

# AFRICA ALPHA FUND

September 2014



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 140.4m.



## 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 12 years of industry experience.

### Omar Fahmy

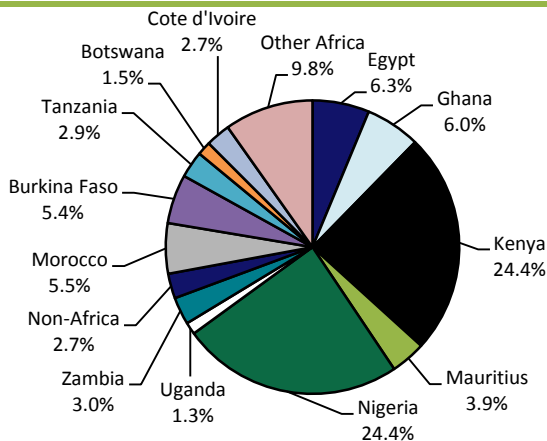
Senior Investment Analyst



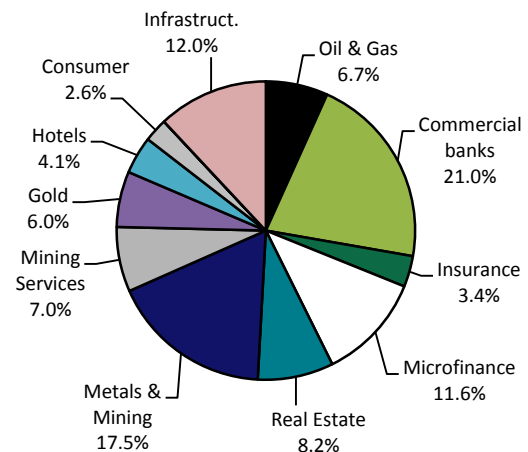
- Msc (International Finance), BA (Mgt Information Systems).

- Over 8 years of industry experience.

## Geographic Allocation (% of economic footprint)



## Sector Allocation (% of equity)



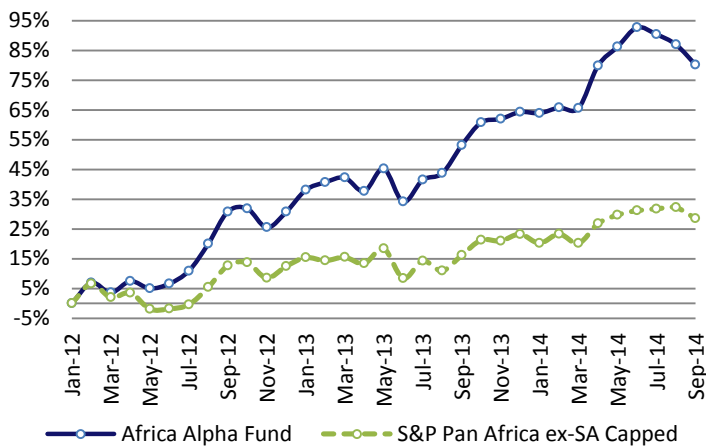
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## Performance\* (since inception, 1 February 2012)



	Africa Alpha Fund	S&P Africa ex-SA Capped	Alpha
1 month	-3.6%	-2.8%	-0.8%
Calendar YTD	9.7%	4.3%	5.4%
1 year	17.7%	10.6%	7.1%
2 years	37.7%	14.0%	23.7%
2 years (ann.)	17.4%	6.8%	10.6%
Since Inception	80.2%	28.5%	51.7%
Since Incep (ann.)	24.7%	9.9%	14.8%

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

	Africa Alpha Fund
Portfolio beta	0.87
Correlation	0.66
Tracking error	8.9%
Information ratio	1.67
Relative downside dev.	4.9%
Sortino ratio	3.04

## Key Facts

<b>Dealing:</b>	Monthly
<b>Fund size:</b>	USD 73.4m
<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
Egypt	3.7%	44.2%	3.6%	40.1%
Ghana	1.8%	4.4%	16.6%	-24.7%
Kenya	2.3%	6.7%	1.2%	3.0%
Mauritius	2.2%	2.8%	0.3%	-1.9%
Morocco	5.6%	10.6%	2.3%	3.3%
Nigeria	-0.8%	-0.3%	-1.7%	-2.4%
Tunisia	-2.2%	4.5%	-5.4%	-4.5%
Uganda	5.6%	22.1%	3.8%	16.2%
Zambia	-0.4%	17.4%	-4.5%	4.0%
Zimbabwe	-0.6%	-3.4%	-0.6%	-3.4%

## 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
<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:** [info@sustainablecapital.mu](mailto:info@sustainablecapital.mu)

The information contained herein does not constitute an offer to sell or the solicitation of an offer to purchase the Sustainable Capital Africa Alpha Fund (the "Fund"). Any such offer or solicitation may only be made by means of delivery of an approved confidential offering memorandum that contains material information not present herein and which supersedes this information in its entirety. Any offer or solicitation pursuant to such memorandum shall only be in those jurisdictions where permitted by law. The shares in the Fund have not been registered under the U.S. Securities Act of 1933, as amended ("the 1933 Act"). Accordingly, the offer and sale of any of the shares of the Fund is not permitted in the United States except pursuant to an exemption from registration under the 1933 Act and other applicable U.S. federal and state securities laws, rules and regulations. Any decision to invest in the Fund or any other strategy managed by Sustainable Capital should be made after reviewing such definitive offering memorandum, conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment.

\*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.