Nile Funds

Nile Capital Management, LLC

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Larry Seruma – Portfolio Manager

- Managing Principal of Nile Capital Management LLC, the Advisor of the Nile Africa Funds
- Over 20 years of experience in portfolio management, investment research and quantitative investment strategies
- Founded Nile Capital Management in 2004 – began tenure as Portfolio Manager for the Nile Master Fund, a global long/short equity hedge fund
- Prior experience: Principal at Barclays Global Investors (BGI), a division of Barclays Capital. Member of the Active Strategies Group and BGI's Investment Process Committee
- Author of several articles on investments in Africa and other emerging/frontier markets, including www.moneywatchafrica.com, a financial blog focused on understanding Africa investment opportunities. Has also been featured in many leading financial publications
- Board member for Segal Family Foundation
- MBA in Analytic Finance and Statistics from the Booth School of Business, The University of Chicago, in 1996

Country	Area (x1000 km^2)	Population	Land Area (hectare) Per Person
China	9,597	1,339,724,852	0.72
USA	9,629	312,355,000	3.08
India	3,287	1,210,193,422	0.27
Mexico	1,964	112,336,538	1.75
Peru	1,285	29,461,933	4.36
France	633	65,821,885	0.96
Spain	506	46,125,154	1.10
Papau New Guinea	462	6,703,000	6.89
Sweden	441	9,440,588	4.67
Japan	378	127,960,000	0.30
Germany	357	81,751,602	0.44
Norway	324	4,972,200	6.52
Italy	301	60,626,442	0.50
New Zealand	270	4,418,200	6.11
United Kingdom	243	62,435,709	0.39
Nepal	147	28,584,975	0.51
Bangladesh	144	151,377,000	0.10
Greece	132	10,787,690	1.22
TOTAL	30,102	3,665,076,190	0.82
AFRICA	30,221	1,022,234,000	2.96

Growth Potential: Africa is Richer Than You Think

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22 African countries have GDP per capita that is higher than India

Africa is the ninth largest economy in the world...		
2010 Nominal GDP ($ Trillion USD)		
1	United States	$14.8
2	China	$5.4
3	Japan	$5.3
4	Germany	$3.3
5	France	$2.7
6	United Kingdom	$2.2
7	Italy	$2.1
8	Brazil	$1.9
9	Africa	$1.7
10	Canada	$1.6
11	Russian Federation	$1.5
12	Spain	$1.4
13	India	$1.4
14	Australia	$1.2
15	Mexico	$1.0

Source: IMF World Economic Outlook, April 2010

and Africa is richer than you think	
2010 GDP Per Capita ($ USD)	
Equatorial Guinea	$11,865
Libya	$11,853
Seychelles	$11,444
Russia	$10,740
Brazil	$9,886
Gabon	$8,950
Mauritius	$7,605
Botswana	$7,032
South Africa	$6,609
Namibia	$4,992
Angola	$4,793
Algeria	$4,418
China	$3,999
Tunisia	$3,970
Cape Verde	$3,548
Congo, Republic of	$3,297
Swaziland	$3,026
Morocco	$2,941
Egypt	$2,759
Sudan	$1,638
Nigeria	$1,371
Djibouti	$1,369
Zambia	$1,317
Cameroon	$1,132
India	$1,124

The Long Term Performance: 10 Year Track Record

Annualized Returns Sep 2003 to Sep 2013				
Annualized Returns	1 Year	3 Year	5 Year	10 Year
S&P 500	20.06%	16.50%	10.15%	7.63%
MSCI Emerging Markets	0.98%	-0.33%	7.22%	12.80%
MSCI Frontier Markets	21.75%	4.12%	-3.09%	7.13%
MSCI BRIC	1.22%	-4.53%	4.37%	14.55%
Africa Composite	21.74%	8.41%	4.72%	18.96%

MSCI EM is the MSCI EM Index (Emerging Markets), MSCI FM is the MSCI FM Index (Frontier Markets), MSCI BRIC is the MSCI Brazil Russia India and China Index.

Source: Bloomberg and MSCI; Africa Composite data Includes South Africa, Nigeria, Kenya, Mauritius, Ghana, Egypt, Morocco, Botswana equal-weight and rebalanced annually.

High Historical Returns

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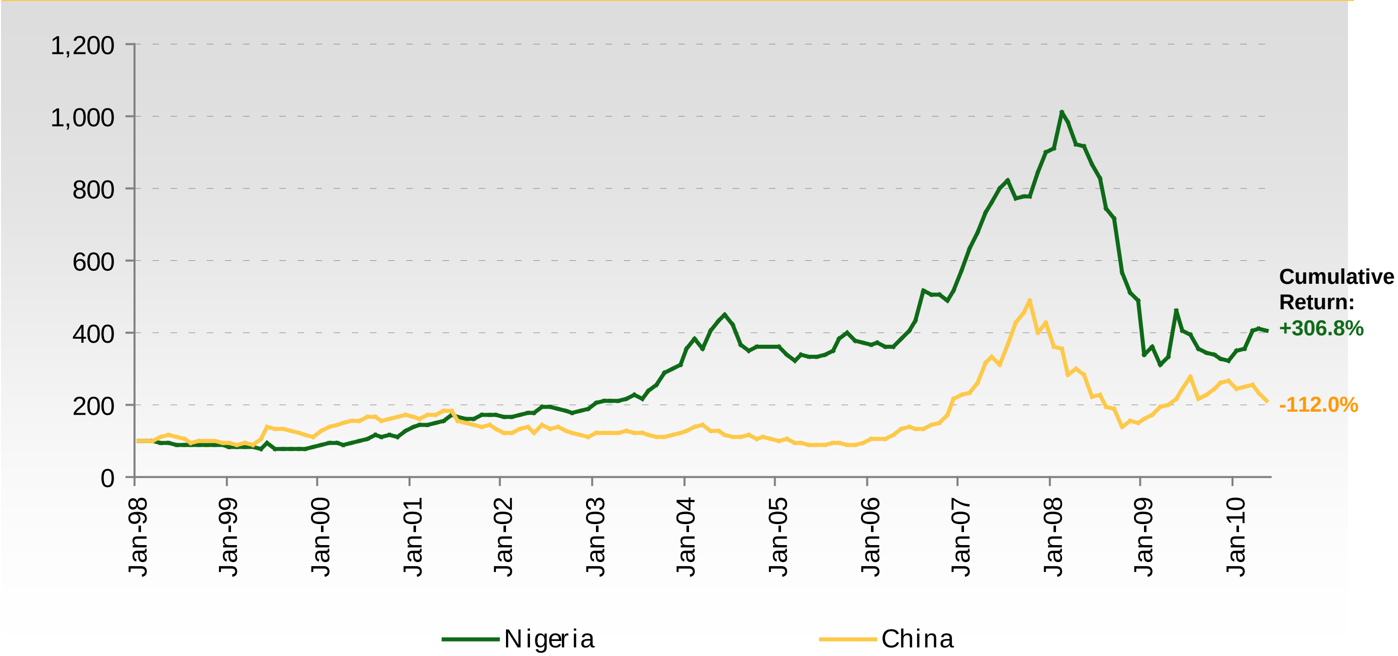
African markets have independent cycles and offer outperformance to the U.S. and other international markets

2013 YTD Return	
Malawi	68.57%
Ghana	46.70%
Zimbabwe	29.04%
Kenya	28.50%
Zambia	28.42%
Nigeria	26.16%
BRVM	25.08%
Mauritius	13.36%
Tanzania	8.43%
Botswana	4.20%
Namibia	-2.05%
Egypt	-3.58%
South Africa	-4.37%
Morocco	-6.10%
S&P 500	19.79%
MSCI Emerging Markets	-6.42%

For example, Nigeria has outperformed China from 1998 to 2010



	Nigeria	China
Annualized Return	12.05%	6.28%
Annualized Standard Deviation of Return	26.19%	29.84%
Sharpe Ratio (5% risk free rate)	0.27	0.04

Source: African Alliance, *The Africa Weekly* 9/26/2013; Bloomberg, Nigeria and China returns are from Jan 1998 to May 2010

Correlation of Monthly Returns

Independent Economic Cycles: Africa returns are generally not Oil or Emerging Markets driven.

Nigeria stock market correlation with large capitalization US stocks (S&P 500) is 25%.

Base Case (Growth Cycle)

Jan 2002 – Dec 2007	Africa	Nigeria	Ghana	South Africa	Crude Oil	Russia	S&P 500	MSCI FM	MSCI EM
Africa	–	0.41	0.20	0.48	0.01	0.25	0.35	0.41	0.46
Nigeria	0.41	–	0.14	-0.09	0.04	0.00	0.06	0.15	-0.03
Ghana	0.20	0.14	–	-0.12	-0.08	-0.14	-0.04	-0.13	-0.13
South Africa	0.48	-0.09	-0.12	–	0.16	0.49	0.50	0.18	0.78
Crude Oil	0.01	0.04	-0.08	0.16	–	0.20	-0.23	-0.02	0.12
Russia	0.25	0.00	-0.14	0.49	0.20	–	0.27	0.04	0.59
S&P 500	0.35	0.06	-0.04	0.50	-0.23	0.27	–	0.17	0.73
MSCI FM	0.41	0.15	-0.13	0.18	-0.02	0.04	0.17	–	0.23
MSCI EM	0.46	-0.03	-0.13	0.78	0.12	0.59	0.73	0.23	–

Historical Case (Full Credit Cycle)

Jan 2002 – Sep 2013	Africa	Nigeria	Ghana	South Africa	Crude Oil	Russia	S&P 500	MSCI FM	MSCI EM
Africa	–	0.57	0.27	0.68	0.39	0.62	0.62	0.73	0.71
Nigeria	0.57	–	0.07	0.19	0.32	0.35	0.25	0.52	0.26
Ghana	0.27	0.07	–	-0.04	-0.04	-0.08	0.06	0.01	-0.04
South Africa	0.68	0.19	-0.04	–	0.45	0.72	0.71	0.53	0.89
Crude Oil	0.39	0.32	-0.04	0.45	–	0.53	0.28	0.44	0.44
Russia	0.62	0.35	-0.08	0.72	0.53	–	0.59	0.53	0.80
S&P 500	0.62	0.25	0.06	0.71	0.28	0.59	–	0.55	0.80
MSCI FM	0.73	0.52	0.01	0.53	0.44	0.53	0.55	–	0.59
MSCI EM	0.71	0.26	-0.04	0.89	0.44	0.80	0.80	0.59	–

MSCI FM is the MSCI FM Index (Frontier Markets). MSCI EM is the MSCI EM Index (Emerging Markets).

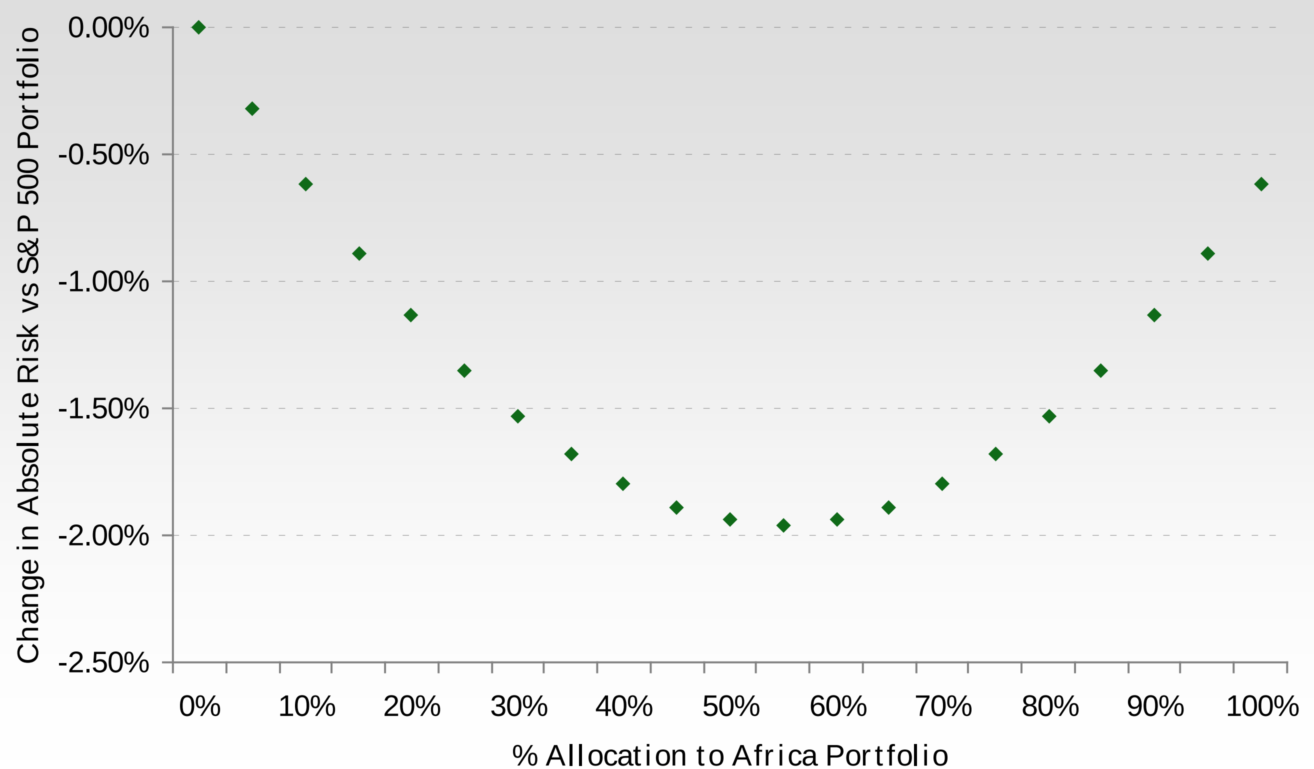
Source: Bloomberg; African Data Includes South Africa, Nigeria, Kenya, Mauritius, Ghana, Egypt, Morocco, Botswana, through 9/2013.

An Africa Investment Increases Return And Adds Diversification

An allocation to Africa has the potential to increase your emerging market exposure while reducing your risk. In addition, an investor has the potential to actively manage this allocation to emerging markets.

As an illustration, the S&P had monthly standard deviation of returns of 15.63%, while a 50/50 Africa/S&P portfolio would have had 13.69%, nearly 2% less risk.

Change in Risk of S&P 500 Portfolio vs. Africa Allocation



Source: Bloomberg and MSCI; Africa Composite data Includes South Africa, Nigeria, Kenya, Mauritius, Ghana, Egypt, Morocco, Botswana from 12/2000 to 9/2013, risk as measured by standard deviation of monthly returns

Diversify Your Investments

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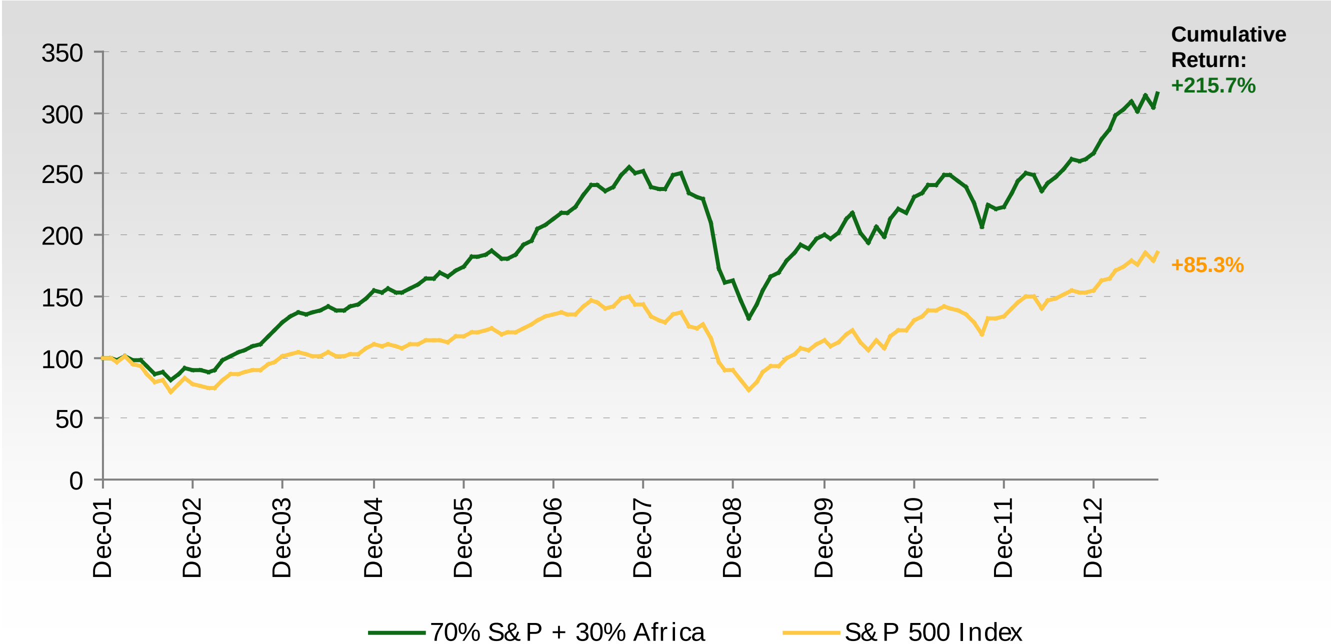
An Africa Investment Increases Return And Adds Diversification

The Benefits of Diversification: A hypothetical portfolio that holds S&P 500 and Africa has provided a higher historical return with lower standard deviation than the S&P 500 alone.



	S&P 500	70% S&P + 30% Africa	Africa
Annualized Return	5.39%	10.28%	21.76%
Annualized Standard Deviation of Return	15.24%	13.98%	15.30%

Source: Bloomberg; African Data Includes South Africa, Nigeria, Kenya, Mauritius, Ghana, Egypt, Morocco, Botswana,
from 12/2001 through 9/2013.

Valuation Example

Bollore SA

- We discussed Bollore back in 2012 as one of our top picks for 2013, it has since outperformed and gained + 55% in USD terms as of September 2013
- Bollore Africa Logistics boasts the largest integrated logistics network in Africa, and was able to grow revenues + 32% in FY 2012
- Bollore is set to benefit from growth in logistics for mining projects, especially in East Africa (Kenya, Uganda, Tanzania) and Southern Africa (South Africa, Mozambique, Democratic Republic of the Congo)
- Bollore to spend $1.5bn on upgrade of Benin Port – October 8, 2013 news
- We expect Bollore to be a conservative play that benefits from earnings growth as projects develop across the region
- We note that the Africa listing for Bollore, while more liquidity constrained, is cheap relative to its parent's European listing

Bollore SA (European Listing)	
Market Cap.	$14.7 Bn USD
Revenue (FY'12)	$13.1 Bn USD
Net Income (FY'12)	$0.9 Bn USD
Rev Growth (FY'12)	19.97%
Div Yld	0.79%
P/E	13.23%

Bollore West Africa Logistics (BRVM Listing)	
Market Cap.	$227.3 Mn USD
Revenue (FY'12)	$145.2 Mn USD
Net Income (FY'12)	$16.1 Mn USD
Rev Growth (FY'12)	32.03%
Div Yld	12.2%
P/E	8.2%

Growth Potential: High Real GDP Growth

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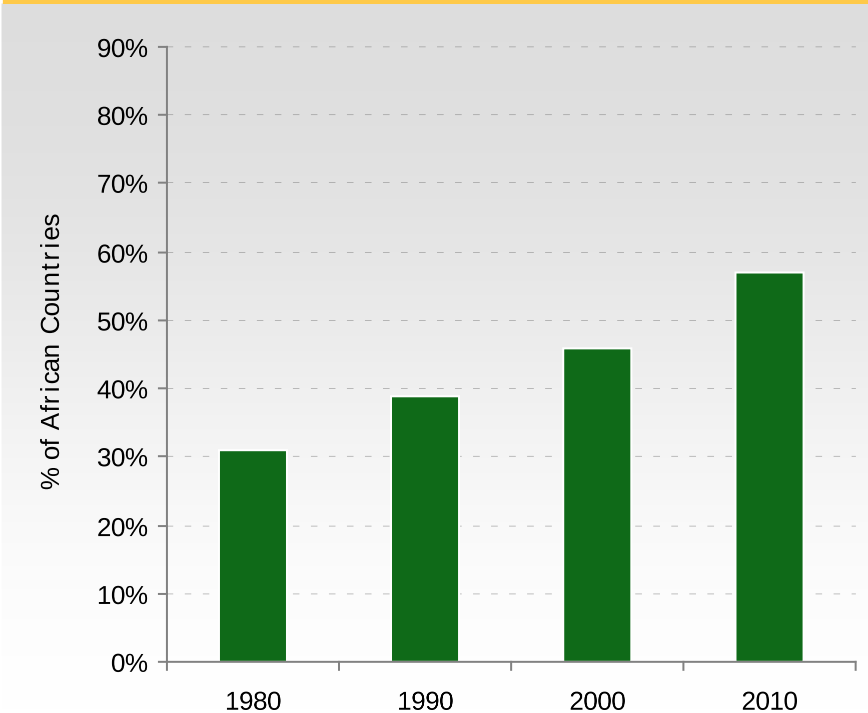
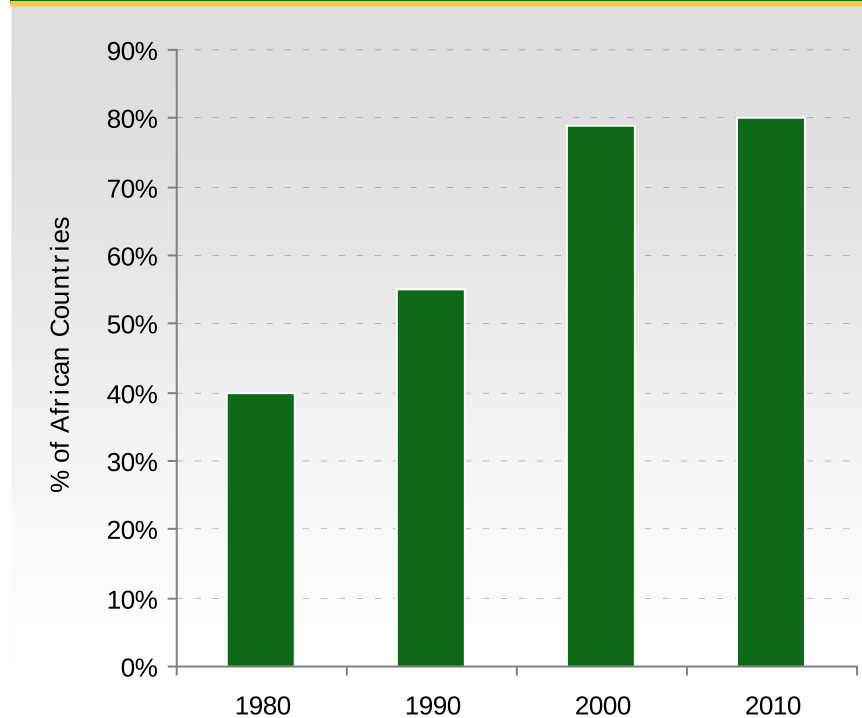
Africa has experienced high GDP growth with lower inflation

% of Africa Countries with Real GDP Growth Above 4%



The number of countries with real GDP growth above 4% has doubled by 2010

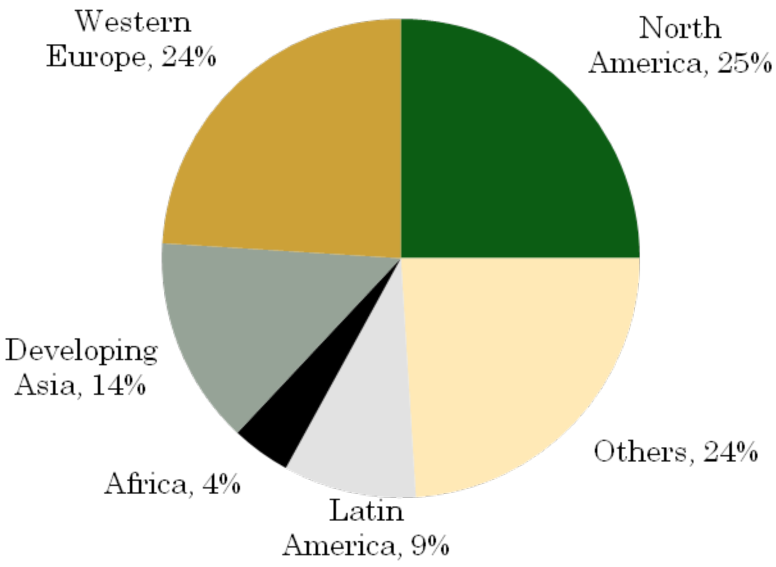
% of Africa Countries with Inflation Below 10%



The number of countries with 10% or lower inflation has doubled in the last 30 years

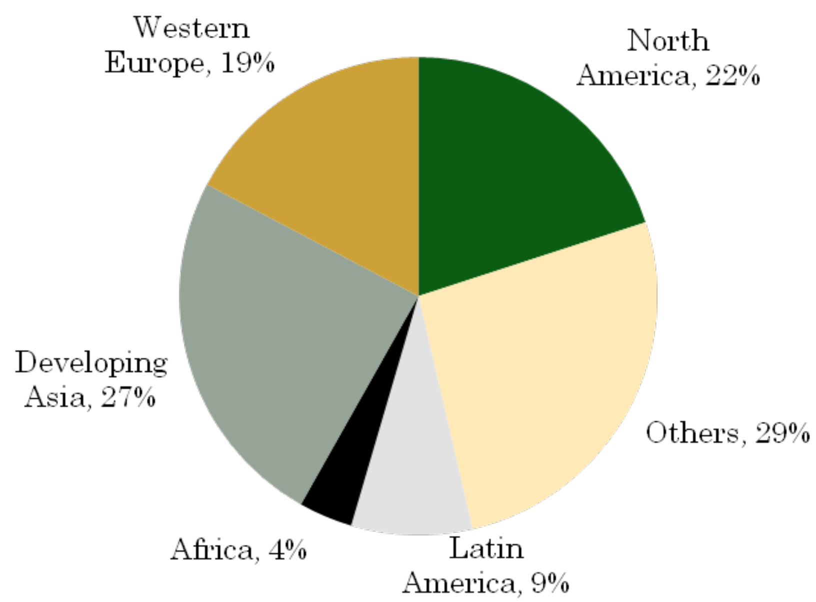
Source: IMF World Economic Outlook April 2010

Composition of World Real GDP, 1990



- In 1990, North America and Western Europe accounted for 49% of total world GDP

Composition of World Real GDP, 2010



- In 2010, North America and Western Europe's share of world GDP had fallen to 41%

Source: Citigroup Investment Research, IMF, World Bank

Growth Potential: World Real GDP

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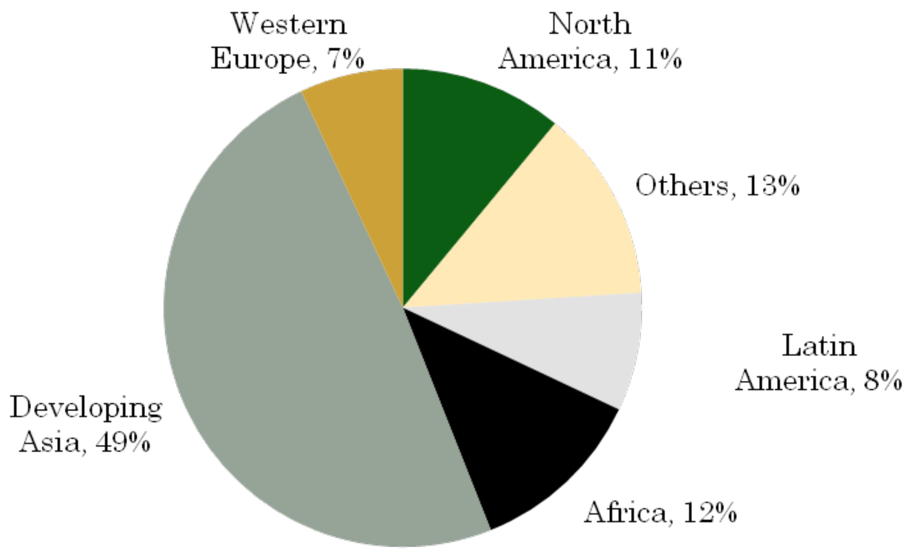
Composition of World Real GDP, 2050

- In 2050, only 26% of total world GDP will come from North America and Western Europe
- Africa's share of world GDP will increase from 4% today to 12%



Source: Citigroup Investment Research, IMF, World Bank

Mega Trends: Urbanization and Demographics

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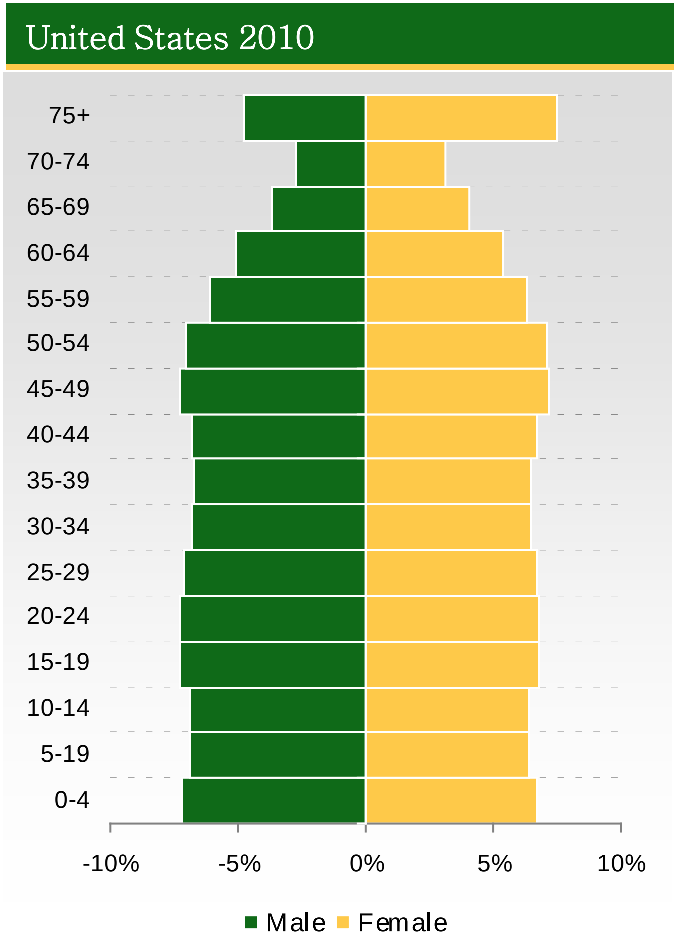
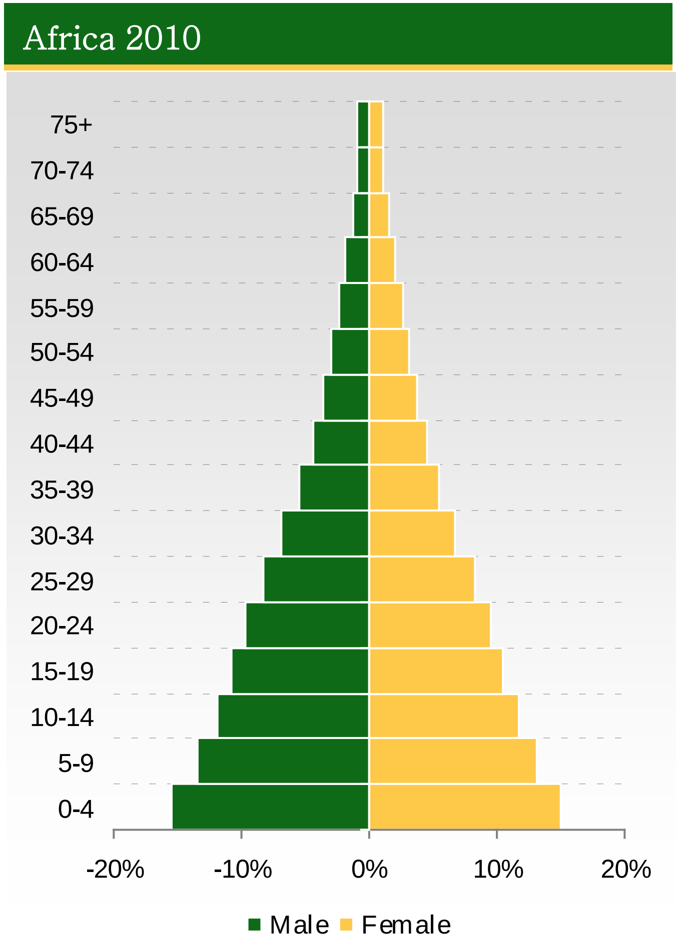
Developed markets wrestle with an aging population.

Africa is a fountain of youth, creating opportunities for products and services. For example: I posit that the aging population of developed countries has created an insatiable demand for safe asset securities (AAA assets).



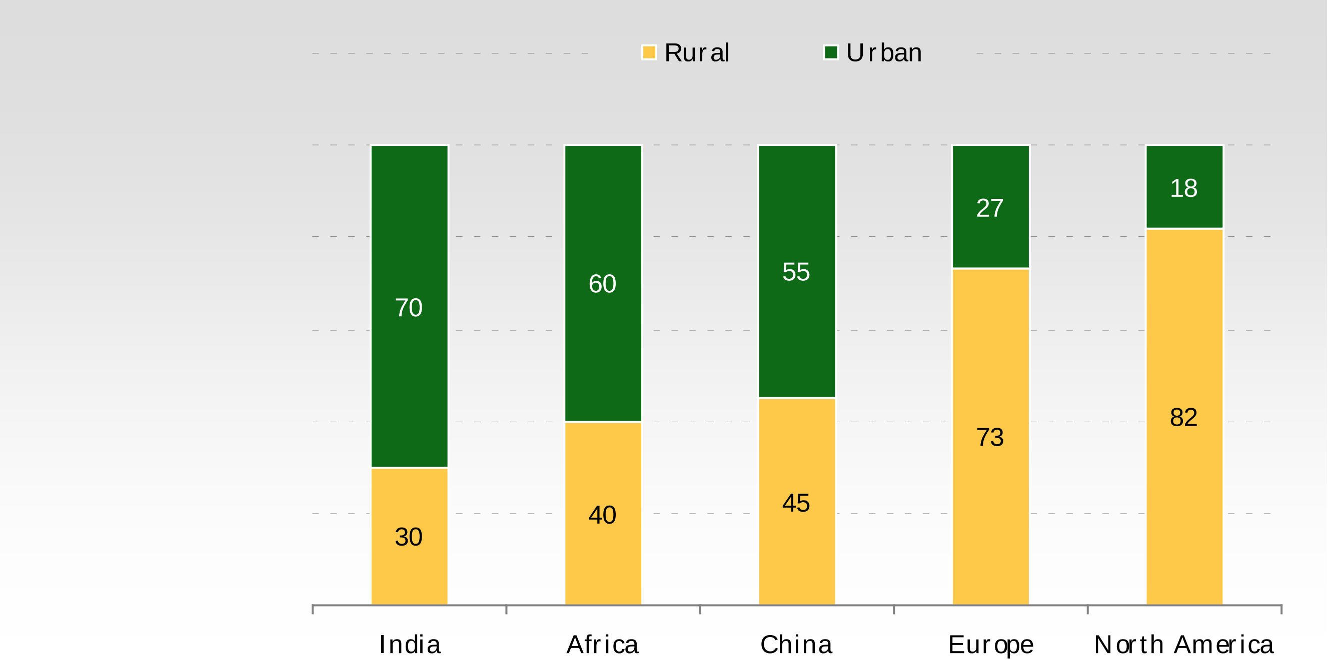


Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2008 Revision, http://esa.un.org/unpp.

Africa is nearly as urbanized as China is, and has as many large cities as Europe does and more than North America.

Africa has more middle class households (income >$20,000 per year) than India.

Urbanization boosts productivity as companies can spread their fixed costs over a larger customer base.



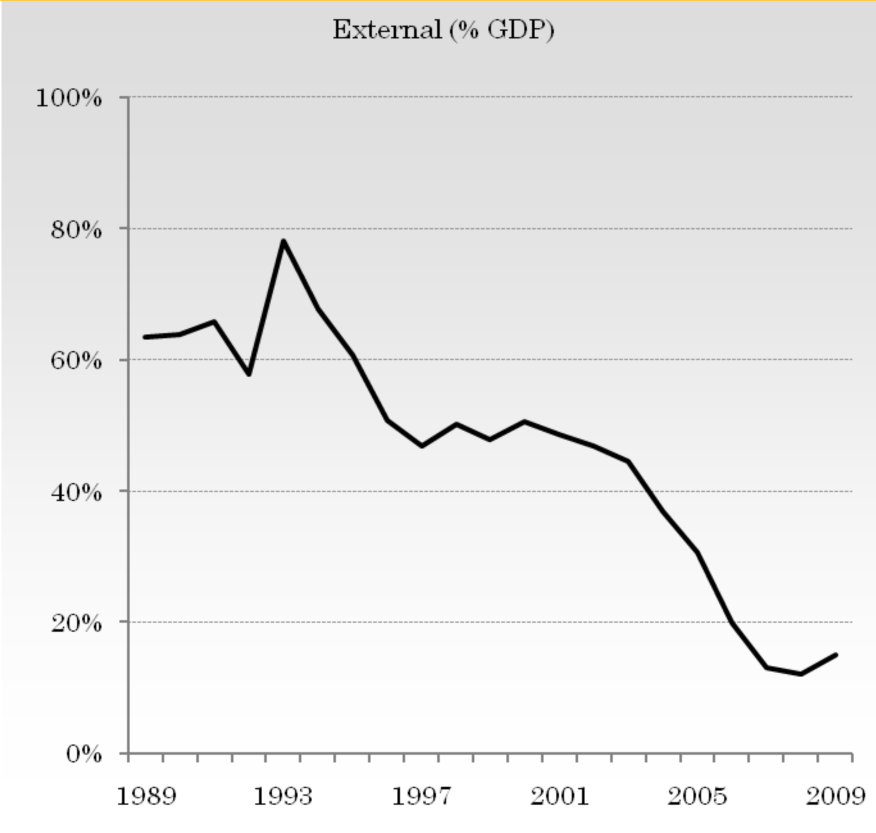
	India	Africa	China	Europe	North America
Number of cities with >1 million of people	48	52	109	52	48
Population (millions)	1,219	1,032	1,351	830	349

Source: United Nations; McKinsey Global Institute analysis 2010.

Decreasing cost of capital

Cost of Capital Continuing to Decrease for the Region

Decreasing External Debt Also Contributes to Lower Cost of Capital



Source: IMF, World Bank, Bloomberg, Regional Exchange Data; Africa Inflation and Debt Data Includes South Africa, Nigeria, Kenya, Mauritius, Ghana, Namibia, Botswana

Taken as a whole, the markets in continental Africa are much less volatile than other emerging and developed markets and even the S&P 500.

Annualized Volatility of Monthly Returns (Dec 2000-Sep 2013)			
Botswana	19.07%	Egypt	34.96%
Morocco	20.19%		
Ghana	22.95%		
Mauritius	24.43%		
South Africa	26.52%	MSCI Emerging Markets	23.78%
Kenya	29.13%	MSCI Frontier Markets	20.20%
Nigeria	33.48%	MSCI BRIC	27.66%
Pan-Africa	15.01%	S&P 500	15.64%

Source: Bloomberg, Pan-Africa data comes from equal weighting the following African countries: Botswana, Morocco, Ghana, Mauritius, South Africa, Kenya, Nigeria and Egypt through 09/2013

Commodity Price Strength Is A Major Positive for Africa

Supply of natural resources

- Africa holds an estimated 30% of the world's mineral reserves, including 40% of proven gold reserves, 60% of cobalt, and 90% of platinum global reserves. Additionally, it has 10% of the global reserves for oil (versus Brazil with 3%)
- According to the National Intelligence Council, 25% of US oil imports will come from Africa by 2015. The largest economies in the world including the US and China are looking to Africa for supplies of many valuable and strategic resources

Demand for natural resources

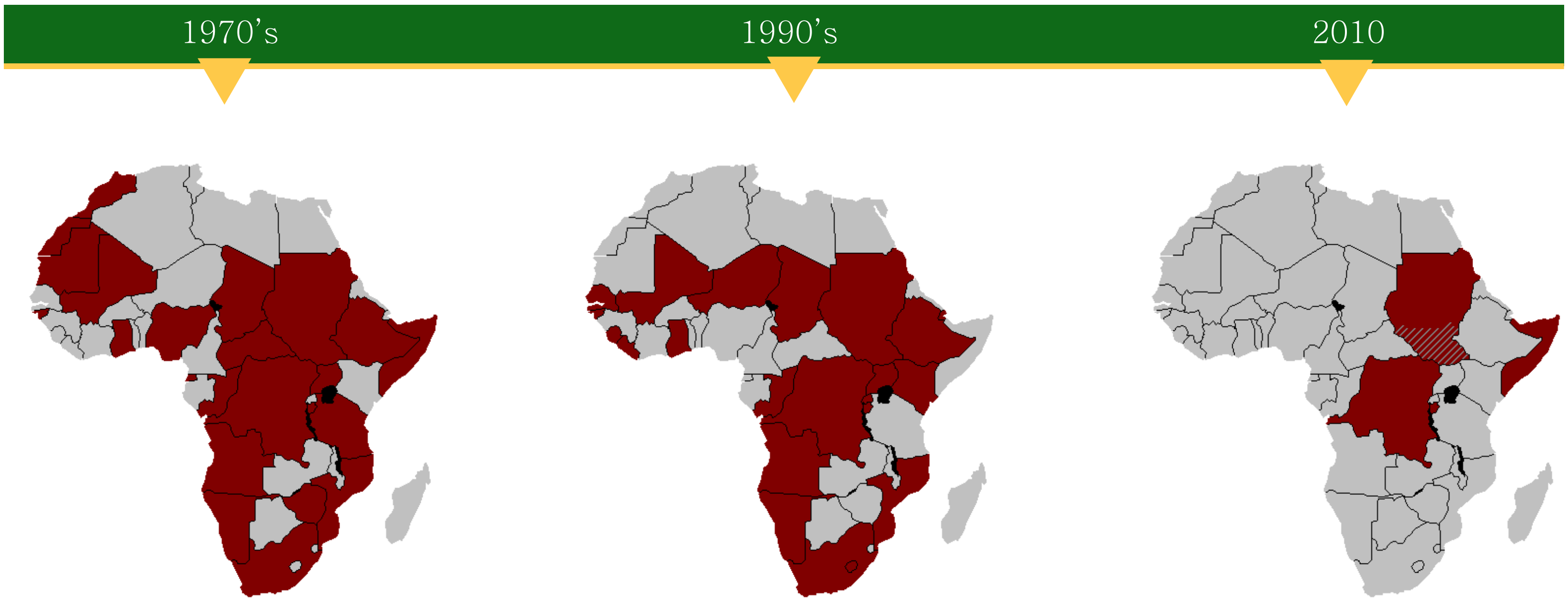
- The U.S. has a ratio of 150 million cars to a population of 300 million people, for a per capita car ownership rate of 50%. China currently stands at 4%. At 12%, the number of cars in China will exceed the number of cars in the U.S. The demand of automobiles will result in heavy pressures on oil, corn, lead, steel and other related commodities
- In 1990, China consumed 2.3 million barrels of oil a day. By 2008, China's consumption rate has grow to 7.8 million barrels a day
- The combination of high debt levels and lower expected growth going forward for developed countries such as the U.S. implies inflationary pressures in the not too distant future. Commodities are a natural choice in the inflation story

Source: IMF 2010, Bloomberg

Historical Oil Prices ($ USD / barrel)

Political Risks Have Been Exaggerated

Peace is replacing conflict on the Continent



Countries in Conflict

Source: Department for International Development, Conflict trends in Africa 1946-2004, Nile Capital Management

Political Risks Have Been Exaggerated

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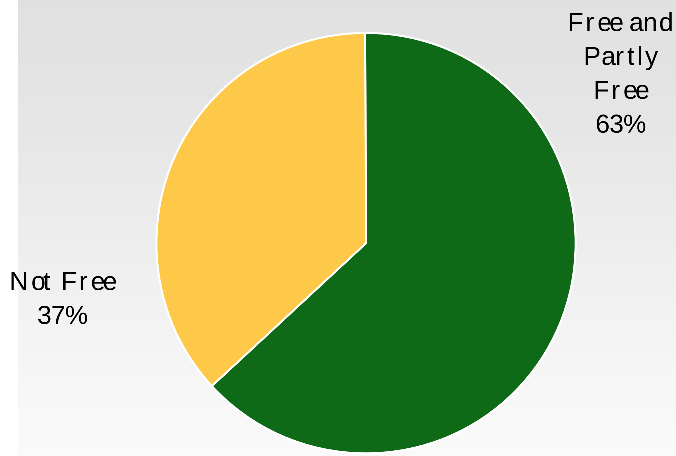
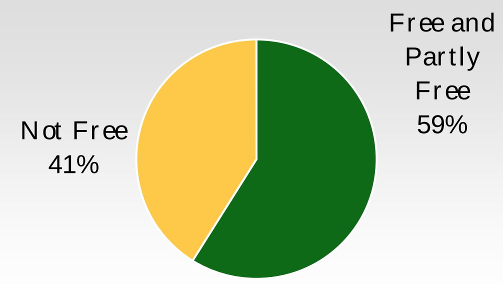
Rankings from Freedom House show that Africa has a similar proportion of population in “Not Free” countries as does the World, and other regions such as the Asia-Pacific. Political risks have been exaggerated.

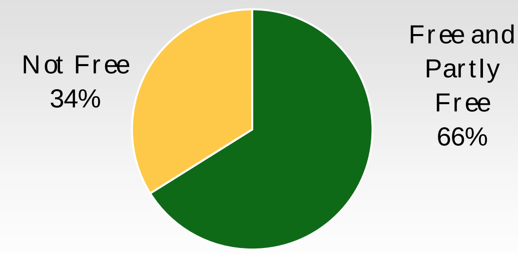
Africa



World



Asia-Pacific



Source: Freedom House, Freedom in the World 2010, A “Not Free” Country is defined by Freedom House as one where basic political rights are absent, and basic civil liberties are widely and systematically denied.

Political Risks Have Been Exaggerated

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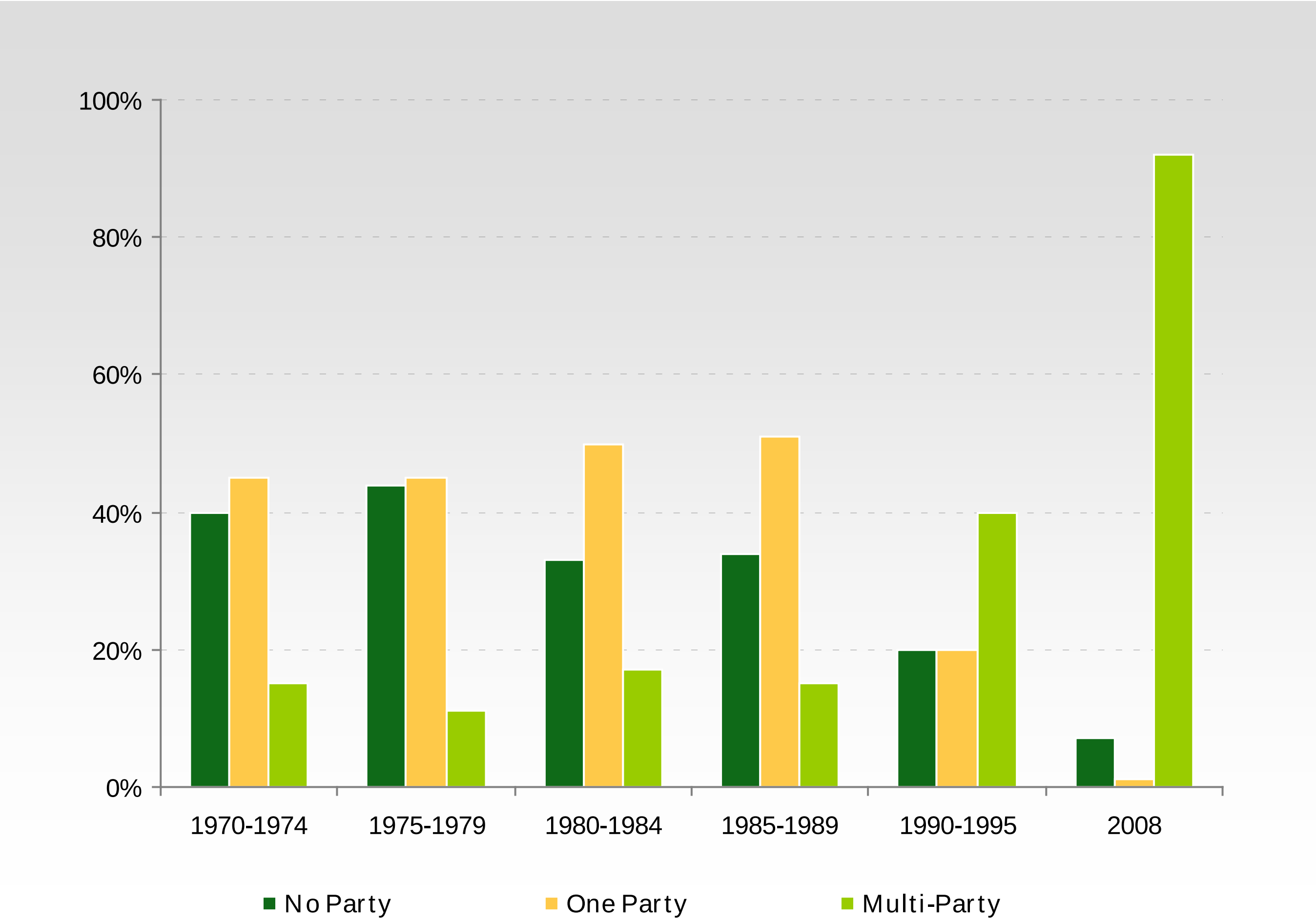
The spread of democracy in Africa is improving sovereign governance.

Over 90% of African Countries now in functioning democracies; up from ~12% in the late 1980's.



Source: African Elections Database, Freedom House, The World Fact Book, Investec Asset Management

Trade	▪ China is now a major trading partner of Africa and trade between the two is now expected to reach US$250bn (from US$10bn in 2000)
Development	▪ China has become a leading sponsor of infrastructure projects in Africa and is estimated to have invested US$8bn in 2008 (up from US$1bn in 2000). Some of the major projects being funded by the Chinese include: – 10 major hydropower projects with a combined capacity of 6,000 megawatts – 30% of existing capacity – Rehabilitation of 1,350km of existing railroads and building 1,600km of new railroads
Resources	▪ China's focus on Africa reflects its immense need for natural resources. China now accounts for 50% of global iron ore deposits and now consumes every third ton of copper or zinc. Notably, it is now the third largest importer of oil globally after the USA and Japan ▪ With plans to match its domestic output with overseas crude production by 2012, the China Development Bank gave China National Petroleum Corp (CNPC) a US$30bn loan at a discounted interest rate ▪ China is expected to be active in the oil and gas space in Africa and recently announced a US$23bn investment in the refining of Nigerian crude oil onshore

The China Factor: China Trade and Investment in Africa

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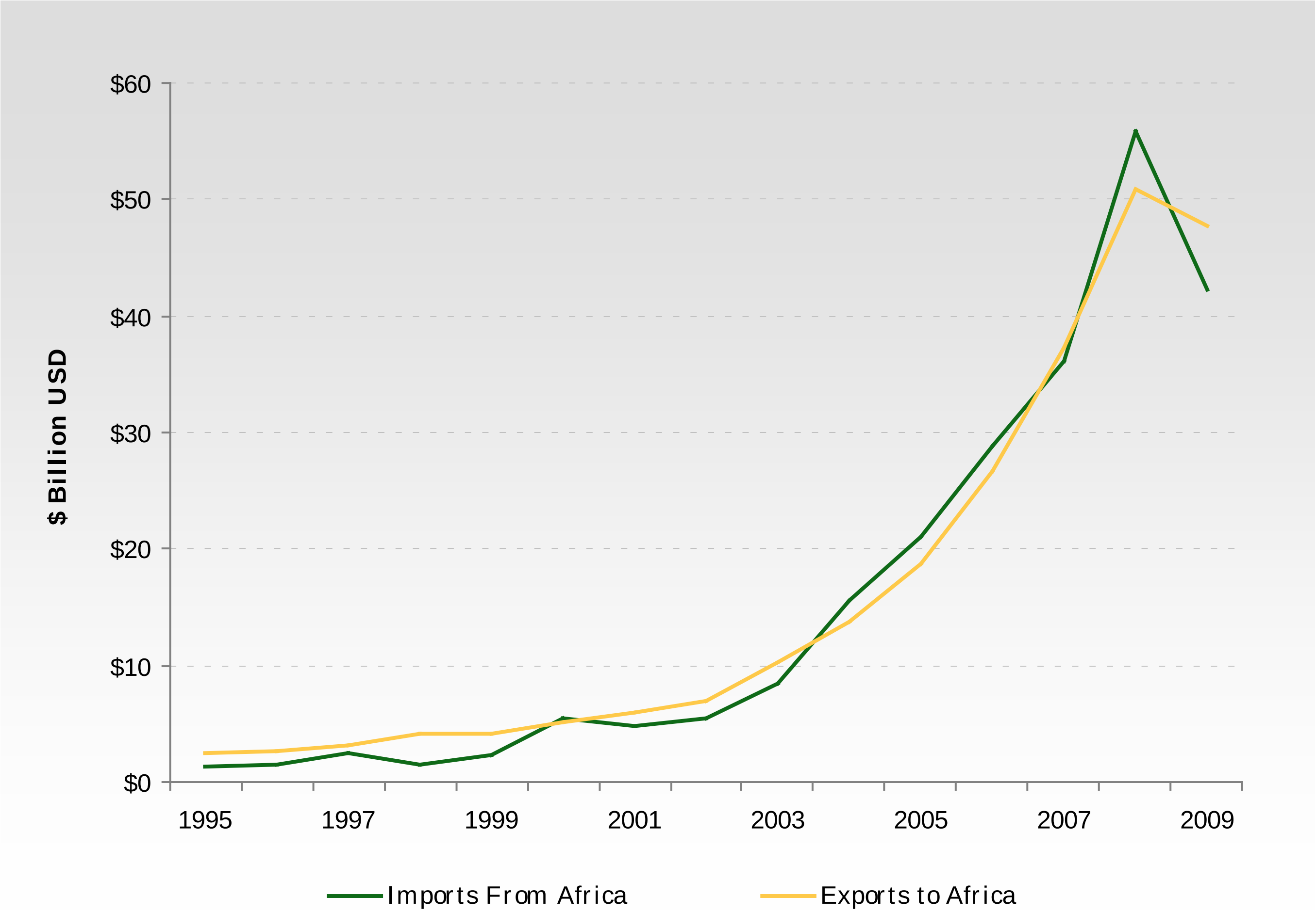
China's trade with Africa ($bn USD) – is balanced, and has grown from $10bn in 2003 to $60bn over 6 years, and is projected to reach $250bn in 2013.



Source: Standard Chartered Research, Trade Law Centre for Southern Africa