

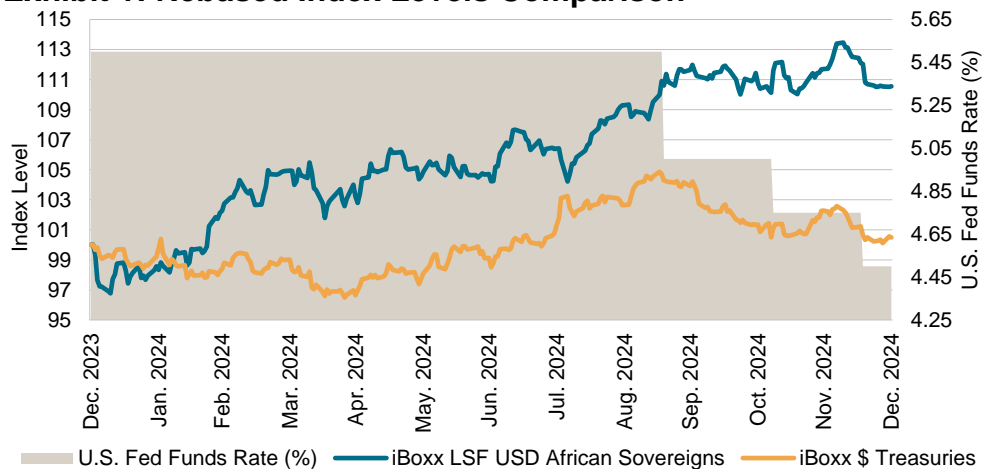
iBoxx LSF USD African Sovereigns – 2024 in Review

Contributor

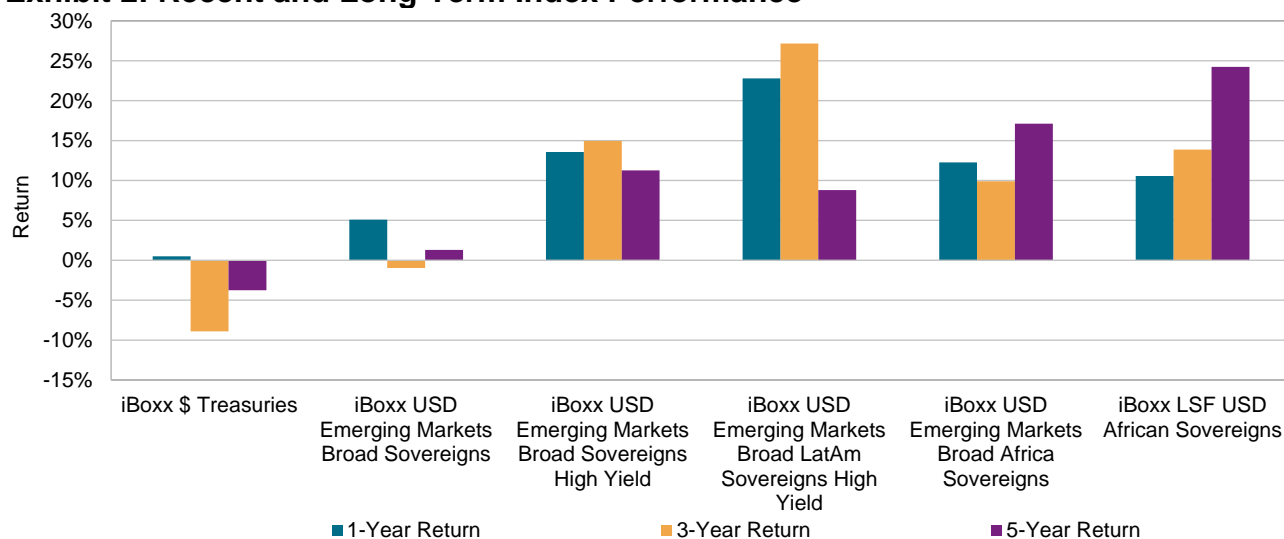
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After a slightly weaker January 2024 relative to the iBoxx \$ Treasuries, the performance of the [iBoxx LSF USD African Sovereigns](#) surpassed that of U.S. Treasuries from February onwards. The gap narrowed briefly in August, before widening substantially following the U.S. Federal Reserve's interest rate cuts. The iBoxx LSF USD African Sovereigns finished the year with a 10.55% gain compared to U.S. Treasuries' 0.49%.

Exhibit 1: Rebased Index Levels Comparison



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2023, to Dec. 31, 2024. Index performance is based on total return rebased to 100 as of Dec. 31, 2023. The iBoxx \$ Treasuries was launched on June 28, 2005. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 2: Recent and Long-Term Index Performance

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2024. The iBoxx \$ Treasuries was launched on June 28, 2005. The iBoxx USD Emerging Markets Broad Indices were launched on Jan. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

In general, 2024 was a good year for the performance of emerging markets sovereign bonds, especially in the high yield segment. As seen in Exhibit 2, the four emerging markets sovereigns high yield indices delivered positive returns of at least 10% in 2024. Over the three-year period, the broader iBoxx USD Emerging Markets Broad Sovereigns High Yield outperformed the iBoxx LSF USD African Sovereigns by 1.08%. Over the five-year period, the iBoxx LSF USD African Sovereigns outperformed the broad index by 12.97%.

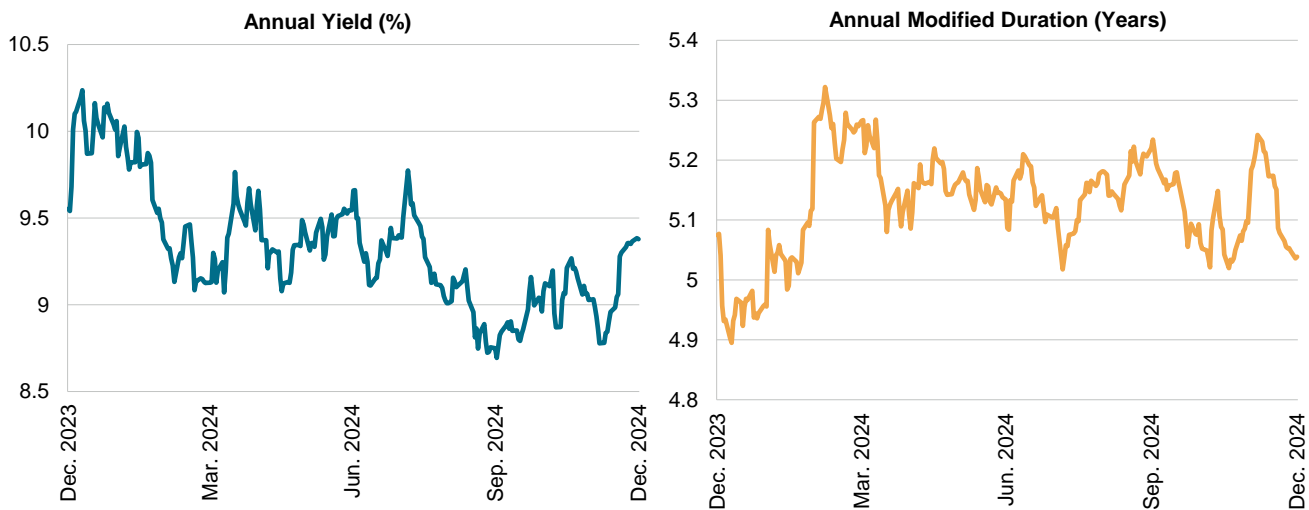
Exhibit 3: Key Analytics of the iBoxx LSF USD African Sovereigns

Key Analytics	iBoxx USD Emerging Markets Broad Sovereigns High Yield	iBoxx LSF USD African Sovereigns
Annual Yield (%)	8.26	9.38
Coupon (%)	5.97	7.08
Duration (Years)	5.00	5.04
Expected Remaining Life (Years)	9.06	10.64
Market Value (USD Billion)	429.23	77.62
iBoxx Average Rating	BB	BB
Currency	USD	USD
Issuer Type	Emerging Markets Sovereigns	African Sovereigns Eligible for LSF Repo Facility Collateral
Q4 2024 Return (%)	1.01	-0.97
2024 Return (%)	13.57	10.55

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2024. Index performance based on total return in USD. The iBoxx USD Emerging Markets Broad Indices were launched on Jan. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

The annual yield of the iBoxx LSF USD African Sovereigns spiked from 9.5% to over 10.0% in early 2024 before settling in the 9.0%-9.5% range for the rest of the year. As inflation showed signs of subsiding and global central banks positioned themselves for potential interest rate cuts, the index yields briefly fell below 9.0% in Q3 before climbing back to 9.4% by the end of the year. Duration shortened by 0.04 years in 2024 (see Exhibit 4).

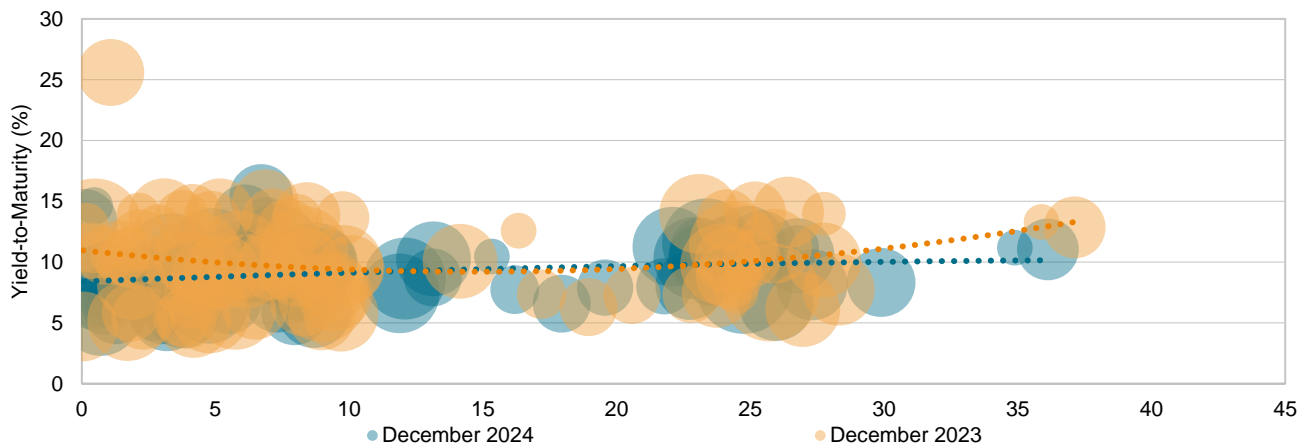
Exhibit 4: Yield and Duration of iBoxx LSF USD African Sovereigns



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Charts are provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

As shown in Exhibit 5, the yield profile of the index was largely unchanged except for the slight decline in yields in the short and long ends. Most of the bonds are found in the 0-10 year range and close to 25% of the bonds are concentrated in the 20-30 year range.

Exhibit 5: Yield Curve of the iBoxx LSF USD African Sovereigns



(Bubble Scale = Notional Amount Outstanding in USD)

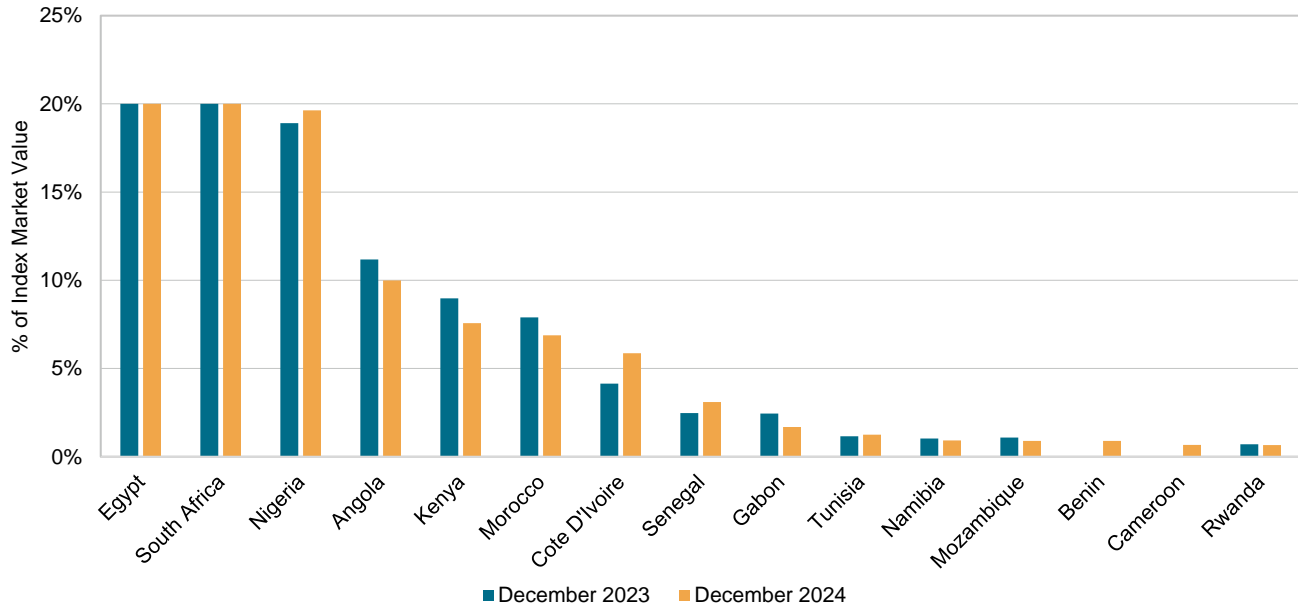
Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Market Commentary

For use with institutions only, not for use with retail investors.

To cope with the disparity in issuance sizes across different African countries, the iBoxx LSF USD African Sovereigns is designed with a maximum weight of 20% and a floor of 0.5% based on the country of risk. The aim of these criteria is to ensure there is sufficient representation of each market while also providing diversification.

Exhibit 6: Market Breakdown Post-Rebalance



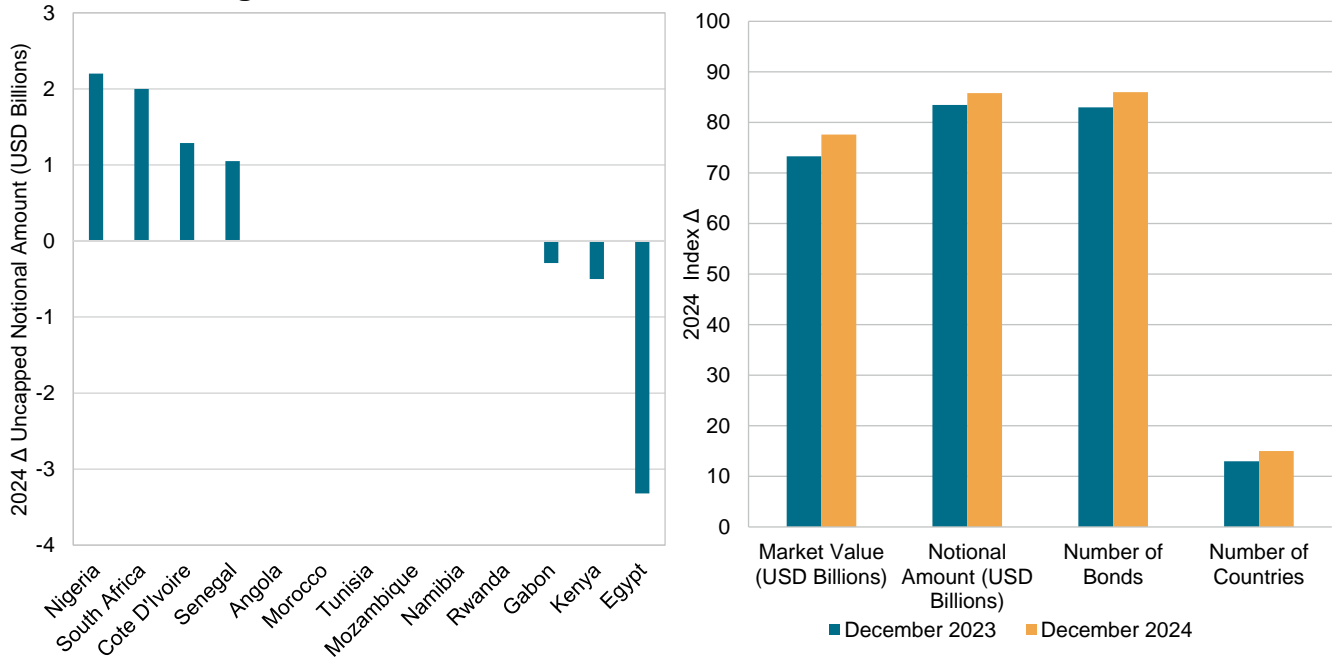
Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2023, and Dec. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Benin and Cameroon were also included in the index in 2024 after the former was added as an eligible country under the LSF Repo facility eligibility criteria and the latter issued a seven-year eurobond with a notional value of USD 550 million. Rwanda remains the smallest market value weight in the index at 0.66%, as shown in Exhibit 7.

Comparing the market value weights of the index constituents in the iBoxx USD Emerging Markets Broad Sovereigns and the iBoxx LSF USD African Sovereigns as of December 2023 and December 2024 (excluding new entrants), Cote D'Ivoire and Nigeria experienced the largest increase in weights (up 1.72% and up 0.72%, respectively). Kenya, Angola and Morocco experienced the largest drop in weights (down 1.41%, 1.19% and 1.02%, respectively).

In Exhibit 7, we see that the Egypt USD sovereigns bond market notional declined the most in 2024, after three issuances of approximately USD 3.32 billion notional matured without any new dollar issuance. Still, due to its large notional amount outstanding of USD bonds, Egypt's weight remained at the 20% upper limit. In 2024, the USD sovereigns bond market notional for Nigeria, South Africa and Cote D'Ivoire grew the most.

Exhibit 7: Changes between December 2023 and December 2024



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Charts are provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Performance Disclosure/Back-Tested Data

The iBoxx USD Emerging Markets Broad Africa, iBoxx USD Emerging Markets Broad Overall, iBoxx USD Emerging Markets Broad Latam, iBoxx USD Emerging Markets Broad MENA, iBoxx USD Emerging Markets Broad Asia, iBoxx USD Emerging Markets Broad Sovereigns and iBoxx USD Emerging Markets Broad EMEA were launched on January 31, 2024. The iBoxx LSF USD African Sovereigns was launched on June 15, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the [FAQ](#). The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

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