QANTARA AFRICAN SOVEREIGN BONDS
UCITS under French law

Reporting November 2024

QANTARA ASSET MANAGEMENT

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 (*)

1	2	3	**4**	5	6	7

Lower risk ⟷ Higher risk

Minimum recommended investment period : 3 years

Benchmark: JPM EMBI GD Africa
Yield to maturity: 8.7%
Duration: 4.8
Average rating: BB (linear)
Average coupon: 6.4%

SFDR Classification : Article 8
Domiciliation : France
Legal form: UCITS - FCP
Launch date: 22/12/2023
Assets under management: 3.6 M€
Fund currency: EUR

Isin code: FR001400FLD9
Income distribution: Capitalization
Date of 1st NAV: 22/12/2023
Original NAV: 100
NAV at 31/10/2024 : 112.1
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

The favorable economic environment prevailing at the beginning of the month and expectations of gradual rate cuts gave way to fears of a resurgence in inflation fueled by future Trump administration’s new tariff policy. US interest rates and the dollar rose sharply before easing at the end of the month, as attention shifted to macroeconomic data.

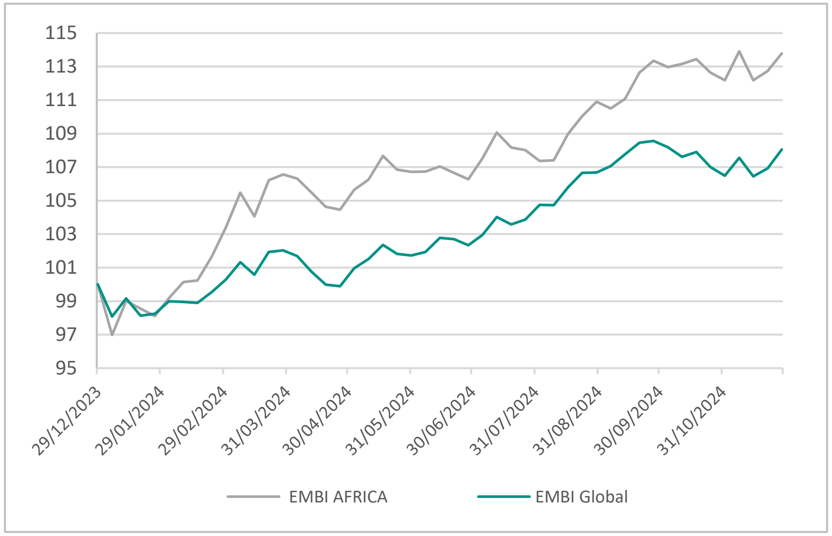
The asset class showed a good resilience, rising +1.1% over the month. The performance was driven by the fall in US interest rates and the resilience of spreads, which were virtually unchanged over the month despite significant dispersion among issuers. Qantara ASB fund outperformed its benchmark over the month due to its overweight positions in Senegal, Ghana and euro-denominated securities.

South Africa returned to the primary market for the first time since April 2022 with 2 issues for a total of $3.5 billion. Demand reached $9 billion. The country, which continues to benefit from a favorable environment since the formation of the national unity government, saw its spreads tighten and its credit risk outlook upgraded to positive by S&P. **Nigeria** has approved a borrowing plan to finance its deficit, which includes an issue of $1.7 billion in Eurobonds. During the presentation of its 2025 budget. **Ivory Coast** also planned to issue a Eurobond ($500 million) to finance its budget deficit, forecast at 3% of GDP next year. The Ivorian authorities announced the discovery of a second world-class gold deposit (production estimated at 11 tons) 6 months after the discovery of the Koné project (15.5 tons of gold): the mining sector should be an essential pillar of the government's development strategy in the future. The early legislative elections in **Senegal** gave a landslide victory to Pastef, which now has a free hand to implement its reform program. Election results brought spreads down, but the examination of a rectifying finance law for 2025 in the face of worsening budget ratios and a new agreement with the IMF will be important for the evolution of credit risk. **Congo** finalized a swap of part of its domestic debt: the operation partly eased the country's liquidity situation and justified an improvement in the country's outlook from negative to stable (S&P). In **Ethiopia**, reforms are continuing with relaxation of exchange control rules for exporters, but also a project to limit deficit financing by the central bank and the adoption of a medium-term budget framework for better resource management. In **Namibia** (as in South Africa), disinflation is gathering pace, with CPI at 2.9% y/y, further rate cuts are expected. Fitch upgraded **Egypt's** sovereign rating from B- to B due to a reduction in external financial risk. In **Angola**, spreads widened with higher-than-expected deficit forecasts for 2025 and below-target fiscal performance in 2024.

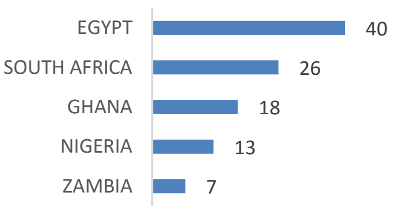
Average spreads are historically low, and close to pre-Covid levels. If this is justified by an improvement in issuers' risk profiles, it calls for greater caution and selectivity. We remain overweight on euro-denominated securities, and short duration on securities with high spreads. We have reduced the portfolio's duration to 4.8 and increased the Supra allocation to 17% of the fund.

Perfs in USD	MTD	YTD	1 Y	3 Y	5 Y	10 Y
Qantara ASB (*)						
EMBI GD Africa	1.1%	13.8%	20.5%	15.0%	22.0%	61.1%
EMBI GD Emerging	1.2%	8.0%	13.1%	0.2%	4.1%	34.9%
IBOXX High Yield USD	1.2%	8.4%	12.3%	11.5%	21.8%	55.5%
IBOXX Inv Grade USD	1.6%	3.8%	8.3%	-6.3%	2.6%	30.8%

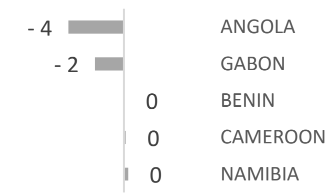
(*) As the fund is less than one year old, regulations do not allow performance to be published in periodic reports..



Emerging Africa and Global Emerging indexes



Top 5 contributors (benchmark)



Bottom 5 contributors (Benchmark)

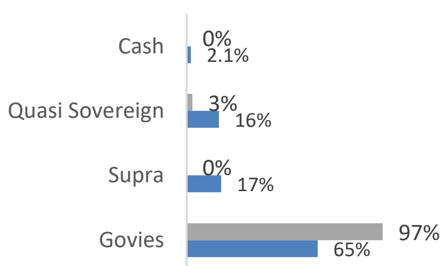
QANTARA ASSET MANAGEMENT

Source : Qantara AM, Bloomberg at 29/11/2024

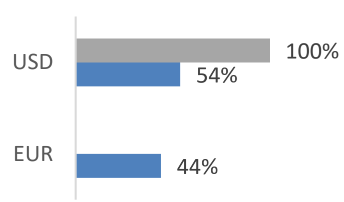
Disclaimer: Past performance is not indicative of future performance. ***All performances are net of management fees.***

	Fund	Index
Yield USD	8.7	8.6
Yield EUR	6.6	6.0
Duration	4.8	5.4
Z Spread	483	476
Coupon yield	6.4%	7.6%
Cash	2.1%	0%
Rating (linear)	BB	B
ESG Score (internal (*))	46.5	46

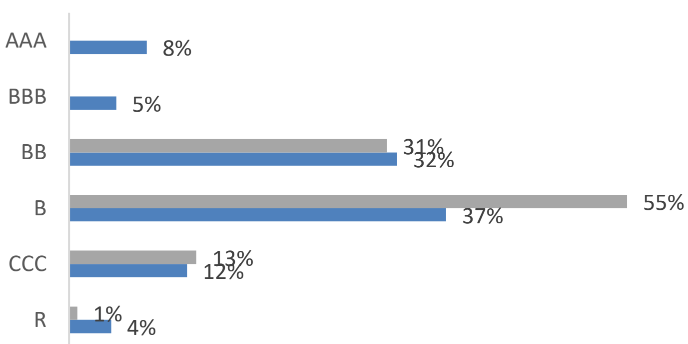
Breakdown by issuer



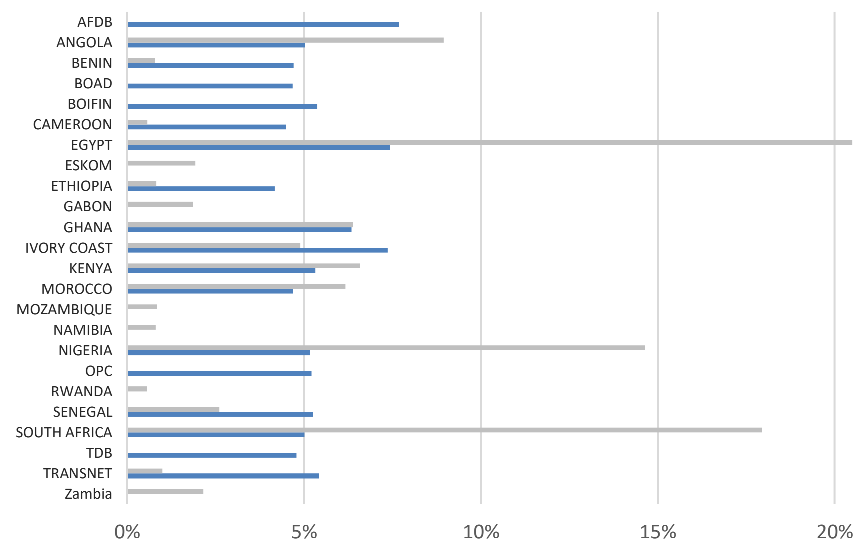
Breakdown by currency



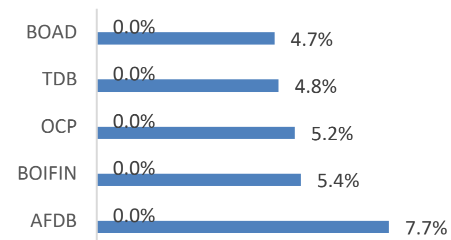
Breakdown by rating



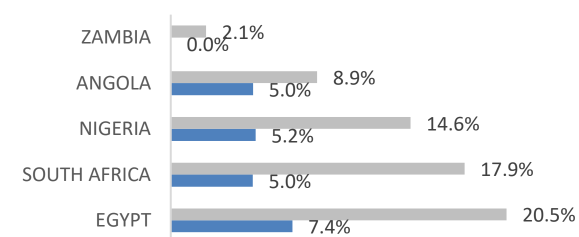
Breakdown by country



Main overweight



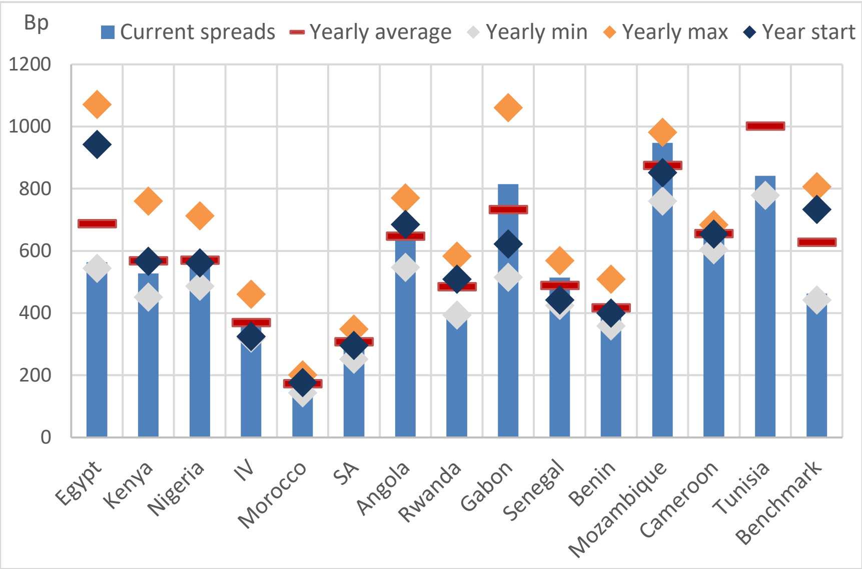
Main underweight



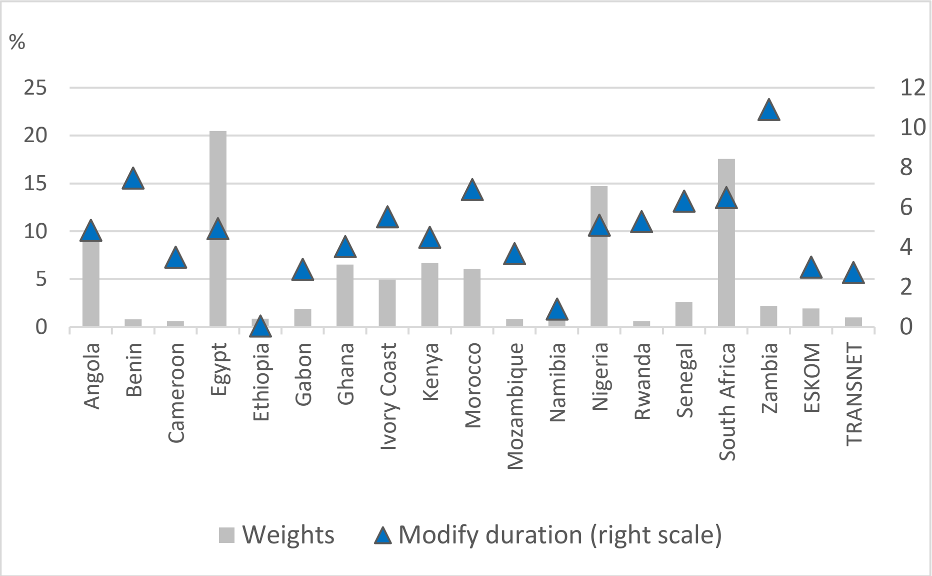
QANTARA ASSET MANAGEMENT

Fund
Index

Source : Qantara AM, Bloomberg at 29/11/2024
(*) More information on ESG methodology is available at www.qantara-am.com



Spreads evolution year on year



Index breakdown by issuers & modify duration

Issuer	Spread end of last month	Spread Variation
GHANA	688	-42
RWANDA	424	-29
SENEGAL	538	-24
EGYPT	574	-10

Main spread movements: Tightening

Issuer	Spread end of last month	Spread Variation
GABON	728	86
ANGOLA	620	33
MOZAMBIQUE	916	32
BENIN	378	20
CAMEROON	662	18

Main spread movements: Widening

QANTARA ASSET MANAGEMENT

Source : Qantara AM, Bloomberg at 29/11/2024 Excluding countries in restructuring (Ghana, Zambia, Ethiopia)

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	29th November 2024 : 112.1
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

Potentially lower yields — Potentially higher yields

1	2	3	**4**	5	6	7

Lower risk — Higher risk

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.

GLOSSARY

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

QANTARA ASSET MANAGEMENT – QAM
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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