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AFRICA GLOBAL FUNDS

INVESTOR INSIGHTS ON CLIMATE FINANCE IN EAST AFRICA

Q&A:

Meeting with Shamima Mallam-Hassam, Trident Trust

OPINION:

Reframing African Private Equity

NEWS:

Partech Africa II Fund Reaches Final Close

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East Africa finds itself at a critical crossroads, grappling with the interconnected challenges of climate change and sustainable development, as we have learned from a recent EAVCA report. In this month's issue, we look into some of GPs invested in the region, shedding light on their investment strategies, successes, challenges, and the broader implications for East Africa's sustainable future. Read on pp. 16-17.

In this month's issue we also spoke with Shamima Mallam-Hassam, Managing Director of Trident Trust in Mauritius to discuss the fund administrator's commitment to Mauritius and its people. Read on p.15.

In addition, James Rae, Associate, Funds and Asset Management, Herbert Smith Freehills, shares his thoughts on African private equity and single asset vehicles on p.22.

On the fundraising front, Partech has announced the final closing of its second Africa fund, Partech Africa II, at a hard cap of €280m ($300m+), attracting support from a diverse group of 40+ international investors (p.4).

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

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

Best regards,

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Fundraising & Fund Launches

Partech Africa II Fund Reaches Final Close

Cyril Collon,
General Partner
Partech

Partech has announced the final closing of its second Africa fund, Partech Africa II, at a hard cap of €280m ($300m+), attracting support from a diverse group of 40+ international investors.

"We are grateful for the support and commitment of our investors: almost all Fund I investors reinvested and some, more than doubled their commitment", said Cyril Collon, General Partner at Partech.

"We are also honored to get the support from a new set of strategic investors from the US, the Middle East and Africa, and for some of whom, this marks their first commitment in African Tech."

Following a strong first closing announced last year, Partech Africa II has reached its final closing with all major investors from its predecessor fund, but also top tier investors making their first commitment into the Partech Africa platform and into the African VC ecosystem.

This oversubscribed final closing has provided the opportunity to attract new categories of global institutions namely, US and Middle East pension funds and sovereign funds.

It also includes new strategic investors Africa Re and Dubai Future District Fund (DFDF), who are joining the existing early Partech Africa supporters: Orange, AXIAN Investment and the African Development Bank Group (AFDB).

Overall, the fund has attracted family offices, commercial investors such as South Suez and major Development Finance Institutions (DFIs), including anchor investor KfW, the German Development Bank, the European Investment Bank, the International Finance Corporation, FMO, Bpifrance Investissement, British International Investment, DEG and Proparco.

Partech Africa II will double down on its strategy of investing across Africa with initial tickets ranging from $1m to $15m on Seed to Series C rounds, to support African companies and founders on their growth journey in both local and international markets.

The Fund already counts three investments in its portfolio with a real-estate platform in Egypt, a payment orchestration startup in South Africa and an e-commerce platform in Senegal.

The team expects to build a portfolio of over 20 companies across the continent.

In addition, Partech has announced the opening of a new office in Lagos, Nigeria, saying that it is looking to hire more team members.

"We are also expanding our team and footprint on the continent. We are excited to have senior investment officer Tito Cookey-Gam join the team, to open our office in Lagos, home to almost a third of our portfolio", said Tidjane Deme, General Partner at Partech.

"With our presence in Dakar, Nairobi, Dubai and now Lagos, we are strengthening our support on the ground for entrepreneurs".

In addition to this expansion, Partech Africa is actively recruiting a senior profile for "Portfolio Strategy & Operations" to drive value creation and exit building, and a Lagos-based Investment Analyst.

The Partech Africa II final closing announcement comes in the context of a 50% decrease in the number of investors active in African tech ecosystem as highlighted in Partech's recent 2023 Africa Tech Venture Capital Report.

"In this context", commented Collon, "the capacity to anchor rounds at all stages from Seed to Early Growth, is more critical than ever. It reinforces our mission to enable the emergence of technology companies that will create transformative value for African economies and shape the future of innovation globally".

FUNDRAISING

Renew Capital Launches Second Fund

Following the closing and deployment of capital from Renew Venture Lab Fund 1, Renew Capital has announced it is launching Renew Venture Lab Fund 2 (RVL2).

This fund is designed to invest in up to 50 tech startups across Africa, offering training and support to founders and their teams.

The most successful companies in RVL2 will be eligible for larger investments from Renew Capital Fund 1, the firm's growth-stage investment fund.

"At Renew Capital, we aim to back exceptional founders who will shape Africa's economic future," said Matt Davis, co-CEO of Renew Capital.

Founded by Matt and Laura Davis, who transitioned from their lives in

Washington, D.C. to Africa's investment landscape in 2012, Renew Capital is a seasoned player in the continent's venture capital industry.

Renew Capital was among the first investment firms in Ethiopia in 2012, according to Matt Davis.

“Much of our early work involved educating the market about what an investment firm does,” he said.

Now operating in 14 countries, Renew Capital aims to be one of Africa's leading investment firms by 2025.

“We began investing into individual deals through the Renew Capital Angels Network, now comprising more than 200 families mainly from the U.S. and Canada,” commented Laura Davis, co-CEO.

“We are grateful to have members of the Renew Capital Angels visiting Kenya this week on an EconTourism trip. This visit underscores our commitment to directly engaging with and understanding the ecosystems where we invest, fostering deeper connections between our investors and the African entrepreneurial ecosystem,” she said.

In 2023, the firm launched the Renew Venture Lab Fund series, focusing on early-stage tech and tech-enabled companies.

With a "founder first" approach, Renew Capital prioritizes the character and vision of founders.

“We believe in founders with integrity, intelligence, grit and vision who can lead their countries forward,” said Matt Davis.

Renew Venture Lab Fund 1 was designed to support startups at the forefront of innovation with scalable and sustainable business models, focusing on asset-light companies for a resilient and adaptable portfolio.

Some of the companies that Renew Capital has invested in with Renew Venture Lab Fund 1 include Opareta, a Ugandan startup enhancing the efficiency of mobile money operations with a comprehensive digital platform; Mpost, which is transforming postal services with its technology; Octavia Carbon, leading in carbon capture and sustainability efforts; Scale, making strides in logistics; Sawa Energy, making renewable energy solutions more accessible in East Africa; Bosso, addressing the critical need for affordable housing in Zambia through its online marketplace for building materials and financing solutions; Tappi, a Kenyan innovation enabling SMEs to rapidly establish their online presence and access digital advertising and Level Africa, a regulated fintech innovator streamlining the investment process.

Renew Capital manages investments for a global network of HNIs, foundations and family offices seeking financial returns and sustainable social impact.

FUNDRAISING

EAIF Completes $294m Debt Raise

Martijn Proos,
Co-Head of Emerging Market Alternative Credit
Ninety One

Private Infrastructure Development Group (PIDG) company, the Emerging Africa Infrastructure Fund (EAIF), has successfully raised $294m of additional debt facilities, achieving over half of the Fund's target to raise $500m by 2025.

The finance facilities demonstrate the Fund's ability to mobilise private sector debt in one of the largest capital raises in recent years, led by a blended finance debt fund advancing infrastructure development across Africa.

Martijn Proos, Co-Head of Emerging Market Alternative Credit at Ninety One, the fund manager for the Emerging Africa Infrastructure Fund, said: "Over the last 20 years, we've developed a diverse portfolio, a unique business model and a distinct approach to investing for impact and returns, whilst maintaining a minimal default rate. The debt financing is a significant milestone and sign of private investor confidence that strengthens our ability to pioneer new models for infrastructure development - enabling the delivery of transformative projects in dynamic geographies, sectors and complex environments that otherwise would not be bankable. We thank Allianz, Standard Bank and KfW for their continued support. "

Backed by prominent financial institutions, the package unlocks fresh capital to advance EAIF's strategic, operational, and financial capabilities - enabling its investment portfolio to expand and meet rising opportunities in frontier and developing economies.

The Fund will invest across various infrastructure assets, including those aligned with the energy transition, low-carbon economies, and energy-efficient smart cities.

As a PIDG company, EAIF fulfils the Group's key strategic priorities, focusing on pioneering infrastructure projects that offer an innovative, agile, and sustainable approach to delivering essential infrastructure services for economic development.

Allianz Global Investors led the financing on behalf of Allianz Group, one of the world's leading insurers and asset managers, committing a further €75m and $50m to EAIF.

Aislinn Baker, Portfolio Manager, Development Finance, at AllianzGI, said: “We are delighted to see how the EAIF has been helping to unlock Africa's potential over the last five years which underlines the decisive role private capital plays in blended finance. As one of the early movers in this area, we look forward to seeing how the projects financed by the EAIF will contribute to the further development of infrastructure assets and the energy transition on the continent and facilitate Allianz's sustainable investment objectives in emerging markets.”

Standard Bank, Africa's largest lender by assets, provided a $75m multi-currency revolving credit facility with sustainability-linked features and a $25m sustainability-linked term debt facility.

Andrew Pearce, Head of Leveraged Finance, Corporate and Investment Banking at Standard Bank, said: "Standard Bank's sustainability-linked loans for EAIF reaffirm our commitment to the sustainable economic development of Africa and align with Standard Bank, EAIF and Ninety One's shared ambition. Our footprint and expertise across the continent demonstrate that we see Africa's development as intricately tied to advancing its infrastructure. Through our partnerships, we provide innovative solutions that offer value and transform Africa's economy. This facility aligns with our strategic objective to deliver structured capital solutions that combine our clients' sustainability strategy with our banking solutions and enhance value for our clients, businesses, and society."

KfW, the German state-owned development bank, committed a further €60m loan to EAIF.

EAIF secured $385m of debt capital in 2018, with KfW and Allianz among the participating lenders in the funding round, committing €75m plus $50m and €75m and $25m, respectively.

The new finance package marks the maturity of Africa's debt capital markets and illustrates the Fund's ability to take on and manage risk while delivering sustainable returns and economic impact.

Since EAIF's establishment in 2001, the Fund and its partners have completed 96 projects and mobilised total investment commitments of over $2.1 billion across 20 African countries and 10 infrastructure sectors. Reinforcing its leading position as an attractive vehicle for investors seeking exposure to the growing African infrastructure asset class, Moody's reaffirmed EAIF's foreign currency long-term issuer rating of A2 with a stable outlook as a testament to its strong capital position, diverse portfolio, and track record of success in Africa.

PIDG plays a unique catalytic role in increasing private investors' appetite for investing in emerging market infrastructure and responding to macroeconomic trends and the climate crisis.

Philippe Valahu, CEO of PIDG, said: "Action on climate and nature, together with sustainable development, through new and improved access to infrastructure are the central focus of everything we do at PIDG. Marking this significant milestone means we are contributing to the goal of improving climate resilience and economic opportunities for 100 million people by 2030, as outlined in our strategy. But the challenges ahead are too great for any single organisation or country and will require more collaboration. We look forward to being part of this journey alongside our key partners."

DEALS

BluePeak Invests $20m in Teyliom Finance

Walid Cherif,
Managing Partner
BluePeak Private Capital

BluePeak Private Capital (BluePeak), an alternative asset management firm supporting the growth of scalable businesses in Africa, has announced the completion of its sixth investment, a $20m loan to Teyliom Finance, a subsidiary of Teyliom group, a leading pan-African conglomerate active in five industries, across 12 countries.

SwedFund, the Swedish Development Finance Institution that backed the Fund in May 2022, will be joining forces with BluePeak and co-investing $5m.

The combined investment amounts to $25m.

This investment supports Teyliom Finance's ambition to increase access to high-quality financial services and promote financial inclusion.

Walid Cherif, Managing Partner at BluePeak Private Capital, said: "We are delighted to support the growth ambition of such an established leading player with a strong track record and know-how of lending to SMEs in the West Africa region. Through this partnership, we will support Teyliom Finance in further driving financial inclusion and bridging the financing gap across the region."

Since its establishment in 2006, Teyliom Finance has demonstrated a strong track record in broadening access to financial services and contributing to closing the financial gap in both banking and non-banking sectors.

Teyliom Finance controls several companies operating in the financial services. The company's established presence represents a unique opportunity to advance financial inclusion thanks to its presence among (i) the SME segment, (ii) retail clients, and (iii) micro-lending.

Bridge Bank, Teyliom Finance's main subsidiary through Bridge Group West Africa, is the 10th largest bank in Côte d'Ivoire, providing banking solutions to more than 13,000 corporate, SMEs, and retail clients through 14 branches in Côte d'Ivoire and started operations in Senegal with 1 branch.

The company plans to grow its footprint across West Africa, specifically by opening new branches in Senegal and in the near future expanding to Burkina Faso, amongst additional countries whilst increasing lending to SMEs and micro-businesses.

This partnership with Teyliom Finance is fully aligned with BluePeak's commitment to supporting scalable businesses, unlocking positive impact, and advancing economic growth across Africa.

In addition to the Fund's core impact themes around gender equality, job creation, and climate action, the investment in Teyliom Finance is focused on improving access to financing through the broadening of financial services to the underserved and bridging the financing gap in the region.

According to the World Bank, Côte d'Ivoire has a large number of individuals and SMEs who remain financially excluded as access to financing remains a challenge despite the expansion of mobile phone financing with women, especially at a disadvantage.

Yerim Sow, Founder of Teyliom Group: "We are very pleased to partner with BluePeak, one of the leading private capital investors in Africa. This investment will help Teyliom consolidate its position in the financial services industry in Cote d'Ivoire and other markets in Francophone West Africa. Working with quality investors has been a successful recipe for our Group as we continue to grow and build scale in our markets."

DEALS

General Atlantic to Acquire Actis

General Atlantic has agreed to acquire Actis, creating a diversified, global investment platform with approximately $96bn in combined assets under management.

Financial terms for the transaction are not being disclosed.

With approximately $12.5bn in AUM, Actis has a track record of delivering competitive returns for institutional investors and positive impact for the countries, cities, and communities in which it operates.

Actis, a firm with more than 140 investment professionals across its 17 global offices and over $25bn in capital raised since inception, backs structural themes that support long-term, equitable growth in critical infrastructure across the energy transition, digital transition, and supply chain transformation.

Under the terms of the agreement, Actis will become the sustainable infrastructure arm within General Atlantic's global investment platform.

Actis will continue to be led by its Chairman and Senior Partner, Torbjorn Caesar, and will retain independence over its investment decisions and processes with its funds operating under the existing Actis brand.

Torbjorn Caesar, Chairman and Senior Partner of Actis, said: "We are very excited to be joining forces with General Atlantic. The combined firm brings together distinct but highly complementary strategies that unlock long-term value for our investors across key structural themes including the energy transition and digital transition. The whole is greater than the sum of the parts. Both firms also have a hands-on approach to building businesses and platforms, and a shared commitment to sustainability."

General Atlantic was founded in 1980 and has deployed more than $60bn in global growth companies.

In addition to its flagship growth equity strategy, the firm's investing activities span credit and climate solutions.

Together, Actis and General Atlantic will be uniquely positioned to unlock opportunities for investors that lie at the intersection of the energy transition, digitization, and the shift in economic dynamism to growth markets and beyond. Furthermore, this partnership reinforces Actis and General Atlantic's similar cultures and investment philosophies.

Bill Ford, Chairman and CEO of General Atlantic, commented: "Addressing the global paradigm shift toward sustainability requires an economic transformation and a capital investment on a massive scale. With the addition of Actis, we are taking a significant step forward to add a sustainable investment capability which positions General Atlantic to capture this opportunity set for our investors."

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> - Bill Ford, Chairman and CEO of General Atlantic

"Torbjorn and the Actis team have built a business recognized for its talent, domain expertise, and commitment to investment excellence. This transaction brings together two highly complementary firms and enhances General Atlantic's global investment platform with greater scale, broader strategies, and deeper and more local capabilities for deal sourcing and company building."

Gabriel Caillaux, Co-President, Head of EMEA, and Head of Climate of General Atlantic, said: "We have a shared commitment to deploying capital in sustainable infrastructure and the energy transition in the decades to come. The acquisition of Actis extends our global footprint and diversifies our offering with an experienced investing team that has built a business on core tenets that align with ours: a thematic approach to investing, focus on innovation and company-building, and long-term orientation. We look forward to creating value for our investors and management teams."

Michael Harrington, Chief Investment Officer of Actis, said: "As active builders and operators embedded in local markets, we are excited to team up with a firm that shares our investment ethos and approach. This partnership has the potential to enhance our offering through our combined expertise, networks, and geographical scope."

EXITS

Carlyle to Exit Amecor

Carlyle has agreed to sell Amecor, a South African designer, manufacturer and distributor of security communication equipment, to ASSA ABLOY Group.

The financial details of the transaction were not disclosed.

Founded in 1994, Amecor is a supplier of intelligent security solutions to security companies across Sub-Saharan Africa.

The business is headquartered in Johannesburg and has approximately 120 employees. Amecor is responsible for the research, development, manufacture and distribution of hardware devices and for the expansion and management of network services, allowing its customers to provide superior security solutions to their clients.

Through its Carlyle Sub-Saharan Africa Fund (CSSAF), Carlyle acquired Amecor in 2019.

Alterra Capital Partners (Alterra), a private equity firm formed in 2020 by former members of Carlyle's CSSAF team, became adviser with respect to CSSAF's investments including Amecor.

Bruce Steen, Partner at Alterra, said: "It has been a privilege to work with Guy, Claire and the rest of the Amecor team over the last four and half years. Together we have delivered on our value creation strategy for the business and I am delighted to see its strong momentum. I wish the team all the best for the future."

During Carlyle's ownership period, Alterra worked closely with Amecor management to shift the company's focus from the sale of hardware to the provision of network services.

Over the past four years it has more than doubled the subscriber base to over 600,000 monthly users, which has resulted in Amecor increasing recurring revenue to over 70% of total sales.

Amecor has also continued to invest in product development and has brought several new technologies to market.

Claire Halliday, Director of Amecor, said: "This is a significant milestone in Amecor's history and I am excited for the future of the business. Joining forces with ASSA ABLOY as a global leader in access solutions will drive innovation and allow us to expand even further. I would like to express my thanks to Carlyle and Alterra who have been strong partners and have helped us build the Amecor business into what it is today."

DEALS

Sahel Capital Provides $1.5m Trade Finance to Acier

Sahel Capital, a prominent investor in the food and agriculture sector in sub-Sahara Africa, has successfully approved a $1.5m Trade Finance loan from its Social Enterprise Fund for Agriculture in Africa (SEFAA) facility.

Launched in 2021 with KfW as the anchor investor, SEFAA aims to stimulate economic activities among smallholder farmers by empowering the social enterprises that engage with them.

Acier sources and exports agricultural products such as hibiscus flower, ginger, peanuts, chilli peppers, sesame seeds and cashew nuts to customers globally.

The company has developed supply chain links with smallholder farmers (SHFs) in Northern Nigeria, aggregating hibiscus flowers from SHFs, cooperatives, and other aggregators.

Acier's sourcing of hibiscus empowers women in those regions by providing them with jobs and increased income for supplying and cleaning the flowers.

"When we provide social enterprises such as Acier with capital, we allow them to grow their volumes, ultimately leading to a higher offtake from SHFs. These guaranteed markets provide the necessary incentive for SHFs to invest in their yields and improve the quality of their lives from higher incomes," stated Deji Adebusoye, a Partner at Sahel Capital.

"Acier has demonstrated a strong understanding of the market and a real intention for growth and scale, which excites us. We are very proud to support them on this growth journey".

The facility will enable Acier to aggregate more flowers from its supply chain, including the SHFs, and export more volumes to its international customers. This investment will catalyse economic activity among the SHFs and increase foreign earnings for Nigeria.

Richard Isokrari, MD/CEO of Acier, believes this capital will be transformational to Acier and to the Hibiscus value chain in Nigeria. "As we source more hibiscus flowers from these SHFs, they will be encouraged to grow more flowers and do it productively. This has the ability to make Nigeria a powerhouse when it comes to hibiscus production and export. We are glad Sahel Capital and SEFAA decided to support us on this journey".

Sahel Capital currently manages two funds: Fund for Agricultural Finance in Nigeria (FAFIN), which has investments in SME agribusinesses in Nigeria; and Social Enterprise Fund for Agriculture in Africa (SEFAA), which provides primarily structured debt to agribusiness SMEs across 13 countries in sub- Saharan Africa.

Sahel Capital is also raising capital for a successor fund – Sahel Capital Agribusiness Fund II, which will focus on investment opportunities across West Africa.

DEALS

African Guarantee Fund Partners with Vista Group

Jules Ngankam,
Group CEO
African Guarantee Fund (AGF)

The African Guarantee Fund (AGF) has signed a landmark partnership agreement with Vista Group Holding to accelerate access to finance for small and medium-sized enterprises (SMEs) including women-led businesses in four West African countries: Burkina Faso, The Gambia, Guinea, and Sierra Leone.

This collaboration will see AGF provide a loan portfolio guarantee of $50m to support Vista Group Holding's lending activities to SMEs across its network in the four target countries.

The partnership aims to unlock growth opportunities for West Africa's SMEs by scaling up SME financing and contributing to economic development in the region.

"We are excited to partner with Vista Group, one of the largest leading players in the West African banking landscape," said Jules Ngankam, Group CEO, AGF.

"This collaboration will leverage our combined expertise and resources to unlock the immense potential of SMEs in the region, drive inclusive economic growth through increased access to financing."

By focusing on underserved markets, the partnership will promote financial inclusion by increasing access to finance for entrepreneurs, including women-owned SMEs, green businesses, and youth entrepreneurs.

The AGF's risk-sharing guarantee will mitigate potential risks associated with SME lending, bolstering the financial stability of Vista Group and its subsidiaries.

As a catalyst for regional collaboration, the partnership aligns with both AGF's mission to promote economic development and reduce poverty in Africa, and Vista Bank Group's ambition to become a leading pan-African financial institution focused on economic and financial inclusion.

Yao Kouassi, Managing Director of Vista Group Holding, added: "Partnering with AGF is a significant step in our mission to empower SMEs and contribute to financial inclusion across West Africa. This facility will enable us to expand our reach and provide crucial financial support to businesses that are driving economic development in these countries. This aligns with our goal to expand our footprint beyond the Guinean Market to ECOWAS and the Central African Economic and Monetary Community (CAEMAC)."

Additionally, the partnership leverages the Affirmative Finance Action for Women in Africa (AFAWA) Guarantee for Growth program that aims to unlock up to $3bn in financing for Women SMEs in Africa through financial institutions.

"This partnership reflects the commitment of the African Development Bank, especially through the AFAWA initiative, to empower women entrepreneurs while promoting economic growth in the West African region," said African Development Bank's Togo Office Country Manager, Wilfrid Abiola.

"With 20% of this transaction allocated to women-led small and medium-sized enterprises, along with tailored technical assistance support provided by AFAWA, Vista Group Holding is taking the commitment to de-risk women-led businesses in their portfolio and making great strides in transforming access to finance for women-led small and medium enterprises in low-income countries and fragile states," Abiola added.

AGF will also avail a capacity development program tailored to each subsidiary based on their needs to further enhance the impact of the guarantee.

This partnership marks a significant milestone in AGF's and Vista Bank Group's commitment to supporting SMEs and driving inclusive economic growth in West Africa.

By working together, the two organizations will empower entrepreneurs, create jobs, and contribute to a more prosperous future for the region.

> "This collaboration will leverage our combined expertise and resources to unlock the immense potential of SMEs in the region, drive inclusive economic growth through increased access to financing
>
> - Jules Ngankam, Group CEO, African Guarantee Fund (AGF)

DEALS

Convergence Partners to Acquire Datacentrix Group

Andile Ngcaba,
Chairman
Convergence Partners

Convergence Partners Digital Infrastructure Fund (CPDIF) has entered into a definitive agreement with Alviva Holdings to acquire 100% of Datacentrix Group.

The acquisition is alongside the existing Datacentrix management team that has successfully led the company for over 20 years.

Alviva is exiting Datacentrix pursuant to its delisting from the JSE in early 2023, to focus on its core operations in hardware distribution. Terms of the transaction were not disclosed.

The transaction is expected to close in Q1 2024, subject to the customary regulatory approvals including approval by the Competition Authority of South Africa and the Independent Communications Authority of South Africa (ICASA).

> "This acquisition marks a significant step for Convergence Partners as we endeavor to work alongside the Datacentrix team in building a leading SI (System Integration) business in South Africa and across the African continent
>
> - Andile Ngcaba, Chairman of Convergence Partners

Andile Ngcaba, Chairman of Convergence Partners, said: "We are immensely proud to announce the acquisition of Datacentrix as part of our Convergence Partners Digital Infrastructure Fund. The Datacentrix team possesses exceptional skills and profound expertise in Managed Services and System Integration (SI). This acquisition marks a significant step for Convergence Partners as we endeavor to work alongside the Datacentrix team in building a leading SI business in South Africa and across the African continent."

"Our confidence in Datacentrix's market leadership in Managed Services and System Integration is steadfast. The synergy between Datacentrix's capabilities and Convergence Partners' extensive experience in private equity, particularly through CPDIF, is poised to deliver unparalleled value to our clients across Sub-Saharan Africa, North Africa, and the Middle East. Central to Datacentrix's success is its people – from the staff to the leadership team, they represent the company's most valuable asset," he said.

At Convergence Partners, we hold a deep appreciation for the talent and dedication of the Datacentrix team. It is through their collective expertise and commitment that we envision growing the business to new heights, furthering our impact in the digital infrastructure landscape," he added.

The transaction aligns with the CPDIF's strategy of investing in high-growth companies that are leading champions in their field with strong management teams and deep customer and vendor relationships. According to research, the IT market in South Africa has proven resilient even during periods of economic downturn and is forecast to outpace the country's GDP growth.

Convergence Partners believes Datacentrix is well poised to capture this growth.

Datacentrix provides ICT integration services and solutions to blue chip corporates in South Africa, ensuring their success and sustainability into the digital age.

The company's approach is to partner with its customers, equipping them with valuable insight and assisting them to align their ICT undertakings with their business strategy.

Datacentrix offers a deeply specialised skills and is endorsed by the world's foremost technology partners.

The company is recognised for its agility, in-depth industry knowledge, proven capability, and strong overall performance.

Datacentrix will continue to focus on expanding into technologies that delivers business value to its clients, including digital transformation solutions, hybrid solutions from edge to cloud that is informed by the customers data and workload requirements.

It will continue to operate independently as it has in the past and does not envisage any changes in operations or staff.

Ahmed Mahomed CEO of the Datacentrix group commented that he is excited with the development as the entities share a common value system, culture, vision, and approach.

"We are excited about the future as we start a new chapter in Datacentrix 25-year history as a highly successful business that is well respected in the market. By joining forces with Convergence Partners, we will harness what has made us successful to date and leverage the wider capabilities of the group including its reach into the rest of Africa," he said.

EXITS

Gulf Capital Exits AmCan

Gulf Capital has successfully completed the sale of 100% of AmCan, an exclusive distributor of many of the top global sports nutrition brands across the MENA region, to a leading regional FMCG distributor operating across the Middle East and Africa.

Gulf Capital invested in AmCan in 2016 from its third buyout fund, GC Equity Partners III, to gain exposure to the fast-growing wellness and sports and nutrition supplements market in the GCC.

The global sports nutrition market grew from $35.95bn in 2022 to $39.56bn in 2023 at a compound annual growth rate (CAGR) of 10.1% according to Research and Markets.

The market is expected to grow to $58.29bn in 2027 at a CAGR of 10.2%.

The sports nutrition industry in the Gulf is expected to continue growing at an expected 20%, twice the global average growth rate.

Drivers of this double-digit growth include increasing demographics, rapid urbanisation, high online connectivity, high disposable income, growing health awareness among consumers, and introduction of new ingredients in sports nutrition products, and a growing trend for adopting a healthier lifestyle.

During Gulf Capital's ownership, AmCan grew its revenues and gross margin by more than 50%.

To achieve these strong results, AmCan expanded geographically by leveraging its exclusive regional agencies, deepened its market reach by investing in operating processes and tools and strengthened its distribution model with optimised working capital and enhanced trading terms.

Moreover, AmCan capitalised on its superior knowledge and understanding of its customers' behaviours to introduce new brands and products that are witnessing exponential sales growth. This remarkable performance is a strong testament to the operational improvement capabilities at Gulf Capital and its deep bench of operating partners and industry advisors.

Dr. Karim El Solh, Co-Founder and CEO of Gulf Capital, said: “As a thematic investor, our investment in Amcan was underpinned by the secular trends and shifts in consumer behaviour that continue to fuel the growth of the health and wellness sector across the Middle East. The disciplined execution of our value creation plan by AmCan's management team and Gulf Capital's operating partners have allowed AmCan to cement and expand its market leading position in the region with continued improvement of its operating metrics and overall profitability.”

"We are very proud of the remarkable growth of AmCan during Gulf Capital's ownership period and of the strong returns we have delivered to our Third Buyout Fund investors. This control growth buyout with a deep focus on operational improvement and earnings' growth, followed by a highly successful sale to a regional strategic buyer, is a great illustration of Gulf Capital's unique investment strategy in our high growth region.”

Mohammad Madani, Managing Director at Gulf Capital, said: “The AmCan investment is another great example of Gulf Capital's strategy of acquiring controlling stakes in a market leader in a high growth sector, expanding the business into new geographies, enlarging product offering, and growing EBITDA through operational improvements. We are thrilled with the successful closing of this sale to a regional strategic buyer, as we believe AmCan will find in its new owner the financial support, operational expertise, and depth of network that will take it to new heights. We would like to thank our esteemed partner over the years, Firas Odeh, AmCan's Founder and CEO, AmCan's management team, and the new owner for their efforts in successfully closing this transaction, and we wish them all the best on their next chapter of growth.”

Gulf Capital was advised by Global Gate Capital, Eversheds Sutherland and PwC on this strategic sale. The buyer was advised by Nucleus Consulting and Ashurst.

INVESTORS

IFU Exits Lake Turkana Wind Power to BlackRock

The Danish Climate Investment Fund (DCIF), managed by IFU, has sold its 6.25% stake in Lake Turkana Wind Power, the largest wind farm in Africa, to the Climate Finance Partnership, a public-private finance vehicle managed by BlackRock.

DCIF has been a co-owner of Lake Turkana Wind Power since construction began in 2014.

The investment has been instrumental in securing the financing, construction and operation of the largest wind farm in Africa.

“Lake Turkana Wind Power is a flagship project, and we are proud to have played an active role in bringing this pioneering project through construction and into operations, providing affordable and reliable green energy in Kenya,” said Reik Haahr Müller, Senior Vice President, Head of Green Energy & Infrastructure in IFU.

Lake Turkana Wind Power is located in the Loiyangalani District of Marsabit County and was connected to the national grid in 2018. Today, Lake Turkana Wind Power meets around 14% of Kenya's current electricity demand, and the wind farm has had a positive impact on the local community.

The electricity generated has improved the reliability of Kenya's power supply, reduced the country's reliance on fuel import and avoided millions of tons of CO2 emissions.

The electricity is produced by 365 wind turbines (310 MW) from Vestas, and the establishment of the wind farm included the construction of 200 km of road and a 400 km transmission line connecting the wind farm with the national grid.

Lake Turkana Wind Power has been dedicated to improving local livelihood. Indirectly, the construction of the 200 km road has had a positive impact on the local infrastructure and reduced travel time as well as cost of transportation.

"Lake Turkana Wind Power has supported numerous local community development projects within education, health and access to water, among other things. Through the Winds of Change programme, which was set up by Lake Turkana Wind Power, we have ensured that the communities will continue to benefit from the project," said Haahr Müller.

Lake Turkana Wind Power has also had a positive impact on local employment.

During construction around 2,500 people were employed, and currently the company employs close to 330 people, of whom around 85% come from Marsabit County.

The Danish Climate Investment Fund is a public-private investment fund, managed by IFU.

The fund was set up in 2014 in cooperation with large Danish pension funds and private investors, who were among the first to engage in direct private sector investments supporting the green transition in developing countries.

The investors include PKA, PensionDanmark, PBU, Aage V. Jensens Fonde and Dansk Vækstkapital.

INVESTORS

Leading DFCs Back Hewatele with $20m

Georgia Levenson Keohane,
CEO
SEDF

Finnfund, DFC, SEDF (Soros Economic Development Fund), UBS Optimus Foundation and Grand Challenges Canada, have invested $20m in Hewatele, a medical oxygen producer in Kenya.

Hewatele will use the debt and equity funds raised to finance the building of a liquid oxygen (LOX) manufacturing facility some 20kms in the outskirts of City of Nairobi, together with regional distribution capacity at key strategic regions within Kenya, while also doubling its existing capacity at hospital-based sites to produce and distribute medical oxygen using pressurized gas cylinders (GOX).

Georgia Levenson Keohane, CEO of SEDF, said: "As a catalytic social impact investor focused on direct impacts and longer-term, systemic change, SEDF sees the investment in Hewatele as an important commitment to strengthening Africa's rapidly expanding healthcare sector."

Hewatele was founded by a group of doctors in 2013 in Kenya, headed by Dr Bernard Olayo and for past 4 years led by CEO, Dr Zulfiqar Wali. They manufacture and distribute medical oxygen through six operational Pressure Swing Adsorption (PSA) plants strategically positioned within Kenya and Uganda.

The Kenyan medical oxygen market is characterised by inadequate and expensive supply as well as skewed availability of Life Saving Medicinal Oxygen as concentrated in urban areas.

"The arise of the COVID pandemic made everyone around the world aware of the importance of oxygen supply", said Johanna Raehalme, Finnfund's Head of Origination in Africa. "We are happy to add yet another important investment in our healthcare portfolio and see that the increased awareness of oxygen will ensure market demand for Hewatele going forward."

According to Kenya's Ministry of Health, demand for medical oxygen has increased significantly since the coronavirus pandemic, from 410 tons per month to 880 tons per month.

As a result, Kenyan hospitals frequently experience unpredictable deliveries, higher prices, and expensive transportation costs for medical oxygen.

Due to the high production costs, fragmented delivery and storage options, medicinal oxygen is typically eight to ten times more expensive in sub-Saharan Africa than it is in Europe and North America.

The construction of oxygen production facility is expected to enable Hewatele to boost production of medical oxygen by least 20 tons per day, which is expected to reduce the cost to its rural and urban healthcare customers by up-to 30%.

By providing enhanced, affordable supply of medical oxygen, this project is anticipated to have a significant developmental impact on Kenya's healthcare sector. Improving access to oxygen and administering oxygen can reduce child mortality from pneumonia by 35% and lessen foetal distress when given to women during pregnancy, saving lives.

Maya Ziswiler, CEO Optimus Foundation, said: "UBS Optimus Foundation invests in organizations that demonstrate clear impact and innovative and scalable business models. That's why we were early supporters of Hewa Tele, as we see the impact and value of their business model and are now pleased to make a longer-term commitment for them to reach even more undersupplied rural and urban communities in East Africa with affordable and life-saving medical oxygen."

PortfolioMetrix Income Fund to List ETF Version on JSE

Global investment manager PortfolioMetrix has announced that it will list an actively managed exchange-traded income fund, the PortfolioMetrix Active Income Prescient AMETF, on the JSE on January 31.

Philip Bradford, the firm's Head of Investments for South Africa, said that the fund will predominantly invest in interest-bearing securities and aim to achieve a high level of sustainable income while also prioritising capital preservation.

“With a current gross yield of 11.8%, we are positioned to do well in a falling interest rate environment, which we expect to be the case over the next few years,” he said.

The PortfolioMetrix Active Income Prescient AMETF is essentially a listed version of the PortfolioMetrix BCI Dynamic Income Fund, the top performing fund across all SA income categories for three years to the end of December 2023.

“The decision to offer the portfolio in a listed version was made against the backdrop of huge investor demand for high-income paying investments as well as SA's shrinking equity market but flourishing bond market,” said Bradford.

“Professional and retail investors simply can't buy most of the instruments we hold in the fund. There are over 2200 bond instruments listed on the JSE, but availability and liquidity are limited to specialist institutional investors. This ETF gives investors easy access to the full range of instruments available e.g. higher yielding bonds issued by SA's major banks.”

Bradford said that bonds continue to be a misunderstood and underappreciated asset class, yet SA bonds are offering some of the highest yields in the world.

“Current bond yields of over inflation +6% creates the potential for equity-like returns going forward, but with much lower risk. Our new Active Income ETF will give professional and retail investors a convenient vehicle to cost effectively access these high-yielding instruments in a diversified portfolio.”

Reg 28 compliant, the fund is also suitable for compulsory investments such as pension and provident funds, and retirement annuities.

It will be managed by the same award-winning team, led by Bradford, that has been managing income funds with the same mandate for almost a decade.

Founded in 2010, PortfolioMetrix is an investment management business managing global assets totaling approximately R70bn.

ASSET SERVICING

Verdant Capital Advises UsPlus on €2m Debt Capital Raise

Verdant Capital has facilitated and advised on the raising of €2m of debt funding for US Plus, an innovative specialist SME financing firm based in South Africa.

The funding increases UsPlus' capacity to finance SMEs in South Africa, thereby contributing to the country's development agenda.

The new funding further broadens the institutional funding base of UsPlus following the $10m debt capital raise completed by Verdant Capital in 2022 and building on the Domestic Medium Term Programme registered on the Johannesburg Stock Exchange.

Studies show that SMEs contribute close to 30% of employment in South Africa, but most of these SMEs do not survive beyond 5 years due to a number of causes, of which lack of funding is a leading factor.

Most SMEs are self-funded and struggle to access funds at various stages in their operation.

The South African government, under its National Development Plan 2030, is looking to SMEs to help achieve its objective of creating 11 million jobs by 2030.

Against this backdrop, UsPlus has been operating since 2015, specialising in the provision of tailor-made working capital finance solutions to SMEs through the purchase of transferable instruments such as invoices, purchase orders and contracts issued by or to its SME clients.

This convenient and cost-effective solution gives SMEs access to funding to manage working capital and maximise profits.

Verdant Capital has acted as an important catalyst for funding SME clients in South Africa and across the African continent.

Since its establishment, UsPlus has deployed over ZAR 3.7 billion (approx. $196m) in working capital to SMEs.

Its clients are actively engaged in over 25 industries, including agriculture and film production.

UsPlus focuses on social, economic and environmental impact and works with SMEs that contribute to employment in South Africa, the upliftment of black-owned enterprises, women-owned enterprises and rurally located enterprises.

Furthermore, the company is guided by the International Finance Cooperation's Exclusion List and does not support businesses which operate within this list. UsPlus' success stems from its highly experienced management team and technology-enabled operations, which 1) help meet customers at their point of need, 2) enhance client service experience, and 3) help manage business risk.

Verdant Capital has a strong funding pipeline for UsPlus, which will continue to support the successes of the business.

Verdant Capital was the sole advisor and arranger of UsPlus' International debt capital raise.

MEETING WITH Shamima Mallam-Hassam, Trident Trust

Africa Global Funds Editor Anna Lyudvig spoke with **Shamima Mallam-Hassam, Managing Director of Trident Trust in Mauritius**, a leader in corporate, fiduciary, and fund administration services, with a global team of over 1,000 personnel across 25 jurisdictions spanning Africa, the Americas, Asia, the Caribbean, Europe and the Middle East.

Trident Trust Mauritius was established in 2000 and the Mauritius team has a leading presence in the island's financial services landscape, currently employing 125 professionals. Regulated by the Mauritius Financial Services Commission, the team offers a wide array of services to local and international clients. They are well known for their fund administration capabilities, but also for their formation and ongoing administration services to companies, trusts and foundations.

ANNA LYUDVIG (AL): WHAT ARE TRIDENT'S CORNERSTONES TO BEING SUCCESSFUL?

SHAMIMA MALLAM-HASSAM (SM-H): I think it's our stability and commitment to innovation. In our 46th year of operation, our independence remains the bedrock of our success. We are steadfast in investing in the long-term stability of our business and the quality of our services, prioritising these over short-term financial gains. Our focus is on building enduring client relationships that are unaffected by conflicts of interest or potential changes in ownership. We also maintain a proactive approach to technology investment, enhancing operational efficiencies to stay ahead in the dynamic financial services industry. Yet, amidst technological advancements, our dedication to personalized service remains unwavering. We provide tailored solutions and expert guidance, cultivating trust and loyalty among our clients.

AL: HOW DO YOU COLLABORATE WITH INDUSTRY PROFESSIONALS?

SM-H: We firmly believe in the power of collaboration and long-term and trusted partnerships to stay at the forefront of our industry and provide the best possible service to our clients. Nurturing those enduring relationships and fostering collaboration with regulators and professional third parties both in Mauritius and internationally is instrumental to our success and the satisfaction of our clients. We leverage our extensive network of professional relationships to tailor bespoke services that meet the unique needs of each client. With our global reach and cross-jurisdictional expertise, we are well-equipped to find solutions that transcend geographical boundaries, ensuring comprehensive support and seamless operations for our clients.

AL: WHAT IS TRIDENT'S COMMITMENT TO MAURITIUS AND ITS PEOPLE?

SM-H: Through collaboration with Mauritius Finance, Trident plays an active role in contributing to the island's success. Our team embodies our core values of reliability, responsiveness, personal service, and attention to detail. We prioritize their growth and development, proudly maintaining our status as ACCA Approved Employer.

AL: HOW ARE YOU DOING BUSINESS ON THE AFRICAN CONTINENT?

SM-H: We are serving clients operating in 45 of the 54 countries in Africa and currently administer over 40 Africa-focused private equity and venture capital funds. While our 125-staff strong Mauritius office plays a central role, our fund services teams in the USA, the Cayman Islands, Dubai, Luxembourg and Malta also contribute significantly to servicing African investment funds.

I take pride in the accomplishments of our offices and the embodiment of an entrepreneurial spirit within our team, enabling us to adapt to evolving client needs. Our dedication to sustainable growth drives us to consistently deliver excellence to our clients.

TRIDENT TRUST

Contact Trident Trust
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Managing Director, Mauritius
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INVESTOR INSIGHTS on Climate Finance in East Africa

Victor Nyakinda (top),
Climate Action Lead at Fie Consult

Jeremy Riro (2nd),
Managing Partner at Fie Consult

Biancah Komora (3rd),
Research Analyst at EAVCA

East Africa finds itself at a critical crossroads, grappling with the interconnected challenges of climate change and sustainable development. Within this landscape, climate finance emerges as a potent tool for driving transformative change. The socio-economic fabric of East Africa is intricately connected with sectors such as agriculture, energy, and urban development, all profoundly affected by climate change. The region's vulnerability to climate change is compounded by its socio-economic dynamics, characterized by heavy reliance on agriculture, limited infrastructure, and expanding urbanization.

The imperative for resilient infrastructure, access to clean energy, and sustainable water management becomes increasingly urgent in the face of climate change. Against this backdrop, climate finance plays a pivotal role in catalyzing investments that address climate vulnerabilities while fostering economic growth and social equity.

It encompasses a range of financial mechanisms, from grants and concessional loans to equity investments and blended finance solutions. These instruments aim to mobilize capital towards climate-resilient projects and initiatives that mitigate greenhouse gas emissions, enhance adaptation, and promote sustainable livelihoods. Recognizing the urgent need for sustainable solutions, a number of climate finance funds have emerged, each with its unique approach and mandate. This report offers a detailed understanding to some of these funds, shedding light on their investment strategies, successes, challenges, and the broader implications for East Africa's sustainable future.

> “The collective dedication to scaling up investments, advocating for supportive policies, and fostering innovative solutions showcases a region ready to embrace transformative change

DIVERSE INVESTMENT FOCUS

Investors including ARAF, E3 Capital, Equator VC and EXEO Capital underscored the importance of diversifying investment portfolios across sectors such as agriculture, renewable energy, and climate-smart technologies. This multifaceted approach not only reflects the region's rich potential but also underscores the necessity of addressing various climate-related challenges, including food security, energy access, and environmental sustainability. By embracing a diversified investment strategy, stakeholders can effectively leverage the region's diverse resources and opportunities to drive impactful change and foster sustainable development.

CHALLENGES IN POLICY AND REGULATION

Investors highlighted policy uncertainties, taxation dynamics, and regulatory hurdles as challenges in the region. The lack of clear and consistent regulatory frameworks poses significant barriers to investment scalability, often deterring investor confidence and hindering the implementation of sustainable solutions. Addressing these challenges requires proactive engagement with policymakers and stakeholders to advocate for supportive policies conducive to long-term investment growth. By fostering dialogue and collaboration, stakeholders can work towards creating an enabling environment that fosters innovation, investment, and sustainable development.

NEED FOR INNOVATIVE FINANCING MODELS

Factor[e] Ventures and Novastar Ventures highlighted innovative financing models designed to address funding gaps and promote sustainable growth. However, challenges such as currency fluctuations and limited access to debt financing underscore the importance of developing adaptive financing mechanisms tailored to the region's unique dynamics. Exploring blended finance options and leveraging institutional debt instruments can facilitate the mobilization of capital towards climate-resilient initiatives, fostering financial inclusion and sustainability. By embracing innovative financing models, stakeholders can unlock new avenues for investment and drive positive change in the region.

FOCUS ON SOCIAL AND ENVIRONMENTAL IMPACT

Norfund, Pearl Capital Partners, and Refugee Investment Network emphasized the importance of measuring social and environmental impact metrics to gauge the effectiveness of investments. This emphasis on purpose-driven investments reflects a growing trend towards sustainable development goals, highlighting the significance of investing in initiatives that deliver tangible social and environmental benefits. By integrating impact measurement frameworks into investment strategies, stakeholders can ensure accountability, transparency, and meaningful contributions to local communities and ecosystems.

OPPORTUNITIES FOR COLLABORATION AND ADVOCACY

Collaborative efforts and advocacy initiatives emerged as key themes throughout our discussions, underscoring the importance of partnership building and collective action in driving positive change. Engaging with governments, regulatory bodies, and local communities presents invaluable opportunities for aligning investment priorities with broader development objectives and fostering an enabling environment for climate finance. By advocating for supportive policies and fostering cross-sectoral collaboration, stakeholders can unlock new avenues for innovation, investment, and sustainable development.

ADAPTIVE STRATEGIES FOR RESILIENCE

KawiSafi Ventures and EXEO Capital highlighted the importance of adopting adaptive strategies tailored to regional dynamics to navigate uncertainties and mitigate risks effectively. In a rapidly evolving market landscape, flexibility and innovation are paramount for building resilience and seizing emerging opportunities. Strategic investments in climate-smart technologies, capacity building, and ecosystem resilience can enhance adaptive capabilities and contribute to long-term sustainability and prosperity.

CHARTING THE PATH FORWARD

Comprehensive insights from discussions with prominent investors and organizations engaged in climate finance in East Africa unveil a dynamic landscape poised at the intersection of sustainability, innovation, and resilience. The region is witnessing a pivotal moment in its journey towards mitigating and adapting to climate change, marked by a surge in dedicated funds and strategic initiatives. From ARAF's pioneering efforts in supporting agribusinesses to E3 Capital's ventures into lessexplored regions, and Equator VC's commitment to reducing carbon emissions, the collective commitment to addressing climate challenges is evident.

These efforts extend into the mid-market with EXEO Capital, Factor[e]'s technologydriven approach, and KawiSafi's focus on renewable energy solutions. Norfund's localized strategies and Pearl Capital Partners' dedication to agriculture in the face of climate change underscore a nuanced understanding of the unique needs of East Africa.

Moreover, the engagement of the Refugee Investment Network (RIN) highlights the intersectionality of climate finance with social impact, as it actively works towards integrating refugees into the formal economy. This not only fosters economic empowerment but also recognizes the potential of these marginalized communities as contributors to sustainable development.

The conclusion drawn is one of optimism but not without challenges. Regulatory uncertainties, political risks, and the need for increased collaboration pose hurdles, emphasizing the importance of streamlined frameworks and cohesive efforts. However, the collective dedication to scaling up investments, advocating for supportive policies, and fostering innovative solutions showcases a region ready to embrace transformative change.

As East Africa charts its course in climate finance, the insights gathered underscore a shared vision – one that sees investment not only as a financial endeavor but as a catalyst for positive environmental and social change. The next steps involve harnessing this momentum, amplifying collaboration, and navigating challenges to unlock the full potential of climate finance in East Africa. The journey towards a resilient, sustainable, and climate-smart future for the region is well underway, and the insights presented herein serve as a compass guiding these transformative efforts.

This article was initially published in the Bridging Horizons - Navigating the Climate Finance Frontier in East Africa report.

This report offers a comprehensive analysis of the evolving financial dynamics in the region in response to climate change, blending local insights with global expertise. It underscores the pivotal role of climate finance in facilitating the transition towards a low-carbon and resilient economy across East Africa, providing actionable insights for stakeholders seeking to navigate the complex intersection of finance and sustainability.

The report can be accessed here: https://shorturl.at/yBFW3

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	January	3-Month	1-Year
Botswana	1.60%	6.21%	8.19%
Egypt	0.44%	3.25%	13.04%
Ghana	17.36%	22.01%	-28.85%
Kenya	-0.61%	-5.23%	-20.57%
Mauritius	-1.45%	-1.73%	7.93%
Morocco	-0.40%	6.05%	8.55%
Namibia	-1.86%	4.25%	7.71%
S&P/FMDQ Nigeria	-18.79%	-13.29%	-53.56%
South Africa	-0.99%	7.96%	0.46%
Tanzania	-1.04%	-1.44%	-4.82%
Uganda	0.15%	1.47%	11.43%
Zambia	-2.29%	-12.68%	-3.07%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	January	3-Month	1-Year
Botswana	-0.54%	3.21%	17.60%
Cote d'Ivoire	-4.70%	2.57%	15.87%
Egypt	17.12%	31.50%	83.63%
Ghana	-1.89%	-2.16%	26.50%
Kenya	-1.14%	-2.97%	-39.72%
Malawi	10.62%	-28.56%	13.68%
Mauritius	-1.59%	0.57%	5.46%
Morocco	1.30%	5.97%	26.87%
Namibia	1.38%	4.79%	44.58%
Nigeria	-9.06%	4.21%	-18.45%
Rwanda	-0.90%	-3.18%	-2.08%
South Africa	-4.82%	8.74%	-6.84%
Tanzania	-1.91%	0.39%	9.30%
Tunisia	-5.23%	2.20%	-1.13%
Uganda	-1.16%	-1.69%	25.83%
Zambia	-1.74%	0.44%	21.73%

Source: S&P Dow Jones Indices

MARKET FOCUS:

African Equity Markets

By S&P Global

January started how December ended for much of Africa, with North Africa setting the pace and West Africa going through a difficult time (S&P North Africa 15 up 8.27%; S&P West Africa 25 down 9.78%), and the continent overall delivering a marginally positive return.

Egypt drove much of the performance in the north (up 17.12%), with Malawi also having a very strong start to the year (up 10.62%). Nigeria, Tunisia and Cote d'Ivoire incurred the largest losses for January.Ghana was the notable performer in Africa bonds markets (up 17.36%), although overall the continent was down for the month. The other markets performances were within touching distance of zero, other than Nigeria (down 18.79%)

Unfortunately, the South African equity market didn't get off to a good start in 2024, with large-caps contributing to a poor month overall (S&P South Africa Composite Capped down 3.05%; S&P South Africa 50 down 3.59%). Information Technology, the best performing sector in 2023 (S&P South Africa Composite Information Technology up 41.31% 2023), made a solid start to the year and although it returned a modest 2.21% for January, it was the top sector for the month. Of the rest of the sectors, only Consumer Discretionary and Consumer Staples managed positive returns. Communications finished 2023 with a strong run, but its performance for the year was well into the double-digit negative returns. January saw this poor performance continuing (S&P South Africa Composite Communications down 14.83%) taking its one-year loss to over 31%. Energy also had a poor month (S&P Composite Energy down 12.92%) All of the 'Alternatively Weighted' indices incurred losses for the month, with Momentum (down 0.28%) and Low Volatility (down 0.51%) being the best of a bad bunch. Quality was one of the better factors in 2023 after a strong final quarter (S&P Quality South Africa +15.66% 2023; up 14.76% Q3 2023) however, it was the biggest loser for January with a negative return of 6%. Enhanced Value and Intrinsic Value also struggled and started the year underwater.

PRIVATE EQUITY FUNDS & DEALS

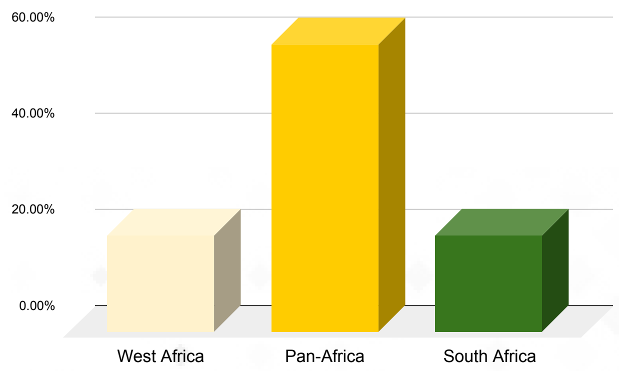
(as of 31st January 2024)

DEALS

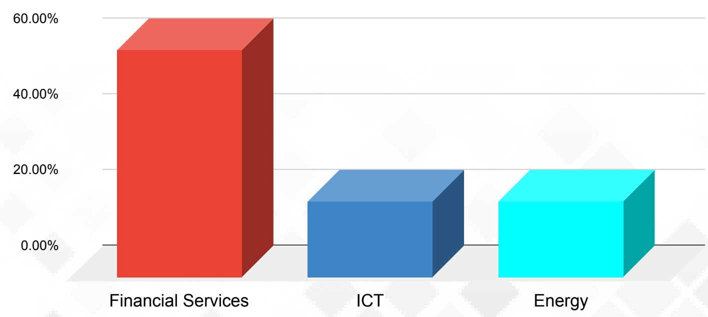
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
African Guarantee Fund	Vista Group Holding	Financial Services	West Africa	Loan	$50m
Amethis	Capital Banking Solutions	Financial Services	Pan-Africa	Buyout	Undisclosed
Convergence Partners	Datacentrix Group	ICT	South Africa	Buyout	Undisclosed
Emerging Africa Infrastructure Fund	AXIAN Energy	Energy	Pan-Africa	Senior secured loan	$30m
General Atlantic	Actis	Financial Services	Pan-Africa	Buyout	Undisclosed

DEALS BY COUNTRY



DEALS BY INDUSTRY



FUNDRAISING

Company	Fund	Geography	Style	Sectors	First Close	Target	Date Announced
Africa50 Group	Africa50 Infrastructure Acceleration Fund	Pan-Africa	Private equity infrastructure	Power and energy, transportation and logistics, water and sanitation, and digital and social infrastructure	$222.5m		January 11, 2024

EXITS

Company	Divestment	Industry	Geography	Buyer (s)	Nature of exit
Carlyle	Amecor	Communication	South Africa	ASSA ABLOY Group	Trade
Gulf Capital	AmCan	FMCG	MENA	Regional FMCG distributor	Trade

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM ($m)	Strategy	Focus	Domicile	Type	Start
337 Frontier Capital - Kimberlite Frontier Africa Fund (as-of 2024-01-31)										
-1.66	-1.66	16.37	7.3	0.86	326.00 (12/23)	Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
African Domestic Bond Fund (as-of 2024-01-31)										
-0.4	-0.4	-3.7	-21.8	0.8		ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2023-09-29)										
6.95	2.73	8.34	46.03		21.33 (09/23)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2023-12-29)										
16		16	2.4	5.1	309.00 (12/23)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2024-01-31)										
2.43	2.43	8.72	6.42	3.74	442.00 (01/24)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Alquity Africa Fund (as-of 2024-02-22)										
0.56	5.03	3.75	-2.3	-2.81	2.83 (01/24)	Equity	African region	Luxembourg	SICAV	6/10
Bellevue Funds Lux - BB African Opportunities (as-of 2024-02-22)										
-3.84	-0.29	-15.92	-5.99	-6.91	35.27 (01/24)	Equity	African region	Luxembourg	SICAV	6/09
Commonwealth Africa Fund (as-of 2024-01-31)										
-4.92	-4.92	-10.2	0.08	-2.87	3.03 (01/24)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2024-01-31)										
1.82	1.82	-10.05	-2.63	-4.39	342.00 (12/23)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
DWS Invest Africa (as-of 2024-02-22)										
0.87	3.85	5.8	1.21	-1.06	26.91 (01/24)	Equity	African region	Luxembourg	SICAV	07/08
EFG-Hermes MEDA Fund (as-of 2024-02-22)										
4.55	3.64	22.19	26.74	18.55		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Emerging Africa Bond Fund (as-of 2023-12-29)										
-8.23		-8.23			1.53 (12/23)	Fixed Income	African region	Mauritius	Open-End	09/16
Enko Africa Debt Fund (as-of 2024-01-31)										
-1.09	-1.09	14.82	8.12	14.24	596.60 (01/24)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2024-02-22)										
-1.86	4.01	7.03	-12.29	-4.4	212.08 (01/24)	Equity	EMEA	Luxembourg	SICAV	06/07
Imara Africa Fund (as-of 2024-01-31)										
3.91	3.91	-15.73	-12.32	-5.09		Equity	African region	Cayman Isl.	Open-End	04/09
Imara African Opportunities Fund (as-of 2024-01-31)										
-10.8	0.24	-10.8	-12.15	-6.83		Equity	African region	BVI	Open-End	6/05

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

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM ($m)	Strategy	Focus	Domicile	Type	Start
Laurium Limpopo Master Fund (as-of 2024-01-31)										
-3.5	-3.5	-0.37	-4.43	-1.8	145.10 (01/24)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2024-01-31)										
6.36	6.36	-2.54	-5.8	-4.78		Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2024-01-31)										
-0.4	-0.4	-6.6	-26.1	-11.5		Fixed Income	African region	Mauritius	Open-End	2/14
Ninety One Premier - Africa Fund A (as-of 2024-01-31)										
-3.9	-3.9	-25.4	-31.69	-22.14	0.39 (01/24)	Equity	African region	Guernsey	Open-End	01/07
Old Mutual African Frontiers Flexible Income Fund (as-of 2024-01-18)										
8.43	-0.32	3.32			22.31 (12/23)	Fixed Income	African region	Ireland	OEIC	05/22
Old Mutual African Frontiers Fund (as-of 2024-01-31)										
-4.83	-4.83	-8.19	-6.95	-1.97	291.00 (12/23)	Equity	Africa ex-SA	Ireland	Open-End	5/10
Robeco Afrika (as-of 2023-09-29)										
-5.27	0.23	1.35	7.2	-0.2	20.50 (09/23)	Equity	African region	Netherlands	Open-End	6/08
Sanlam Africa Equity Fund (as-of 2024-01-31)										
-7.89	-7.89	-11.4	-0.49	-1.65		Equity	Africa ex-SA	Ireland	Open-End	07/15
Sanlam Centre Africa Equity Fund (as-of 2023-12-31)										
-0.79	-2.18	-0.79			58.53 (12/23)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
Steyn Capital Africa Fund (as-of 2024-01-31)										
0.35	0.35	13.33	11.47	1.54	48.00 (12/23)	Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2024-01-31)										
-0.81	-0.81	11.12	2.03	4.53	300.00 (12/23)	Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2024-01-31)										
-1.9	-1.9	0.79	-5.81	-2.73	8.00 (12/23)	Equity	Africa ex-SA	Holland	Open-End	03/08
T. Rowe Price Africa & Middle East Fund (as-of 2024-01-31)										
-1.6	-1.6	6.57	9.7	5.38	96.69 (01/24)	Equity	MENA & SSA	United States	Open-End	10/11

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

Source: Company Data

REFRAMING African Private Equity

By James Rae, Associate, Funds and Asset Management, Herbert Smith Freehills

Broadly, it is common to state that private equity has not worked well in Africa. Private equity generated much hype in the noughties, a period of stagnation for global markets. Large buyout operations came looking for large ticket sizes in a market that was, simply put, not large enough to deliver the right portfolio or sophisticated enough to provide the right exits. A number of players made high-profile exits from the market, and the stain never washed out.

I place much blame at the feet of the semantics of the term private equity. As an aside, I often state that I work in "private funds" rather than "private equity", helping to broaden my perceived mandate out of what is understood as private equity. Private equity is defined by the organic development of a largely unregulated (by design), closed-end fundraising for future investments into projects/companies, and the act of making those investments (or exits) is what gets most of the media hype. My personal journey is upstream of that, as a lawyer structuring the funds that provide the capital for such investments.

My career started with a race to understand the mechanics and the terms of a private equity vehicle; since it is informed mostly by lore rather than law, i.e. the market standard. And the market standard is shaped in part by an important underpinning of the industry: blind pool fundraising. Without it, much of what has developed into market standard private equity would not exist.

This is perfectly reasonable (why reinvent the wheel?) but it is the market standard that is the issue with private equity in Africa, or perhaps more accurately it is the way in which the market standard impacts expectations and negotiations between investors and managers that is the root of the problem. Ultimately, the development of private equity into the sophisticated engine it is now did not happen in the context of making investments in African jurisdictions and does not take into account what would make those investments a success.

Begrudgingly, private equity houses have realised this and fundraising in Africa has slowly taken a shape of its own, with pockets of excellence emerging. Ticket sizes have been reduced and industry focused reframed. 10-year mandate funds have become permanent capital vehicles with liquidity windows. Traditional exits have been exchanged for strategic long-term holdings and rollovers. Yet, with the notable exception of impact-investing, it comes as a surprise to me that instead of these approaches being touted as innovative private fund models, they are often an admittance of defeat. The goal appears always to revert to a model not built for the African market.

In fact, it surprises me that blind pool funds are altogether still a central topic in African private equity. Sophisticated investors that have reservations over the general investment risks in Africa would surely be more interested in single deals that are sourced by African managers. This gives the investor an opportunity to consider a tangible opportunity (and negotiate specific deal parameters) rather than price their investment on general market considerations. Less sophisticated investors could feed in as co-investors or part of a general feeder vehicle/fund-of-funds, dragged by the lead investor.

> "It is the market standard that is the issue with private equity in Africa, or perhaps more accurately it is the way in which the market standard impacts expectations and negotiations between investors and managers

Such an approach might put pressure on deal timetables but if the funds cannot be raised fast enough, bridge financing and equity commitment letters should be able to plug some of the gaps. General fund terms can be also prepped and agreed in advance of deal sourcing in a pledge arrangement with potential investors.

Single asset funds are not the only solution but an example of ways in which African managers can distinguish themselves from traditional private equity and reshape the understanding of private equity in Africa. This should not be framed as an admission of a weaker market but as innovations of a different market with different dynamics. Impact funds already understand the value of framing for African investments, but this is only one investment theme and may soon be a lens for all types of investment rather than a standalone theme (except in cases of true grant-giving and charitable investments). From a fireside that I hosted late last year, the opening remarks from Ayo Salami were that "you are going to invest in Africa, the question is whether you are going to do it today or in twenty years' time". Therefore, I challenge African managers to reframe their value proposition and approach their market with optimistic versatility; persistent managers will be rewarded in time.