

Investment Objective: To earn capital growth and income through value, arbitrage, and special situation investments in the continent of Africa. Portfolio investments will include equity, debt, and other interests in both listed and unlisted assets.

Listing: AOF is traded on the AIM market of the London Stock Exchange.

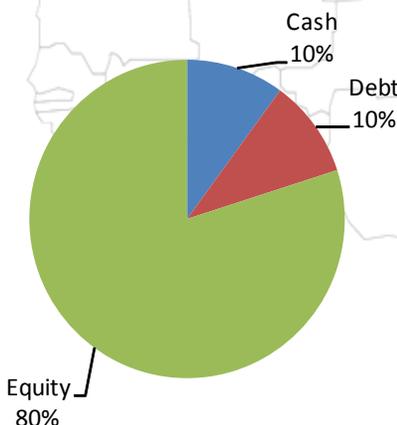
Dividend policy: The Fund will pay a quarterly dividend that in sum will equal 1 year Libor on an annual basis.

Fund Performance (as of 31 March 2012)

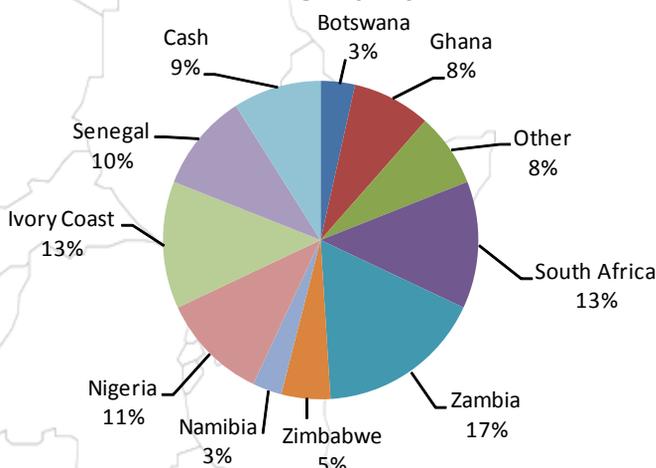
NAV per share:	\$0.949	Total Net Assets:	\$40.4 mm
Share price as at 31 Mar 12:	\$0.833	Market Capitalisation:	\$35.5 mm
Premium/Discount to NAV:	-12.3%	Shares outstanding:	42.6 mm
Current Quarterly Dividend:	\$0.0026		

US\$ NAV Return % (Incl Dividends)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2012	1.8%	0.4%	-0.3%										1.9%

Strategy



Geography



Top Ten Holdings	Description	% of NAV
Shoprite Holdings Ltd.	Largest South African food retailer operating over 1700 stores in 16 countries across Africa, while serving over 14 million shoppers annually	16.8%
Sonatel	Fast growing mobile phone provider in Senegal and neighboring countries	10.8%
SAPH	Ivory Coast rubber plantation operator and processor	8.8%
African Bank Investments Limited	South African consumer finance, furniture and electronic appliances retailing company	7.9%
Okomu Oil Palm PLC	Nigerian palm oil and rubber plantation operator and processor	7.3%
Sea Trucks Group CB 10% 2015	One of largest and fastest growing oil and gas marine contractors in West Africa	4.9%
Naspers Ltd	Southern Africa's leading television and media company. Its Chinese listed Tencent holding is hedged with a short position, focusing AOF's investment on the Africa broadcast media franchise. The net exposure is 1% of NAV	4.9%
Societe des Caoutchoucs de Grand-Bereby	Ivory Coast rubber and palm oil plantation operator and processor	4.4%
Enterprise Group Ltd	Insurance company engaged in property and casualty insurance, life assurance, and ownership of commercial and undeveloped property	4.3%
Great Basin Gold	Gold mining company developing assets in South Africa and Nevada	4.3%
TOTAL		74.4%

Manager's Comment

Market Conditions: AOF's NAV increased modestly during Q1 2012. The NAV, including dividends, increased by 1.9%, closing at \$0.949 on 31 March. As a reference, in US dollar terms in Q1 2012, the S&P rose 12.6%, South Africa rose 6.0%, Egypt rose 38.9%, Kenya rose 14.8%, and Nigeria rose 3.6%.

Portfolio Highlights: The most important reason for AOF's relative underperformance in Q1 2012 was its lack of holdings in Egypt and Kenya. That absence of Egyptian and Kenyan securities from its portfolio limited its losses during 2011, thus begging the question whether AOF should have been investing in those markets. Despite the ignominy of underperformance in the last quarter, the Manager hews to the view that it should err on the side of caution in its search for investment opportunities. Devaluation of the Egyptian Pound is a clear and present danger. Egypt's emerging political order is an enigma shrouded in fog. One has to wonder also about the hidden costs growing in Kenya from its Central Bank's tight monetary policy stance. The Manager will increase AOF's presence in those markets when it finds investment opportunities that will survive, if not thrive, in the event of a devaluation of the Egyptian Pound or the continuance of tight monetary policy in Kenya. The most noteworthy improvement in Q1 occurred among our tropical plantation operators. In aggregate, their market value rose by 30% to constitute 21% of AOF's current net asset value. AOF's largest single loss came from Shoprite Holdings, which declined by 9.4%. Several of our hedges and our mining development holdings also suffered losses.

AOF's investment in Sonatel, 10% of AOF's net asset value, illustrates the varied political landscapes in which African companies operate. Sonatel operates in Senegal, Mali, Guinea, and Guinea Bissau. Senegal voted out of office its octogenarian former President, Abdoulaye Wade, who was seeking a third term of office, on 26 March, 2012. That event was a cause for celebration by all lovers of African democracy. Yet, 5 days before that peaceful change of presidents in Senegal, Mali, source of one third of Sonatel's profits, had suffered a military coup d'etat. Its former President, who, unlike his Senegalese counterpart, was waiting to depart his office in peace was evicted by young military officers. Mali is now the object of sanctions imposed by its neighbors and other members of the Economic Community of West African States. Sonatel stood to benefit from the peaceful transfer of presidential power in Senegal at the same time that it suffers from the economic sanctions imposed on Mali. Significantly, Sonatel's share price did not react in any material way to the divergent political dramas unfolding in its two principal markets. We hope that Mali's reversion to military rule will prove short-lived.

Portfolio Appraisal Value: As of 31 March, the Manager's appraisal of the economic value of the portfolio was \$ 1.25. The market price of \$0.8325 at 31 March represents a 33% discount. Note the Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Outlook: Although AOF's performance during Q1 was lackluster, we believe that AOF's portfolio possesses deeply undervalued companies. We are excited by the values and opportunities we are finding and optimistic about AOF's prospects.

Fund Details

<i>Bloomberg:</i>	AOF LN	<i>Portfolio</i>	Francis Daniels
<i>Reuters:</i>	AOF.L	<i>Managers:</i>	Robert Knapp
<i>Website:</i>	www.africaopportunityfund.com		
<i>Listing:</i>	AIM / London Stock Exchange	<i>Investment</i>	
<i>Structure:</i>	Closed-end	<i>Manager:</i>	Africa Opportunity Partners
		<i>Email Address:</i>	funds@lcf.co.uk
<i>ISIN:</i>	KYG012921048	<i>Broker:</i>	LCF Edmond de Rothschild Securities
	Euroclear/Clearstream		Tel: +44 20 7845 5960
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<i>Inception:</i>	26 July 2007		www.countryfunds.co.uk
<i>Domicile:</i>	Cayman Islands	<i>Nominated</i>	
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			Tel: +44 20 7383 5100
		<i>Auditor:</i>	Ernst & Young

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