

Press Release

Fundo Soberano de Angola Announces First Quarter 2016 Investment Update

Investment in large-scale farms to boost agricultural productivity across Angola
Full Adoption of International Financial Reporting Standards (IFRS) in 2016

New York, 19th September 2016 – The Fundo Soberano de Angola (FSDEA), Angola's sovereign wealth fund, today released its first quarter investment update for 2016, which covers the period from 1st of January to the 31st of March 2016. According to the FSDEA's balance sheet, the total assets of the Fund are valued at \$4.56 billion.

Commenting on the results, José Filomeno dos Santos, Chairman of FSDEA, stated, "As of 31st March 2016, Angola's sovereign wealth fund has approximately 60% of its portfolio allocated in private equity funds dedicated to domestic and regional investment opportunities. These private equity commitments will enable FSDEA to generate new sources of revenue for Angola, as well as to support the development of new industries, beyond the crude oil production. Despite the current regional economic fluctuations, we will continue to invest capital across selected industries and asset classes to gain from the upcoming rebound of Africa's business cycle."

The highlights of FSDEA's investment activity in the first quarter of 2016 were as follows:

- The total asset value of the portfolio is \$4.56 billion;
- Private equity allocation amounts to 59% of the portfolio and focuses on direct investments in Angola and other Sub-Saharan African countries;
- In terms of securities, the portfolio comprises of bonds, shares and hedge funds valued at \$1.84 billion.

FSDEA has recently secured the concession of seven large-scale farms from the Ministry of Agriculture of Angola. These concessions are located across the Republic of Angola, in the provinces of Bié, Cunene, Malange, Moxico, Kuando Kubango, Uíge and Zaire. Altogether, these comprise approximately 72.000 Ha of agriculture farmland dedicated to grains/oil-seeds and rice. Investments in agriculture are an effective strategy to enter the soft commodities markets, reduce the importation of food products and support the diversification of the local economy by catalyzing agribusinesses and industrialization. Agriculture employs

over half of the Angolan population, hence more investment in the growth of this sector means more income generation at grass root level as well as new private sector opportunities in the domestic agriculture value chain.

“Investors are invariably interested in balancing risks and returns. So, direct investments in agriculture represents an opportunity for stable long-term returns and a way to diversify away from the risks related to the traditional assets held in the portfolio. FSDEA’s \$250 million commitment to the agriculture sector is in line with this objective. The growing middle class population of the emerging world, the rising income levels and the expansion of urbanization will invariably boost the demand for food products and soft commodity prices. In the long term, the FSDEA and other investors in this field stand to earn increased net returns” further commented dos Santos.

Earlier, Angola’s sovereign wealth fund was authorized by the Ministry of Finance, Angola to adopt the International Financial Reporting Standards (IFRS) in its bookkeeping and financial statements by 2017. In line with its commitment to transparency and best practice, FSDEA embraced this opportunity by expediting the adoption process in order to ensure that its 2015 financial statements are compliant with IFRS. The latter norms are considered the most stringent reporting principles for the disclosure of financial results internationally. For the FSDEA, the conversion from the national accounting standards for financial institutions (CONTIF) to IFRS will showcase its operational and investment activity in greater detail and consistency than what was previously allowed.

Dos Santos further added, “FSDEA aims to be amongst the first institutions that are fully compliant with IFRS in Angola. Currently, none of the other national standards of financial reporting demonstrate the full scope of its strategy, investments and earnings. Angola’s sovereign wealth fund belongs to the all Angolans, and this compels us to remain committed to heightened levels of transparency and good governance, therefore adopting IFRS timely is very important.”

In 2014, Fundo Soberano de Angola established collective investment schemes to deploy private equity investments in high-growth sectors including infrastructure, hotel, agriculture, timber, healthcare, mining and mezzanine capital, domestically and across the Sub-Saharan region. These sectors are shielded from global market volatility and investments within these sectors will support the government’s strategy to diversify the domestic economy. FSDEA is one of the tools used by the Government to spur growth, ensure sustainable development and reduce the country’s dependence on crude oil.

Today, \$2.7 billion of Angola's sovereign wealth fund's private equity allocation consists of shares in seven collective investment schemes, which are certified and regulated by the Mauritius Financial Services Commission, and target investment opportunities in Angola and other Sub-Saharan African countries. Together these vehicles reflect the objective of FSDEA's investment policy of generating long-term returns for the Republic of Angola and benefit its citizens by maintaining and creating wealth for the current and future generations.

Whilst the FSDEA's 2015 independent annual financial audit is underway, the highlights of its private equity investment activity funds last year were as follows:

- *19% of the \$1.1 billion infrastructure fund's investment are allocated to projects in Angola and Kenya;*
- *23% of the \$500 million hotel fund's investment are allocated to hotel investments in Angola and Zambia;*
- *10% of the \$220 million timber fund's investment are allocated to a large scale eucalyptus concession in Angola;*
- *2% of the \$245 million mining fund's investment are allocated to a mining venture in Mauritania;*
- *12% of the \$190 million mezzanine capital fund's investment is allocated to an asset in South Africa;*
- *Sizeable allocations for the \$465 million agriculture and healthcare investment funds in Angola are set to debut in 2016;*
- *In total, \$407 millions of FSDEA's private equity \$2.7 billion allocation has been committed to direct investments in Angola and the wider sub-Saharan Africa region;*
- *The investment period of FSDEA's private equity funds is 3-5 years and their investment horizon is over 10 years;*
- *FSDEA estimates that its planned \$3 billion allocation to private equity funds will be fully invested by 2020.*

About the Fundo Soberano de Angola

The Fundo Soberano de Angola (FSDEA) is a Sovereign Wealth Fund wholly owned by the Republic of Angola. The Fund, established according to international governance benchmarks, will gradually diversify its investment portfolio across a number of industries and asset classes in accordance with its investment policy and guidelines. By pursuing investments that generate long-term and socially enhancing financial returns, the FSDEA will play an important role in promoting Angola's social and economic development and generating wealth for its people.

For further information, please visit www.fundosoberano.ao

Media enquiries: nanwer@fsdea.ao