



Management comments

June was marked by a weakening of economic indicators in the USA: first-quarter growth is expected to be weaker than initial estimates, and Q2 growth is now expected at +1.7%, compared with +2.7% at the end of May. The downturn in activity, the positive signals on disinflation dynamics which led to a drop in US long rates, combined with the good performance of commodities, should have had a positive effect on the asset class' spreads, but this was not the case. Apart from South Africa, the asset class experienced a general spread widening.

The benchmark index ended the month down -0.4% and is now up +6.3% year-to-date. Qantara ASB fund was down slightly more, due to its underweight in South Africa.

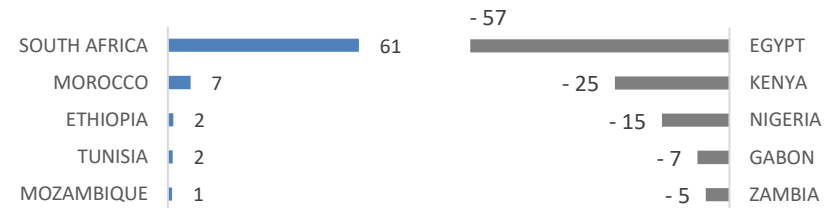
**South Africa**, whose spreads tightened by 60 bps in the month following the historic alliance between the ANC and the DA, which is an opportunity for the country to start some needed and awaited economic reforms. **Gabon** has experienced a significant spread widening due to its deteriorating fiscal situation, soaring debt and limited financing options. In **Kenya**, President W. Ruto withdrew the tax hike bill following the violent protests that followed its announcement. The target of reducing the deficit by 2.4 points to -3.3% of GDP by fiscal year 2024/25 now seems difficult to achieve. The cancellation of tax increases is expected to be offset by spending cuts, increased borrowing and a softening of the IMF's quantitative targets. **Nigeria's** foreign exchange reserves are at their highest level since end of March, thanks to World Bank financing, higher oil revenues and financial inflows into the country. Despite persistently high inflation, the naira remained relatively stable. **Ghana's** growth reached its highest level since Q4 2021 at +4.7%, prompting a review of the IMF's debt criteria and enabling a restructuring agreement with Eurobond holders, who will have the choice between a 37% haircut with faster repayment, or an extension of maturity with no reduction of nominal value. **Senegal** issued a 7-year Eurobond for \$750 million at a rate of 9.05% (coupon 7.75%).

Apart from Gabon and Kenya, this month's spreads widening are justified by non-fundamental reasons such as profit-taking or flows. We believe that Egypt, Nigeria, Angola, Côte d'Ivoire (€) and Senegal (€) are good buying opportunities at these levels. We are staying away from Gabon, Tunisia due to their high refinancing risk. The new Zambian securities also seem expensive to us.

Perfs in USD	MTD	YTD	1 Y	3 Y	5 Y	10 Y
Qantara ASB (*)						
EMBI GD Africa	-0.4%	6.3%	19.4%	0.0%	16.2%	55.5%
EMBI GD Emerging	0.6%	2.3%	9.2%	-7.6%	-0.1%	29.2%
IBOXX High Yield USD	0.9%	2.3%	10.3%	4.7%	17.4%	44.1%
IBOXX Inv Grade USD	0.6%	-1.2%	3.8%	-10.9%	1.9%	27.2%

(\*) As the fund is less than one year old, regulations do not allow performance to be published in periodic reports..

Emerging Africa and Global Emerging benchmarks

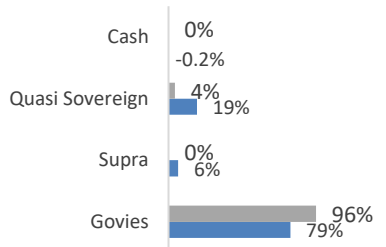


Top 5 contributors (benchmark)

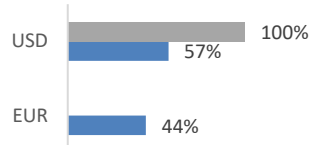
Bottom 5 contributors (Benchmark)

	Fund	Index
Yield USD	10.4	11.3
Yield EUR	8.6	8.3
Duration	5.4	5.3
Z Spread	624	751
Coupon yield	8.0%	8.5%
Cash	-0.2%	0%
Rating (linear)	B+	B
ESG Score (internal (*))	46.1	46

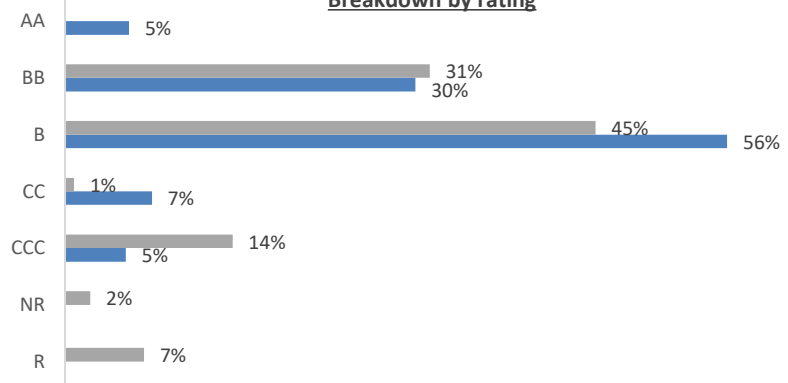
**Breakdown by issuer**



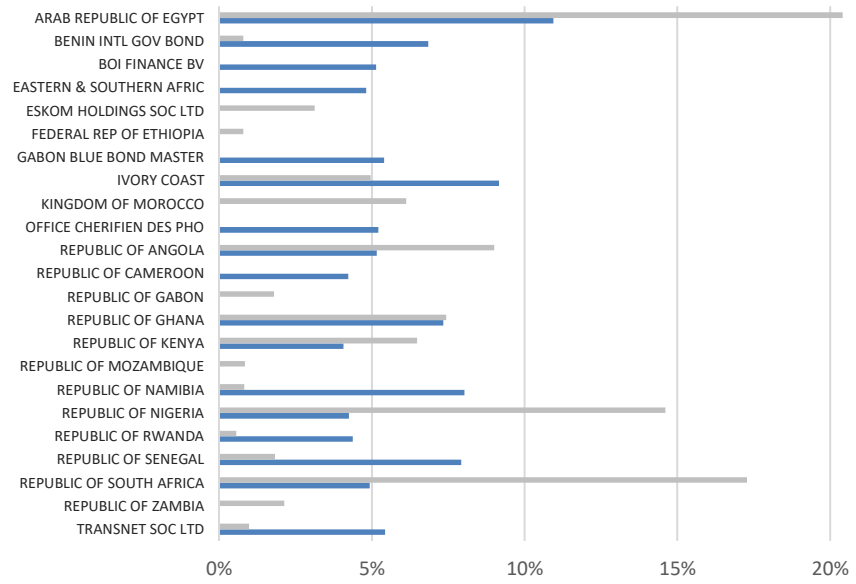
**Breakdown by currency**



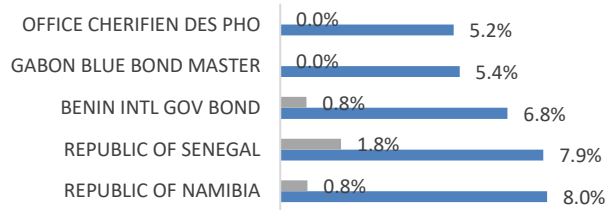
**Breakdown by rating**



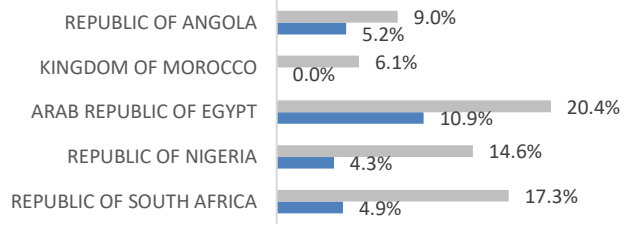
**Breakdown by country**

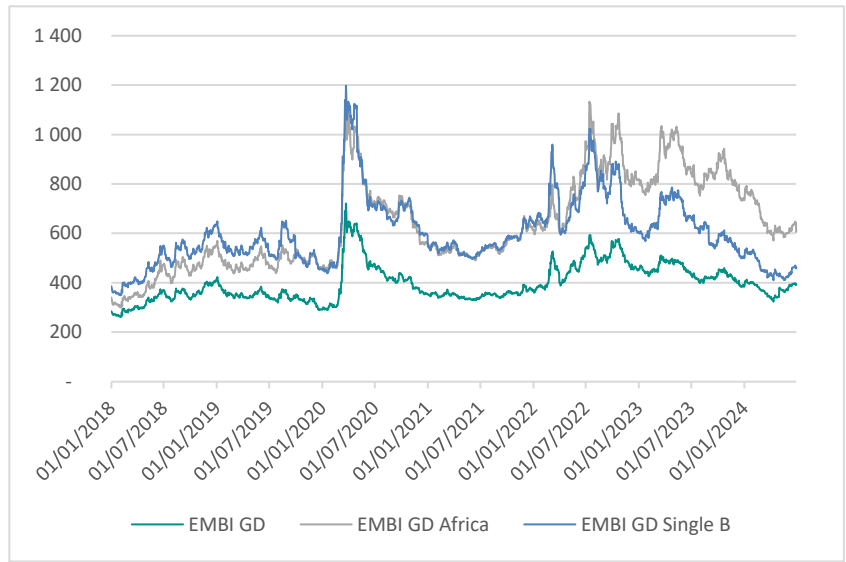


**Main overweight**



**Main underweight**





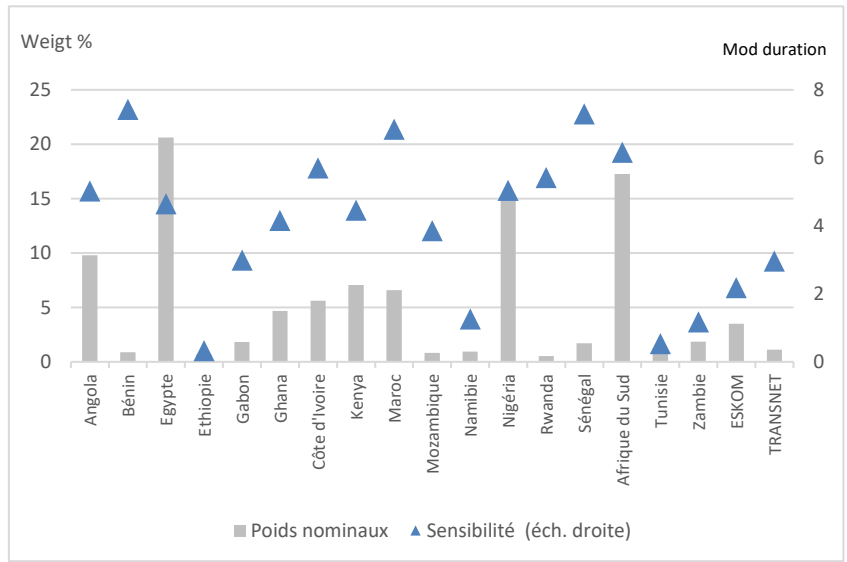
Spreads evolution (Indexes)

Issuer	Spread end of last month	Spread Variation
SOUTH AFRICA	326	-28

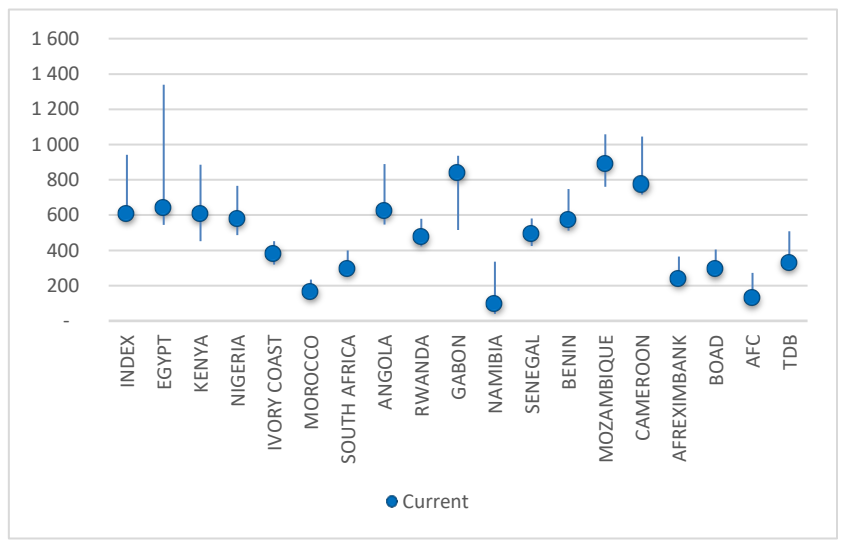
Main spread movements: Tightening

Issuer	Spread end of last month	Spread Variation
NIGERIA	535	44
BENIN	526	45
EGYPT	563	77
KENYA	503	107
GABON	680	160

Main spread movements: Widening



Index breakdown by issuers & modify duration

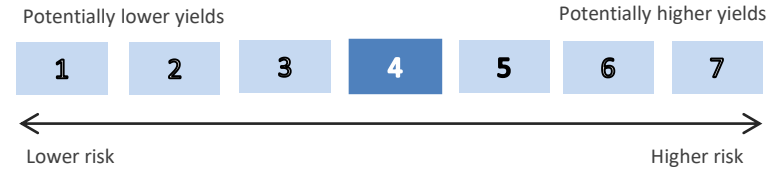


Spreads evolution year on year

# SUMMARY OF FUND TERMS

Denomination	QANTARA AFRICAN SOVEREIGN BONDS
Domiciliation	France
Juridical form	UCITS FCP under French law
SFDR Category	Article 8
Classification	Emerging markets Bonds
Launch date / Original NAV	22 December 2023 / 100
Last VL	28 <sup>th</sup> June 2024 : 104.2
Benchmark	JPM EMBI GD Africa
recommended investment period	3 years
ISIN Codes	FR001400FLB3 (Part I, EUR Hedged) FR001400FLD9 (Part ID, USD Hedged) FR001400FLC1 (Part R, EUR Hedged) FR001400FLE7 (Part RD, USD Hedged)
Management fees	1% (Share I) – 1,5% (Share R)
Performance fees	None
Front Load	4% Max
Redemptions fees	None
Nav calculation	Weekly
Income distribution	Capitalization
Custodian	CACEIS BANK
Fund administration	CACEIS BANK
subscriptions / redemptions	Orders centralized before 12 pm on Friday
Fund's auditor	PWC

## Risk indicator



*The risk indicator assumes that you keep the product for 3 years.*

*The real risk may be very different if you opt for an early exit, and you may get less in return. The synthetic risk indicator enables you to assess the level of risk of this product compared with others.*

### Specific risks:

The value of investments and the income derived from them may go down as well as up, and the customer may not recover the full amount initially invested. This fund invests in emerging markets, which can be more volatile than more developed markets. This fund invests in bonds whose price is influenced by changes in interest rates, issuer credit ratings and other factors such as inflation and market dynamics. Generally, bond prices fall when interest rates rise. Default risk is a function of the issuer's ability to pay interest and repay the loan at maturity. Consequently, default risk may vary between issuing governments and entities. High-yield bonds are riskier. They present a greater risk of default, which can have a negative impact on the income and capital value of the fund investing in them. Given the greater risk of default, an investment in a corporate bond is generally less secure than an investment in a government bond. The fund may make greater and more complicated use of derivatives, which may result in leverage. In such situations, performance may rise or fall more sharply than in the absence of leverage. The fund may be exposed to a risk of financial loss in the event of subsequent default by a counterparty used for derivative instruments. The fund offers no guarantees or protection regarding performance, capital, net asset stability or volatility. Currency hedging is used to substantially reduce the risk of loss due to adverse movements in exchange rates on positions held in currencies other than the fund's trading currency. Currency hedging also has the effect of limiting the possibility of realizing foreign exchange gains.

**Average rating** : The average rating aggregates the ratings of issuers in the fund into a single rating by means of a weighted average.

**Classification SFDR** The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation that requires asset managers to classify their funds as either "Article 8" funds that promote environmental and social characteristics, or "Article 9" funds that engage in sustainable investment with measurable objectives, or "Article 6" funds that do not promote environmental or social characteristics and have no sustainable objectives.

**Credit sensitivity** The Credit Sensitivity is a formula that expresses the measurable change in the value of a fixed income instrument in response to a change in credit spread. The credit sensitivity for the fund is calculated as the weighted average credit sensitivity of all underlying fixed income instruments

**Duration** The duration of a bond corresponds to the period after which its profitability is not affected by interest rate variations. Duration is defined as the average discounted life of all flows (interest and principal).

**ESG** : E- Environment, S- Social , G- Governance

**ESG methodology**: Qantara AM's ESG methodology is based on 3 pillars that represent major challenges for the African continent (Energy transition and adaptation to climate change, Education, Governance). A score is calculated using a proprietary method for each pillar, based on indicators from public sources.

**ESG score calculation**: Overall fund rating calculated according to Qantara AM's internal methodology: The final score ranges from 0 to 100, with 100 being the best score.

**Exposure**: The Exposure of a fund is expressed as a percentage of total portfolio holdings, considering the leverage of derivative instruments. It represents the amount an investor can lose from the risks unique to a particular investment.

**FCP**: "Fonds commun de placement" – Mutual funds

**High Yield** . An instrument is considered as a high yield instrument if its credit rating is below BBB-, because of its higher default risk. The rate of return on these securities is generally higher.

**Investment grade** : An instrument is considered as an investment grade instrument if its credit rating is above or equal to BBB- , indicating a generally relatively low risk of default.

**Modified duration** : The Modified Duration is a formula that expresses the measurable change in the value of a fixed income instrument in response to a change in interest rates The Modified Duration for the fund is calculated as the weighted average of all underlying fixed income instruments.

**Net asset value (NAV)** : Price of one share.

**Rating** : The rating is the financial rating used to measure the quality of the borrower's (bond issuer's) signature.

**Ratio de Sharpe** : The Sharpe Ratio measures the level of compensation an investment in the fund offered for the risk taken. It is calculated by subtracting the risk-free rate from the return of the fund and dividing that result by the volatility. The higher the Sharpe ratio the better, a negative ratio has no significance other than that the fund underperformed the risk-free rate.

**Tracking error**: Tracking error is a statistical measure of the dispersion of a fund's excess returns around the mean, which in effect is the volatility of the difference between the fund's performance and the performance of the benchmark index. A higher tracking error indicates a higher deviation from the benchmark.

**UCITS** Undertakings for Collective Investments in Transferable Securities is a European directive aimed at harmonizing markets (European passport).

**VaR** Value at risk (VaR) represents an investor's maximum potential loss on the value of a portfolio of financial assets, given a holding horizon (20 days) and a confidence interval (99%). This potential loss is represented as a percentage of the portfolio's total assets. It is calculated based on a sample of historical data (over a 2-year period).

**Volatility** : The Volatility is the statistical measure of dispersion of returns for a fund around the mean. A higher volatility means that a fund's value can potentially be spread out over a larger range of values and makes the fund a riskier investment. .

**Yield to Maturity** : Yield to is the actuarial rate of return. At the time of calculation, it is the estimated rate of return offered by a bond if it were held to maturity by the investor. Note that the indicated yield does not consider the effect of currency carry and the Fund's fees and expenses.

# DISCLAIMER

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**Registered in Paris RCS number 912 686 672**  
**Headquarters: 44 Bis rue Pasquier 75008 Paris, France**  
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