

Investment objective

The Fund's objective is to outperform the JP Morgan EMBI Global Diversified Africa over the Fund's recommended investment horizon of 3 years. It offers investors geographic diversification of their bond investments and exposure to African transformation through a portfolio of debt securities issued by African countries, state-owned companies and supranational organizations, denominated in Hard currencies (USD, EUR) and listed on international markets.

Investment team

frontoffice@qantara-am.com



James KUATE - CIO & Fund manager

25 years' experience as proprietary trader & fund manager in Fixed income and convertible Bonds.



Martin Ley

Senior Fund manager - Analyst

8 years' experience as Fixed income Fund manager.



Perrine GUERIN

Chief Economist- Strategist

6 years' experience as country risk economist on Africa

key elements

Risk indicator (*)



Minimum recommended investment period : 3 years

Benchmark: JPM EMBI GD Africa

Yield to maturity: 9.5%

Duration: 5.2

Average rating: BB- (linear)

Average coupon: 7.1%

SFDR Classification : Article 8

Domiciliation : France

Legal form: UCITS - FCP

Launch date: 22/12/2023

Assets under management: 3.2 M€

Fund currency: EUR

Isin code: FR001400FLD9

Income distribution: Capitalization

Date of 1st NAV: 22/12/2023

Original NAV: 100

NAV at 30/04/2024 : 103.8

Currency: USD

Minimum % of Taxonomy alignment: 0%

Minimum % of sustainable investments: 0%

(*) The risk indicator assumes that you hold the product for 3 years. The real risk may be very different if you opt to exit before maturity, 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.

Management comments

In April US rates rise sharply (+30 bps on the 10-year rate) following the publication of a higher-than-expected March CPI. The market now expects less than 50 bps rates cut in 2024, compared with 160 bps at the start of the year. The combination of higher US interest rates and a stronger dollar were negative for emerging markets. The EMBI global index fell by 2.1% over the month, a drop comparable to that of the EMBI Africa index (-1.9%).

This drop in the index and the high volatility of US rates took place with asset class spreads being stable over the month (-1bp drop to 604 bps).

Qantara ASB fund demonstrated resilience, declining by just -0.5% over the month. The main factors behind the fund's outperformance were: a reduction in duration at the start of the month, by taking steepening curve positions in countries likely to issue bonds in 2024 (Nigeria, Angola); a significant weighting of euro-denominated bonds, which are less expensive and were less impacted to interest-rate movements, due to macroeconomic divergences between the eurozone and the USA; and a better selection of securities (sale of Ghana and Kenya, underweighting of Morocco, South Africa and Egypt).

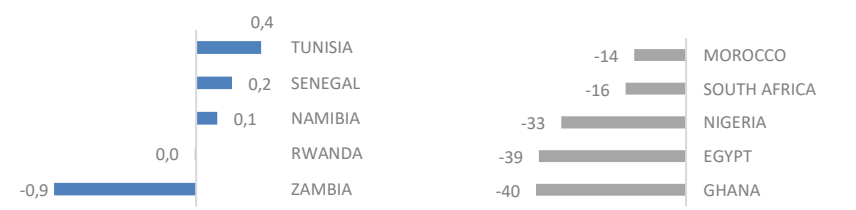
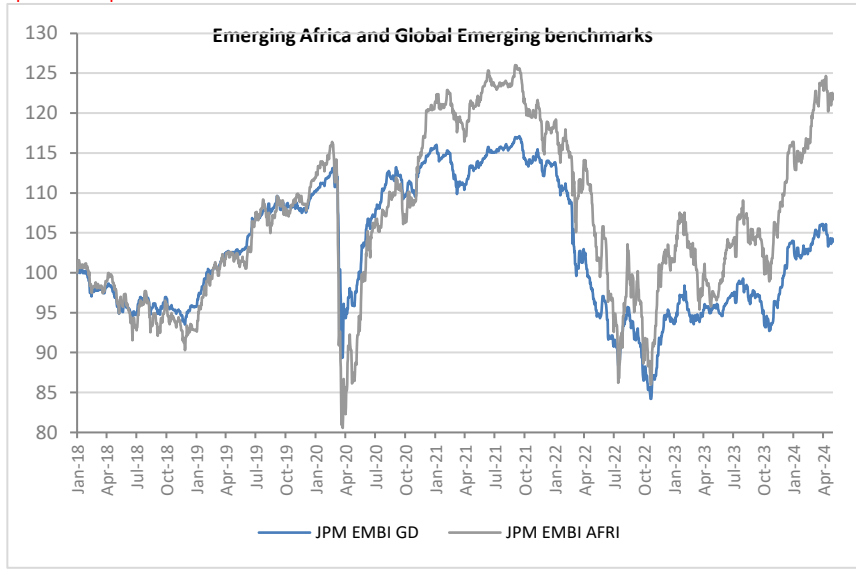
On the issuer side, **Egypt's** liquidity crisis now seems to be under control, the country has initiated discussions to extend the maturity of its domestic debt, which would ease debt servicing. In **Nigeria**, efforts to support the Naira have led to a significant drop in reserves (-7.3 bn USD over the last twelve months, reaching 31.3 bn USD in mid-April). The country has requested a \$2.25 billion loan from the World Bank. In **South Africa**, the major issue of power cuts has eased, spreads tightened over the month. **Gabon's** spreads experienced the biggest widening over the month after the end of the national dialogue, which recommended, the suspension of 200 political parties. This could impact bilateral and multilateral funding. **Ghana** securities fell sharply after a pause in negotiations with private creditors. Lastly, **Ethiopia** obtained a 3-month extension from the Paris Club to reach an agreement with IMF.

On the primary market, OCP issued \$2 billion to finance its ecological transition. We participated in the issue.

During the month, we took profits on Ghana and Kenya. We also sold our position in BOAD.

Perfs in USD	MTD	YTD	1 an	3 ans	5 ans	10 ans
Qantara ASB (*)						
EMBI GD Africa	-1,9%	4,6%	24,6%	0,8%	19,5%	57,6%
EMBI GD Global	-2,1%	-0,1%	8,4%	-8,2%	1,2%	30,6%
IBOXX HY USD	-1,0%	0,1%	8,2%	3,7%	16,1%	43,5%
IBOXX IG USD	-3,2%	-3,9%	-0,1%	-11,0%	3,8%	25,7%

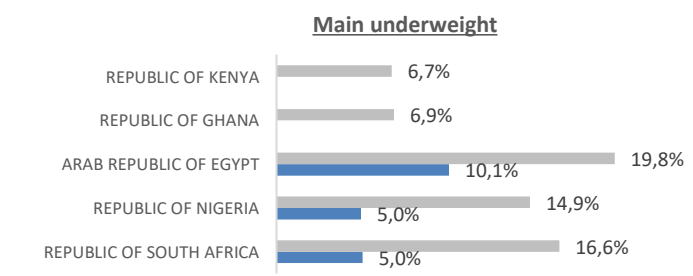
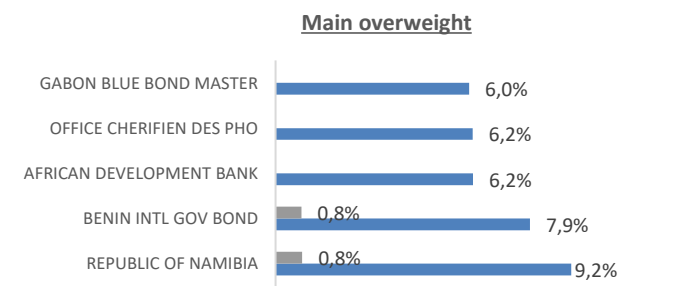
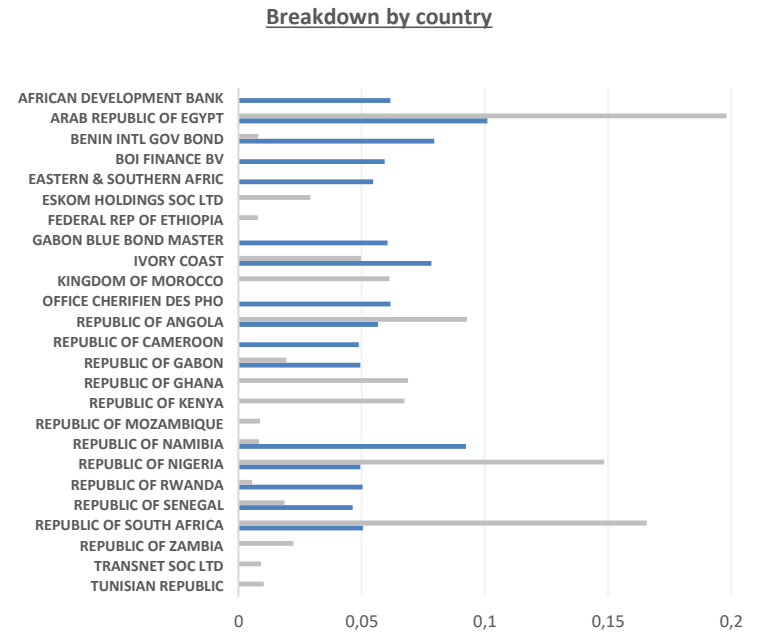
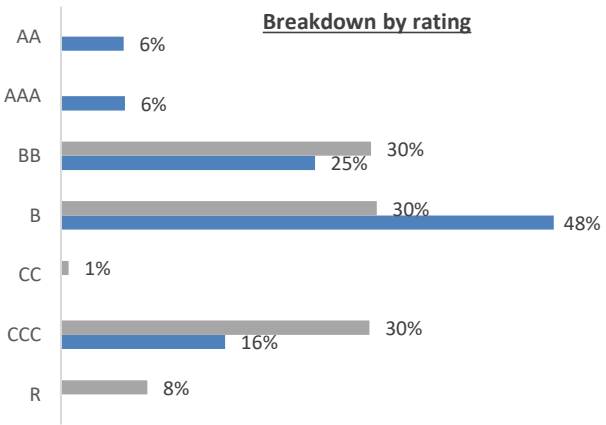
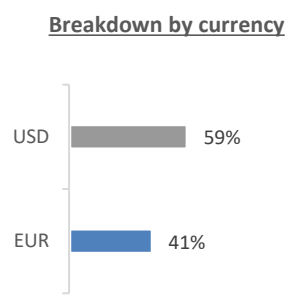
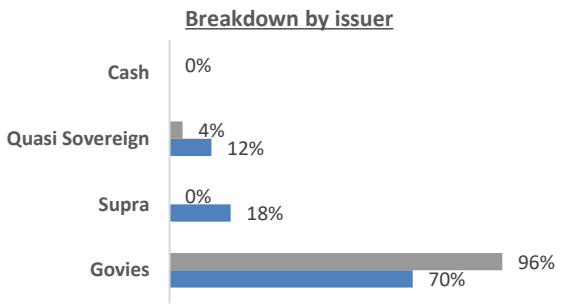
(*) As the fund is less than one year old, regulations do not allow performance to be published in periodic reports..

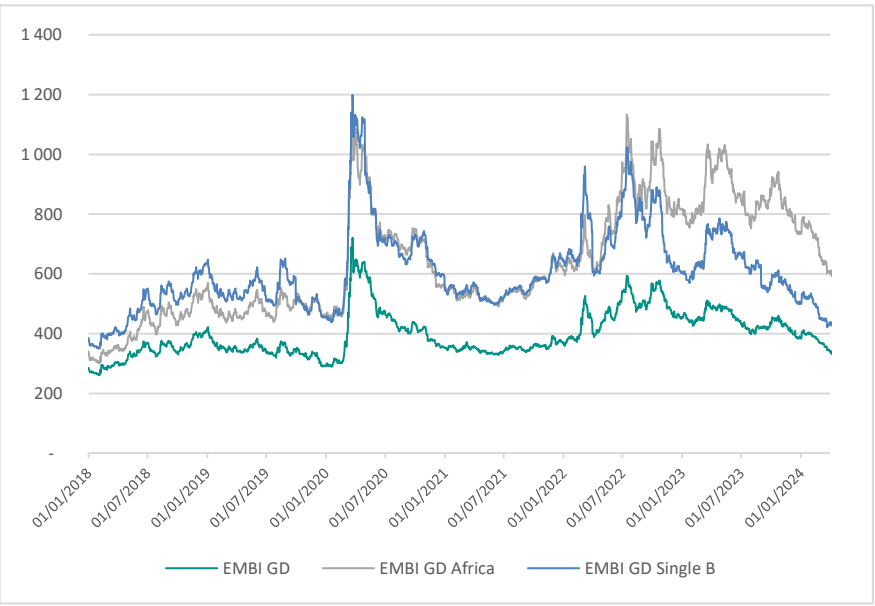


Top 5 contributors (benchmark)

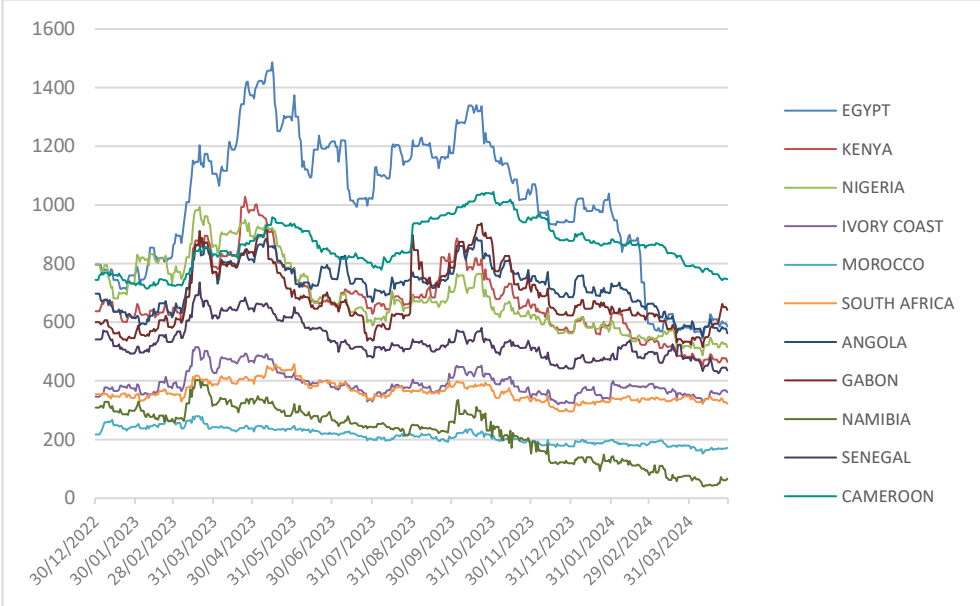
Bottom 5 contributors (Benchmark)

	Fund	Index
Yield USD	9.5	11,6
Yield EUR	7,5	8,4
Duration	5,2	5,5
Z Spread	479	690
Taux coupon	7.1%	8,7%
Cash	-0,1%	0%
Rating Linéaire	BB-	B
ESG SCORE INTERNE (*)	49,0	45,6





Spreads evolution (Indexes)



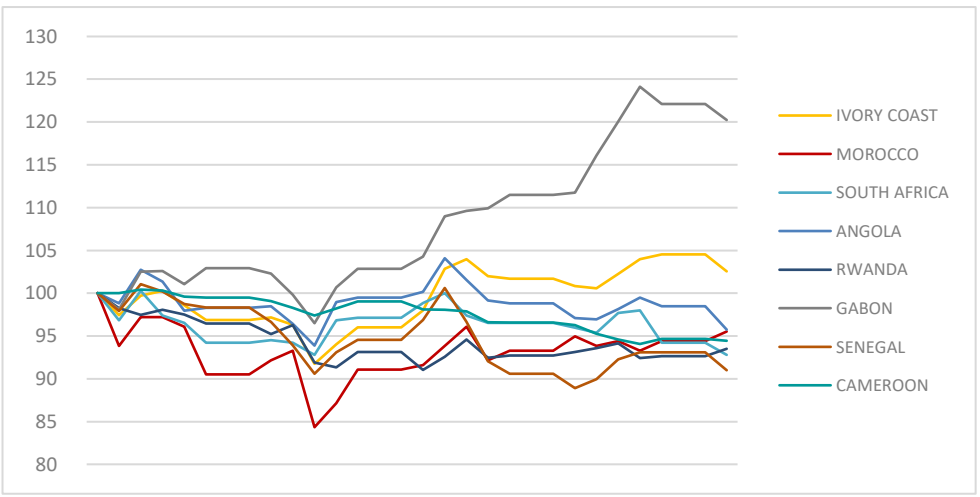
1 Y Spreads evolution (Issuers)

Issuer	Spread end of last month	Spread Variation
CAMEROON	791	-44
SENEGAL	478	-43
RWANDA	463	-30
SOUTH AFRICA	347	-25
ANGOLA	587	-25

Main spread movements: Tightening

Issuer	Spread end of last month	Spread Variation
GABON	534	108
IVORY COAST	352	9

Main spread movements: Widening

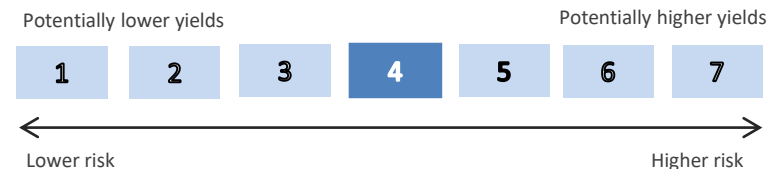


Main spreads evolution MTD

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	30 th April 2024 : 103.8
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
Approved by the autorité des Marchés Financiers on 04/01/2023 as an asset management company
under the number GP-20230002

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