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The World to Africa Key Survey Findings

The World to Africa: Overview



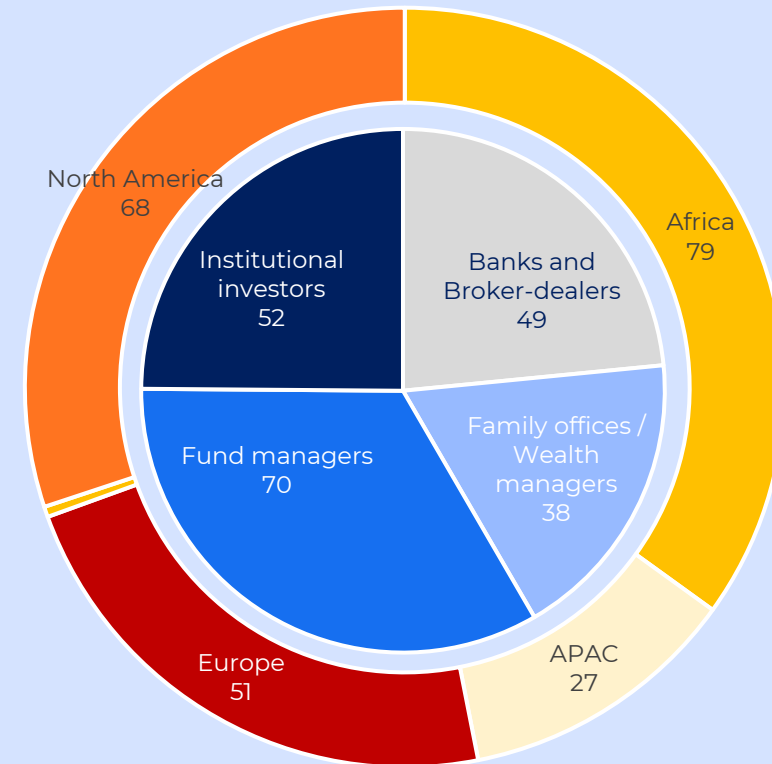
In September / October 2021, **Standard Bank** led an industry-wide benchmarking campaign to map out the case and path for investing into Africa's markets today. Run by the ValueExchange and supported by **BNY Mellon, MIDA, AVCA, SAVCA** and **Global Custodian**, this campaign is designed to demystify the African markets for global investors and to bring them one step closer to investing.

This document summarises the key statistical findings of our campaign so far. All of the data in this Key Findings document is drawn from our interactive data dashboard. Please contact us if you would like to explore this data yourself.

We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co)

Who participated in our campaign?

As a truly industry-wide survey, we have benefited from the insights of over **225 investors and their intermediary providers** around the world. These respondents are broken down as follows:



The World to Africa

Key Findings



Who is investing into Africa?

44% of respondents are investing into Africa today

76% of investors look set to grow their Africa investments

34% of Africa investors are institutional investors

Where is the world investing?

40% into fixed income
43% into listed equities
...by portfolio investors

South Africa
Nigeria
Kenya ...are the mainstays of the Africa portfolio

#1 Fintech & Government debt are the #1 target sector for global investors

African investments tomorrow

34% of investors plan to grow their Africa investments soon

48% of portfolio investors are looking to begin investing into Africa

58% of North American investors will begin investing into Africa soon

The Case for Growing African flows

ESG Is a key driver of African flows – especially from Europe

FX liquidity and restrictions are the main impediments to flows

53% of investors see local market reforms as the key trigger to greater flows



Who is investing into Africa today?

44% of respondents are investing into Africa today

North America

33% 

27% 

Europe

45% 

42% 


Africa (Cross-border)

45% 


78% 

Percentage of respondents in each region investing into Africa today

Portfolio investors

(investing into liquid securities for portfolio returns) 

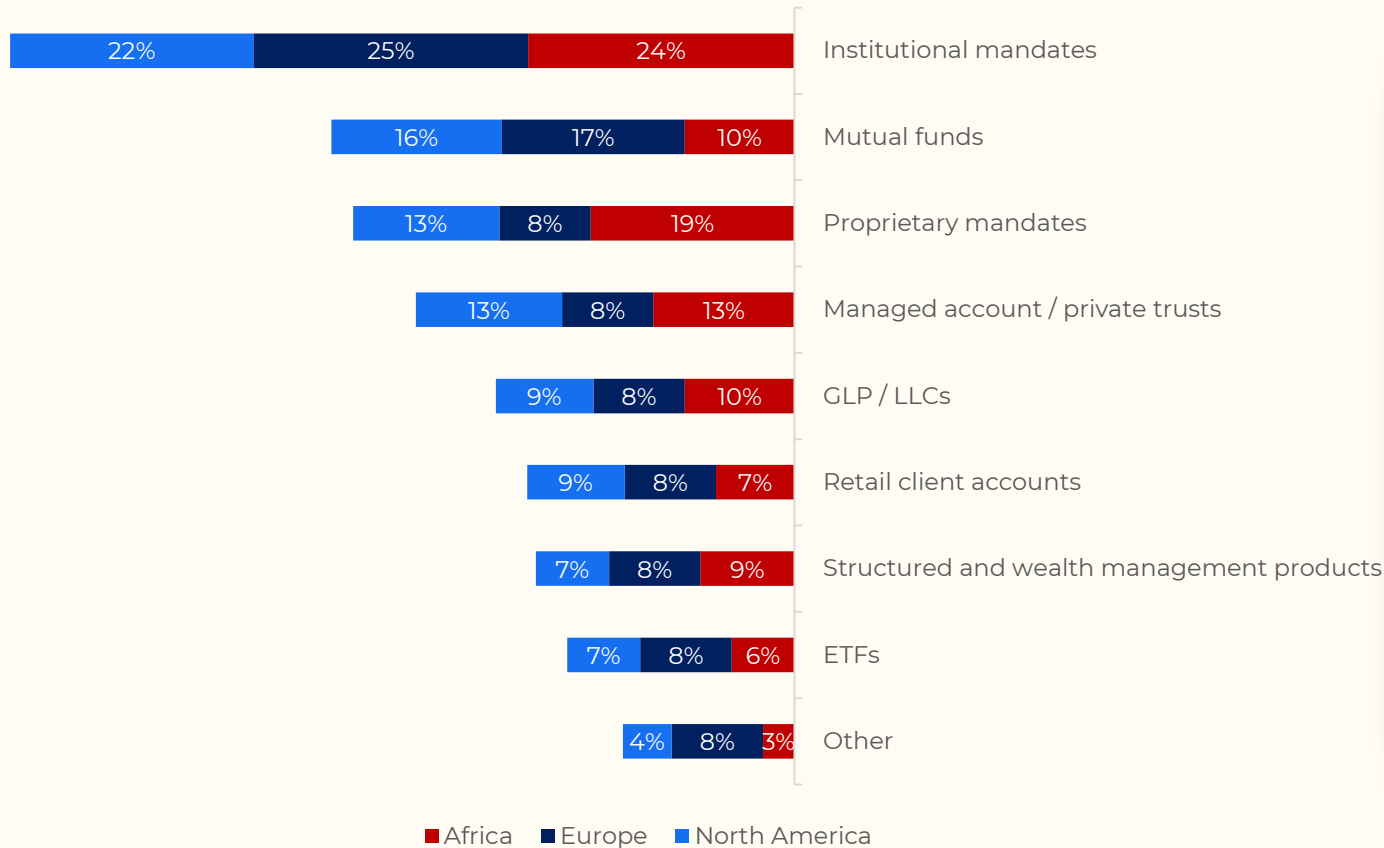
Strategic investors

(including Private Equity and Foreign Direct investors) 

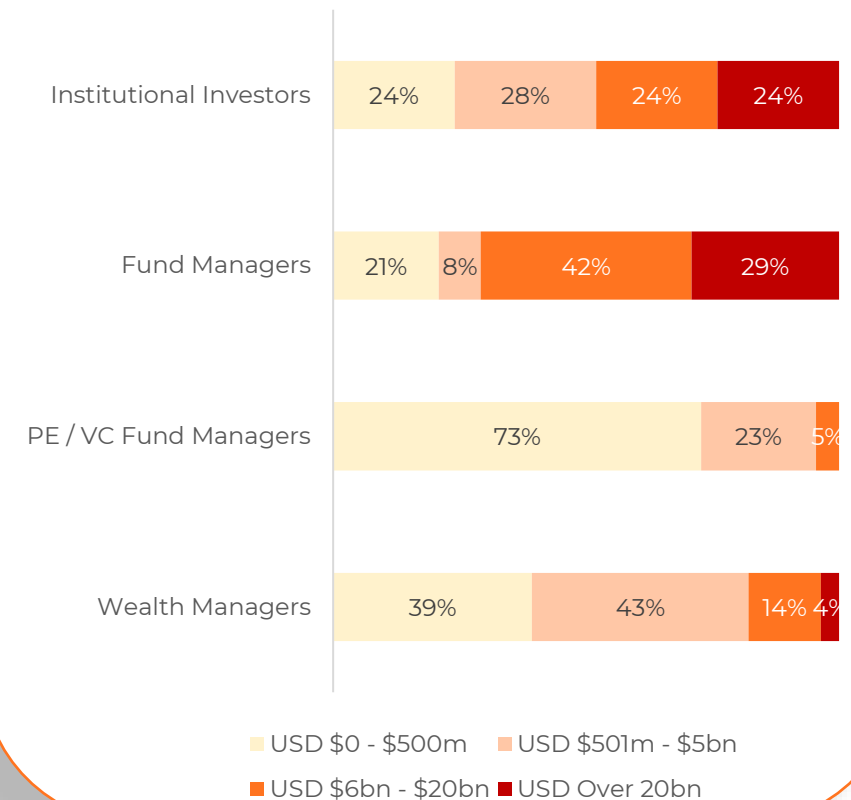
Who is investing into Africa?

Institutional investors make up the largest part of global Africa flows

Percentage of each region's Africa flows by investment vehicle



Africa Investors' AUM

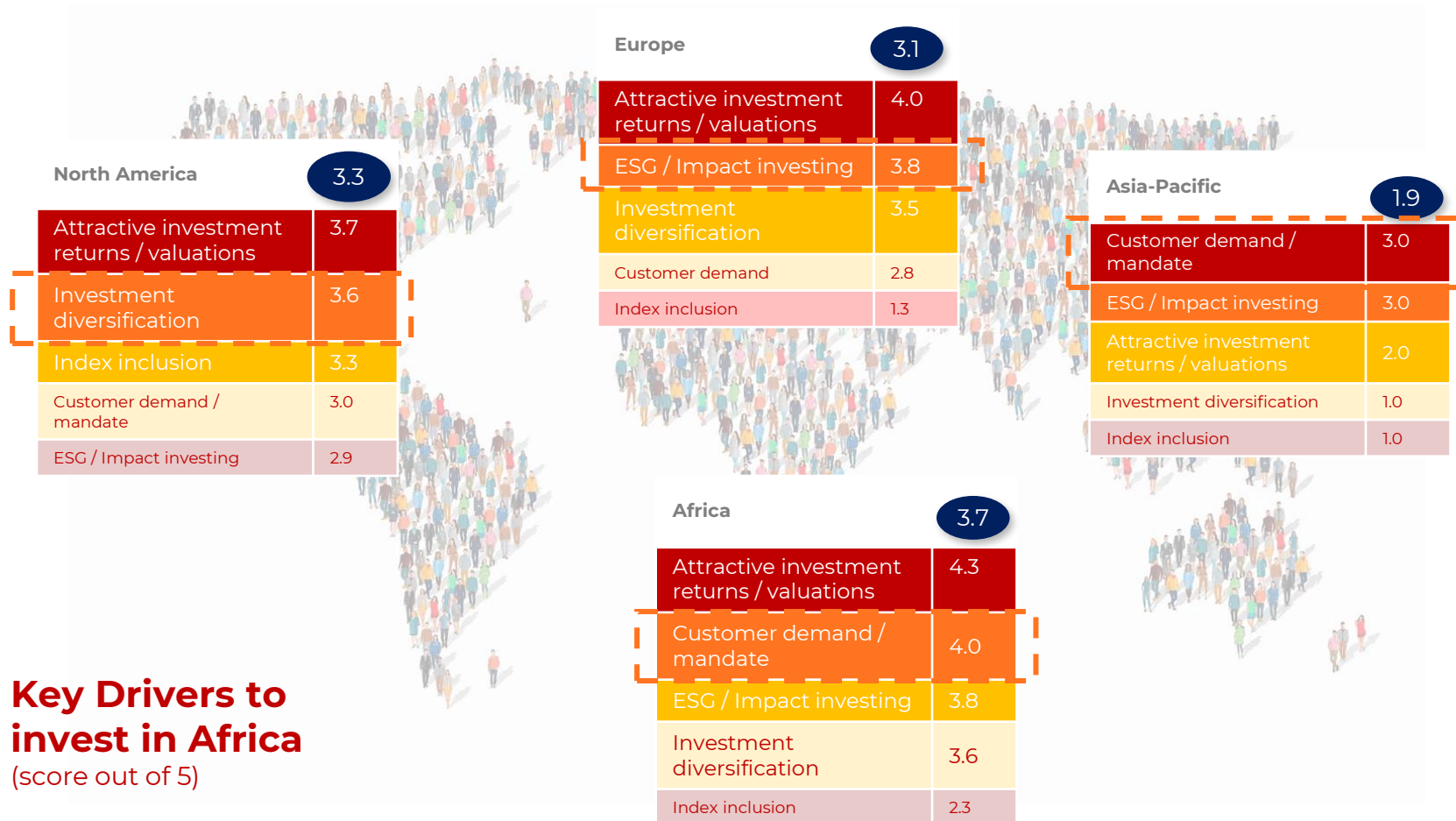


Through which products are you investing into African assets?

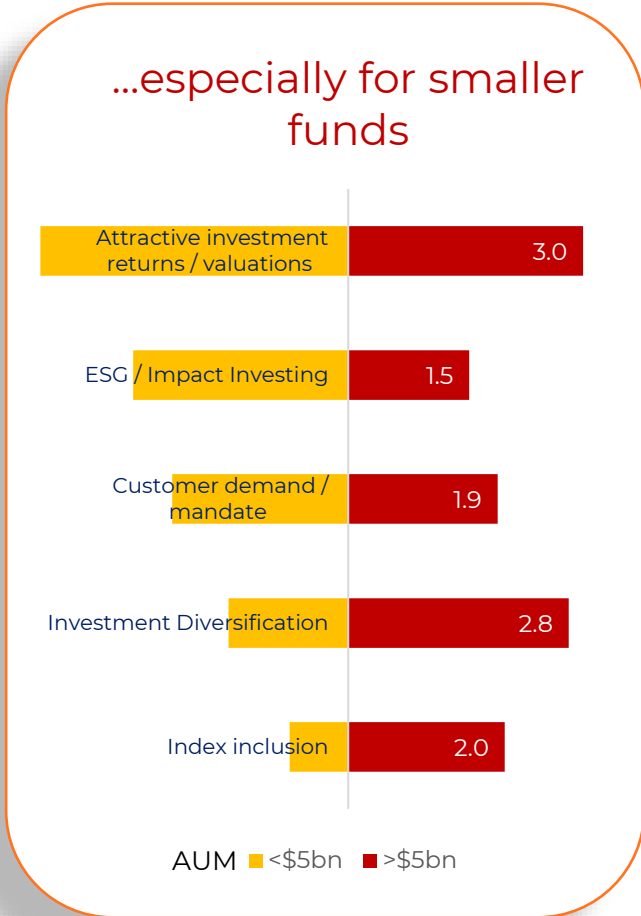


Why invest in Africa?

Returns above all - but Africa is also a leading ESG zone



Key Drivers to invest in Africa
(score out of 5)

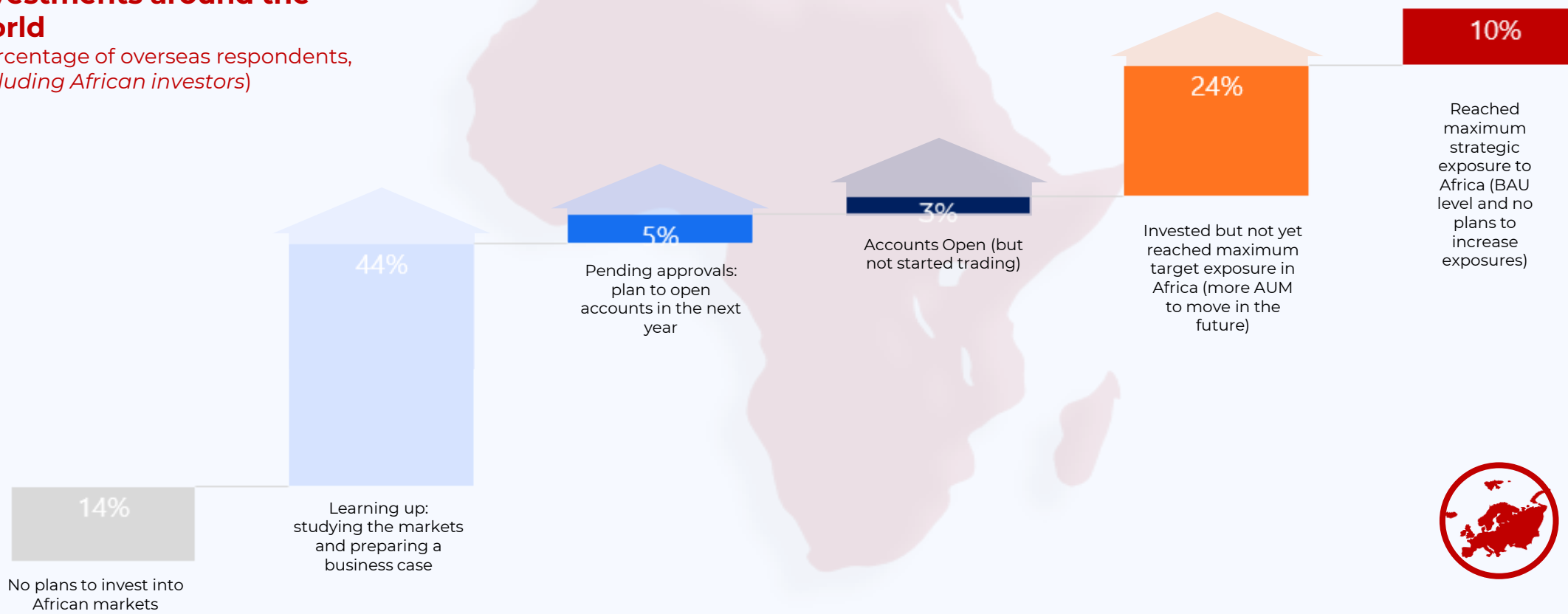


Where is the world in their Africa investments today?

76% of investors could see their Africa investments grow

Current, strategic approaches to African investments around the world

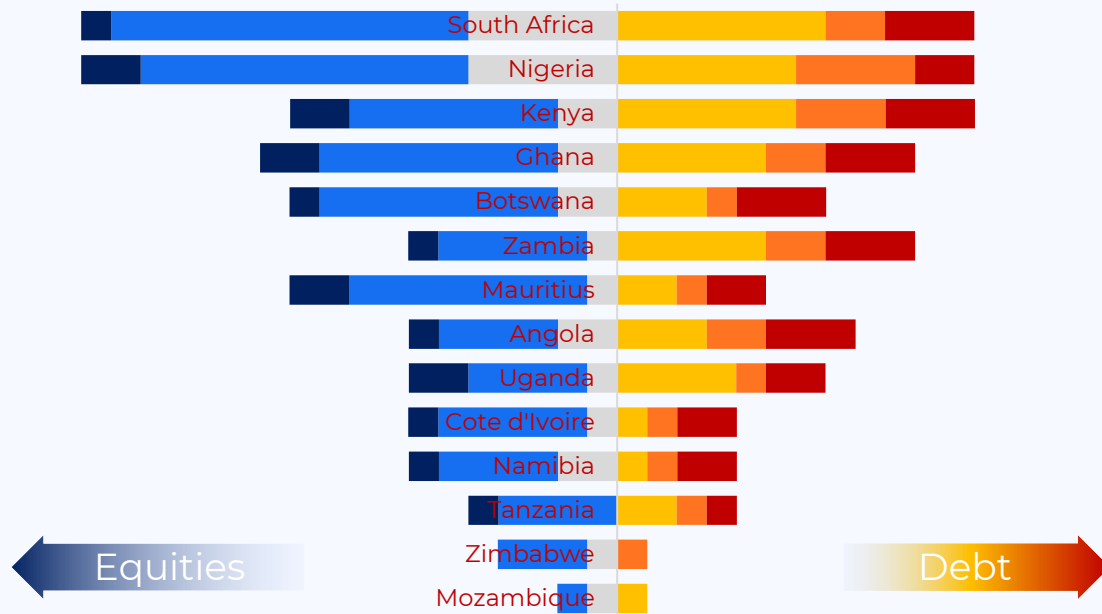
(percentage of overseas respondents, excluding African investors)



Where are we investing in Africa?

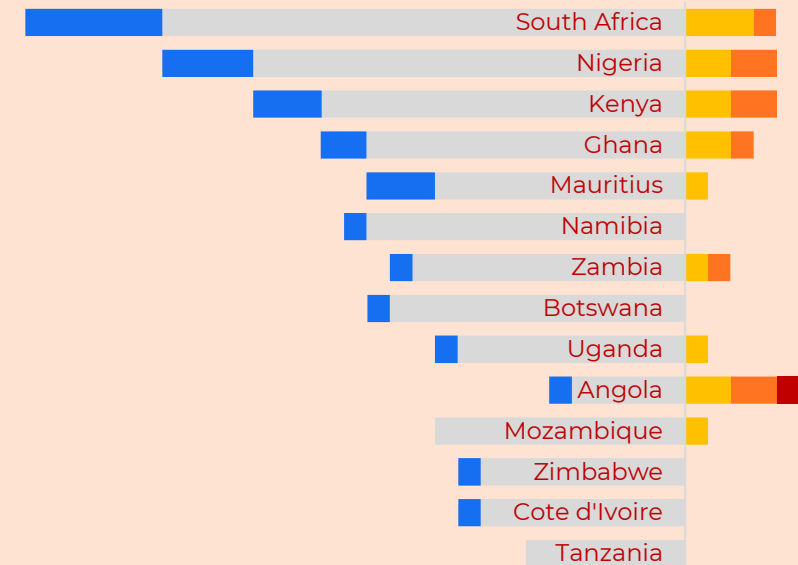
Portfolio investors' African holdings

(# of investors holding each market/asset class)



Strategic investors' African holdings

(# of investors holding each market/asset class)



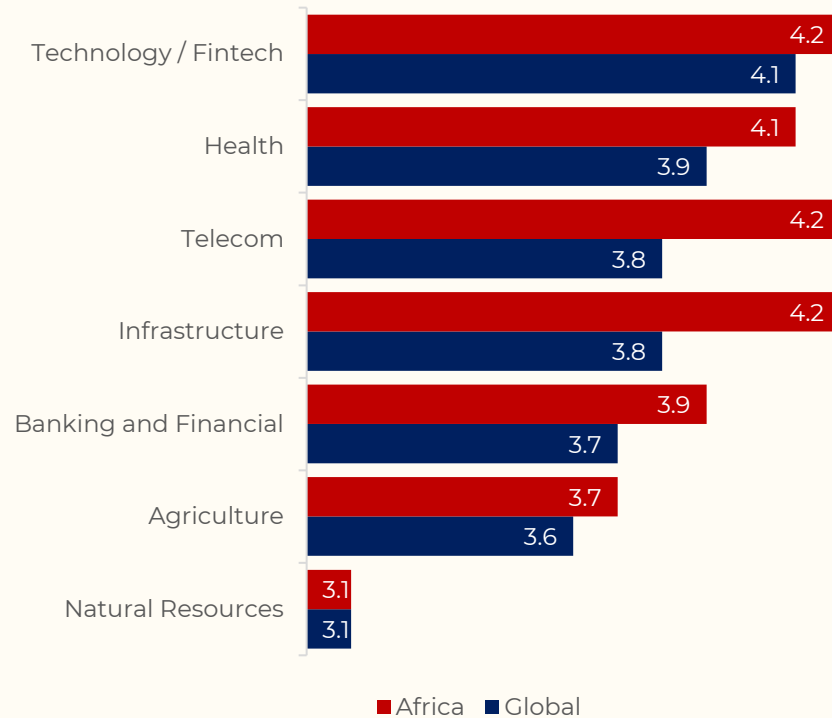
- PRIVATE EQUITY
- EQUITIES
- ADRs
- GOVERNMENT BONDS (local currency)
- CORPORATE BONDS (local currency)
- EUROBONDS (offshore)



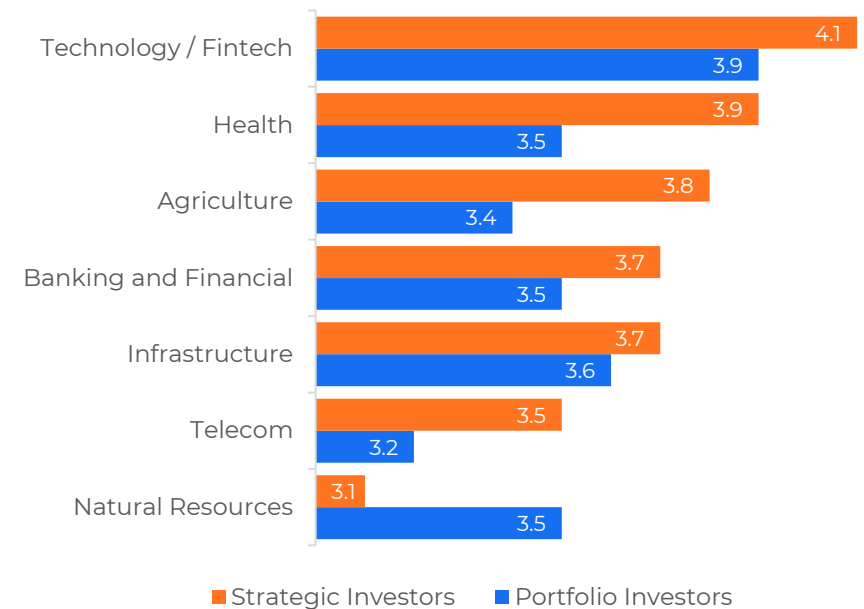
Where are we investing in Africa?

Africa is a fintech region above all today

Which sectors most appeal to global investors? (Score out of 5)



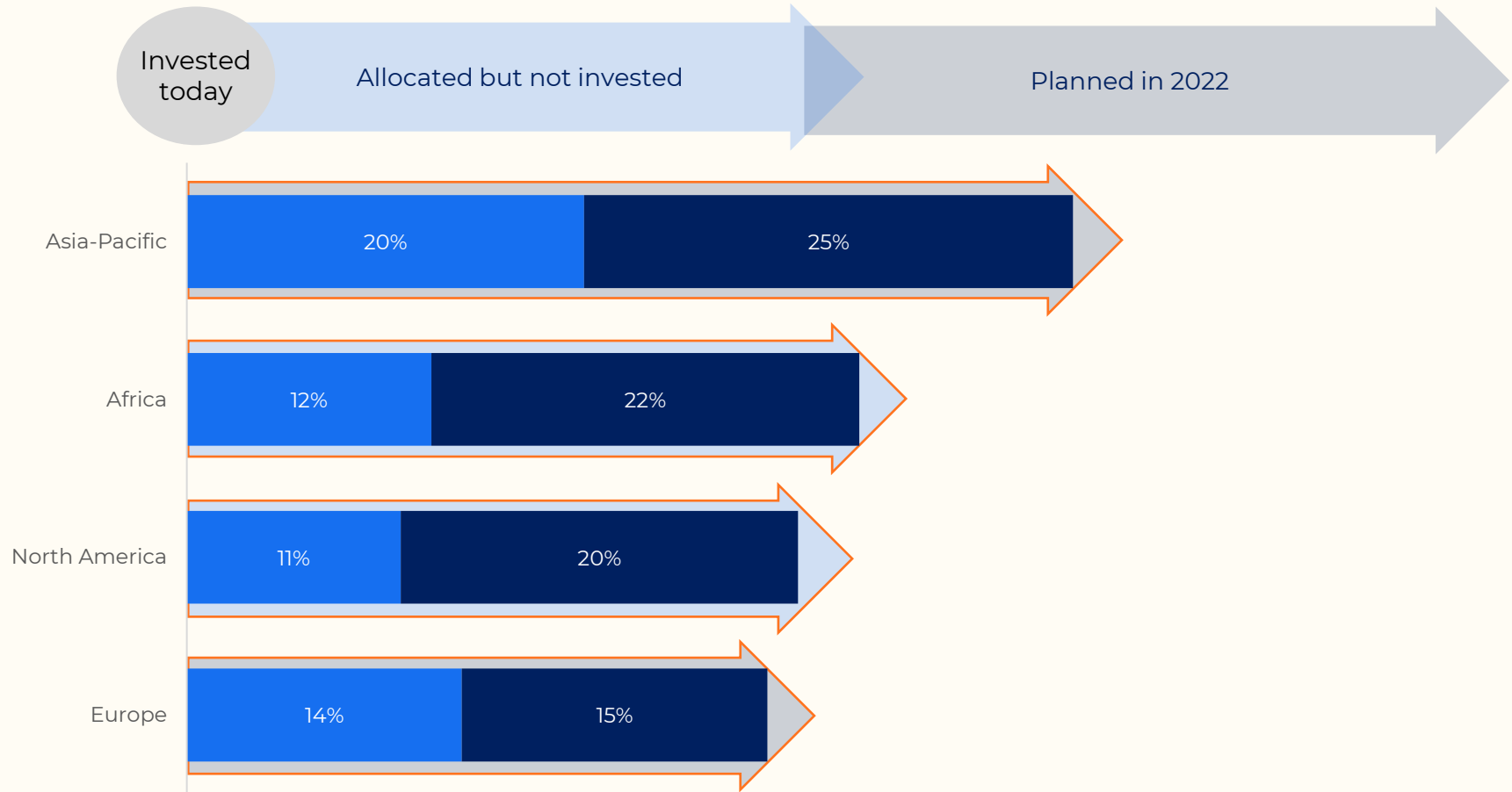
How do different sectors appeal to Portfolio or Strategic investors? (Global investors, score out of 5)



Africa investments tomorrow

24% of investors plan to grow their Africa investments in 2022

Global investors' African investment plans – present and future
(by # of investors)

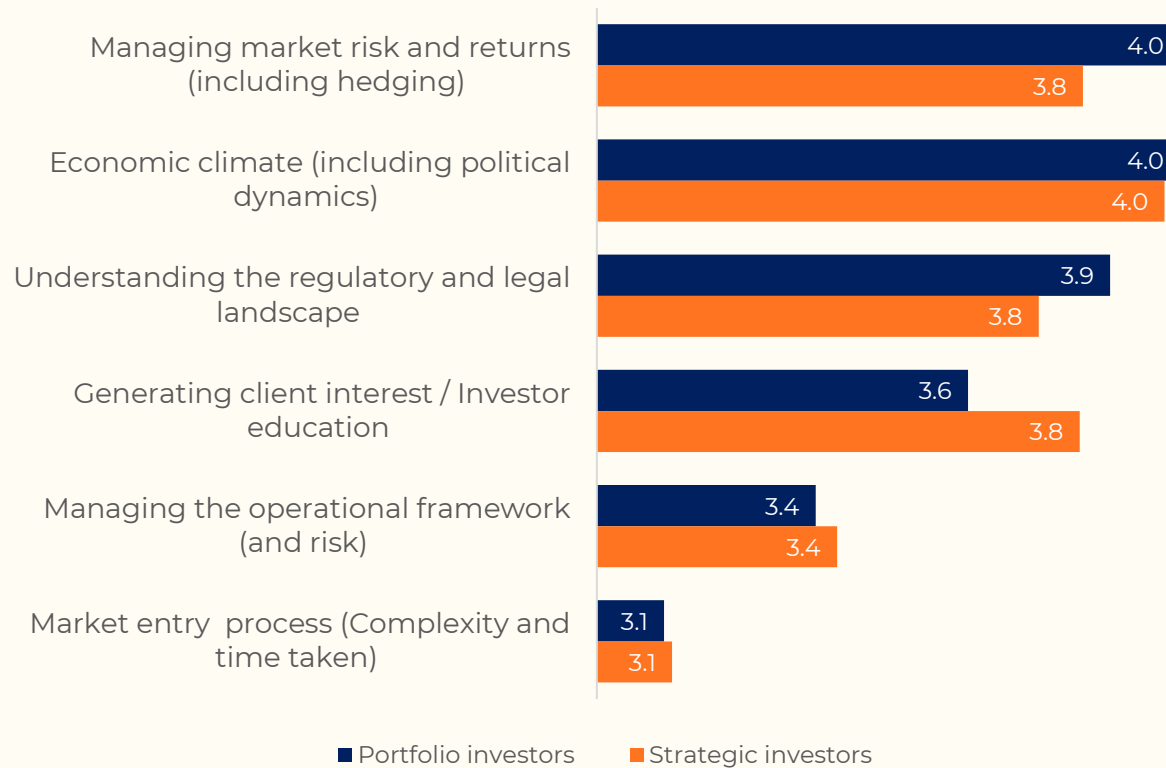


What's getting in the way?

Market-level challenges are a bigger obstacle than the macro story

Key challenges in investing in Africa

(score out of 5)



... North America is focused on “how” whilst Europe focuses on “why”?



North America

Understanding the regulatory and legal landscape	4.4
Economic climate	4.3
Managing market risk and returns	4.3



Europe

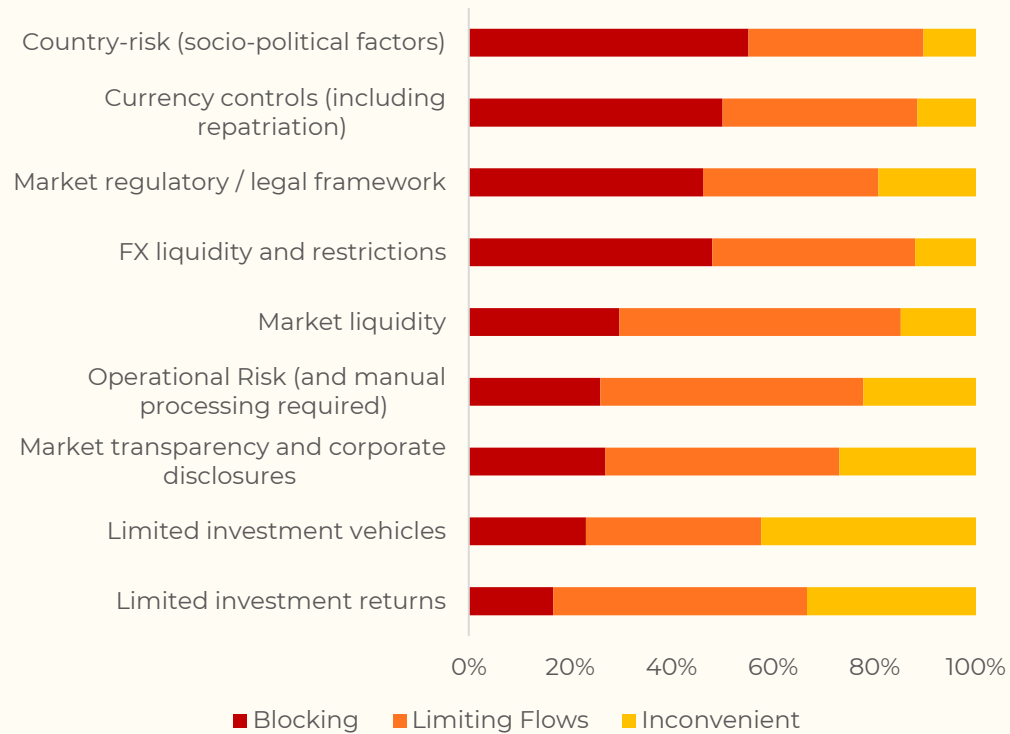
Economic climate	3.9
Generating client interest / investor education	3.9
Managing market risk and returns	3.8

What's getting in the way?

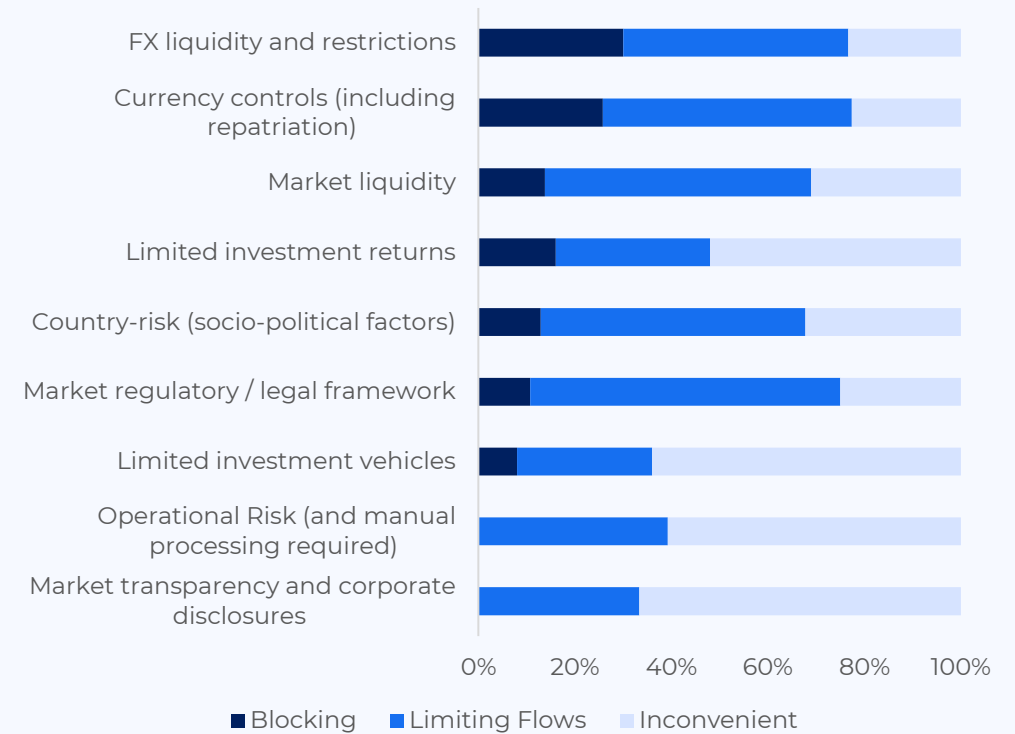
Managing country, market and currency risk is the main obstacle to new investors

Key obstacles to being fully invested and optimised in key African markets

New investors: what's stopping them?



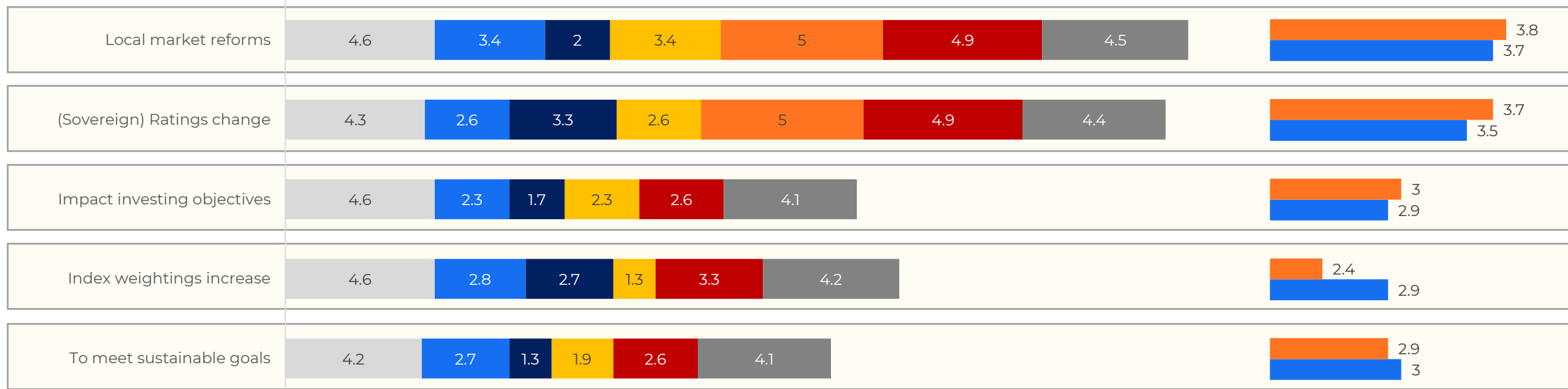
Existing investors: what's holding them back?



What would trigger more flows?

53% of respondents see local market reforms as the key trigger to increased investment flows

Impact of market changes in triggering greater Africa investments (out of 5)



■ Pension fund / Public authority
 ■ Mutual Fund Manager
 ■ Hedge fund manager
 ■ Strategic investors
 ■ Portfolio investors
■ Private Equity and Venture capital manager
■ Family office
■ Broker / Investment Bank
■ Custodian / Bank



The World to Africa: What next?



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