



African eurobonds, like equities, largely shrugged off the tumultuous events of the past quarter, which included the by now almost forgotten “Liberation Day” trade tariffs and friction in the Middle East. The fund had a net ZAR return of +2.4% for the quarter vs +1.9% for the benchmark index. Year to date the fund has returned net +1.4% in USD vs +0.4% for the index.

Towards the end of Q1 we increased local currency exposure to the high teens because of the attractive opportunities across four countries. A significant portion of this last quarters return came from these local currency opportunities. Like many frontier and EM assets “risk-off periods” create great opportunities as many global investors dump anything they perceive as remotely risky.

The largest single contributor came from a Zambian Kwacha government bond which has a mid-20’s coupon and rerated strongly as the regional drought ended, leading to increased power supply and falling inflation when food imports reduced significantly.

Egyptian and Nigerian treasury bill yields to maturity remain in the low to mid 20’s but are expected to fall further going forward as inflation rolls over and drops towards the low teens in the coming few quarters. Currency repatriation is no problem and is expected to remain so.

The Ugandan UGX long bond has a yield to maturity of +17.5%, and whilst there may be some short-term currency volatility we believe that investors are being handsomely compensated for any additional volatility and risk.

Hard currency sovereign eurobonds also did well, particularly Nigeria, Egypt, Cote d’Ivoire and Kenya. Senegal was the sole detractor for the quarter amidst ongoing uncertainty around the country’s true debt situation. The previous administration hid a significant amount of government debt, but the results of a new IMF-supported audit are hopefully imminent, and an IMF programme should commence shortly thereafter. With a spread of almost 10% over US treasuries we continue to hold the bonds and expect to see decent return from here.

Performance declaration for Laurium Africa USD Bond Prescient Feeder Fund (Class A1)	FUND (ZAR)	BENCHMARK (Standard Bank Africa Sovereign Eurobond (excl. SA) Total Return Index in ZAR)
Annualised return since inception	+8.0%	+8.4%
Cumulative return since inception	+53.7%	+56.9%
1 Year	+12.0%	+10.2%
3 Year (annualised)	+15.1%	+18.1%
Highest rolling 1-year return (since inception)	+28.2%	
Lowest rolling 1-year return (since inception)	-13.0%	
Fund inception date	1 December 2019	

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The forecasts are based on reasonable assumptions, are not guaranteed to occur and are provided for illustrative purposes only.