

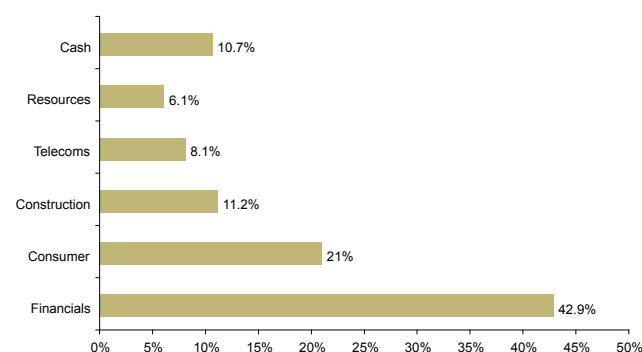
November 2011

## Investment Objective

The primary investment objective of the fund is to achieve medium to long-term capital growth. The generation of income will be secondary to the primary objective of maximising capital growth.

The fund will pursue this objective by investing in equity securities of companies that are listed or traded on Regulated Markets either in Africa (excluding South Africa) or of companies that are listed or traded on Regulated Markets that carry out a substantial portion of their business (meaning not less than 51%) in Africa (excluding South Africa) (e.g. mining exploration companies listed on AIM, the Toronto Stock Exchange or the JSE).

## Sector Weighting



## Performance (USD)

Since Inception	3 Years	1 Year	3 Months	1 Month
-60.70%	-26.10%	-29.40%	-11.90%	-6.00%

## Portfolio Facts

<b>Launch date</b>	14/08/2007	<b>Initial Charge</b>	5% Maximum
<b>Structure</b>	UCITS III	<b>Annual Management Fee</b>	2%
<b>Domicile</b>	Dublin	<b>Redemption Fee</b>	None
<b>Available Classes</b>	Accumulation (A-1) Distributing (B-1)	<b>Pricing</b>	Daily
<b>Fund Currency</b>	US Dollar	<b>Dealing</b>	1st and 3rd Friday of each month
<b>Minimum Investment</b>	US\$50'000	<b>AUM</b>	US\$ 70.8 million
<b>Subsequent Investments</b>	US\$50'000		

### ISIN#

Standard Africa Equity Fund Class A1 IE00B23Q2M41

### Bloomberg Ticker Number

Standard Africa Equity Fund - AU STMAEAU ID Standard Master Funds PLC

\* The Bloomberg Ticker Number relates to Accumulation Units

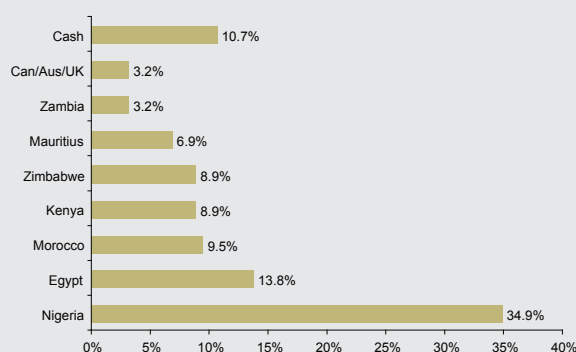
**Sedol No:** B23Q2M4

**Reuters No:** IEB23Q2M4.1

## Key Features

- 'Frontier Market' investment.
- Managed by STANLIB, Standard Bank Group's principal asset manager by size with AUM of US\$50bn.
- Active management approach.
- Extensive research capability- dedicated team of 13 investment professionals focused purely on Africa (ex South Africa).
- Company and country visits form an integral part of the investment process.
- Focus on companies that have the highest upside to fair value and/or are undervalued relative to peers and market.
- No style bias.
- Concentrated portfolio - 45-60 stocks.

## Geographical Weighting



## Month-end NAV's (12 months)

Dec 2010	5.80
Jan 2011	5.61
Feb 2011	5.46
Mar 2011	5.37
Apr 2011	5.41
May 2011	5.40
Jun 2011	5.22
Jul 2011	4.96
Aug 2011	4.43
Sep 2011	3.99
Oct 2011	4.14
Nov 2011	3.93

## Portfolio's Top Ten Holdings (%)

Orascom Construction - Egypt	5.9
Guaranty Trust Bank - Nigeria	5.8
Nigerian Breweries - Nigeria	4.8
Maroc Telecom - Morocco	4.1
Mauritius Commercial Bank - Mauritius	4.0
Access Bank - Nigeria	3.8
Zenith Bank - Nigeria	3.7
Commercial International Bank - Egypt	3.1
Salafin Financial - Morocco	3.1
Zambeef - Zambia	3.1

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## Commentary: 3rd Quarter 2011

The 3rd quarter of 2011 proved troublesome for all global equity markets and the Standard Africa Equity Fund was no exception, the Fund's NAV falling by 22.8% in US\$. However, many emerging and developed markets were similarly affected. The twin roots of the problem were the continuing sovereign debt crisis in Europe and gathering fears of a global economic slowdown led by the US but also beginning to affect China. As we write this commentary in the second week of October, fears over Europe's sovereign debt crisis have been allayed to some extent by a joint statement from Germany and France that they will present a plan at the end of the month which should deal with the issue comprehensively and the latest economic figures from the US have suggested the economy there may not have been as weak in the third quarter as earlier feared. However, neither problem can yet be said to have been solved.

Egypt, Africa's largest stock market ex South Africa, remained under pressure during the quarter due to concerns that the country's ruling Military Council was letting the schedule slip for upcoming parliamentary elections. However, the Council has since confirmed these will be held as planned in November and have met all outstanding objections on the rules governing the elections put forward by participating parties. Sadly, this good news has been overshadowed subsequently by sectarian violence between the country's Muslim and Christian populations, which has led to over 20 deaths. The stock market has therefore resumed its decline and in our view has not yet found a bottom. For this reason, during the quarter the Manager reduced the weighting in Egypt from over 25% to just 13% and the Fund's weighting in Egypt now stands at less than half index weight. The Manager also sold out of economically sensitive, high beta stocks such as construction companies Ezz Steel and El Sewedy Cables and reduced holdings in the banking sector, re-investing a small portion of the proceeds raised in defensive consumer stock Juhayna Food Industries. The Manager therefore believes the portfolio is correctly positioned to withstand the uncertainty that will certainly surround the forthcoming elections.

Elsewhere in North Africa, the Fund continues to have no exposure to Tunisia but has slightly increased its weighting in Morocco, through the purchase of leading bank Attijariwafa Bank. Due to a good harvest, GDP growth expectations for 2011 have been revised up to above 5% and the country seems well on the way to implementing meaningful political reform. As a consequence, its stock market in recent months has been steady.

The news from sub-Saharan Africa has been mixed. Its largest economy ex South Africa, Nigeria, is performing well and GDP growth in 2011 is expected to be well over 7%. The Fund's major exposure to the Nigerian stock market is through its banking sector and this has seen extreme volatility so far this year. However, 30th September was the deadline imposed by the Governor of Nigeria's central bank for undercapitalised banks to recapitalise and this deadline passed off successfully. In the event, most of the weak banks were taken over by stronger partners, which should mean the acquiring banks can gain market share and rationalise costs. The Fund holds a number of these, such as Access Bank and First City Monument Bank and first indications suggest investors have taken a favourable view of their purchases. Nonetheless, as across Africa, in view of the possibility of a global slowdown, the Manager has trimmed a number of the more economically sensitive holdings and re-invested the proceeds in more defensive sectors. In the case of Nigeria, this has been accomplished through a slight paring back of exposure to the banks and making investments in Nigerian Breweries and Nestle Foods Nigeria.

In a continent that is generally tackling global economic headwinds well, Kenya has proved a disappointment. Unfortunately, the country is presently experiencing the worst drought for over 60 years and this has led to sky-rocketing food prices. Kenya's inflation rate in September stood at over 17% and the central bank has been forced to raise official interest rates to close to this level in order to protect the shilling. Although Kenya's GDP growth this year is still expected to exceed 4%, the stock market has been weak and for this reason, the Manager has reduced the weighting there to just over 8%. The Manager has also trimmed the exposure to the banking sector and re-invested the proceeds in Kenya Light and Power, a utility which should be able to increase prices in order to offset rising inflation.

No changes were made to the portfolio in Zambia, Zimbabwe or Mauritius, all countries which proved comparatively resilient over the quarter.

The one other change to be made was a small purchase of Capital Drilling in the resource sector. This is a company to which major mining companies outsource the drilling for their mineral prospecting activities. While the Manager's strategy has been to make the portfolio less cyclically sensitive during the quarter, prospecting for minerals in Africa is in a secular growth phase and the Manager believes a company such as Capital Drilling will be a long term beneficiary of this development and relatively immune to short term economic fluctuations.

Africa's stock markets have not performed well in 2011 as investors globally have reduced their exposure to risk. However, Africa's economies are in the main performing strongly and are well placed to withstand a global downturn as much of their economic activity is internally driven. African stocks have therefore been de-rated and in the Manager's view this provides a potentially profitable entry point for medium to long term investors, although the catalyst for any significant improvement in market sentiment can only come from a more positive outlook for the global economy.

## Portfolio Managers

### Thabo Ncalo

Thabo Ncalo holds a B.Com in Business Finance & Accounting from the University of the Witwatersrand in South Africa and a CAIB (SA) from the Institute of Bankers in South Africa. He joined the investment industry in 2003 and has focused on the analysis of equities since 2005 – initially focusing on South African equities. He joined STANLIB in 2007 and has been part of the Africa Equity team since the inception of the Standard Africa Equity Fund – focusing on Nigeria, Ghana, Zimbabwe & Mauritius and is now joint portfolio manager with Humphrey Gathungu. Thabo reports to STANLIB's Head of Africa Desk, John Mackie and is based in Johannesburg.



### Humphrey Gathungu

From 1999 to 2002 Humphrey served as an Accountant with Deloitte and Touche, where he was responsible for the audit of a diverse range of private companies, governmental and international entities. After attaining his CFA in 2003 he joined Old Mutual Asset Managers as an equity analyst and later graduated to portfolio management. He joined STANLIB in 2004 where he was initially responsible for the management of both Kenyan and Ugandan client portfolios before taking on the responsibility for STANLIB's East African investment operations as Chief Investment Officer. Humphrey has worked on the management of the Standard Africa Equity Fund from inception, with research responsibilities for North Africa and Eastern Africa and now has joint portfolio management responsibility for the Fund with Thabo Ncalo. Humphrey reports to John Mackie, STANLIB's Head of Africa Desk and is based in Johannesburg.



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