

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.

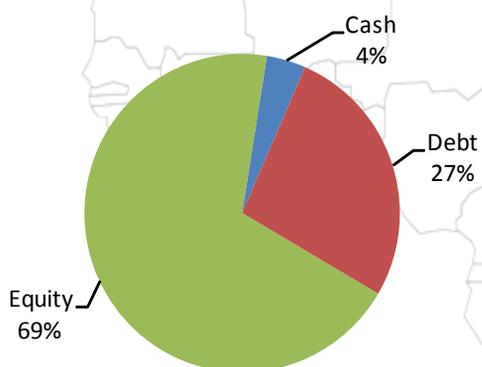
Dividend policy: The Fund will pay a quarterly dividend that in sum will equal 1 year Libor on an annual basis.

Fund Performance (as of 30 June 2011)

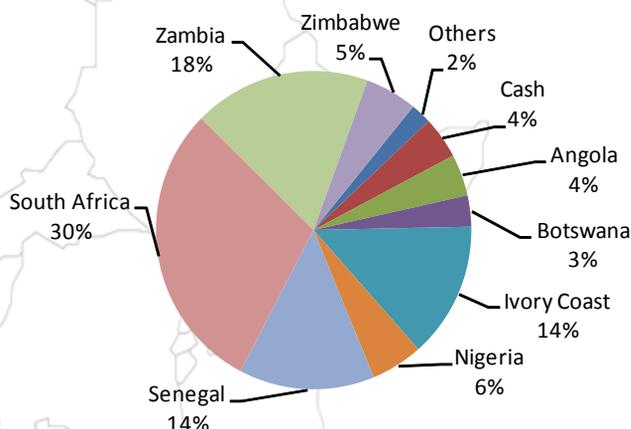
NAV per share:	\$0.980	Total Net Assets:	\$41.8 mm
Share price as at 30 June 11:	\$0.830	Market Capitalisation:	\$35.4 mm
Premium/Discount to NAV:	-15.3%	Shares outstanding:	42.6 mm
Current Quarterly Dividend:	\$0.0018		

US\$ NAV Return % (Incl Dividends)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2011	-1.4%	-1.1%	3.1%	5.5%	1.5%	-1.0%							6.3%

Strategy



Geography



Top Ten Holdings	Description	% of NAV
Shoprite Holdings Ltd.	Largest South African food retailer operating over 1100 stores in 16 countries across Africa, while serving over 14 million shoppers annually	15.8%
Sonatel	Fast growing mobile phone provider in Senegal and neighboring countries	13.0%
Old Mutual £6.376% and €5% Perpetual Bonds	Largest African life insurance company, with operations across the continent	12.8%
SAPH	Ivory Coast rubber plantation operator and processor	7.9%
African Bank Investments Limited	South African consumer finance and microlending company	7.5%
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 1.1% of NAV	4.7%
Great Basin Gold 8% CB 11/30/14	Gold mining company developing assets in South Africa and Nevada	4.5%
Marine Subsea Series I & Series II 9% 12/19/19	Defaulted African Offshore bonds secured by oilfield construction barges operating in Angola	4.4%
iShare South Africa Index Fund	ETF listed on NYSE used to reduce general SA equity exposure	-4.0%
Ivory Coast Gov't 10% 28/01/11	Defaulted Ivory Coast securitized domestic bonds denominated in Euros	3.1%
TOTAL		69.7%

Manager's Comment

Market Conditions: AOF's NAV, including dividends, rose by 6% during Q2, closing at \$0.98 on June 30, 2011. As a reference, in US Dollar terms in Q2 2011, the S&P decreased slightly by 0.9%, South Africa declined 2.6%, Egypt declined 1.8%, Kenya declined 5.7%, and Nigeria rose 2.0%.

Portfolio Highlights: AOF received some recompense in Q2 for its decision to maintain its Ivorian holdings during Cote d'Ivoire's civil war. Net dividends declared for the 2010 financial year by AOF's two plantation equity investments — one in Société Africaine de Plantations d'Hévéas (SAPH), and the other in Société des Caoutchoucs de Grand-Béréby (SOGB) — were 28.3% and 28.4% of their market capitalizations at the beginning of Q2, respectively. Their share prices rallied handsomely to accord SAPH and SOGB dividend yields of 18.2% and 24.2% at the end of the quarter. The capital gains and declared dividends of these tropical plantation holdings, plus our dividends from Sonatel (a Senegalese holding listed in Cote d'Ivoire), represented approximately 75% of AOF's total return in Q2. As befits the end of a civil war, the creditworthiness of the Ivorian government rose in the eyes of investors, and AOF's defaulted Sphynx notes rallied in response. We sold a small portion of our position to generate cash for new opportunities.

AOF covered its short position in Tullow Oil PLC in Q2, after the shares declined roughly 15%. Despite Tullow's exploration successes and the initiation of production at the Jubilee field in Ghana, Tullow's share price was down 5.5% in US dollar terms since year-end 2009, when we initiated the short position. Meanwhile, the price of Brent appreciated approximately 50% during the same period. Although the shares remain expensive, with oil prices holding above \$100 and production set to increase, we decided it was time to harvest gains.

AOF's losses during Q2 were concentrated in its basic metals and precious minerals portfolio and its South African portfolio. Despite the general vulnerability of these holdings to macro-economic factors such as a slowdown of the Chinese economy or rising risk aversion among investors, most of AOF's losses were caused by company specific factors such as revenue shortfalls or capital expenditure overruns.

Portfolio Appraisal Value: As of 30th June, the Manager's appraisal of the intrinsic economic value of the portfolio was \$1.14 per share. The market price of \$0.83, at quarter end, represents a 27% 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 estimate will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Outlook and Strategy: We remain excited by the values and opportunities we are finding and optimistic about AOF's prospects. We continue to focus on investing in companies with minimal debt that sell goods or services in short supply in Africa.

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
			Fax: +44 20 7845 5961
<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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