QANTARA AFRICAN SOVEREIGN BONDS
UCITS under French law

Reporting March 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: 9.8%
Duration: 5.2
Average rating: BB- (linear)
Average coupon: 7.3%

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 28/03/2024 : 104.3
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

Asset class spreads kept tightening in March, despite lower rate cut expectations in the US compared to the start of the year, due to slightly higher than expected inflation and a healthy US economy.

This spread compression led to very good performance for the asset class: the benchmark is up 3.4% over the month, and +6.6% year to date. The fund is also having a second very positive investment month.

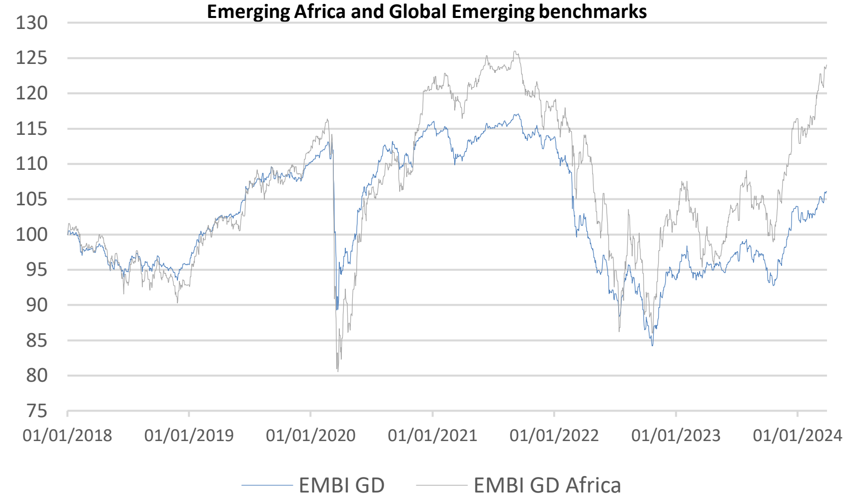
The most significant news came from the continent's biggest economies: Egypt and Nigeria exited the "negative real rates and overvalued currency" circle. **Egypt** has received funding commitments of over $50 billion from the UAE, multilaterals (IMF, WB) and the European Union. The country has devalued its currency (-60%) combined with a massive rise in interest rates (+600bps). This environment is once again attracting foreign capital (carry trade) and gives government time to pursue necessary economic adjustments. **Nigeria** also devalued its currency sharply and raised interest rates twice, on a similar scale to Egypt. Cardoso, the new central bank's governor stated his intention to follow a more orthodox monetary policy. The country also cleared its foreign exchange backlog. **South Africa** was the only issuer to see its spreads widen, as the approach of the elections and uncertainty over the ANC's score led to investor outflows. In **Senegal**, B.Diomaye Faye was elected 5th president after smooth elections. Investors were reassured by both the end of uncertainty and the first words of Senegal's new head of state. In **Angola**, the BNA raised rates by 100 bps to 19% due to persistent inflation. The country also reached an agreement with China, its biggest creditor ($17 billion and 40% of its external debt), which represents a monthly cash flow gain of $150/200 million. Angolan securities also benefited from the good performance of oil prices, which are well above the country's budget forecasts. **Zambia** has reached an agreement on the restructuring of its debt with Eurobonds holders, which at current levels gives an implied recovery value of around 70%, well above historical averages. **Ghana**, which is in discussions with its creditors, benefited from this news. **Cameroon's** rating was upgraded from CCC+ to B- by S&P, and **Ivory Coast**'s from Ba3 to Ba2 by Moodys.

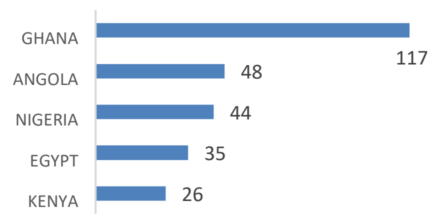
The current level of spreads leads us to be more selective in our portfolio's construction. Volatility in US interest rates is likely to continue until the downward cycle is underway. Probable new issues from Nigeria and Angola could lead to a steepening of their curves. We remain positive on Egypt, Nigeria and Angola, neutral on Kenya and underweight on South Africa.

Perfs in USD	MTD	YTD	1 Y	3 Y	5 Y	10 Y
Qantara ASB (*)						
EMBI GD Africa	3,4%	6,6%	27,7%	5,1%	22,8%	62,8%
EMBI GD Global	2,1%	2,0%	12,3%	-4,5%	3,9%	35,3%
IBOXX HY TR USD	1,1%	1,1%	12,5%	6,0%	19,1%	45,9%
IBOXX IG TR USD	-0,7%	1,6%	5,5%	-6,8%	7,8%	31,5%

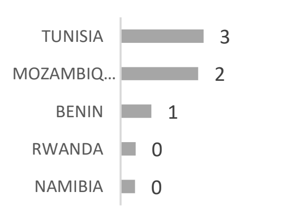
(*) As the fund is less than one year old, regulations do not allow performance to be published in periodic reports..

Emerging Africa and Global Emerging benchmarks





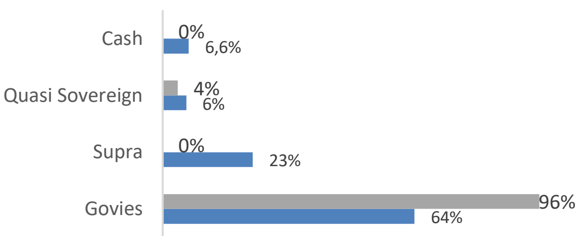
Top 5 contributors (benchmark)



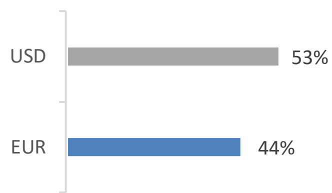
Bottom 5 contributors (Benchmark)

	Fund	Index
Yield to maturity USD	9,8	11,1
Yield to maturity EUR	7,9	8,1
Modified duration	5,2	5,5
Z Spread	570	665
Coupon Yield	7,3%	8,5%
Cash	2,8%	0%
Linear Rating	BB-	B
INTERNAL ESG SCORE (*)	47,4	45,7

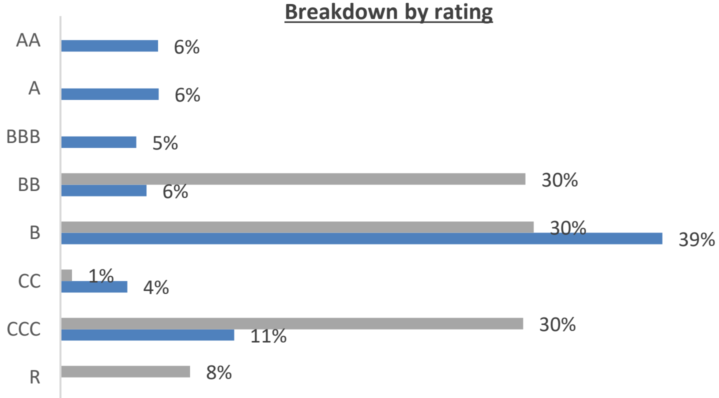
Breakdown by issuers category



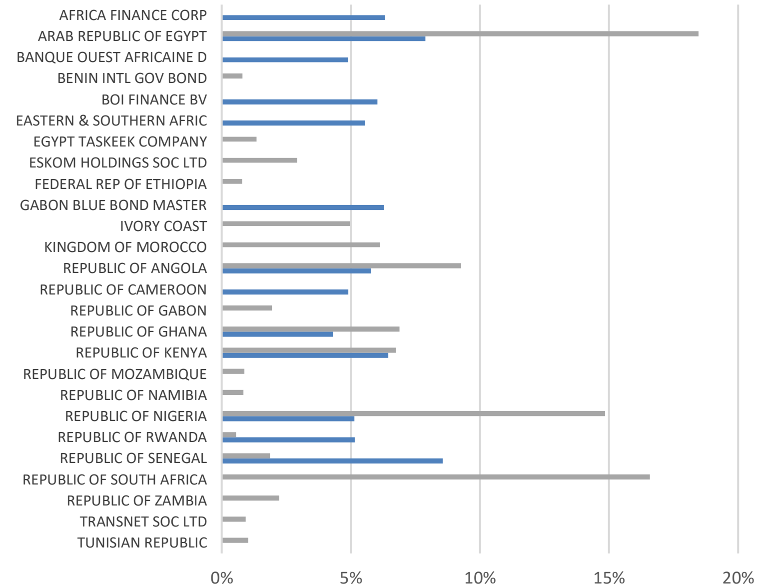
Breakdown by currency



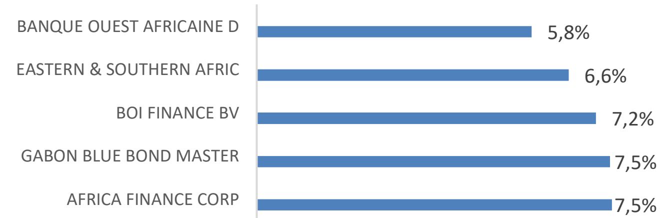
Breakdown by rating



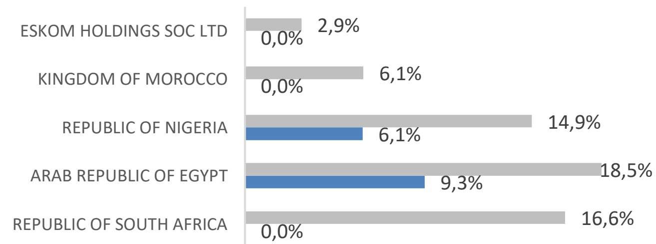
Breakdown by country



Main overweights



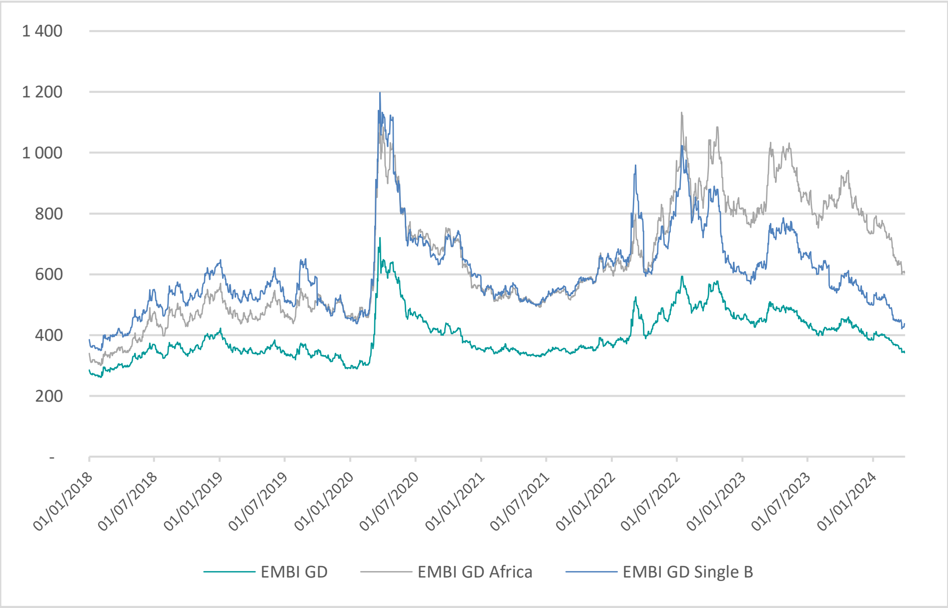
Main underweights



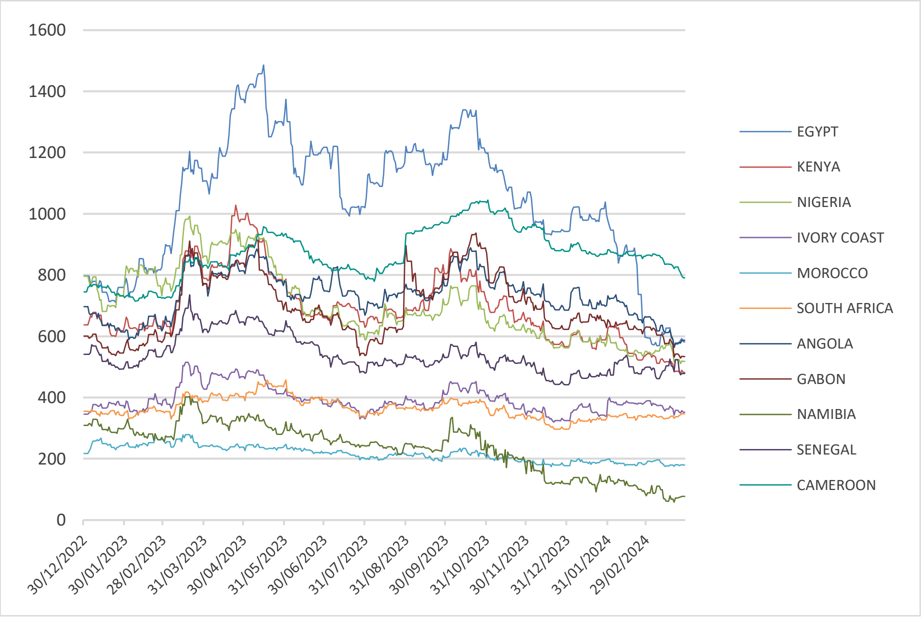
Fonds
Indice de référence

QANTARA ASSET MANAGEMENT

Source : Qantara AM, Bloomberg at 28/03/2024
(*) More information on ESG methodology is available at www.qantara-am.com



Spreads evolution(Indexes)



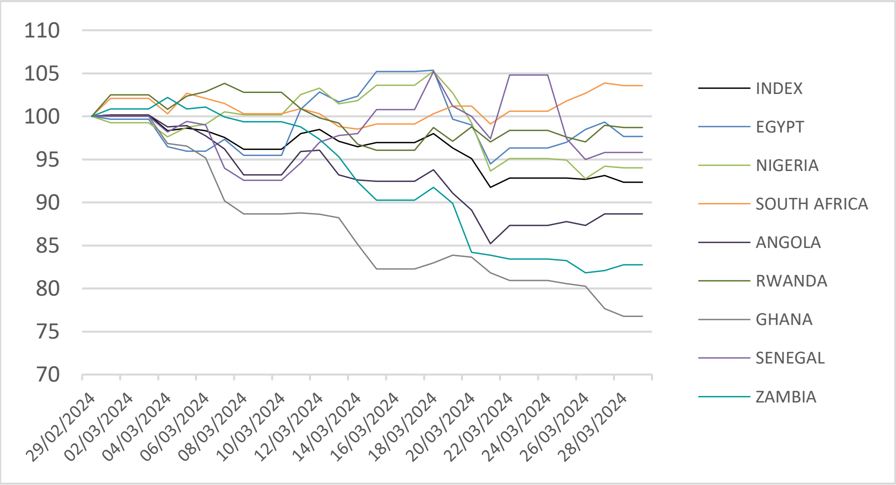
1 Y Spreads evolution (Issuers)

Emetteur	Spread actuel	Variation Spread
GABON	523	-97
ANGOLA	580	-75
CAMEROON	812	-73
KENYA	474	-58
MOZAMBIQUE	801	-51

Main spread movements: Tightening

Emetteur	Spread actuel	Variation Spread
SOUTH AFRICA	336	12

Main spread movements: Widening



Main spreads evolution MTD

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Source : Qantara AM, Bloomberg at 28/03/2024

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	28th March 2024 : 104.3
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
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