

ARISAIG AFRICA DIARY

February 2010

ARISAIG
PARTNERS
INVESTMENT MANAGERS

February was another steady month for the Africa Fund. Our NAV per share rose 0.3%, recouping the loss in January and resulting in a flat return for the year.

Performance was dominated by the opposing trajectories of four of our heavyweight markets. Turkey and South Africa both fell, down 7.7% and 6.9% respectively in US dollar terms. Kenya and Nigeria both rose, up 10.3% and 9.7%.

Early pacemakers for the year include Unilever Nigeria (+34.4%) and Commercial International Bank (+13.6%), whilst brewers SOLBRA and Brasseries du Maroc slid further into negative territory (-24.5% and -9.8%).

Results Day

Our two sub-Saharan mobile phone operators Sonatel and Zain Zambia both reported decent FY09 numbers. Sonatel's earnings increased 20% YOY whilst revenues grew by 6%; it now yields a thumping 10% dividend and is by far the largest cash business operating in Mali, Senegal, Guinea-Bissau, and Guinea-Conakry.

Zain's earnings increased 2% YOY (14% adjusting for one-off write-downs in 4Q09), its revenues were up by 14%, and subscribers grew 15%. Given the turmoil in the Zambian economy in 2009, we think this was a pretty good outcome.

Our Near Eastern banks beat Arisaig estimates. BLOM's net profit grew 17% YOY, which reflects both the more attractive USD yield curve for much of the year and the resilient character of the average depositor and borrower in the Levant. Commercial International Bank saw earnings increase 25% YOY which again surprised us on the upside.

Guinness Nigeria's first half revenues increased 24% but earnings fell 11%, albeit with all of the pain coming in the first quarter, reflecting the consequences of the depreciation of the Naira in late 2008/early 2009.

East African Breweries announced that half-year revenue grew 3 percent to KES 18.6 billion, but earnings contracted 9%.

ARISAIG PARTNERS, Dubai PO Box 34521

Tel (971) 4399 4969 / Fax (971) 4399 4970 28 February 2010

Website: www.arisaig-partners.com

FUND DETAILS:

as of 28 February 2010

NAV (US\$): 10.89
SIZE (US\$m): 157.4
UNITS ISSUED (M): 14.5
LAUNCHED: 12.4.05
ENLARGED: 12.1.07

PERFORMANCE:

3 year: -6.0%
2 year: -23.5%
1 year: +38.4%
6 months: +8.7%
1 month: +0.3%
YTD: 0.0%
Since Launch: +8.9%

ASSET ALLOCATION (%)

Botswana	0.5
Egypt	3.5
Ghana	7.5
Ivory Coast	6.0
Kenya	13.9
Lebanon	7.0
Morocco	9.8
Nigeria	15.2
Senegal	5.4
South Africa	13.4
Tunisia	3.5
Turkey	5.3
Uganda	5.9
Zambia	1.6
Cash	1.5

SECTOR ALLOCATION (%)

Food & Beverage	36.8
Retail	18.7
Services	11.8
Finance	22.5
Consumer Products	8.7
Cash	1.5
No. of Holdings	24
Ave Mkt Cap (US\$m)	\$1,453
VALUATIONS (Dec 10/Mar 11)	
PER Weighted (x)	12.9
PER Harmonic (x)	11.2
Yield (%)	5.7
P/BV (x)	5.3
ROCE (%)	43
EPS Growth (%)	15

Key Markets	US\$ Performance		Key Currencies	Performance (vs US\$)	
	YTD	12 month		YTD	12 month
Botswana	1.1%	35.1%	Botswana Pula	-4.1%	15.0%
Egypt	6.6%	82.8%	Egyptian Pound	-0.1%	1.5%
Ghana	-0.3%	-45.0%	New Ghanaian Cedi	0.3%	-2.4%
Ivory Coast	-2.1%	-13.1%	West African Franc	-3.8%	7.0%
Kenya	10.3%	52.0%	Kenyan Shilling	-1.5%	4.0%
Lebanon	-0.8%	45.5%	Lebanese Pound	0.0%	0.0%
Morocco	1.5%	4.0%	Moroccan Dirham	-4.2%	5.6%
Nigeria	9.7%	-3.3%	Nigerian Naira	-0.1%	-1.6%
South Africa	-6.9%	90.7%	South African Rand	-3.8%	31.6%
Tunisia	3.0%	58.0%	Tunisian Dinar	-4.9%	4.1%
Turkey	-7.7%	126.6%	New Turkish Lira	-3.6%	9.7%

The Arisaig Africa Fund is a daily valued, open-ended, Mauritius domiciled, Investment Company, listed on the Irish Stock Exchange. The Fund's NAV is shown in the Financial Times and on Bloomberg. This Diary is intended to be for the information of holders of the Arisaig Africa Fund only. It is not intended to constitute investment advice and should not be relied upon as such. Investors should be aware that, as the Fund is invested in the securities of smaller companies, share prices can be more volatile and trading liquidity much lower than those of larger companies