

LAUNCHES

Sustainable Capital launches consumer fund

Sustainable Capital has launched the Africa Consumer Fund, which is a concentrated portfolio of consumer-driven stocks in Africa ex-SA, the company has revealed.

The fund, which is domiciled in Mauritius, has been seeded with an initial \$10m from Advanced Emerging Capital, a London-based frontier markets specialist, which has previously worked with Sustainable Capital in the structuring of its Nigerian Fund.

The fund will be capped at \$250m based on the incorporation of liquidity parameters of the underlying investments.

The fund's strategy taps into the growth potential of the African consumer and will invest in consumer-driven stocks including food and beverages, pharmaceuticals and consumer micro finance.

The portfolio has the largest overweight in Nigeria (24%) and Kenya (20%).

Kevin Macdonald, managing director at Sustainable Capital, said: "Our main exposure from a geographic perspective is in Nigeria, Kenya, Egypt, Morocco, and to a lesser extent Botswana. These would naturally be the areas where we see most growth potential."

"The fund will attract investors that already have made a commitment to the African Continent and are looking to



▲ Kevin Macdonald, managing director at Sustainable Capital

harness the specific investment drivers of the African consumer," he added.

Bernard Moody, investment director at Advanced Emerging Capital, said it was rational to launch a fund with this investment strategy.

"The consumer story is very attractive for investors and it is an interesting long-term theme that is ignored by many funds," he said.

The fund follows the rules-based investment strategies that the firm has been managing successfully since 2009, combining bottom-up fundamental research with a country and company sustainability overlay.

"These rules-based strategies provide investors with access to either broad-based African exposure (Africa Sustainability Fund), country specific exposure (Sustainable Capital Nigeria Fund) or specific sectors/themes (Sustainable Capital Consumer Fund) in a very clear, transparent manner, and with very low turnover and investor cost," said Macdonald.

Sustainable Capital does not target a specific investment return for any of its funds.

"We concentrate on detailed on the ground, bottom-up research which guides investment decision making and stock selection," he said. ■

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Genghis Capital launches Shariah unit trust

Kenyan brokerage firm Genghis Capital has launched the Shariah-compliant GenCap IMAN Fund, following regulatory approval from the Kenyan Capital Market Authority (CMA).

The fund, which is the latest in a series of sub-funds within the Genghis Capital Unit Trust Fund umbrella, will aim to give investors a 13% return.

The GenCap IMAN Fund with a

seed capital of \$292,911.75 (KES 25m) is expected to reach more than \$5m within the next month as a number of institutional investors come on board.

Theresa Kaleja, head of unit trusts at Genghis Capital, said: "We have demand from institutions and we already have three retail investors in the first week. We are starting small but there's definitely a lot of interest."

The medium-risk fund, which is still in its investment phase, will allocate 50-60% to Murabaha contracts, approximately 30% to offshore dollar-denominated Sukuk funds and 20-30% to Kenyan equities.

Genghis Capital has identified six

or seven counters which meet the Shariah-compliant criteria (prohibition of investing in certain industries such as alcohol, gambling or pornography) of the fund, out of a pool of 60 listed on the Nairobi Securities Exchange (NSE).

"The rules we are following are very much applicable to all people who want their money to be ethically invested. There's a big community of Muslims in Kenya, but obviously everyone is invited to invest in the fund," said Kaleja.

The unit trusts are managed by Kenyan-based British-American Asset Managers and have been designed, marketed and administered by Genghis Capital, an affiliate of Chase Bank Group. ■