

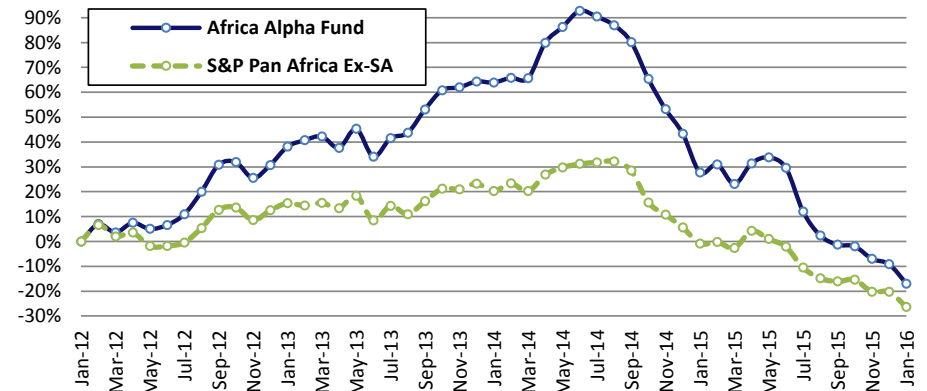
**Fund Description**

The Africa Alpha Fund invests in African listed equities (ex-South Africa). The fund aims to outperform the African markets using bottom-up research process with an emphasis on detailed, company-specific due diligence. Buy-sell discipline is led by valuation using a long-term investment time horizon. Stock selection is informed by fundamental research conducted in-situ in Africa.

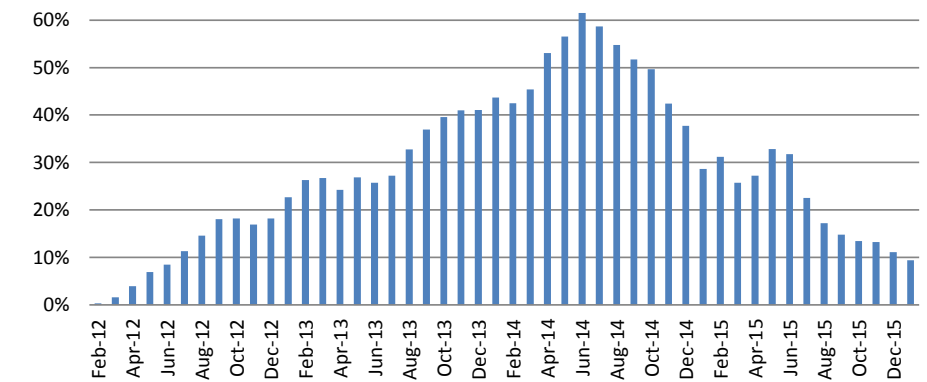
**Fund Information**

Launch date:	February 1, 2012
Fund AUM:	USD 52.4m
Firm AUM:	USD 85.1m
Structure:	Open-ended, Expert Fund
Domicile:	Mauritius
Regulator:	FSC Mauritius
Fund Manager:	Sustainable Capital Ltd
Administrator:	Apex Fund Services MU)
Global Custodian:	HSBC Bank Ltd (MU)
Auditor:	Ernst & Young
Dealing frequency:	Monthly
Bloomberg:	SUCAFAA MP Equity
ISIN:	MU0343S00014
GIIN:	KDIPCD.99999.SL.480
Reporting currency:	USD
Base Fee:	1.5%
Performance Fee:	20% above hurdle
Total Fee cap:	4.0%
Hurdle:	SPPAXSCN Index
High water mark:	Perpetual
Crystallisation:	Annual
Contact:	<a href="mailto:info@sustainablecapital.mu">info@sustainablecapital.mu</a>

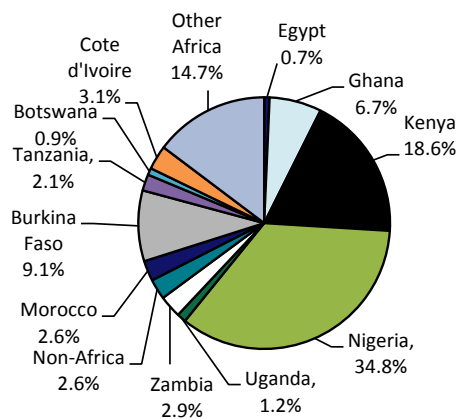
**Fund Performance (USD, GIPS\*, Since inception)**



**Cumulative Relative Performance (USD, GIPS\*, Since Inception)**



**Geographic Spread (% Economic Footprint)**



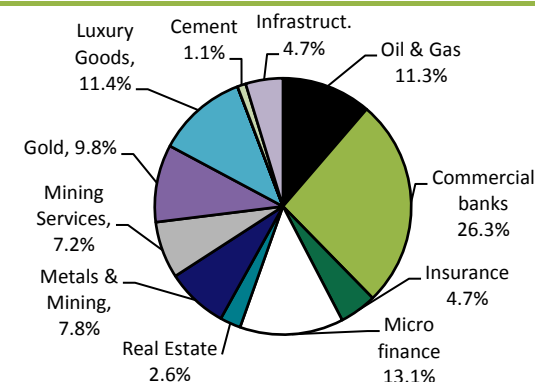
**Monthly Performance (% USD, GIPS\*)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar
2012		6.9	-3.1	3.7	-2.3	1.5	4.0	8.2	9.0	0.8	-4.8	4.2	30.7
2013	5.6	1.9	1.1	-3.2	5.5	-7.7	5.5	1.6	6.5	5.0	0.7	1.5	25.7
2014	-0.2	1.1	-0.1	8.6	3.5	3.5	-1.2	-1.8	-3.6	-8.2	-7.4	-6.4	-12.8
2015	-10.9	2.5	-6.0	6.7	1.8	-3.2	-13.6	-8.6	-3.6	-0.6	-5.1	-2.3	-36.6
2016	-8.6												-8.6

**Annualized Performance (% USD, GIPS\*)**

	-1 yr	-3 yr	-5 yr	Since Inception
Africa Alpha	-35.0	-15.6	n.a.	-4.5
S&P Pan Africa Ex-SA	-25.7	-13.9	n.a.	-7.4
Relative Perf.	-9.3	-1.7	n.a.	2.8

**Sector Spread**



**Relative Risk and Return (USD, GIPS\*, Since Inception)**

Benchmark	S&P Pan Africa ex-SA Capped
Portfolio Beta	0.96
Correlation	0.70
Tracking Error	10.5%
Information Ratio	0.27
Relative Downside Std. Deviation	6.5%
Sortino Ratio	0.43

## Fund Manager Comments

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In tandem with emerging and frontier markets globally, the key African equity markets kicked off 2016 on a negative note, leading the fund down by 8.6% for January. Egypt (where the fund has no domestically-listed holdings) declined by 15% in January and is currently down by 42% over the past year. The bear market in Egypt has continued into February, which has resulted in some interesting stock-specific opportunities. The Nigerian market declined by 17% in January (leaving it down 20% year-on-year in USD terms). This trend has reversed since January as the reality dawns that cash dividend yields from blue-chip commercial banks are likely to be more than double domestic sovereign bond yields. Commodity markets (particularly oil) also started the year on the back foot. Precious metals are the obvious exception to this rule, with the gold price up by over 15% year-to-date.

The Africa Alpha Fund is currently well-positioned to harvest profits from its counter-cyclical gold holdings, which have been steadily accumulated over the past 2 years and currently represent 17.5% of the portfolio (comprising low-cost, well-capitalised gold developers and mining services). A good example of the strength of our mining services holdings is Capital Drilling, which we estimate will declare a 4.0cps cash dividend next month, representing a 12.0% USD yield. We see this as highly compelling downside risk protection, factoring in the company's ability to generate significant cash at the bottom of the cycle, the strength of its balance sheet and its excellent long-term growth prospects.

During 2016, several of the fund's core holdings are due to begin operations or achieve a step change in their production volumes. Roxgold, Firestone Diamonds and Tullow Oil, which together represent over 23% of the current portfolio, are all in this position. **Roxgold**, which is the lowest-cost gold producer in Africa (all-inclusive sustaining costs of USD590/oz), is due to pour its first gold in June 2016 and steadily ramp-up production to 150koz/yr. Its Yaramoko project is running on schedule and within budget. At current gold prices, Roxgold generates an operating margin of USD635/oz (or 52%), at a time when most of their competitors are unable to generate economic profits. **Firestone Diamonds** is nearing the completion of its 1.0m carats per year Lihobong project development and is expected to begin production in the last quarter of 2016. The company has been a fortuitous beneficiary of the weakness in the South African Rand, which has meant that the project is likely to be completed within budget. The company has also enjoyed a development tailwind from the El Nino led drought in Southern Africa, which has provided the conditions for accelerated construction progress. The NPV of the project, even under conservative valuation assumptions, is a multiple of the company's current market value, which is likely to become clear as diamond sales progress in 2017. **Tullow Oil** is scheduled to double its economically-attributable production in Ghana in mid-2016 with the start-up of its TEN development. The company's assets in Ghana are low-cost (operating costs are expected to decline to USD8.0/bbl). Despite Tullow's significant debt burden, medium-term downside risk from low oil prices is mitigated by a substantial hedge book position (currently worth USD668m), with 52% of 2016 production hedged at a floor price of USD75/bbl.

From an investment research perspective, the Sustainable Capital team have had a busy start to the year. Having concluded one-on-one management interviews with over half of the Africa Alpha Fund's current holdings during January and February, we are again encouraged by the underlying fundamental strength of the companies in which the fund is invested. We look forward to providing feedback to our fund investors from the forthcoming season of full-year financial results releases that is due to unfold during February and March.

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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.