

# AFRICA ALPHA FUND

March 2013



IN ASSOCIATION WITH THE  Sanlam GROUP

## Fund Overview

The objective of the Africa Alpha Fund is to provide long-term investors with active equity exposure to listed African companies within a valuation-driven, sustainable investment framework with the potential for material outperformance relative to a market-cap weighted index.

## Investment Process

The aim of the investment process is to identify selected opportunities where the market price of a company has deviated materially from its fair value. Portfolio construction is driven by a disciplined, bottom-up research process with an emphasis on detailed, company-specific due diligence. The focus of idea generation is on high quality companies trading at below-average ratings.

Buy-sell discipline is led strictly by valuation using a long-term investment time horizon. Investment decision-making is informed by first-hand, proprietary data. Stock selection is informed by fundamental research conducted in-situ in African countries.

A company's position in the model portfolio is a function of the strength of the investment case, the level of conviction of the investment team, margin of safety (downside risk) and the extent of the discount (premium) to fair value.

## Fund Manager

Sustainable Capital is an independent, owner-managed, responsible investment asset manager that specialises in the research and management of listed African equity securities, with total assets under management of USD 56.6m.



## Investment Team

**Greg Barker**  
Manager, Africa Alpha Fund



- CFA, MBA, MPhil (Sustainability), BTech (Eng).
- Over 13 years of industry experience.

**Gaëtan Herinckx**  
Senior Investment Analyst



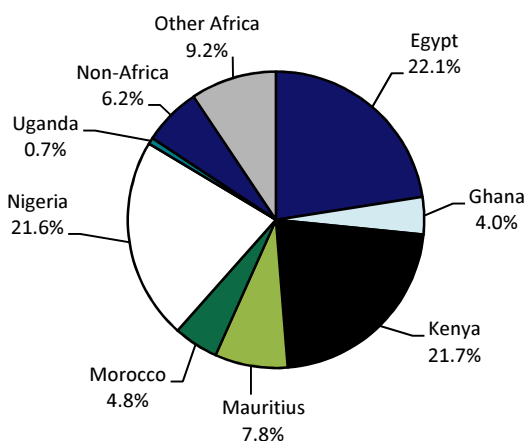
- Msc (Financial Risk Mgt), Msc (Business Eng.), IM Program at Stern Business School.
- Over 11 years of industry experience.

**Omar Fahmy**  
Senior Investment Analyst

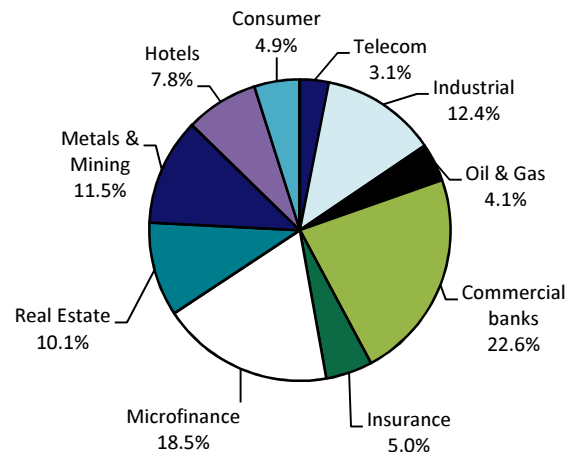


- Msc (International Finance), BA (Mgt Information Systems).
- Over 7 years of industry experience.

## Geographic Allocation (% of economic footprint)



## Sector Allocation (% of equity)



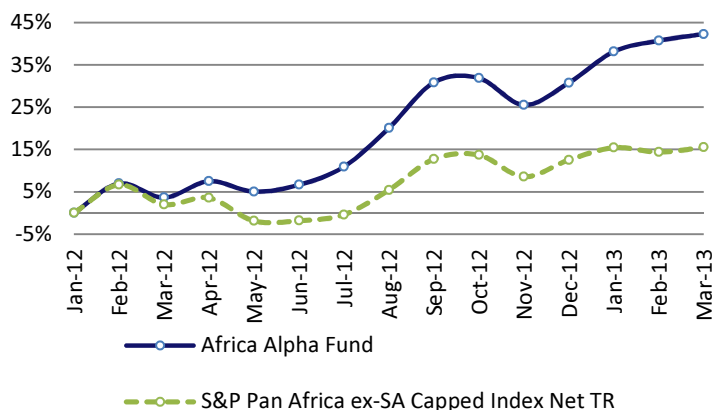
# AFRICA ALPHA FUND

March 2013



IN ASSOCIATION WITH THE  Sanlam GROUP

## Performance\* (since inception, 1 February 2012)



	Africa Alpha Fund	S&P Africa ex-SA Capped	Alpha
1 month	1.1%	1.0%	0.1%
Calendar YTD	8.8%	2.7%	6.1%
1 year	37.3%	13.3%	24.0%
Since Inception	42.3%	15.5%	26.7%
Since Incep (ann.)	35.3%	13.2%	22.1%

## Risk-Return Statistics\*\* (since inception)

	Africa Alpha Fund
Portfolio beta	0.82
Correlation	0.61
Tracking error	10.7%
Information ratio	2.07
Relative downside dev.	6.2%
Sortino ratio	3.58

## Key Facts

<b>Dealing:</b>	Monthly
<b>Fund size:</b>	USD 17.8 million
<b>Domicile:</b>	Mauritius
<b>Structure:</b>	Open-ended, expert fund
<b>ISIN:</b>	MU0343S00014
<b>Base fee:</b>	1.5% per annum
<b>Entry/exit fees:</b>	None

## African Equity Market - Performance Overview

	in Local Currency		in USD	
	1 month	YTD	1 month	YTD
BRVM	-1.9%	14.0%	-3.7%	10.7%
Egypt	-5.6%	-5.1%	-6.4%	-11.2%
Ghana	16.9%	44.5%	15.7%	42.0%
Kenya	7.6%	17.6%	8.3%	18.4%
Mauritius	3.2%	11.2%	2.3%	8.9%
Morocco	1.2%	-3.4%	-0.3%	-5.6%
Nigeria	1.4%	19.4%	1.3%	17.6%
Tunisia	2.3%	3.6%	1.5%	0.8%
Uganda	11.0%	27.2%	13.5%	31.4%
Zambia	5.8%	11.8%	5.4%	8.5%

## Performance fee:

<b>Fee:</b>	20.0% of outperformance above hurdle rate
<b>Fund performance:</b>	Net of all fees and expenses
<b>Hurdle rate:</b>	S&P Pan Africa Ex SA Capped Index Net TR
<b>Benchmark code:</b>	SPPAXSCN Index
<b>Accrual:</b>	Monthly
<b>Crystallisation:</b>	Annual (positive and negative accruals)
<b>High water mark:</b>	Perpetual carry-forward
<b>Fee cap:</b>	Total fee capped at 4.0% per annum
<b>Class:</b>	A (Class B closed to new investors)

## Contact Details

### Kevin Macdonald

email: kevin@sustainablecapital.mu  
Phone: +230 258 13 69

### Rishi Ramkorun

email: rishi@sustainablecapital.mu  
Phone: +230 250 62 21

\*Sustainable Capital claims compliance with the **Global Investment Performance Standards (GIPS)** and has prepared and presented this report in compliance with the GIPS standards. Sustainable Capital has not been independently verified.

\*\*The risk measures included in this report are computed based on NAVs calculated daily based on Bloomberg data. The Africa Alpha Fund has a monthly audited NAV.