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The World to Africa Key Survey Findings

The World to Africa: Overview

Key Findings



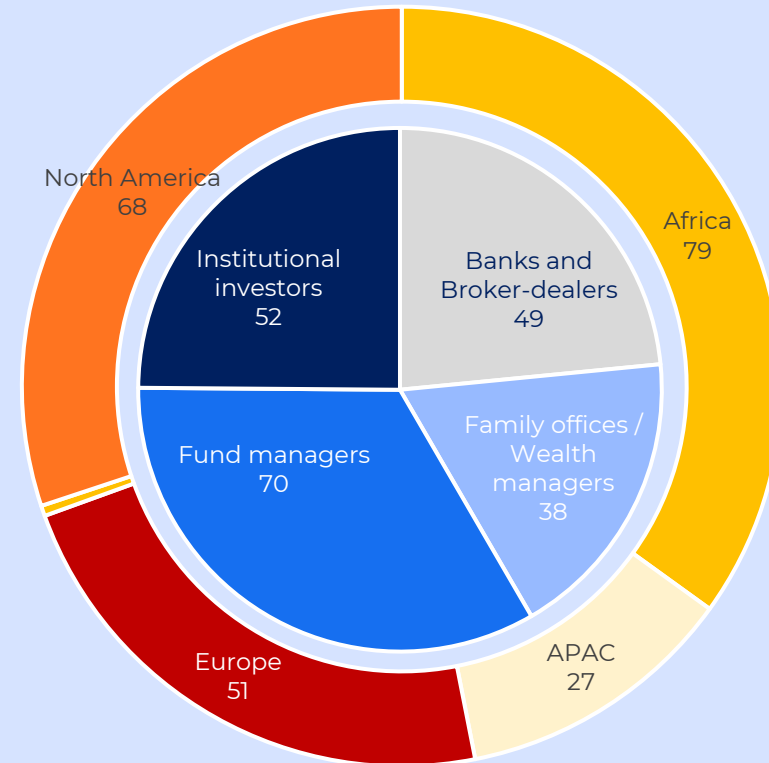
In September / October 2021, **Standard Bank** led an industry-wide benchmarking campaign to map out the case and path for investing into Africa's markets today. Run by the ValueExchange and supported by **BNY Mellon**, **MIDA**, **AVCA**, **SAVCA** and **Global Custodian**, this campaign is designed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

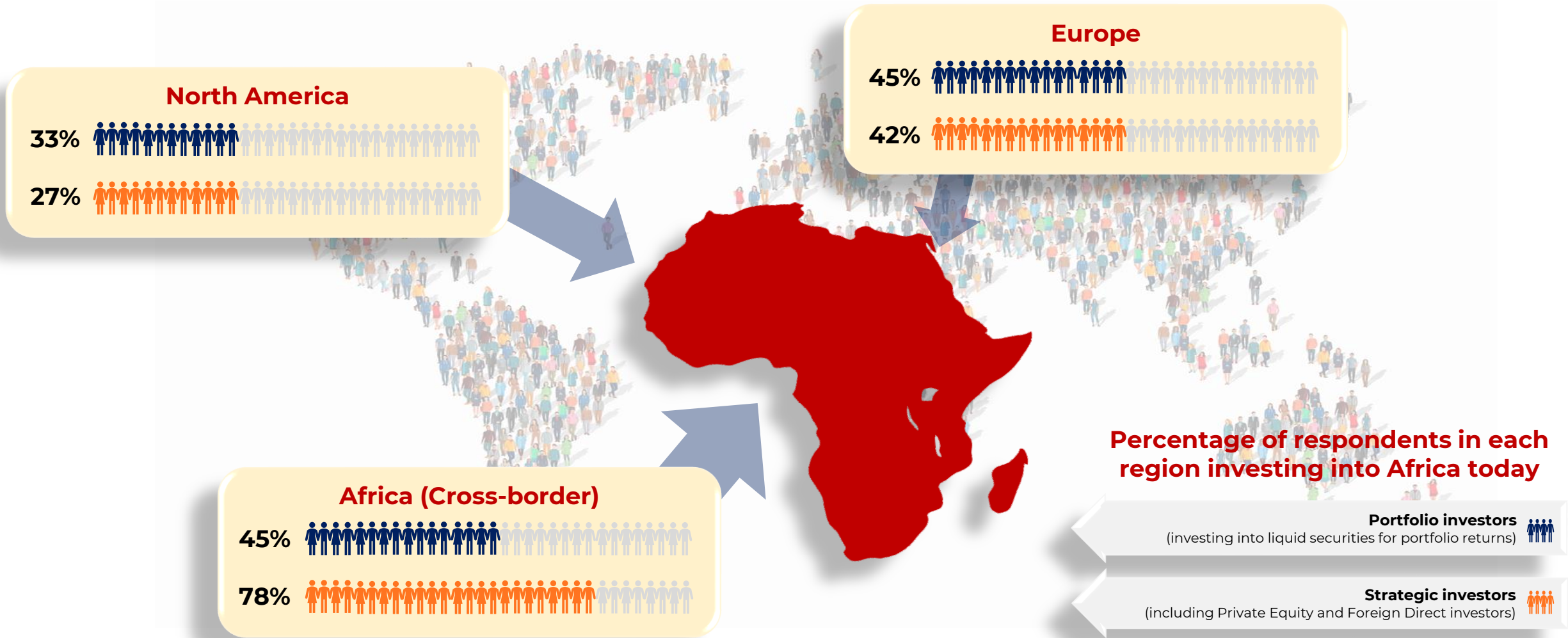


Who is investing into Africa?	Where is the world investing?	African investments tomorrow	The Case for Growing African flows
44% of respondents are investing into Africa today	40% into fixed income 43% into listed equities ...by portfolio investors	34% of investors plan to grow their Africa investments soon	ESG Is a key driver of African flows – especially from Europe
76% of investors look set to grow their Africa investments	South Africa Nigeria Kenya ...are the mainstays of the Africa portfolio	48% of portfolio investors are looking to begin investing into Africa	FX liquidity and restrictions are the main impediments to flows
34% of Africa investors are institutional investors	#1 Technology / Fintech is the #1 target sector for global investors	58% of North American investors will begin investing into Africa soon	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

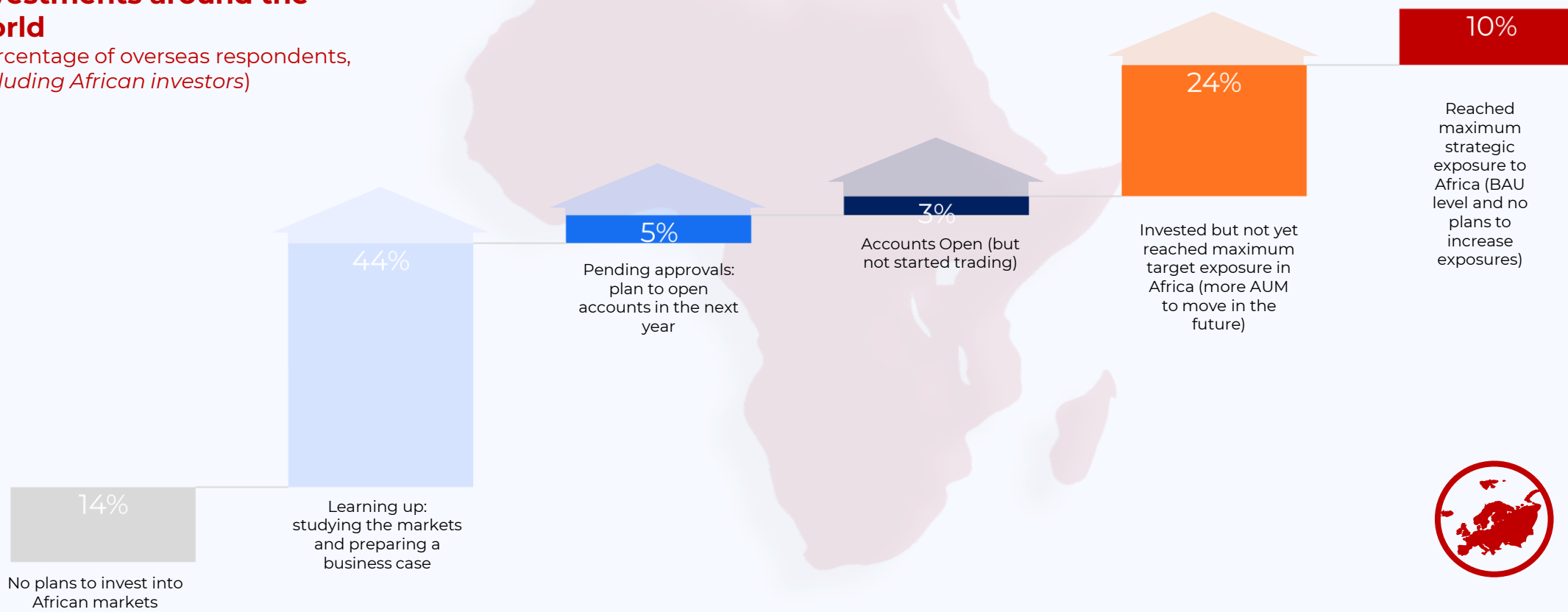


Who is investing into Africa today?

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)

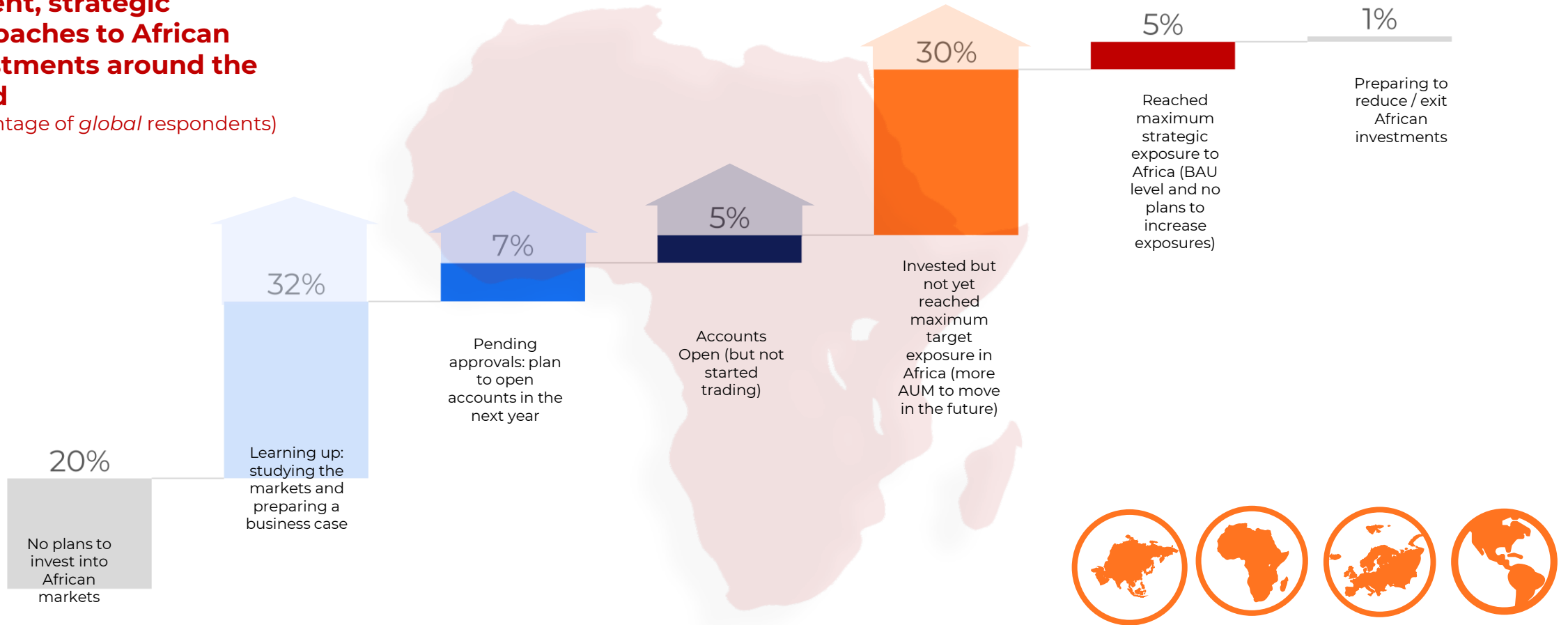


Who is investing into Africa today?

74% of investors could see their Africa investments grow

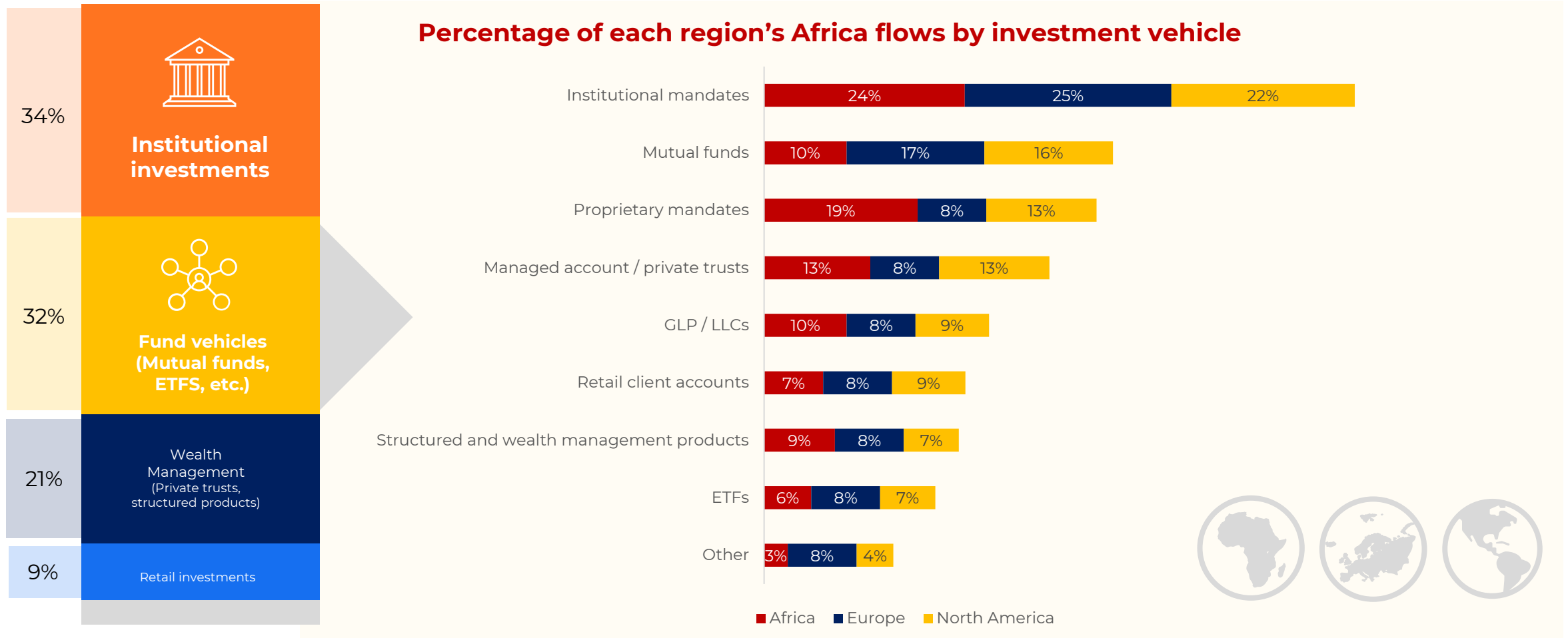
Current, strategic approaches to African investments around the world

(percentage of *global* respondents)



Who is investing into Africa?

Institutional investors make up the largest part of global Africa flows

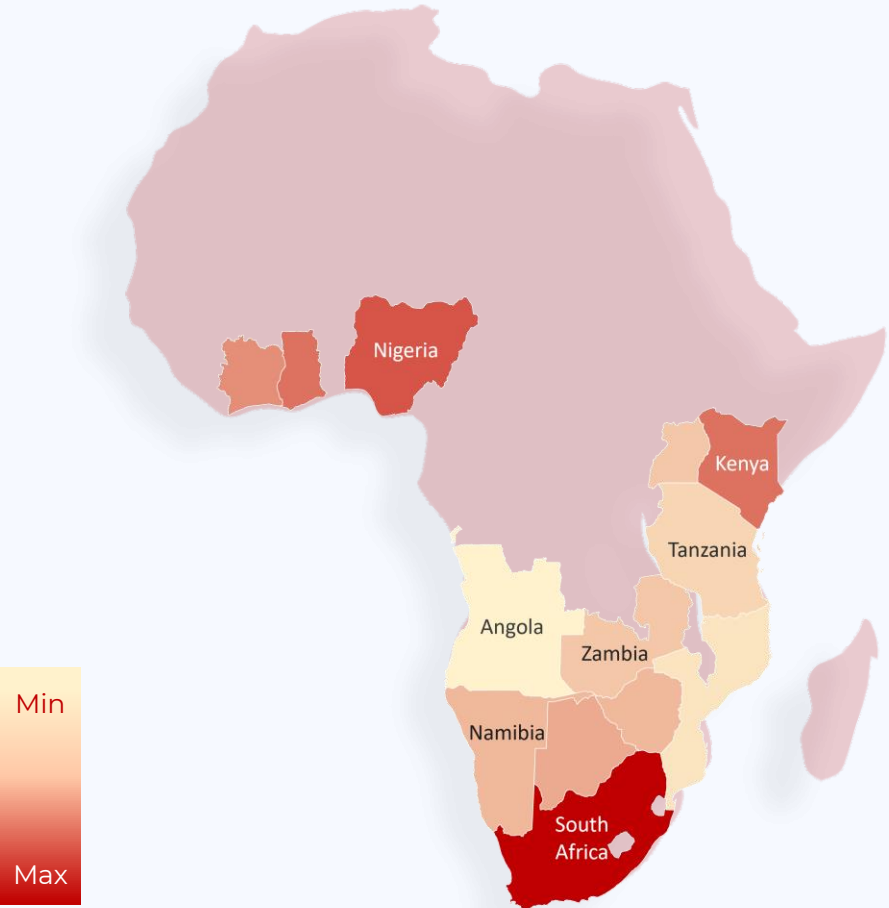


Through which products are you investing into African assets?

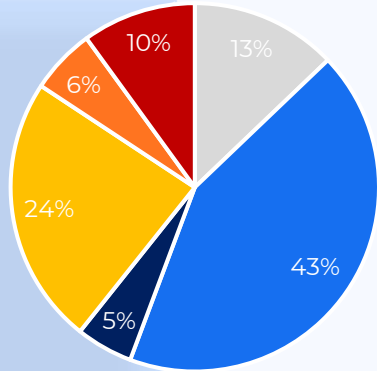


Where are we investing in Africa?

Flows from Europe and North America by asset class

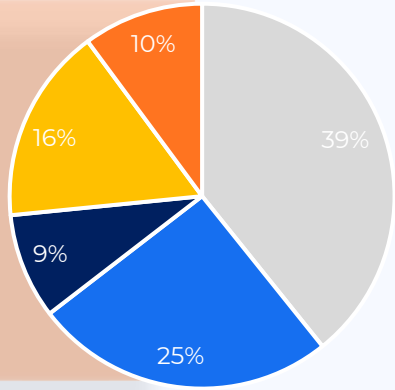


Portfolio investors



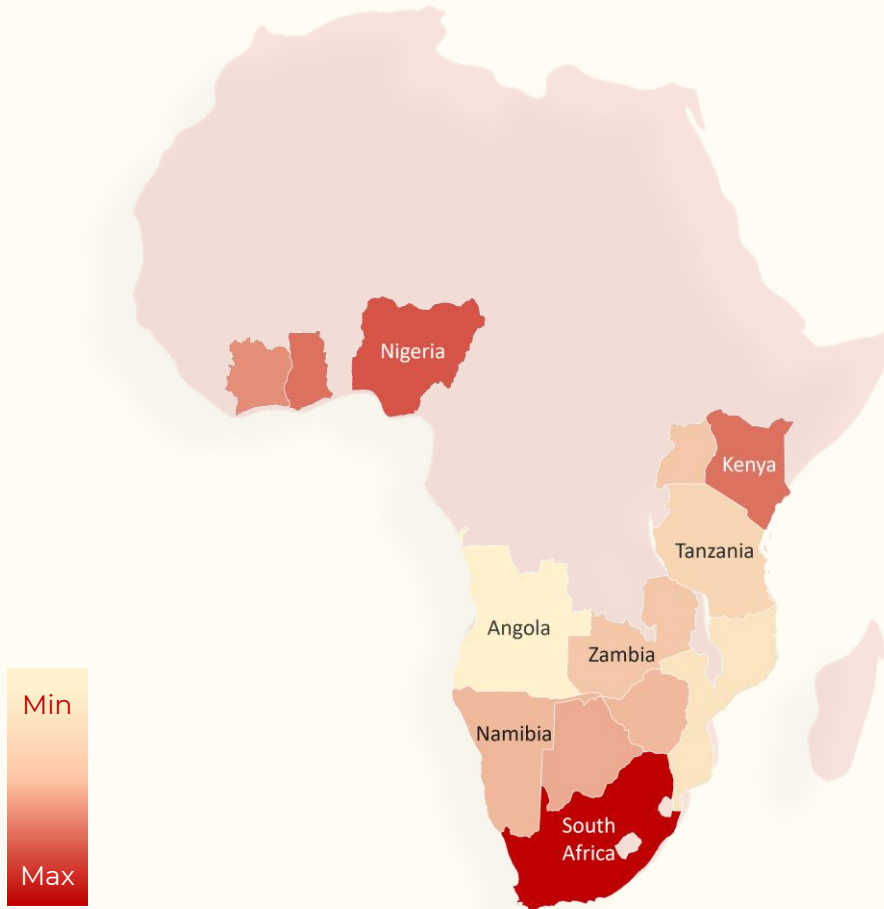
- PRIVATE EQUITY
- EQUITIES
- ADRs
- GOVERNMENT BONDS (local currency)
- CORPORATE BONDS (local currency)
- EUROBONDS (offshore)

Strategic investors

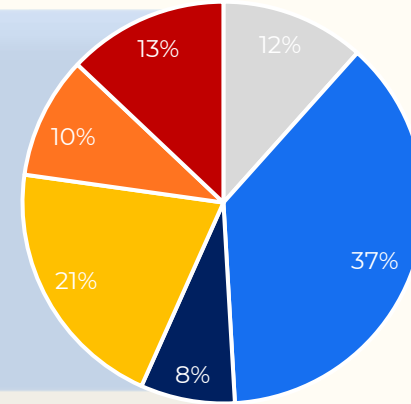


Where are we investing in Africa?

Global investor flows by market and by asset class

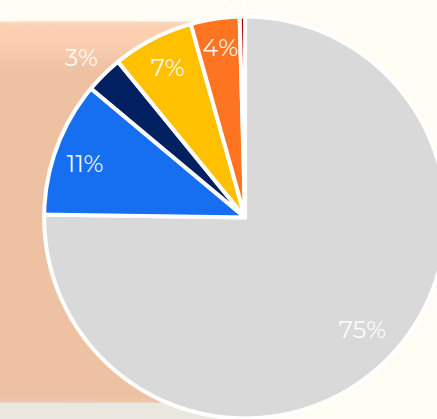


Portfolio investors



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

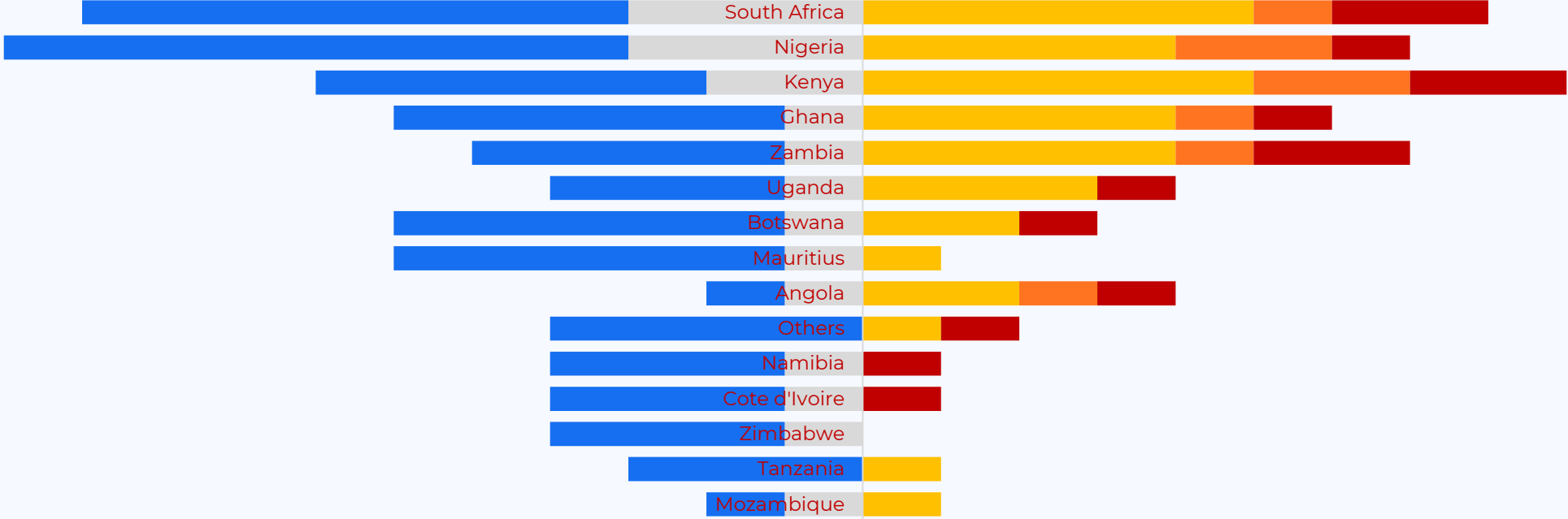
Strategic investors



Where are we investing in Africa?

South Africa, Nigeria and/or Kenya are the mainstays of the Africa portfolio

Overseas Portfolio investors' holdings within Africa
 (# of investors holding each market/asset class)

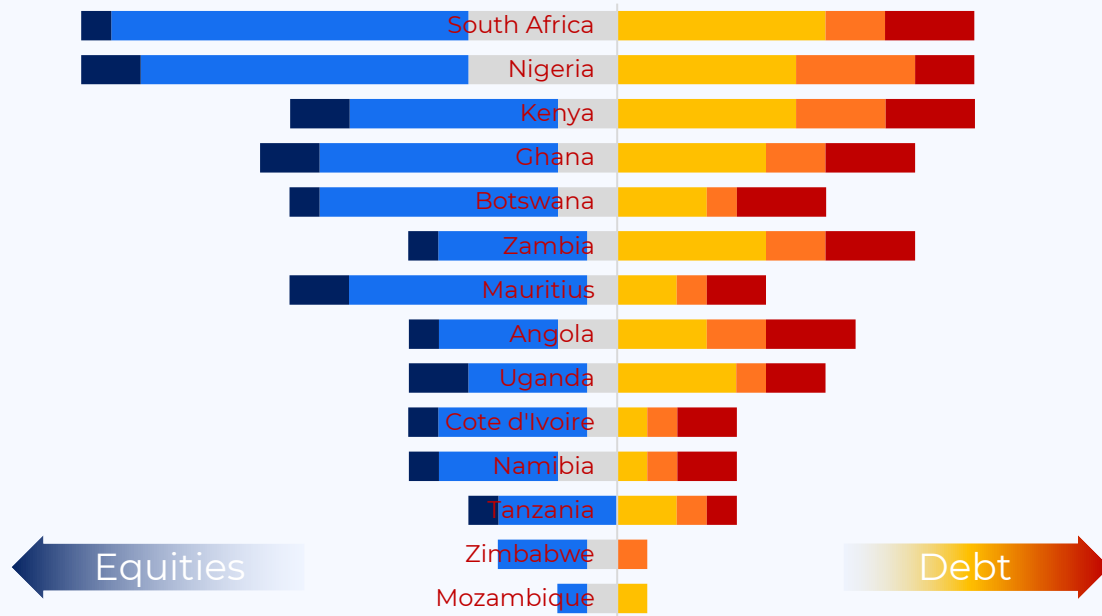


■ PRIVATE EQUITY ■ EQUITIES ■ GOVERNMENT BONDS (local currency) ■ CORPORATE BONDS (local currency) ■ EUROBONDS (offshore)

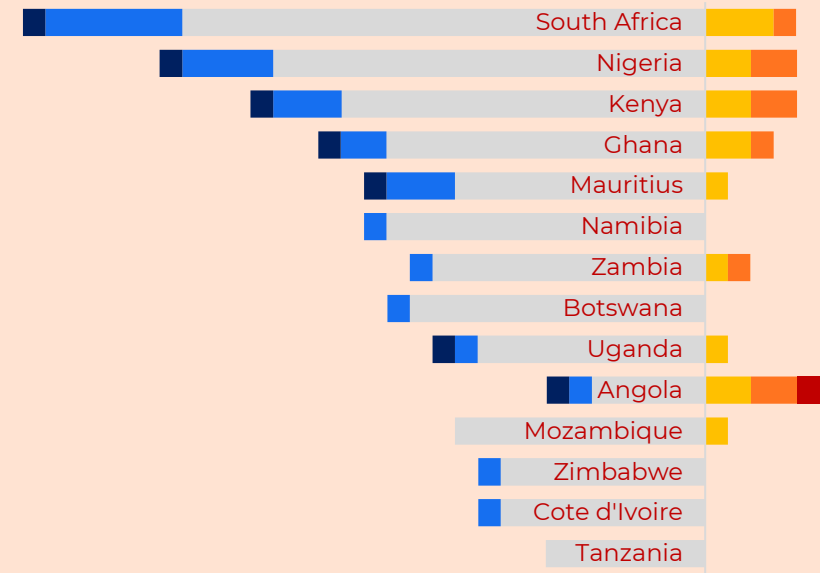


Where are we investing in Africa?

Portfolio investors' African holdings
 (# of investors holding each market/asset class)



Strategic investors' African holdings
 (# of investors holding each market/asset class)



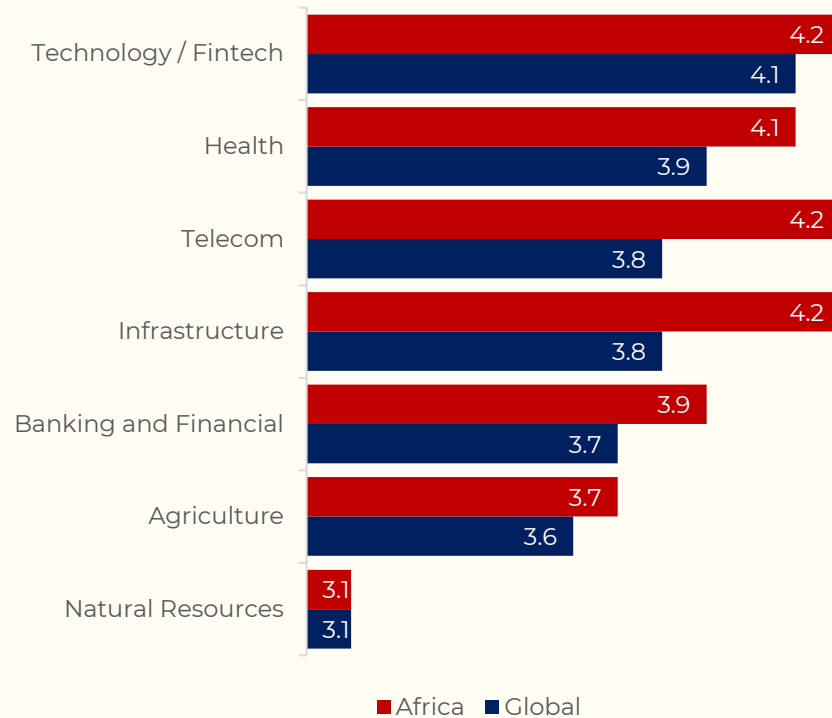
- PRIVATE EQUITY
- ADRs
- CORPORATE BONDS (local currency)
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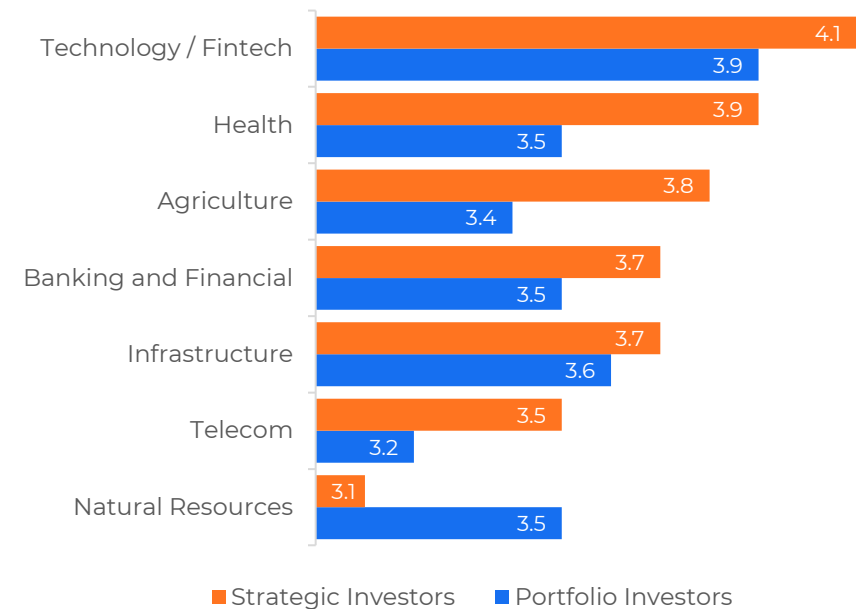
Where are we investing in Africa?

Africa is a fintech region above all today

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



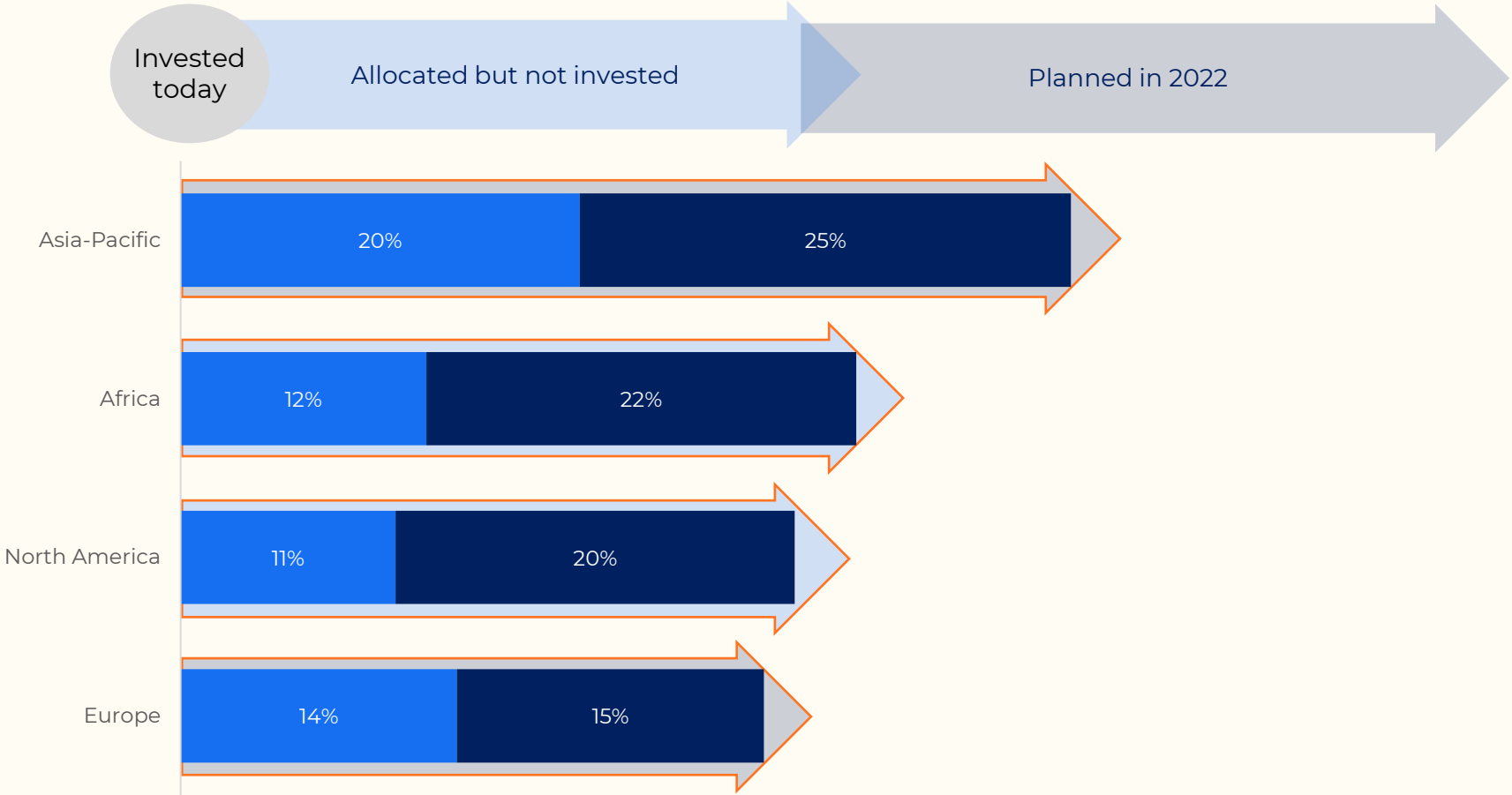
How do different sectors appeal to Portfolio or Strategic investors? (Global investors, score out of 5)



Africa investments tomorrow

34% of investors plan to grow their Africa investments in 2022

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

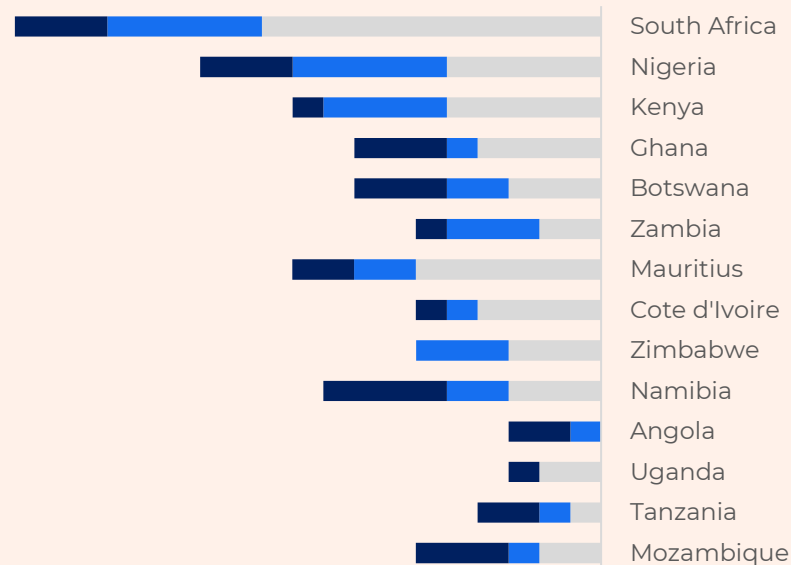
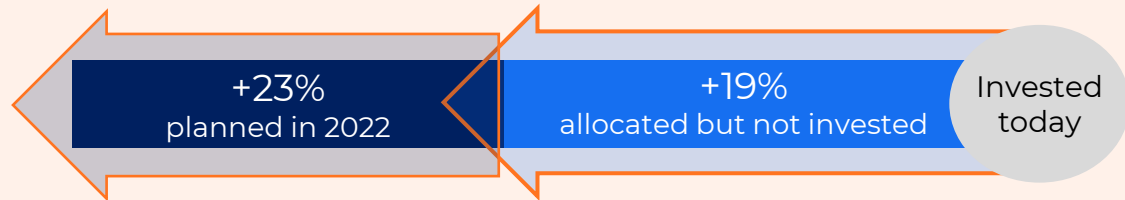


Africa investments tomorrow

Significant inflows are ready to come into the African markets

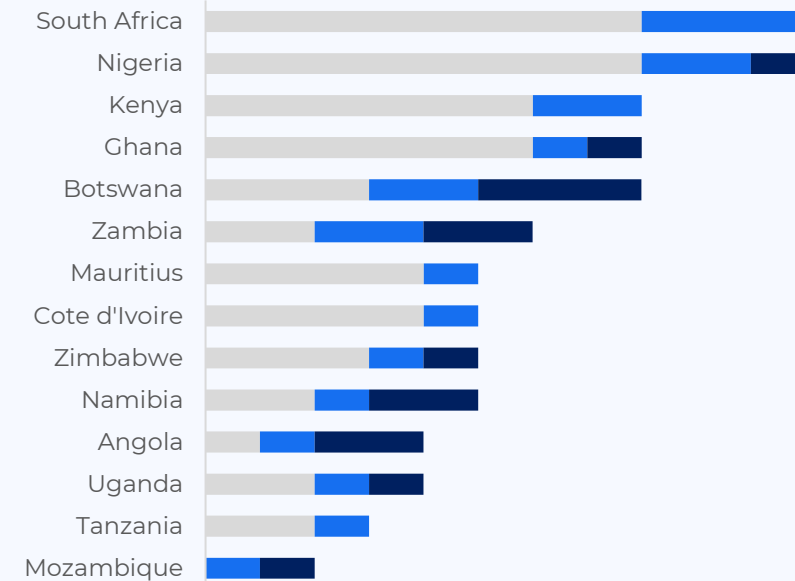
Strategic investors' investment plans for the future*

(# of investors)



Portfolio investors' investment plans for the future*

(# of investors)

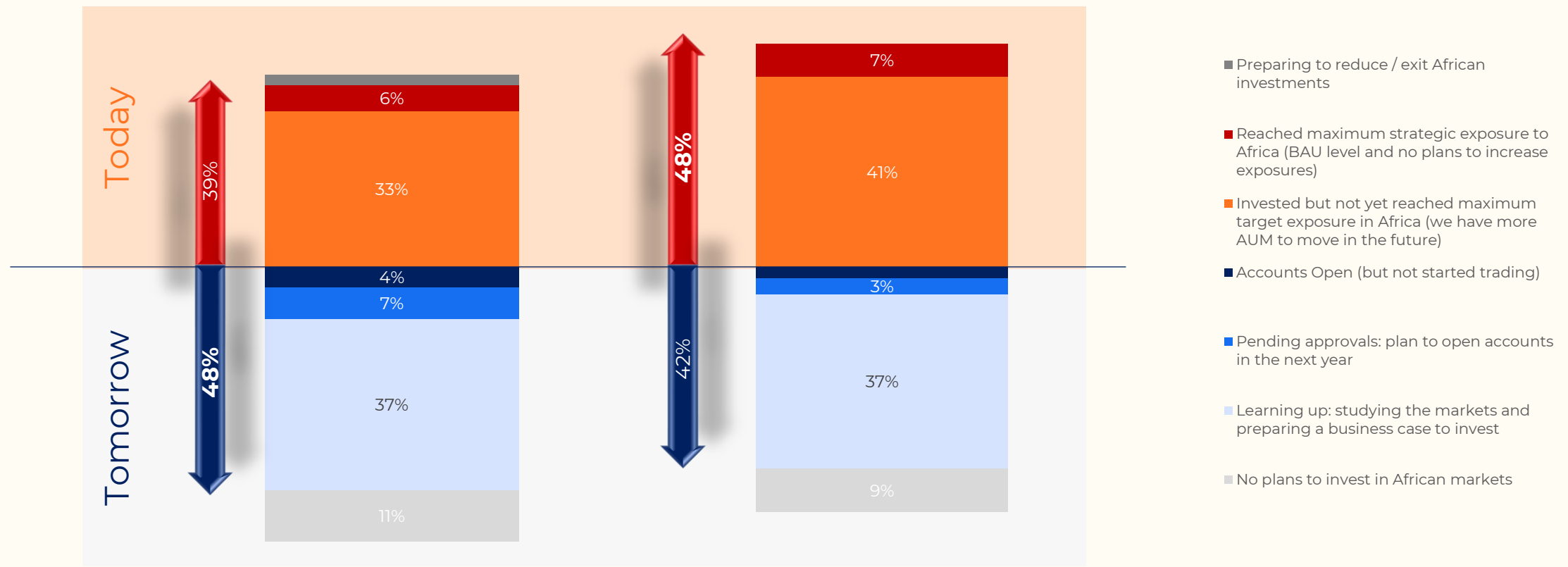


Africa investments tomorrow

Strategic investors lead today – but the growth in investors looks set to come from portfolio investors

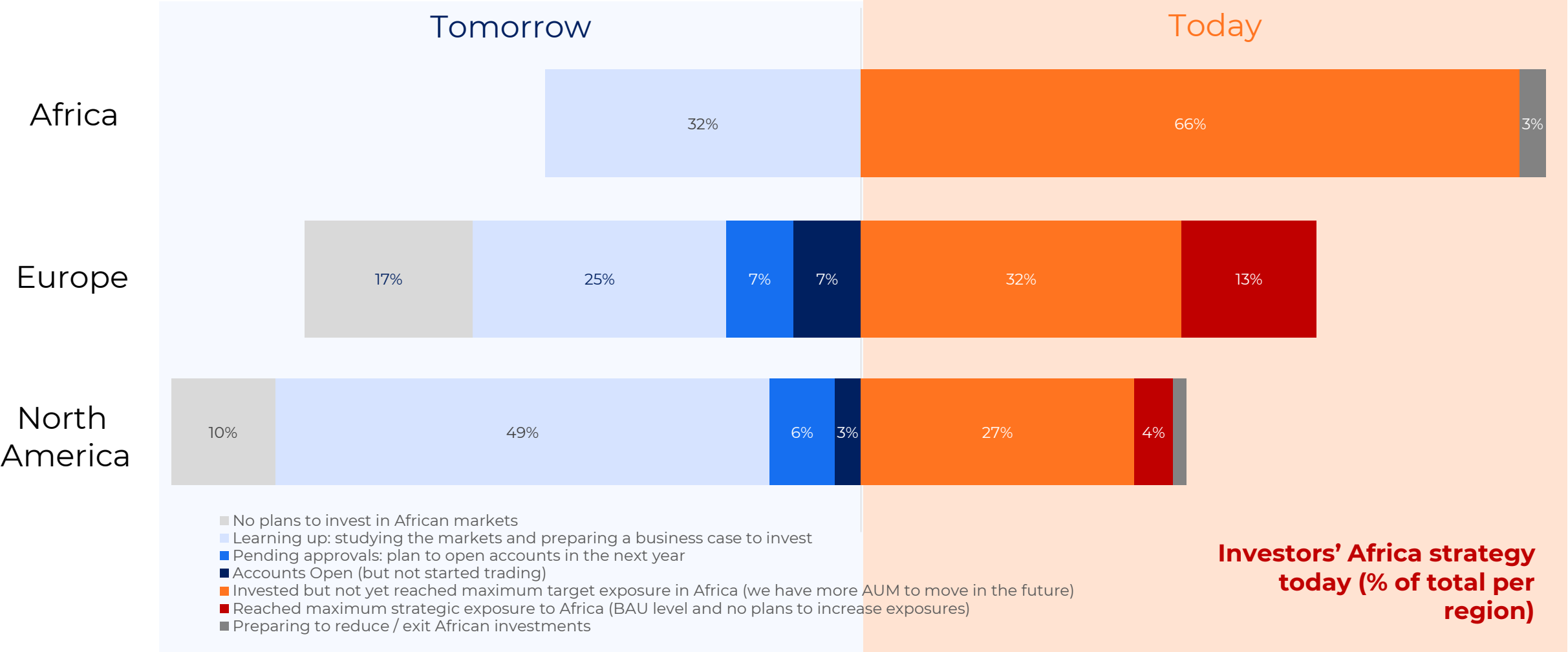
Portfolio investors' Africa strategy

Strategic investors' Africa strategy



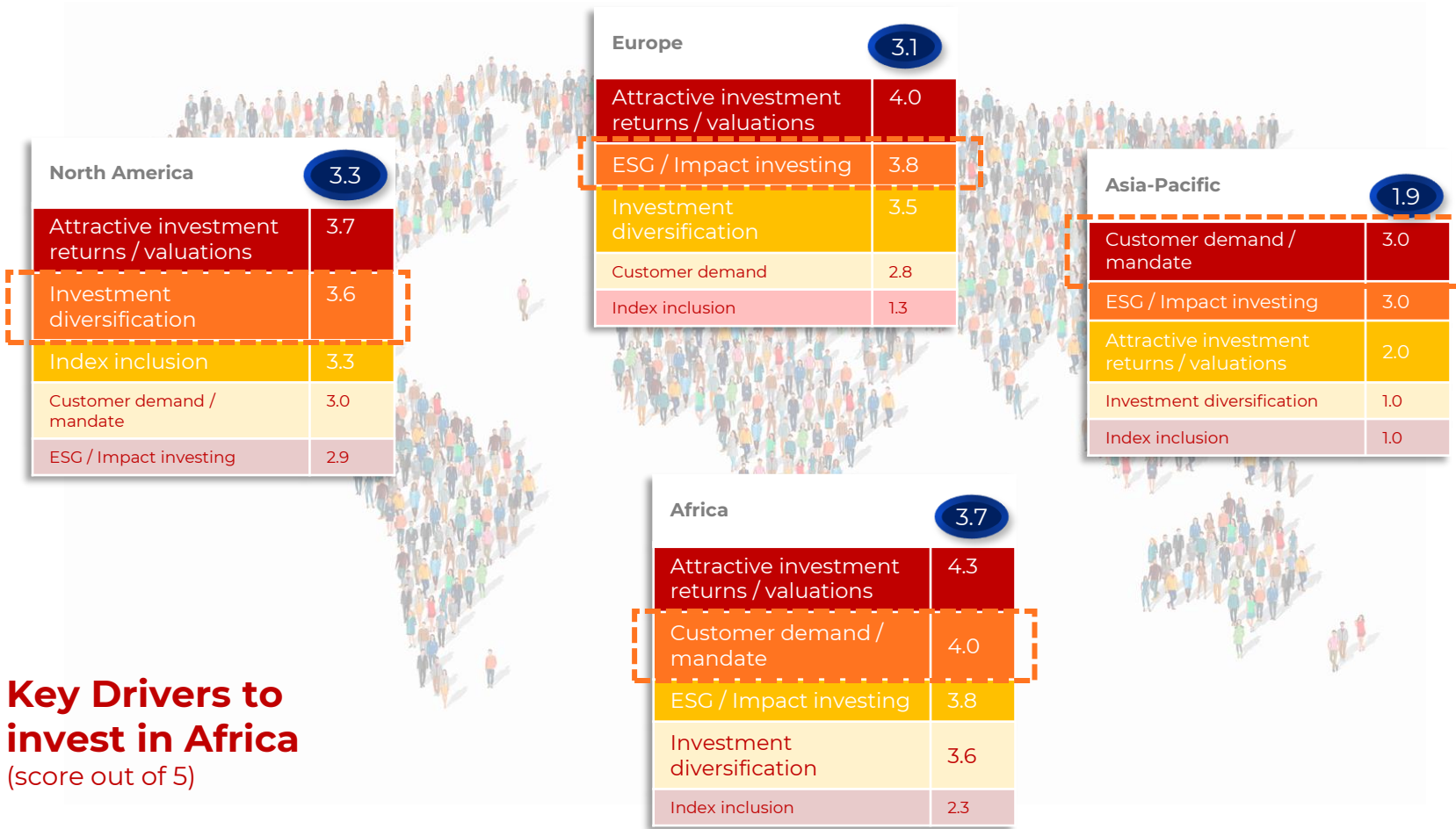
Africa investments tomorrow

58% of North American respondents will begin African investments soon

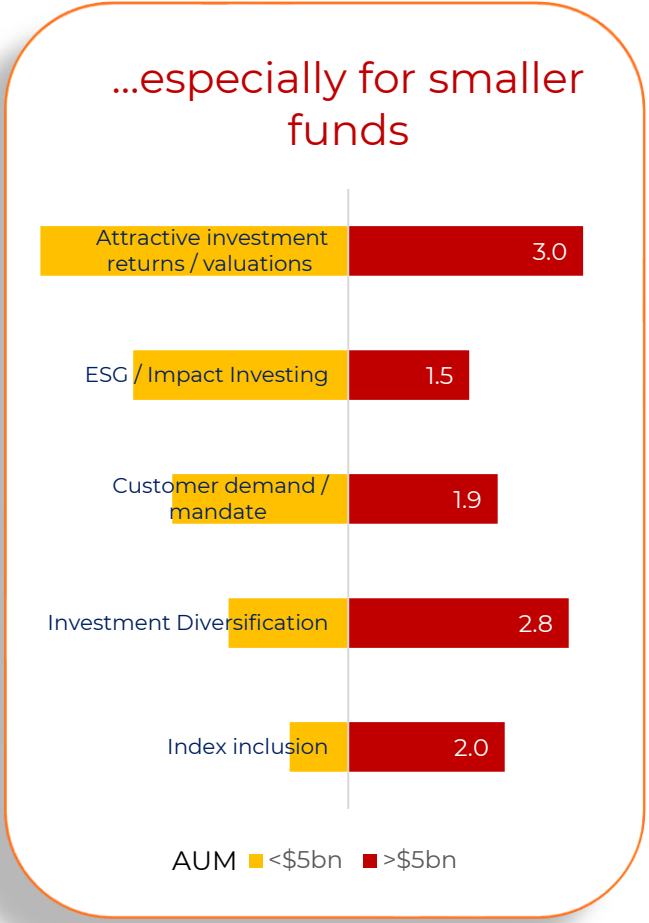


Why invest in Africa?

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



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

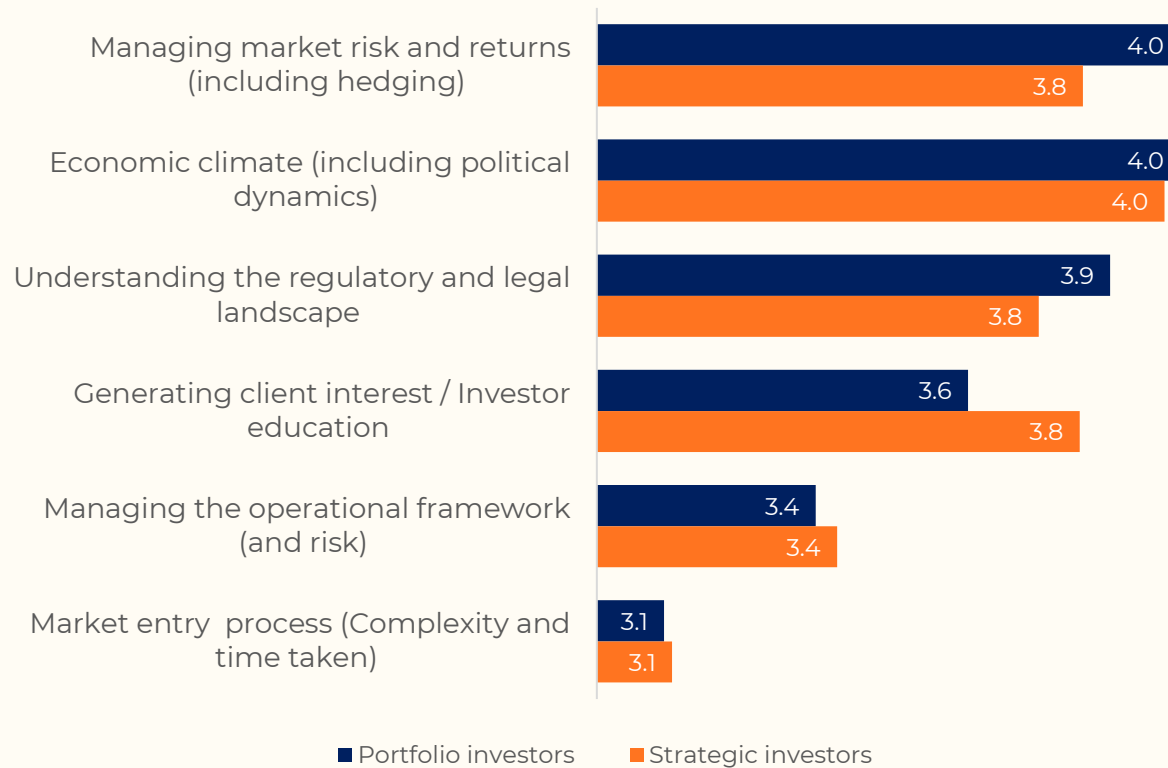


What's getting in the way?

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



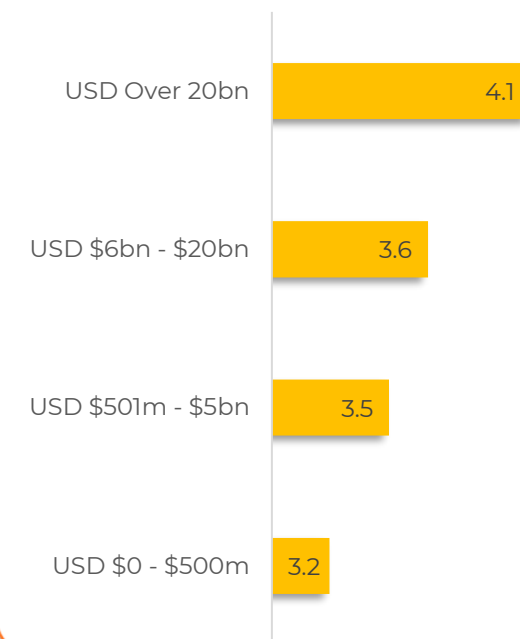
What's getting in the way?

ETF managers and retail are the most challenged with African markets today

Key challenges in investing in Africa (score out of 5)

	Institutional mandates	Proprietary mandates	Mutual funds	ETFs	GLP / LLCs	Managed account / private trusts	Retail client accounts
Managing market risk and returns (including hedging)	3.7	3.7	3.7	4.1	4.1	3.7	4.1
Economic climate (including political dynamics)	3.7	3.7	3.7	4.0	4.0	3.7	4.0
Understanding the regulatory and legal landscape	3.7	3.7	3.7	3.9	3.9	3.7	3.9
Managing the operational framework (and risk)	3.5	3.5	3.5	3.7	3.7	3.5	3.7
Generating client interest / Investor education	3.5	3.5	3.5	3.6	3.6	3.5	3.6
Market entry process (Complexity and time taken)	3.3	3.3	3.3	3.5	3.5	3.3	3.5
Average	3.5	3.5	3.5	3.8	3.8	3.5	3.8

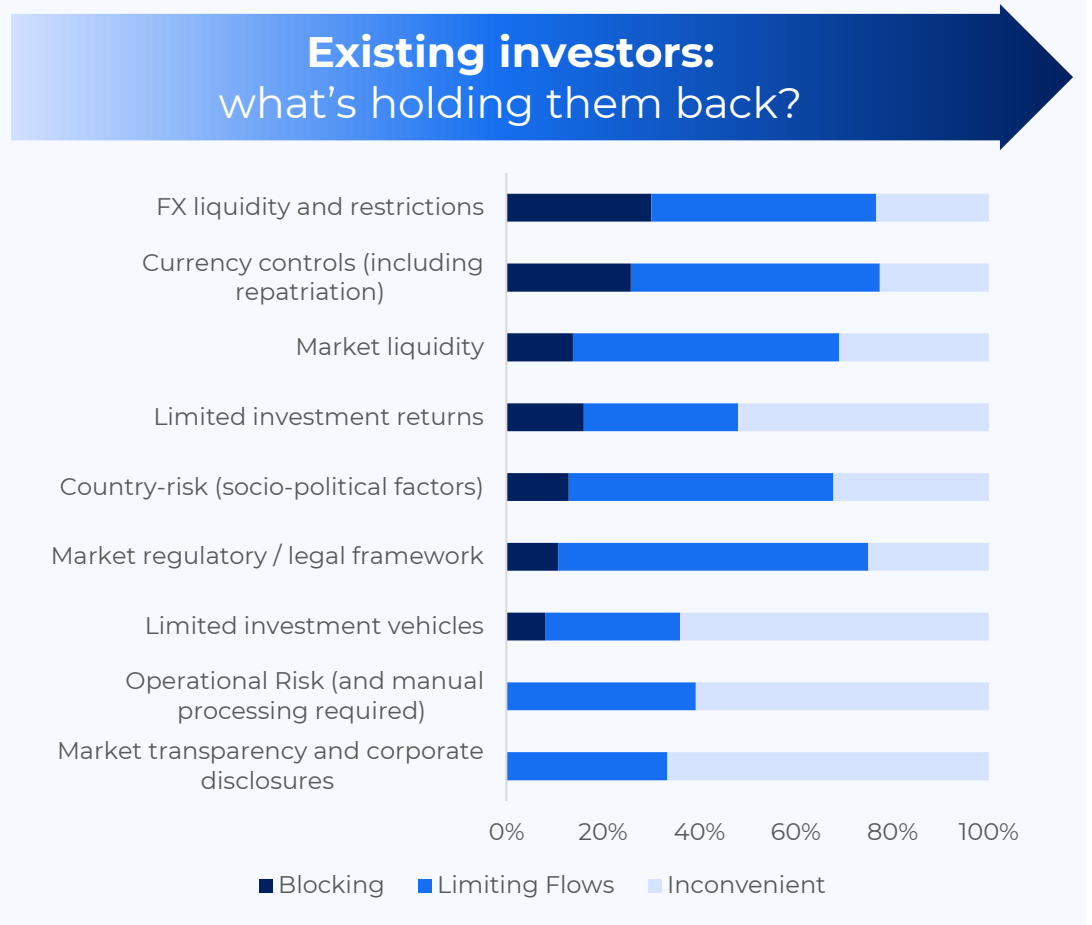
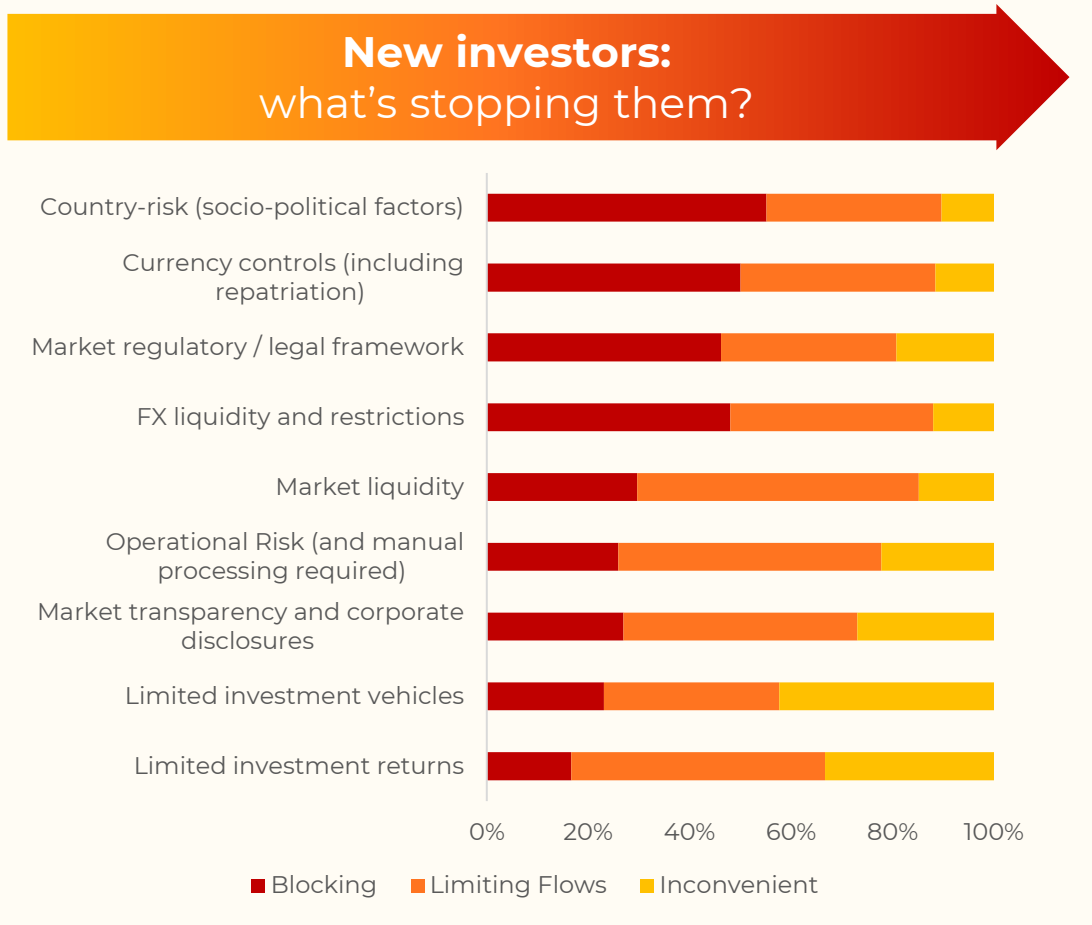
Africa challenges grow with AUM



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



What's getting in the way?

Strong FX/currency concerns are strong for portfolio investors
Country-risk is an impediment for strategic investors

Blocking obstacles to investments for strategic investors



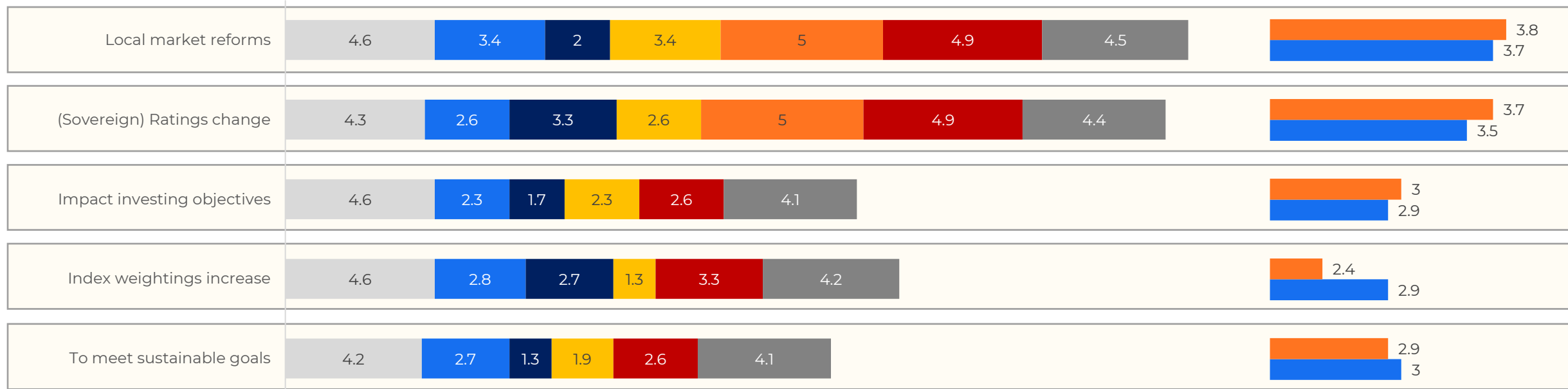
Blocking obstacles to investments for portfolio investors



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

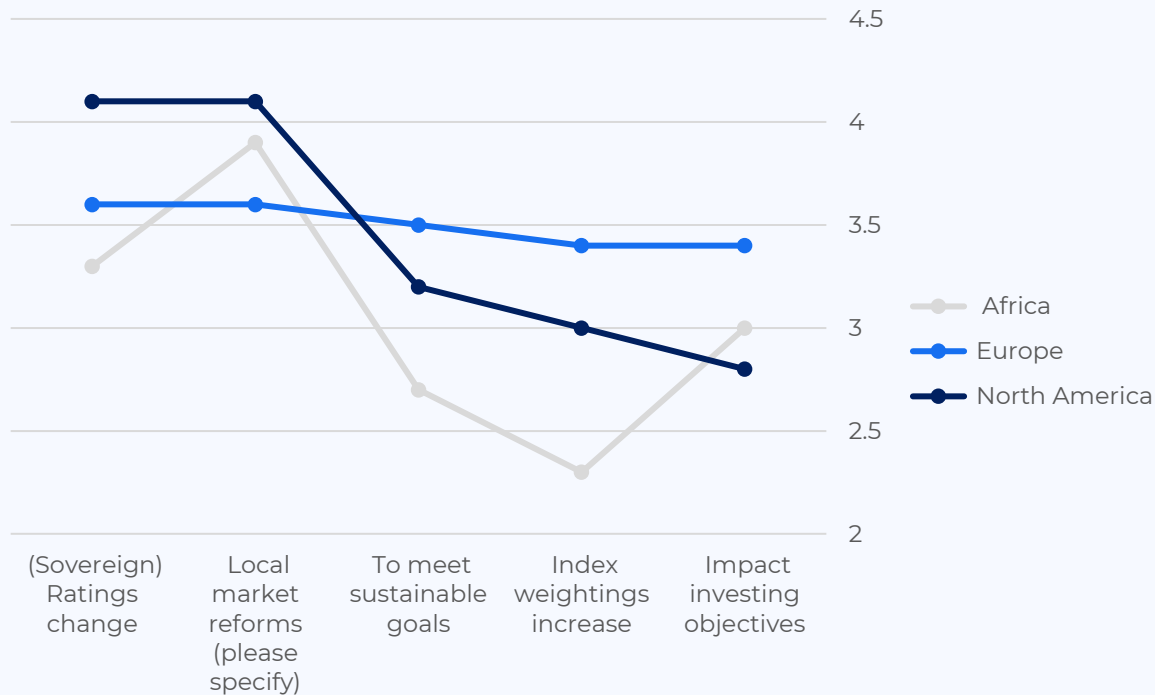


What would trigger more flows?

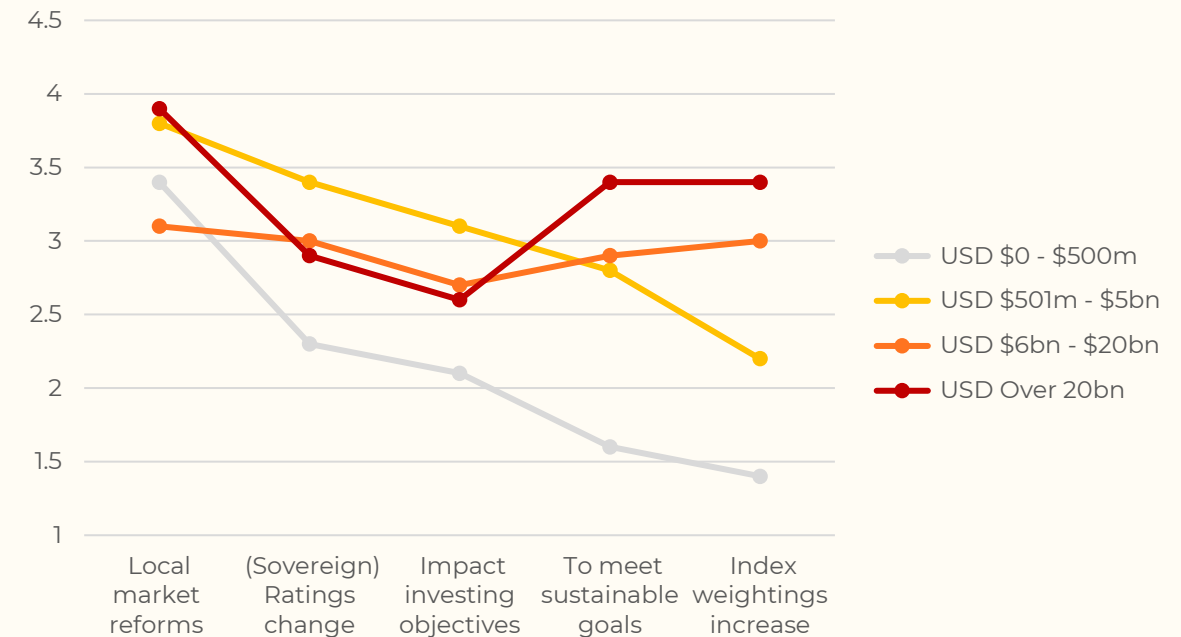
North America is focused strongly on ratings changes, whilst Europe focuses on sustainability and impact investing

Triggers to increase Africa exposures (score out of 5)

...by region



...by AUM



What would trigger more flows?

FX liberalization to drive market liquidity

Reduced red tape

FX liberalisation

Exchange controls

Elections

Gray listing

Local ownership rules

FX liquidity and USD liquidity

Political reforms / SOE privatisations

Political risks/Violence

Greater bond liquidity

Not sure if it still exists but there was a time when you had to notify the Central Bank of your purchase prior to actually placing the trades

More evidence of good governance

Too many requirements and constraints on foreign investors

Secondary market liquidity and introduction of IFRS

Increased PE investment by pension funds and institutional investors



The World to Africa: What next?



[Click here to visit our full resource page for The World to Africa](#)

What's coming next?



January 1st Feb 15th Feb Jan / Feb Jan / Feb Jan / Feb / March March 22nd March / April

Internal briefings

- Walk through of Key Findings with front line teams and partners
- Finalisation of key findings messaging

Key Findings release

- Distribution of Key Findings and personalized Benchmarking scorecards to all survey respondents
- Distribution of Key Findings via LinkedIn, email (via all partners)
- Global Custodian write up / article on Key Findings

Key Findings podcast

- Interview-format podcast discussion(s) including project partners – to discuss the findings and share experiences
- Distribution via #vxInsight channel, by LinkedIn and by email
- Posting on Global Custodian podcast library

Customer interviews

- 1-2-1 briefing sessions with leading customers / investors – to share the results and seek reactions/insights (to feed into the handbook report)
- Partner interviews (to fed into the handbook report)
- TBC with partners

Working group sessions

- Group discussion sessions with leading industry forums – to share the results and map out potential next steps
- Includes:
 - BNY customer forum
 - AVCA
 - SAVCA
 - US Investors group
 - MIDA (?)
 - ISSA (?)
 - ALFI / IFIA / ICI (?)
 - TBC with partners

External events

- Use of research insights and statistics in leading industry and customer events
- Includes:
 - The Network Forum Africa (March)
 - Funds Forum (May)
 - TBC other events for partners

Market handbook release

- Distribution of complete market handbook via LinkedIn, email (via all partners)
- Press release
- Podcast series
- Video
- Media interviews

Investor roadshow

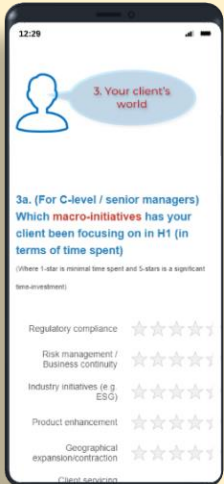
- (Virtual or physical) roadshow to reach out to leading investors personally
- Including Standard Bank and key project partners
- Targeting US and European investors



Focus: Client engagement tracking



Call logging tool:
easy-to-use, web-based tool – for quick and simple data entry using only your thumb



Call Details	
Contact	Who is the client (role, segment, region, influence)?
Content	Who is investing into Africa (client's views on and status into Africa)?
	Where is the world investing? (client's investment strategy – sectors, assets, etc.)?
	African Investments tomorrow (Client's future outlook on Africa investments)?
Sales	Growing Africa flows (Client's challenges in investing and triggers for new AUM)?
	Help items / Follow up data points
	Product follow up? (trading, FX, Investor services, etc.)
	To engage on future initiatives around this research?
	Product opportunity? (product, revenue, probability)



Management dashboard:
interactive team- and product-level analytics to track what is driving your outlook and where

Pipeline conversion



Client scorecard:
Key details on client discussion (vs market averages)

Salesperson visibility

Your CRM

Data upload:
Delivery of all campaign data in .csv for easy upload into your CRM / Pipeline management system

Project ROI tracking

Account planning