

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.

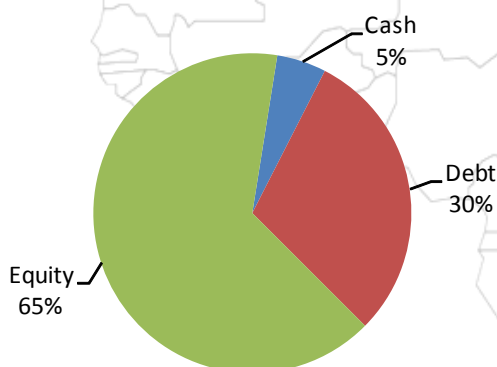
Dividend policy: The Fund will pay a quarterly dividend that in sum will equal 1 year Libor on an annual basis.

Fund Performance (as of 31 March 2011)

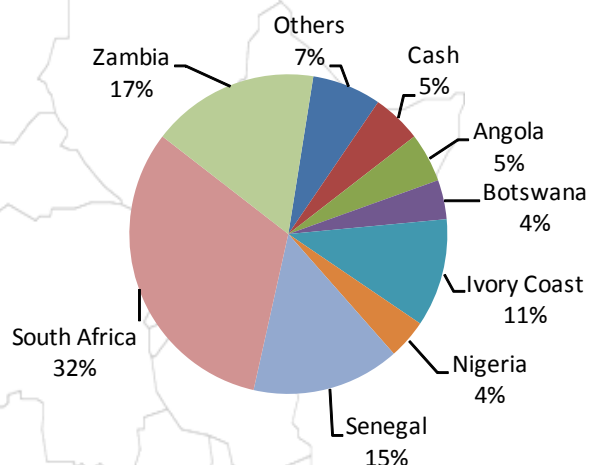
NAV per share:	\$0.926	Total Net Assets:	\$39.5 mm
Share price as at 31 Mar 11:	\$0.785	Market Capitalisation:	\$33.5 mm
Premium/Discount to NAV:	-15.2%	Shares outstanding:	42.6 mm
Current Quarterly Dividend:	\$0.0018		

US\$ NAV Return % (Incl Dividends)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2011	-2.0%	-1.1%	3.1%										-0.2%

Strategy



Geography



Top Ten Holdings	Description	% of NAV
Sonatel	Fast growing mobile phone provider in Senegal and neighboring countries	15.4%
Shoprite Holdings Ltd.	Largest South African food retailer operating over 1100 stores in 16 countries across Africa, while serving over 14 million shoppers annually	15.1%
Old Mutual £6.376% and €5% Perpetual Bonds	Largest African life insurance company, with operations across the continent	12.9%
African Bank Investments Limited	South African consumer finance and microlending company	8.7%
Great Basin Gold 8% CB 11/30/14	Gold mining company developing assets in South Africa and Nevada	5.4%
SAPH	Ivory Coast rubber plantation operator and processor	5.4%
Tullow Oil PLC	Oil and gas exploration and production company with focus on West Africa and Uganda	-4.9%
Marine Subsea Series I & Series II 9% 12/19/19	Restructured African Offshore bonds secured by oilfield service and construction vessels operating in Angola	4.8%
Naspers Ltd	South African leading television and media company	4.8%
Ivory Coast Gov't 10% 28/01/11	Ivory Coast securitized domestic bonds denominated in Euros	3.5%
TOTAL		71.1%

Manager's Comment

Market Conditions: AOF's NAV was largely unchanged during Q1 2011. The NAV, including dividends, decreased by 0.24%, closing at \$0.926 on 31 March. As a reference, in US terms in Q1 2011, the S&P rose 5.9%, the South Africa declined 1.5%, Egypt declined 21.8%, Kenya declined 11%, and Nigeria declined 2.4%.

Portfolio Highlights: During the quarter, AOF sold its investment in Skye Bank's US dollar denominated 9% convertible notes, due 8/15/2012. Skye Bank is listed on the Nigeria Stock Exchange. AOF purchased its notes in Q3 2010 at an average price of 86.6% of par. Including interest, AOF earned a total return of 24% after selling these notes at par. For a comparative perspective over this period, the total return in US Dollars for the Nigerian stock exchange was -3.9%, 6.6% for Skye Bank ordinary shares, and 13.7% for the ordinary shares of Guaranty Trust Bank, a highly regarded Nigerian bank. The investment provides another example of the value of comparing equity against debt when evaluating the most attractive risk adjusted return available to AOF. During the quarter, AOF purchased new convertible fixed income instruments to invest in iron ore in Sierra Leone and tantalum in Mozambique. Both investments constitute our first forays into those countries, and a convertible security was chosen for the same reasons as with Skye Bank.

AOF's holdings in Cote d'Ivoire, accounting for 11% of AOF's net asset value, suffered from the de facto civil war which ensued during Q1. Our holdings lost 12% of their December 31, 2010 value. We are happy for the Ivorian people that the civil war has ended and hopeful the peace will last. Another noteworthy decline in valuation was recorded for Extract Resources. It is an Australian listed uranium development company developing one of the world's largest uranium deposits in Namibia. It lost 15% of its December 31, 2010 valuation in response to the unfolding tragedy in Japan and the crisis at the Fukushima nuclear power plant. However, a Chinese nuclear power company made a cash bid for Kalahari Minerals, which owns 43% of Extract, at a price approximately 30% higher than the current Extract price. Despite the markdown we believe this investment provides a superb risk/reward opportunity for the Fund.

In Zimbabwe, the Government's announcement of its intention to compel mining companies to sell a majority interest to indigenous investors triggered a 19% decline in the market capitalization of Zimplats. Such a development would be decidedly unwelcome, but at the same time the shares in our view are already valued as though such a deal is done. There are many potential outcomes of this saga.

One source of relief for AOF has been its modest exposure to North African turbulence. Slightly more than 1% of AOF's investments is held in Morocco. It has been a perennial source of frustration that, until this year, North African valuations seemed too expensive for us. Except for established democracies with a track record of peaceful transfers of power following elections, we believe that most African countries should bear a capital charge to compensate investors for bearing the risk of unpredictable political violence. Unlike AOF, many foreign investors were happy to exempt North Africa from that charge. Not us! For the first time since AOF's inception, North African valuations are beginning to compare favorably with the rest of Africa. Accordingly, we are looking with keener interest at investment opportunities in that region.

Portfolio Appraisal Value: As of March 31st, the Manager's appraisal of the economic value of the portfolio was \$ 1.12. The market price of \$0.785 at March 31st represents a 30% 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 the quarter saw many significant mark-downs of individual securities, overall the portfolio held its value reasonably well. Several of our hedges provided a positive return and broadly other holdings such as Shoprite performed well. Despite the turmoil encountered during Q1 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
			Fax: +44 20 7845 5961
<i>Inception:</i>	26 July 2007		www.countryfunds.co.uk
<i>Domicile:</i>	Cayman Islands	<i>Nominated</i>	
		<i>Adviser:</i>	Grant Thornton Corporate Finance
			Tel: +44 20 7383 5100
		<i>Auditor:</i>	Ernst & Young

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