



ACCESS MORE



**AFRICA EQUITY
OPPORTUNITIES
FUND**



A part of the FirstRand Group



Investing in frontier markets

Fund objective

Ashburton Investments' Africa Equity Opportunities Fund is an Africa-focused (ex South Africa) fund that identifies and invests in undervalued listed African equities across various sectors to achieve long-term capital growth.

The fund manager invests in companies whose primary source of income is derived from Africa, or whose major assets are Africa-based. At least 80% of the fund will be invested in companies listed on African stock exchanges and the balance on stock exchanges outside Africa. The mandate also allows for up to 10% of the fund to be invested in selected opportunities, such as pre-IPO companies or unlisted investments.

Investment approach

We have extensive experience in investing in Africa and use intensive research to identify opportunities based on:

- Company fundamentals
- Share price valuation
- Strength and experience of the company's management team

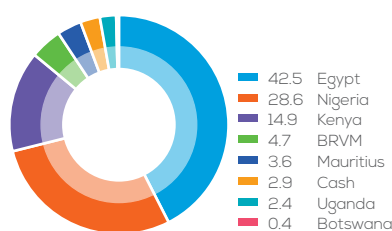
Companies are chosen using a bottom-up stock selection process, which looks for appreciating fundamentals not reflected in the company's share price.

Our fund managers travel extensively within Africa to meet the management teams of companies and to cross-check information sources prior to investment. They then identify companies and sectors that are beneficiaries of the strengthening macro-economic conditions and improving political landscape.

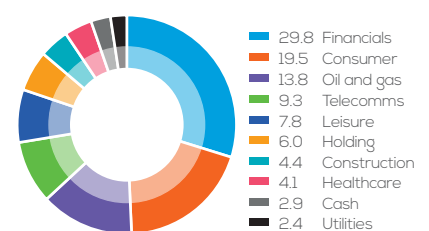
The fund benefits from an unconstrained approach where the manager runs a portfolio to maximise investment opportunities. The fund is registered as, and adheres to the investment requirements of, a UCITS fund, and is domiciled in Luxembourg.

Typical asset allocation as at March 2018*

Geographical weightings (%)



Sector allocation (%)



Source: Ashburton Investments, March 2018


AFRICA EQUITY OPPORTUNITIES FUND

Fund features

Launch date	22 May 2013
Fund currency	USD, GBP
Benchmark (Hurdle)	MSCI Emerging Frontier Markets Africa ex. South Africa Index (USD)
Minimum investment	USD10,000 - R Class USD100,000 - I Class USD10,000 - D Class
Dealing	Weekly (Wednesday)
Annual management fee	Max 2.0% - R Class Max 1.5% - I Class Max 1.5% - D Class
Performance fee (calculated against the Fund hurdle)	Max 15% - R Class Max 15% - I Class Max 15% - D Class

AN AFRICAN GROWTH STORY


Combined African GDP is estimated to reach **US\$9.0 trillion** by 2023.

Africa's combined population of over 1 billion people is the **third** largest in the world behind China and India. 



Widespread urbanisation and consumerism is driving a population hungry for products and services.

Africa has the **highest** projected working age population of all emerging markets.

Some of the fastest growing economies globally in the next five years will be in Africa. 



338m people in Sub-Saharan Africa have mobile money accounts with **US\$19.9bn** transacted per month in 2017.

Source: IMF April 2018, Mckinsey Global Institute, Lions on the move 9/16, GSMA 02/18, State of the Industry; Mobile Money

“Relatively low price-earnings and increasing earnings’ momentum, could provide investors significant growth opportunity as African markets mature.”

Why invest in Africa?

Investing in Africa presents a significant opportunity to capture the high-growth associated with newly emerging economies.

Continuously improving operating environments across most of the continent are providing access to new growth opportunities, while providing increasing protection for investors’ interests.

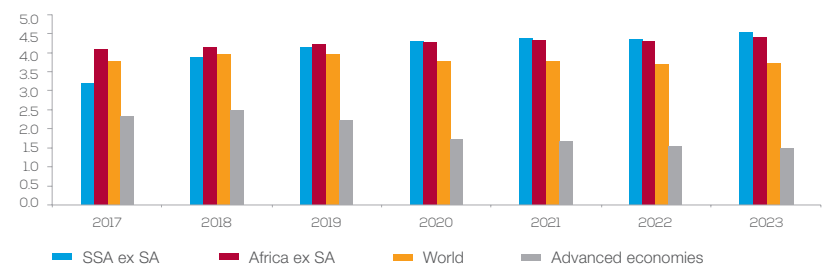
Demographics are based on a large youth population and growing workforce, which is driving consumer demand across diversified sectors including technology, consumer and retail products as well as financial services.

Urbanisation and growing consumer demand is leading to increased demand in other sectors such as infrastructure development, construction and leisure.

The Africa investment opportunity is no longer a singular resources investment, it represents a multi-faceted investment opportunity in some of the fastest-growing economies in the world.

Why invest in African listed equity markets now?

High growth forecasts - The IMF estimates combined African (ex South Africa) GDP growth to remain strong through 2023.



Source: IMF, April 2018

Markets set to mature - With 28 recognised stock exchanges in Africa representing 37 countries’ capital markets, listed equity provides investors with exposure to a diversified selection of companies across a range of markets. Over time, these markets will start to mature, but before then, they will experience significant growth and a broadening and deepening of capital markets, which presents investors with early stage investment opportunities.

Diversification benefits - African listed equity markets provide good diversification through a collection of individual countries with independent economies. The chart below indicates that, over the past decade, African markets have been relatively uncorrelated to either emerging or developed markets.

African equities markets are not only uncorrelated with the rest of the world, but also intra-Africa.

	Africa ex SA	World	GEM	Frontier	S&P 500	China	India	Egypt	Nigeria	South Africa
Africa ex SA	1									
World	0.24	1								
GEM	0.30	0.81	1							
Frontier	0.52	0.40	0.39	1						
S&P 500	0.16	0.94	0.70	0.33	1					
China	0.14	0.18	0.30	0.16	0.13	1				
India	0.29	0.59	0.74	0.35	0.51	0.20	1			
Egypt	0.71	0.25	0.32	0.41	0.18	0.15	0.31	1		
Nigeria	0.59	0.08	0.07	0.33	0.05	0.05	0.08	0.26	1	
South Africa	0.20	0.77	0.85	0.30	0.66	0.18	0.58	0.20	0.03	1

Source: Ashburton Investments, Bloomberg, March 2018

Risk management

Liquidity - liquidity can be a concern when investing in emerging markets particularly in times of market stress. Investors should carefully evaluate the liquidity terms of their chosen fund. The Ashburton Africa Equity Opportunities Fund provides weekly liquidity. In addition, the fund's investment process includes liquidity as a key investment criteria.

Reliability of information - securing reliable and accurate company information can present challenges. Investors should invest using an experienced Africa manager who is familiar with the nuances of each country and market. The fund management team has over 34 years' experience investing in Africa. They aim to meet with the management team of each company before placing an investment and uses the vast network of the FirstRand Group to verify information sources and obtain further in-depth research.

Insight into diverse economies - the political landscape in Africa is diverse. Investors should choose an investment manager that has local knowledge of the nuances and legislative regime of each country. The team spends about 25% of their time in various African countries and has long-standing relationships with local brokers, law firms and legislative bodies. In addition, the team uses the local presence of the FirstRand Group to strengthen its on-the-ground team and quickly adapt to market news.

Key individuals

Paul Clark

Africa Equity Specialist



Kathy Davey

Equity Research Analyst



For more information

CHANNEL ISLANDS

Client services

Tel: +44 (0) 1534 512000

Email: enquiries@ashburton.com

www.ashburtoninvestments.com

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