers/Live Easy

people living in otherwise unsuitable, or undesirable, conditions a safe, secure, and well-managed living environment.

In a bid to drill down into ESG reporting and measure the impact of our investment in Live Easy, we together identified an opportunity to showcase the potential Social Return on Impact (SROI) research study from EY SaTs (Strategy & Transactions Sustainability). To our knowledge this is the first time such a study on SROI has been written in South Africa. Titled “Exploring return on impact: Live Easy residential apartments 2023”, the study was focused on five Live Easy buildings in the Mergence investment portfolio.

By calculating the potential SROI, Mergence can report back in detail to investors and Live Easy will be able to positively demonstrate how their affordable housing solutions provide numerous social and financial benefits to tenants beyond just providing accommodation.

The EY research study used specific “Theories of Change” methodology to measure 1) The reduced carbon footprint, and 2) The safety and credit risk of female tenants. Details of the survey methodology are beyond the scope of this article but some of the findings are summarised further down.

STUDY BACKGROUND

There is a massive backlog of affordable accommodation in South Africa. With a further six million South Africans expected to migrate to urban areas by 2035**, access to safe, affordable, and accessible housing is needed to improve the resilience of both our cities and communities.

Women in particular need safe, affordable accommodation.

SOME FINDINGS

Using the two “Theories of change”, the EY study led to a comprehensive set of findings, of which two short examples are provided below:

1) Living at Live Easy reduces the tenant’s carbon footprint

The SROI here measured the average tons of CO2 reduction achieved for each of the five buildings and their

tenants.

Benefits for tenants include:

- Cost savings – an increase in disposable income, partly through energy/water savings.
- Tenants’ savings have increased by 132% since moving into Live Easy buildings, despite spending more on entertainment (26% more), clothing (19% more), and schooling (60% more)
- On average, tenants reduced their travel spend by 3,1 %
- There was a ca 50% reduction in distance travelled since moving to Live Easy
- And a ca 50% reduction in time spent travelling
- The largest reduction was the use of minibus taxis

2) Why women choose to stay at Live Easy

With 60% of the primary tenants being women, Live Easy is committed to establishing a female-friendly living environment.

In a country plagued by crime and gender-based violence, women perceive housing as an important physical asset, as it provides protection for both them and their children. This is particularly significant due to the increased vulnerability experienced within informal settlements. The provision of security systems such as strong, lockable doors, and the presence of security guards and alarm systems results in women feeling safe, thereby improving their sense of well-being too.

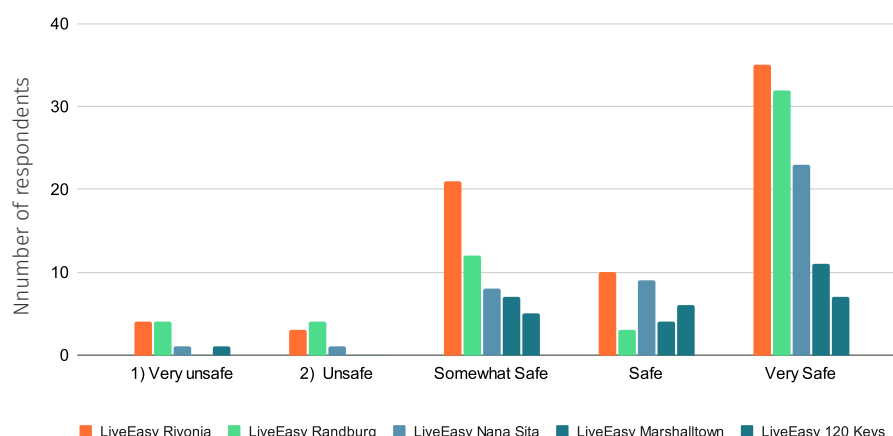
The Live Easy housing solution provides a means for women to maintain good credit scores for the duration of their tenancy. On average, female tenants across all five buildings allocate approximately 28% of their income to monthly rent, which is below the recommended maximum of 30% of gross monthly income that should be earmarked for rent.

CONCLUSION

The EY study has provided both Mergence and Live Easy with a quantifiable Social Return on Impact, allowing us to move forward into further growth measured against a baseline and armed with an improved understanding of various growth drivers. Developing more diverse and socially equal neighbourhoods is at the core of Live Easy’s business concept. The buildings offer tenants safe, welcoming, and reasonably priced housing options for low- and middle-class tenants and families in close proximity to important services and commercial opportunities.

** South African Affordable Residential Developers Association (SAARDA), 2019

FEMALE TENANT SAFETY PERCEPTIONS



Source: Mergence Investment Managers/Live Easy

Creating Impact at Scale



Will Buchan, Investment Manager, British International Investment tells Africa Global Funds about PE landscape, BII investing in private capital in Africa and BII's plans for supporting PE investments

**AFRICA GLOBAL FUNDS
(AGF): WHAT'S YOUR VIEW
ON AFRICA'S PE LANDSCAPE?**

WILL BUCHAN (WB): Fundraising in the current economic climate is challenging. While there are managers achieving good performance in the asset class, aggregate performance of the sector in USD terms hasn't made it easy to attract hard currency denominated commercial investors.

The challenge is of course that the aggregate masks pockets of good USD returns, and that is one reason why we are supporting consolidation in the industry to strengthen it for the next phase.

For many funds, a major headwind has been currency depreciation. One way for GPs to mitigate this issue is to attract more local currency-denominated LPs. We are seeing more interest from local commercial investors who are prepared to look beyond the high returns offered by local government bonds. For those seeking to support the growth of African businesses, high-performing African PE funds can be extremely attractive to local institutional investors. During another session, we did a quick anecdotal poll, and over 90% of institutional investors in the room expected to increase their PE commitments in the next two years.

The development of the secondary market can also attract new LPs to the asset class and to Africa. DFIs on the panel were open to conversations with LPs interested in gaining exposure to the asset class. BII will encourage buying LPs to staple an investment into a follow-on fund. Secondaries like this are good for GPs as it unlocks fresh capital and develops new relationships for future funds. The shared commitment by LPs to mobilising fresh capital into the asset class was exciting to see as part of the PE ecosystem evolution.

With regards to performance, the best fund managers in our portfolio usually achieve exits in the first four-five years. If you're exiting much of your portfolio late in the fund life, fund fees and expenses are larger, hampering net returns. High-performing fund managers need to start with an investment-ready pipeline so they can deploy capital swiftly and deliver some exits in the first five years.

AGF: CAN YOU REFLECT ON BII INVESTING IN PRIVATE CAPITAL IN AFRICA AND EAST AFRICA OVER THE LAST FEW YEARS?

WB: We've deployed significant sums of capital into the region over the past few years. Strengthening our relationships with fund managers whose strategies are aligned with our impact objectives

has enabled our capital commitments to deliver transformative impact at scale. We've backed a range of funds across our key impact themes including digital transformation, energy transition, food security, venture capital and gender-smart investing. We also co-invested alongside them.

Funds that we have invested in, for example managed by Pembani Remgro, are channelling capital into digital infrastructure through businesses (Icolo and Medallion) that are rolling out data centres in Kenya, Mozambique, Nigeria and Ghana. Another of its portfolio companies, GridX, is providing commercial and industrial solar and battery technology to allow companies in East Africa and elsewhere to lower their grid consumption and increase the proportion of generation from renewables.

AGF: HOW DO YOU VIEW THE OUTLOOK OF THE PRIVATE INVESTMENT MARKET IN AFRICA?

WB: At the fund level, we have seen a shift to quality, and there will likely be GP consolidation and/or GPs not raising successor funds which is required to build resilience and strengthen performance in the sector. Stronger fund managers are better able to deliver both impact and financial returns, and more resilient to volatility in fundraising cycles.

This will give the industry a little bit of a refresher. It will be an exciting new phase for African PE - a stronger and more competitive industry will emerge.

AGF: WHAT ARE BII'S PLANS FOR SUPPORTING PRIVATE EQUITY INVESTMENTS IN AFRICA?

WB: We've been investing in African funds for 30 years and we expect to remain a significant investor in the coming years. Our funds strategy is a core element of our overall investment strategy: it creates breadth, reaches areas BII wouldn't otherwise, and enables us to leverage talented investors

Impact is core to our investment decisions. Investing in African PE and VC is a powerful way to create impact at scale. We build long term partnerships with high performing fund managers whose strategies are strongly aligned with our impact priorities, supporting their growth by committing capital to follow on funds, co-investing alongside them and helping the GPs attract new LPs.

Our commitments to innovative funds, such as **SDG Outcomes Fund**, also reflect our support to people and communities across emerging economies through creative products.

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SOUTH AFRICA SEES SCOPE FOR FURTHER MONETARY EASING

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TANZANIA SHINES AMID GLOBAL TURMOIL

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ACCELERATING DIGITAL TRANSFORMATION IN PRIVATE EDUCATION

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THE SOVEREIGN FUND OF EGYPT: Creating value from underutilized assets

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NEW OPPORTUNITIES IN FINANCIAL INCLUSION

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Highlighting Women in Finance

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GENDER LENS INVESTING GAINING MOMENTUM

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OUTLOOK 2023

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BOTSWANA'S OLDEST LIFE INSURER

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COVID-19 CRISIS

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EXPLORING CLIMATE-CONSCIOUSNESS IN AFRICAN PRIVATE EQUITY

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	September	3-Month	1-Year
Botswana	0.32%	1.26%	3.56%
Egypt	1.49%	3.71%	-29.55%
Ghana	-13.02%	-9.61%	-46.78%
Kenya	-1.19%	-6.46%	-15.25%
Mauritius	1.20%	7.34%	7.31%
Morocco	-0.83%	-2.47%	3.10%
Namibia	-0.63%	2.92%	11.57%
S&P/FMDQ Nigeria	-3.71%	-6.03%	-40.89%
South Africa	-1.90%	-0.12%	1.99%
Tanzania	-0.33%	-2.44%	-1.27%
Uganda	-0.68%	0.07%	24.73%
Zambia	-0.80%	-10.09%	-4.17%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	September	3-Month	1-Year
Botswana	1.84%	10.89%	23.66%
Cote d'Ivoire	-0.51%	5.21%	19.18%
Egypt	8.34%	18.16%	41.33%
Ghana	2.03%	14.06%	16.56%
Kenya	-6.74%	-15.65%	-35.81%
Malawi	-5.18%	10.10%	153.77%
Mauritius	4.77%	9.02%	7.13%
Morocco	-2.03%	0.97%	11.99%
Namibia	1.36%	1.90%	64.79%
Nigeria	-3.32%	0.10%	-3.43%
Rwanda	-1.82%	-4.30%	-1.65%
South Africa	-2.79%	-3.06%	5.81%
Tanzania	2.91%	1.27%	9.38%
Tunisia	-7.00%	-8.38%	3.28%
Uganda	3.46%	0.67%	43.66%
Zambia	6.88%	-6.75%	2.15%

Source: S&P Dow Jones Indices

FUND FOCUS:

Allan Gray Africa Bond Fund

By Thalia Petousis, Fixed Interest Trading, Portfolio Manager, Allan Gray

There was a resurgence of political instability in Central Africa during the third quarter of 2023. The military coup d'état in Gabon saw its president placed under house arrest, igniting fears of further neighbouring security threats and doing damage to regional government bond prices. Barely one month prior, a successful military coup overthrew the government of the region's close West African neighbour Niger. In addition, Central African countries have been fiscally deteriorating for several years. Some of this can be traced to many of them having undiversified economies relying largely on net exports of oil. Aside from political instability and jihadist military threats, some also face the issue of maturing local oil fields in the context of an economic Dutch disease (or resource curse), which has seen them with no alternative revenue sources that are material enough to support social welfare and fund government activities. Borrowing rates that they can achieve via the Eurobond markets have been prohibitively high, forcing them to rely in large part on support from multiple rounds of IMF development funding programmes.

Exposure to oil producers is an important diversifier in the Fund given that many African countries are net importers of oil or refined fuel

and will therefore underperform in a high oil price environment, as the high cost of fuel imports leads to current account deficits, creates foreign exchange shortages and eats into government revenues via fuel subsidies. The Fund has no exposure to Central African countries like Cameroon, Gabon and the Republic of the Congo, or to any members of CEMAC. We have not felt comfortable with the balance of risks. Instead, most of our oil-producing exposure comes from Seplat and Tullow Oil, which were our best-performing positions over the last quarter, rising between 4% and 22% on an unannualised basis. During the quarter, we trimmed our Côte d'Ivoire bond holdings into market strength, selling them at a weighted average US dollar yield of 8.3%. We remain very comfortable with the investment case and see upside from a diversified agricultural export base and new deepwater oil and gas fields. They also benefit from a very long offshore debt maturity profile of 11 years, with no imminent refinancing risks, as well as an interest burden that is extremely low relative to tax revenue raised (and, in fact, lower than South Africa's on this metric). While the absolute yields on our Côte d'Ivoire bonds remain high, the spread versus US Treasury yields is tighter than that observed over the last five to 10 years, warranting a minor dilution of the position.

PRIVATE EQUITY FUNDS & DEALS

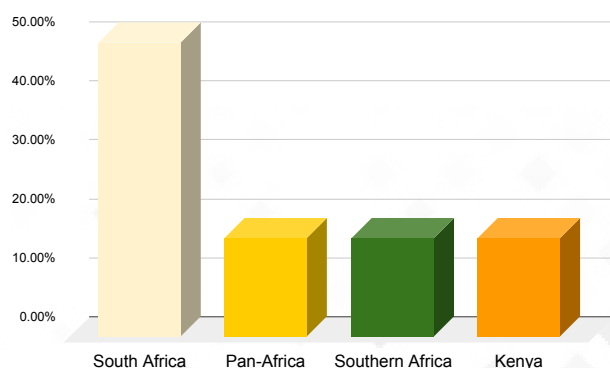
(as of 30th September 2023)

DEALS

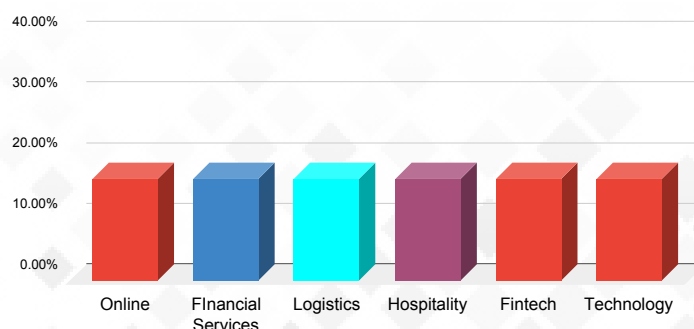
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
Alitheia IDF // Vumela Enterprise Development Fund	Rentoza	Online	South Africa	Venture Capital	Undisclosed
Camco / Jaltech Fund Management // EIB // FSDAi// Symbiotics Investments	Spark Energy Services	Financial Services	Pan-Africa	Equity and Debt	\$25m
Commercial Cold Holdings (AIIM)	Sequence Logistics	Logistics	Southern Africa	Buyout	Undisclosed
Kasada	Radisson Blu Hotel & Residence	Hospitality	South Africa	Buyout	Undisclosed
Renew Capital Angels	FlexPay	Fintech	Kenya	Venture Capital	Undisclosed
Vumela Enterprise Development Fund	Rentoza	Technology	South Africa	Venture Capital	R18m

DEALS BY COUNTRY



DEALS BY INDUSTRY



EXITS

Company	Divestment	Industry	Geography	Buyer (s)	Nature of exit
Tana Africa Capital	IEG	Education	Morocco and Netherlanda	Globeducate	Trade

FUNDRAISING

Company	Fund	Geography	Style	Sectors	First Close	Target	Date Announced
Joliba Capital	Joliba Fund I	West and Central Africa	Venture Capital	Consumer products and services, financial services, transport and logistics, agribusiness, business services, health care and education	€55m		13 September 2023
Metier	Metier Capital Growth Fund III	Sub-Saharan Africa	Mid-market	Retail, out of home dining, healthcare, industrial services, FMCG, manufacturing and telecommunications sectors	\$182m	\$200m	22 September 2023
Secha Capital	Secha Capital Fund II	Southern Africa	Growth Equity	Generalist	R300m		29 September 2023

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
337 Frontier Capital - Kimberlite Frontier Africa Fund (as-of 2023-09-29)										
12.93	2.32	18.81	10.56	-1.57		Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
African Domestic Bond Fund (as-of 2023-09-29)										
	-1.4	-11.6	-18.9	6.6		ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2023-09-29)										
6.95	2.73	8.34			21.33 (09/23)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2023-09-29)										
3.5		16.6	1.7	3	277.00 (09/23)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2023-09-29)										
1.93	1.08	10.46	12.8	0.76	409.00 (09/23)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2023-10-24)										
-13.27	0.45	-12.17	-5.18	-4.17	2.64 (09/23)	Equity	African region	Luxembourg	SICAV	6/10
Bellevue Funds Lux - BB African Opportunities (as-of 2023-10-24)										
-5.84	-0.87	-4.31	-1.77	-2.97	40.57 (09/23)	Equity	African region	Luxembourg	SICAV	6/09
Commonwealth Africa Fund (as-of 2023-10-24)										
-11	-1.57	2.47	6.11	-2.49	2.91 (09/23)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2023-09-29)										
1.13	-1.57	8.59	4.41	-3.73	264.68 (07/23)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
DWS Invest Africa (as-of 2023-10-24)										
-8.6					24.48 (09/23)	Equity	African region	Luxembourg	SICAV	07/08
EFG-Hermes MEDA Fund (as-of 2023-10-24)										
10.46	-2.2	-5.16	25.82	17.25		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2023-07-31)										
2.1					1.66 (07/23)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2023-09-29)										
8.59	-0.72	35.85	7.75	13.95	569.60 (09/23)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2023-10-24)										
3.47					218.32 (09/23)	Equity	EMEA	Luxembourg	SICAV	06/07
Imara Africa Fund (as-of 2023-09-29)										
-18.24	-8.28	-13.39	-8.4	-6.85		Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2023-09-29)										
-13.63	-4.41	-9.95	-9.94	-10.03		Equity	African region	BVI	Open-End	6/05

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

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
JPMorgan Funds - Africa Equity Fund (A) (as-of 2023-09-29)										
-5.5	-3.13	0.65	-4.77	-4.71	84.92 (10/23)	Equity	African region	Luxembourg	SICAV	5/08
Laurium Limpopo Master Fund (as-of 2023-09-29)										
5.45	0.76	15.36	0.4	-2.44	153.70 (08/23)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2023-09-29)										
-11.77	-4.89	-4.19	-4.88	-6.52		Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2023-09-29)										
	-1.7	-13.2	-22.5	-5.1		Fixed Income	African region	Mauritius	Open-End	2/14
Ninety One Premier - Africa Fund A (as-of 2023-09-29)										
-0.28	-10.89	-2.17	-28.75	-20.18	0.54 (09/23)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Flexible Income Fund (as-of 2023-10-24)										
1.45	-4.57	8.79			19.97 (08/23)	Fixed Income	African region	Ireland	OEIC	05/22
Old Mutual African Frontiers Fund (as-of 2023-09-29)										
4.62	0.18	8.7	-0.52	-1.8	289.94 (07/23)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Optis African Frontier Fund (as-of 2023-07-31)										
-4.77	-5.57	-3.71	-10.14		18.29 (07/23)	Equity	African region	BVI	Open-End	8/09
Robeco Afrika (as-of 2023-05-31)										
-6.47	-3.01	-12.1	9.32	-3.07	21.90 (05/23)	Equity	African region	Netherlands	Open-End	6/08
Sanlam Africa Equity Fund (as-of 2023-09-29)										
-7.54	-3.35	0.19	5.51	-1.7		Equity	Africa ex-SA	Ireland	Open-End	07/15
Sanlam Centre Africa Equity Fund (as-of 2023-09-29)										
-4.08	0.16	2.02			56.59 (09/23)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
Steyn Capital Africa Fund (as-of 2023-09-29)										
9.22	-0.19	14.92	15.72	-0.33	165.00 (08/23)	Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2023-09-29)										
3.1	-0.18	8.2	6.41	-0.07		Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2023-09-29)										
-4.45	-1.28	0.76	-1.6	-5.88		Equity	Africa ex-SA	Holland	Open-End	03/08
T. Rowe Price Africa & Middle East Fund (as-of 2023-09-29)										
1.54	-3.42	2.83	13.02	4.61	93.95 (09/23)	Equity	MENA & SSA	United States	Open-End	10/11

Examining the Dynamics of African Currency

By: Anna Lyudvig



Matthew Ryan,
Head of Marketing Strategy
Ebury

One of the main features of the African currencies is their dependence on their own idiosyncrasies, according to Matthew Ryan, Head of Market Strategy at Ebury.

“One of the main idiosyncrasies in Africa is the disproportionate dependence of these currencies on macroeconomic fundamentals,” he said.

Giving a presentation titled “Examining the Dynamics of African Currency - Trends, Influences, and Future Perspectives”, at the AFSIC 2023, Ryan said that the main narrative in the FX markets in the last couple of months has been the rally in the US dollar, which has risen by around 7% since mid-July.

The US economy is growing at a decent pace at around 2% annualised, at a time when pretty much every other major economic area is slowing, Ryan said.

We're seeing a deterioration in economic news in most other major areas, like the Eurozone, which potentially could be on the brink of another recession.

At the same time, the Federal Reserve has struck a very hawkish note. The FOMC indicated in its latest communications that it may raise rates on one more occasion this year, while almost every other major central bank has hinted that their tightening cycles are now over, Ryan said.

He said that it has led to a strengthening in the US dollar and a rise in US Treasury yields, which hit the highest level in 16 years. This provided tail winds for the greenback against pretty much every currency including emerging markets, and most of those currencies in Africa, Ryan said.

Commenting on several African currencies, Ryan said that South African rand has outperformed most of his African peers, with the Ugandan shilling holding up at the best and managing modest gains against the US dollar in the past year.

Meanwhile, the Kenyan shilling continues to be gradually devalued by the country's central bank, Ryan said.

He added that in Zambia, there are concerns surrounding the mounting debt that has weighed quite heavily on the kwacha, adding that both the Angolan kwanza and Nigerian naira have lost around 50% of their value versus the US dollar.

Meanwhile, Ryan said: “We hold a moderately optimistic stance on African currencies,” adding that there are three main pillars behind this call.

He said that macroeconomic fundamentals in the region have improved in recent months, notably the return of real interest rates into positive territory, which is a bullish development for those country's economies.

In addition, the sell-off in recent months (and in recent years) have left many of the currencies undervalued in real effective exchange rate terms, Ryan commented.

Lastly, commodity prices still remain relatively elevated, according to Ryan.

“In most cases, we are either pencilling in modest rebounds in these currencies from very low levels or sell offs that are no greater than inflation differentials with the US,” he said.

Ebury is expecting relatively solid growth on the whole in 2023. The growth in the region means that levels of expansion may be slightly lower than what we saw in the previous year, Ryan said.

According to Ryan, there are a number of downside risks: “Global growth is pretty soft. We are seeing signs of deterioration in economic activity in the Eurozone, and China is going through economic problems of its own. This weakness in global growth is likely to weigh on exports to Africa in 2023.

He added that high global interest rates and currency depreciation in Africa also presented downside risks, particularly its impact on debt in Africa. “Higher rates, weaker currencies, high inflation makes it more difficult for these countries to service their debt piles, which are relatively larger as a result of these factors.”

Extreme weather events also potentially provide an upside risk to inflation in Africa, given its impact on food inflation.

Ryan said that there are also reasons for optimism: “We are seeing signs that inflation rates are falling in Africa and central banks in the region are beginning to start cutting rates in some instances.”

We continue to see support from the likes of the IMF and the World Bank dispersing funds to some of these countries, which should both alleviate concerns surrounding the debt levels, while also increasing levels of foreign exchange reserves. That should mean that the central banks have more room to intervene in the markets to protect their currency.