

Fund manager: Andrew Lapping
Inception date: 1 January 2012
Class: A

Fund information on 30 April 2012

Fund currency: US\$
Fund size: \$5.8m
Fund price: \$115.89
Number of share holdings: 36

Fund description

The Fund invests in a focused portfolio of companies with significant business interests in Africa (excluding South Africa), regardless of the location of the stock exchange listing. The minimum exposure to equity securities is 80%. The Fund price is reported in US dollars but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

Fund objective and benchmark

The Fund aims to outperform African equity markets over the long term without taking on greater risk of loss. The Fund's benchmark is the Standard Bank Africa Total Return Index.

How we aim to achieve the Fund's objective

We invest in shares that we believe offer the best fundamental value while taking into account risk and return. We research companies and assess their intrinsic value based on long-term fundamentals; we then invest in businesses where our assessment of intrinsic value exceeds the share price by a margin of safety. This approach allows us to identify shares that may be out of favour with the market because of poor near-term prospects, but offer good value over the long-term.

The Fund's holdings will deviate meaningfully from those in the index both in terms of individual holdings and sector exposure.

Suitable for those investors who

- Seek exposure to African equities
- Are comfortable with stock market and currency fluctuations, i.e. short-to medium-term volatility
- Are prepared to take on the risk of capital loss
- Typically have an investment horizon of more than five years

Minimum investment amounts

Minimum initial investment US\$50 000
 Minimum subsequent investment US\$1 000

Performance net of all fees and expenses

% Returns	Fund	Benchmark ¹
<i>Unannualised:</i>		
Month-to-date	-1.1	0.7
Year-to-date	15.9	15.6

1. Standard Bank Africa Total Return Index, performance as calculated by Allan Gray as at 30 April 2012.

Annual management fee

The management fee consists of a fixed fee and a performance fee component. The fixed fee is charged at a rate of 1% per year and accrues daily. The performance fee is 20% of the extent to which the Fund outperforms the benchmark, after the fixed fee is deducted and subject to the Fund exceeding the 'high watermark'. The high watermark is the maximum ratio the Fund's net asset value per share, including distributions, has achieved relative to the benchmark since the Fund's inception. The performance fee is calculated and accrued daily.

Subscription and withdrawal charge

Investors are charged 1% when transacting in Fund units, both on subscription and withdrawal. This is paid into the Fund to offset the costs associated with the transaction that are borne by the Fund. Allan Gray International Proprietary Limited may waive this charge in the case of significant offsetting flows.

Fund manager quarterly commentary as at 31 March 2012

The Fund's holding in Egyptian shares has paid off with the Egyptian market appreciating 38% year to date. Despite this price appreciation and the market obviously being less attractive than three months ago, we continue to have a substantial position in Egyptian shares. The reason for this is twofold. Firstly, of the 41.4% of the Fund in Egypt, 8.7% is invested in Mobinil (the Egyptian Company for Mobile Services). Mobinil is trading at LE180 per share and France Telecom has made a bid for the company at LE202.5. The transaction needs to be approved by the regulator but there is some uncertainty as to whether this will happen. We believe the ruling will be favourable and are willing to wait for the full price rather than sell in the market at a discount. The second reason for the holding is that the majority of the Egyptian shares we own are defensive counters that have lagged the market. We still see substantial value in these holdings and have added to the positions in some cases.

We are still finding good value in Kenyan equities but the 8% currency appreciation year to date and the 27% move since October 2011, give us cause for concern. We believe that there is now some risk of a currency depreciation, and have sold some of the better-performing Kenyan holdings as a result.

Country of primary listing as at 30 April 2012

Country	% of Fund	Benchmark ¹
Egypt	36.2	15.5
Kenya	21.7	9.2
Nigeria	12.5	19.4
France	10.5	5.6
Zimbabwe	7.1	1.1
Botswana	2.8	0.5
Rwanda	2.7	0.0
United Kingdom	1.9	16.4
BRVM	1.8	1.9
Canada	1.7	9.5
Mauritius	1.1	2.7
Ghana	0.1	0.1
Morocco	0.0	5.8
Australia	0.0	4.8
Tunisia	0.0	4.2
Portugal	0.0	2.1
Germany	0.0	0.8
Zambia	0.0	0.5
USA	0.0	0.1
Total	100.0	100.0

Sector allocation at 30 April 2012

Sector	% of Fund	Benchmark ¹
Oil & gas	10.4	11.5
Basic materials	6.8	25.0
Industrials	13.1	5.0
Consumer goods	20.9	12.0
Healthcare	1.7	0.2
Consumer services	3.2	1.2
Telecommunications	16.1	8.7
Utilities	8.4	0.3
Financials	16.8	36.0
Fixed interest/Liquidity	2.6	0.2
Total	100.0	100.0

1. Standard Bank Africa Total Return Index, performance as calculated by Allan Gray as at 30 April 2012.

Note: There may be slight discrepancies in the totals due to rounding.

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Disclaimer

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Unit price

Unit trust prices are calculated on a net asset value basis, which calculation is made by dividing the value of the net assets of the Fund attributable to the shares by the number of shares in issue. The weekly price of the Fund is normally calculated each Friday based on the prices of the underlying investments prevailing at 5:30pm Bermuda time on the business previous day. Purchase requests must be received by the Registrar of the Fund (being Citi Hedge Fund Services Limited) by 5:00pm Bermuda time on that dealing day to receive that week's price. Withdrawal requests must be received by the Registrar of the Fund by 12 noon Bermuda time, 10 (ten) Business Days prior to the particular dealing day on which shares are to be redeemed to receive that week's price.

Fees

A schedule of fees, charges and maximum commissions is available on request from Allan Gray International Proprietary Limited or the Registrar. Commission and incentives may be paid and if so, would be included in the overall costs.

Performance

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Performance figures are from Allan Gray International Proprietary Limited and are for lump sum investments with income distributions reinvested.