



**Avanz Growth Markets Limited**

(Incorporated in the Republic of Mauritius) Registration number: 149016 C1/GBL

Having its registered address at c/o Intercontinental Trust Ltd, Level 3, Alexander House 35 Cybercity, Ebene 72201, Mauritius

ISIN: MU0571500002 ("AGM" or "the Company")

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2020

**DIRECTORS' COMMENTARY**

**COMPANY OVERVIEW**

AGM was incorporated and began operating on 24 July 2017 in Mauritius and holds a Global Business License in accordance with the Companies Act 2001 and the Financial Services Act 2007 of Mauritius. The Company's registered office address is at c/o Intercontinental Trust Ltd, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius. The Company is listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") since 9 April 2018 when its initial private placement was completed. AGM is an investment holding company focused on emerging markets private equity opportunities, primarily in Africa, Latin America, and emerging Asia. AGM makes investments with a view to achieving significant capital appreciation and returns.

**COMPANY REVIEW FOR THE PERIOD ENDED 31 MARCH 2020**

The Company is issuing its audited financial statements, which comprises activity from 1 January 2019 until 31 March 2020, as required under the SEM Listing Rules. The Company made its first investment in the Avanz EM Partnerships Fund II, SPC ("AEMPF II") on 20 April 2018 and its second and third investments in the Avanz EM Partnerships Fund III, SPC ("AEMPF III") on 20 December 2018 and 20 December 2019, respectively. These investments are partially funded with a current value of US\$5,533,260, and the Company anticipates investing additional capital as more portfolio companies are acquired by AEMPF II and AEMPF III. To meet the near-term funding of the growing investment portfolio, the Company currently maintains a high level of liquidity with 34% of assets in cash at bank and fixed deposits.

The fair market value of the Company's investments increased during the period from US\$2,102,619 to US\$5,533,260. The investments are well diversified across the three geographies with approximately 66% in emerging Asia, 22% in Latin America and 12% in Africa. Additional diversification is provided by the distribution across the industry sectors in which the 73 portfolio companies operate, namely, in agribusiness, consumer goods and services, financial services, communications and information technology, healthcare, education and environmental services. The Company has no borrowings.

The Company reported a loss for the period of US\$785,008 resulting primarily from the unrealised loss in fair value of investments which stood at US\$629,775 and administrative operating expenses of US\$253,680. The Company's net asset value ("NAV") per share as of 31 March 2020 was US\$0.8657. Excluding the one-off set up costs of US\$305,856 (out of which US\$165,718 is classified under professional fees, US\$137,898 under advisory fees and US\$2,240 under licence fees), which benefit all future shareholders of the Company, the adjusted NAV per share as of 31 March 2020 would be US\$0.8976.

**COMPANY OUTLOOK**

During Q1 2020, the world saw one of the greatest periods of market uncertainty and economic distress take hold of the global economy as a result of the on-set of the Covid-19 pandemic. The S&P 500 dropped 20%, while the exchanges in key targeted countries (Brazil, China, Egypt, India, Kenya, Mexico and South Africa) each dropped by at least 20% with the exception of China, which by the end of the quarter was past the worst of the crisis. The capital outflows from emerging markets resulted in the average exchange rate across AGM key currency exposures to depreciate by 10.5% against the US Dollar. By the end of Q2 2020, many of the public market indices recovered and most currencies have strengthened against the US Dollar. However, most emerging market countries had their most stringent lockdown periods during Q2, so the full impact of Covid-19 on the operational performance of companies will be evident in future valuations given that so many businesses have been operating at limited capacity or remain shut-down.

The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of the Covid-19 pandemic have and may continue to adversely affect the global economy, the economies of many countries and individual companies, all of which has negatively impacted the performance of AGM to date. Diversification of the portfolio has benefited AGM given that a large number of strong businesses cushion the part of the portfolio that is considered high-risk due to the global pandemic. The companies held by the funds in the investment portfolio are performing relatively well as company management and the fund managers overseeing the companies have been highly pro-active in taking the necessary measures to ensure the companies face the pandemic as best they can.

As of 31 March 2020, of the US\$9.0 million that AGM committed to investment funds, US\$6.7 million has been invested either into the funds or directly into companies. A few new companies will be added to the portfolio over the next year. The diversification, quality of the investments and portfolio construction are designed to generate high optimized risk-adjusted returns while considering possible adverse macro-economic or political events, as well as currency fluctuations over time. The Company is assessing the market continuously while seeking high quality investment opportunities and intends to raise additional capital to fund these future investments.

Any forecast statement above, and the forecasts underlying such statements, are the responsibility of the board of directors of the Company and have not been reviewed or reported on by the Company's external auditors. The forecast is based on assumptions, including assumptions about regional, political and economic environments, as well as that a stable global macro-economic environment will prevail.

**STATEMENT OF FINANCIAL POSITION**

	Audited as at 31 March 2020	Audited as at 31 December 2018
	US\$	US\$
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	5,533,260	2,102,619
Fixed deposits	1,400,000	5,100,000
Cash at bank	1,446,873	365,273
Current tax asset	711	-
Receivables and prepayments	8,740	42,150
<b>Total assets</b>	<b>8,389,584</b>	<b>7,610,042</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	8,120,921
Accumulated losses	(1,346,495)	(561,487)
<b>Total equity</b>	<b>8,300,367</b>	<b>7,559,434</b>
<b>CURRENT LIABILITIES</b>		
Current tax liability	-	947
Accruals and other payables	89,217	49,661
<b>Total equity and liabilities</b>	<b>8,389,584</b>	<b>7,610,042</b>

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Audited for the fifteen months ended 31 March 2020	Audited for the period from 24 July 2017 (date of incorporation) to 31 December 2018
	US\$	US\$
<b>INCOME</b>		
Net unrealised loss in fair value of financial assets through profit or loss	(629,775)	(288,855)
Dividend income	-	226,581
Other income	98,447	57,374
<b>Total loss</b>	<b>(531,328)</b>	<b>(4,900)</b>
<b>EXPENSES</b>		
Advisory fees	(12,400)	(162,142)
Professional fees	(86,139)	(199,467)
Audit fees	(38,595)	(25,000)
Accountancy fees	(12,540)	(9,340)
Other expenses	(21,491)	(26,131)
Director fees	(70,014)	(24,000)
Licence fees	(7,133)	(5,720)
Foreign exchange loss	(34)	-
Investment costs	-	(100,658)
Bank charges	(5,334)	(3,182)
<b>Total expenses</b>	<b>(253,680)</b>	<b>(555,640)</b>
<b>Loss before income tax</b>	<b>(785,008)</b>	<b>(560,540)</b>
Income tax expense	-	(947)
<b>Net loss for the period</b>	<b>(785,008)</b>	<b>(561,487)</b>
Other comprehensive income	-	-
<b>Net loss and total comprehensive loss for the period</b>	<b>(785,008)</b>	<b>(561,487)</b>

**STATEMENT OF CASH FLOWS**

	Audited for the fifteen months ended 31 March 2020	Audited for the period ended 31 December 2018
	US\$	US\$
Net cash utilised in operating activities	(199,096)	(494,248)
Net cash utilised in investing activities	(245,211)	(7,261,400)
Net cash flows generated from financing activities	1,525,941	8,120,921
Net increase in cash and cash equivalents	1,081,634	365,273
Foreign exchange movement	(34)	-
Cash and cash equivalents at beginning of period	365,273	-
<b>Cash and cash equivalents at end of period</b>	<b>1,446,873</b>	<b>365,273</b>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

	Net assets represented by		
	Share capital	Accumulated losses	Total equity
	US\$	US\$	US\$
At 1 January 2019	8,120,921	(561,487)	7,559,434
Transactions with owners:			
Issue of shares	1,525,941	-	1,525,941
<b>Comprehensive loss:</b>			
Net loss and total comprehensive loss for the period	-	(785,008)	(785,008)
Audited as at 31 March 2020	9,646,862	(1,346,495)	8,300,367
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Weighted average number of ordinary shares in issue</i>			<i>8,564,869</i>
<i>Net asset value per share</i>			<i>0.8657</i>
<i>Loss per share</i>			<i>(0.0917)</i>
2018			
At 24 July 2017 (date of incorporation)	-	-	-
Transactions with owners:			
Issue of shares	8,120,921	-	8,120,921
<b>Comprehensive income</b>			
Net loss and total comprehensive loss for the period	-	(561,487)	(561,487)
Audited as at 31 December 2018	8,120,921	(561,487)	7,559,434
<i>Number of ordinary shares in issue</i>			<i>8,120,921</i>
<i>Weighted average number of ordinary shares in issue</i>			<i>2,924,990</i>
<i>Net asset value per share</i>			<i>0.9309</i>
<i>Loss per share</i>			<i>(0.1920)</i>

**NOTES**

- The Company's accounting period has been changed from 31 December to 31 March, following receipt of relevant regulatory approvals in January 2020.
- The abridged audited financial statements for the fifteen months ended 31 March 2020 ("abridged audited financial statements") have been prepared on the basis of accounting policies of the Company, which are in compliance with the International Financial Reporting Standards, the SEM Listing Rules and the Securities Act of Mauritius 2005. The auditors' report to the financial statements is unqualified.
- The abridged audited financial statements have been reviewed by the Company's external auditors, PricewaterhouseCoopers, Mauritius. These abridged audited financial statements were approved by the Board of Directors (the "Board") on 24 August 2020.
- Copies of the abridged audited financial statements and the statement of direct and indirect interests of each officer of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Registered Office of the Company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.14 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. Contact Person: Mrs Smitha Algoo-Bissonauth.

Intercontinental Trust Limited  
Company Secretary  
Perigeum Capital Ltd  
SEM Authorised Representative and Sponsor  
Date: 25 August 2020

