Africa Opportunity Fund Ltd – Ordinary Shares

31 December 2016

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: Specialist Fund Segment of the London Stock Exchange's Main Market

Dividend Policy: An amount equal to the annual comprehensive income of the Company (excluding net capital gains/losses).

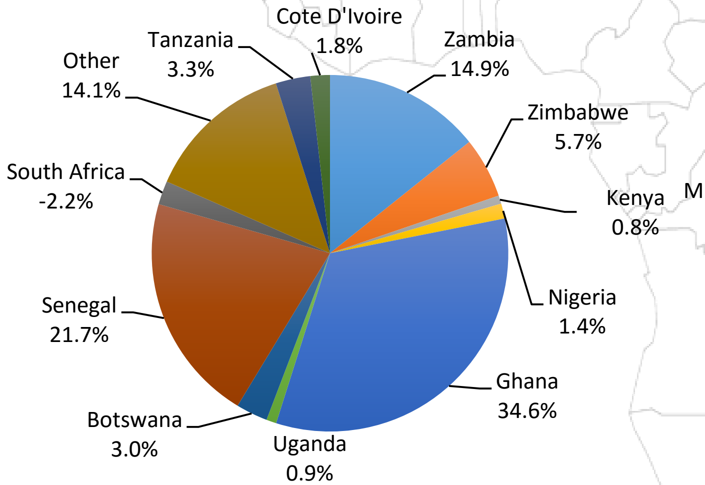
Fund Performance (as at 31 December 2016) – Ordinary Shares

NAV per share:	$0.902*	Total Net Assets:	$38.4 mm
Share price as at 31 December 16:	$0.625	Market Capitalisation:	$26.6 mm
Premium/Discount to NAV:	-31%	Shares outstanding:	42.6 mm

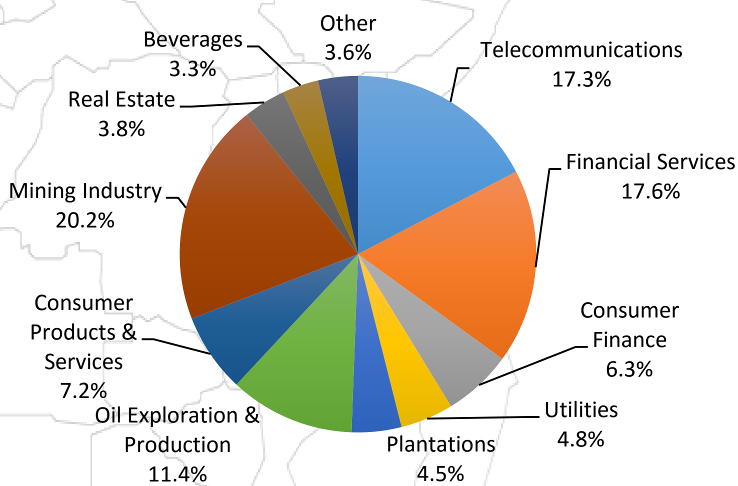
*The NAV falls to $0.782 after including the Shoprite provision cited on page 4 of this newsletter.

US$ NAV Total Return %	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**FY**
2016	-3.2%	2.5%	1.9%	4.0%	-2.0%	-0.3%	-1.2%	0.4%	0.7%	-0.3%	-2.1%	3.1%	3.2%
2015	-5.2%	-1.8%	-2.4%	2.3%	1.0%	-2.5%	4.2%	-4.5%	-3.3%	0.5%	2.8%	-2.3%	-11.4%
2014	2.3%	3.1%	-4.0%	-3.2%	-8.0%	0.8%	0.6%	-2.2%	-2.6%	-4.0%	-2.1%	0.9%	-17.3%
2013	4.9%	-0.8%	7.8%	5.6%	-1.6%	0.4%	3.2%	1.7%	2.8%	-0.3%	1.5%	-0.1%	27.7%
2012	1.8%	0.4%	-0.3%	0.8%	-6.1%	0.8%	-0.4%	-1.9%	1.1%	-2.4%	4.6%	6.4%	4.4%
2011	-1.4%	-1.1%	2.9%	5.5%	1.5%	-0.9%	4.2%	-2.5%	-9.0%	3.6%	-2.8%	2.6%	1.6%
2010	5.6%	1.2%	3.1%	4.7%	-8.4%	-6.7%	10.9%	0.3%	8.2%	7.5%	-3.5%	3.6%	27.1%
2009	-2.1%	-10.4%	16.7%	6.2%	3.7%	10.0%	5.0%	2.4%	8.0%	1.5%	1.6%	0.1%	48.2%
2008	-0.7%	1.9%	1.4%	1.0%	0.1%	-0.6%	-3.8%	-8.2%	-9.8%	-23.8%	-10.2%	-4.1%	-42.5%

Geographic Exposure Ordinary Shares



Ordinary Shares Sectorial Exposure



Holdings: 80% Equity, 24% Debt, -4% Unencumbered Cash

Top Ten Holdings - Ordinary Shares	**Description**	**% of NAV**
Enterprise	Ghanaian property & casualty insurance and life assurance company	19.7%
Sonatel	Dominant Senegalese and regional integrated telecommunication operator	17.0%
IAM Gold - 6.75% 10/01/20	Gold mining company focused in West Africa	7.8%
Tullow Oil 6.25% 04/15/2022	Leading independent oil exploration and production company	7.6%
Shoprite	Largest South African food retailer operating over 2100 stores in 15 countries	6.8%
Tizir - 9% 09/28/17	1st priority bond backed by Grande Cote mineral sands project in Senegal	4.4%
Anglogold Ashanti	Gold mining company operating in 11 countries	4.2%
Tanzania Breweries	Brewer and distributor of malt beer, other beverages, and spirits	3.7%
Copperbelt	Leading electricity distributor in the Zambian Copperbelt	3.4%
Letshego	Botswana based consumer finance lender focused on government employees	3.3%
Total		**77.9%**

Africa Opportunity Fund Ltd – C-Shares
31 December 2016

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: Specialist Fund Segment of the London Stock Exchange's Main Market

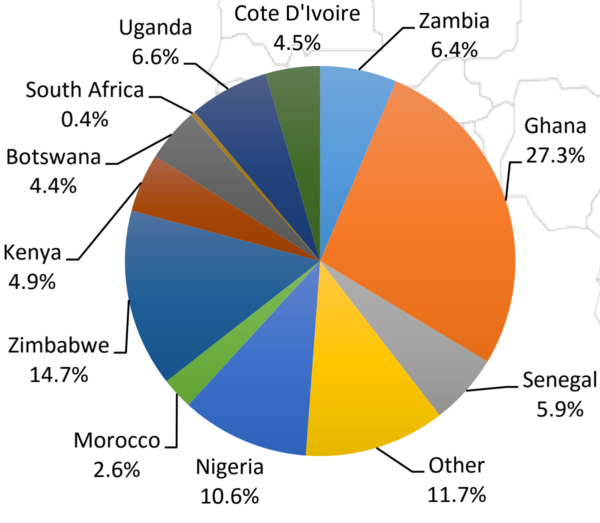
Dividend Policy: An amount equal to the annual comprehensive income of the Company (excluding net capital gains/losses).

Fund Performance (as at 31 December 2016) – C-Shares

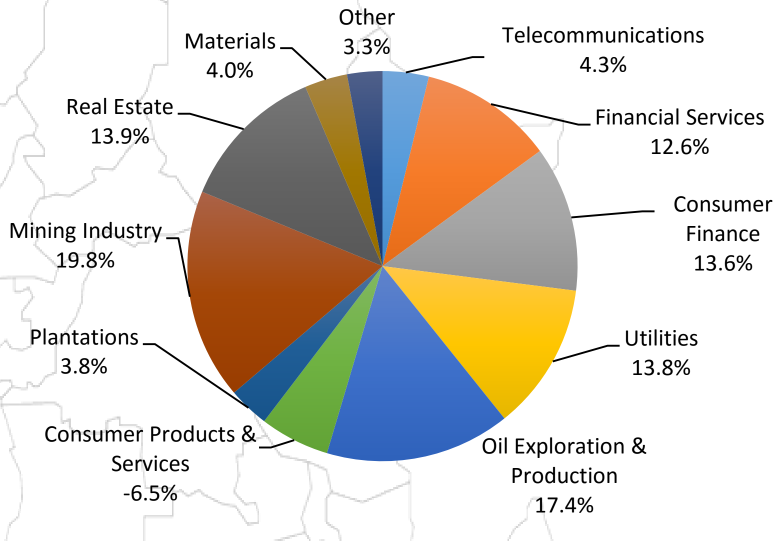
NAV per share:	$0.787	Total Net Assets:	$23.9 mm
Share price as at 31 December 16:	$0.610	Market Capitalisation:	$17.8 mm
Premium/Discount to NAV:	-23%	Shares outstanding:	29.2 mm

US$ NAV Total Return %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2016	-5.4%	1.8%	-2.9%	8.9%	0.8%	-2.9%	-2.0%	-1.0%	0.1%	-2.3%	-3.2%	4.6%	-4.1%
2015	-2.5%	-0.7%	-0.7%	1.6%	1.5%	-4.4%	-1.5%	-3.1%	-1.8%	0.4%	0.1%	0.9%	-10.0%
2014	N/A	N/A	N/A	-2.6%	-0.2%	0.0%	0.0%	-0.8%	-0.5%	-2.0%	-2.4%	-0.5%	-8.8%

Geographic Exposure C Shares



Sectorial Exposure C Shares



Holdings: 59% Equity, 27% Debt, 14% Unencumbered Cash

Top Ten Holdings - C Shares	Description	% of Nav
Tullow Oil 6.25% 04/15/2022	Leading independent oil exploration and production company	9.3%
Enterprise	Ghanaian property & casualty insurance and life assurance company	7.1%
Anglogold Ashanti	Gold mining company operating in 11 countries	6.9%
Stanbic Uganda	Leading commercial bank in Uganda	6.4%
Continental	Leading Pan-African reinsurer offering non-life and life reinsurance products	6.1%
Mashonaland	Zimbabwean real estate company	5.2%
IAM Gold - 6.75% 10/01/20	Gold mining company focused in West Africa	5.2%
Tizir Ltd 9% 09/28/2017	TiZir Limited is a vertically integrated zircon and titanium business	4.7%
Kenya Power & Light	Distributor and retailer of electricity in Kenya	4.6%
Copperbelt Energy	Leading electricity distributor in the Zambian Copperbelt	4.5%
Total		**60.0%**

Manager's Commentary

Market Conditions

The Africa Opportunity Fund ("AOF") ordinary share NAV rose 0.7% in Q4. In the same period, the share price fell 3% from $0.642 to $0.625. As a reference, in US dollar terms, in Q4 the S&P rose 4%, Brazil rose 3%, Russia rose 17%, India fell 6%, and China fell 2%. In Africa, South Africa fell 3%, Egypt fell 24%, Kenya fell 4%, and Nigeria fell 5%. Three Africa-focused exchange traded funds – the Lyxor ETF Pan Africa (PAF FP) listed on the Euronext Paris, the DBX MSCI Africa Top 50 (XMAF LN) listed on the LSE, and VanEck Vectors Africa Index (AFK US) listed on the NYSE – fell, respectively, 6%, 5%, and 2%.

AOF's ordinary share NAV, including dividends, rose 3.2% in 2016. It has declined 24.1% over the last three years and risen 1.3% over the last five years. For comparative perspective, see the table below which highlights the challenges encountered by Africa and certain emerging market investors over recent years.

Comparative Returns

Index/Security	1 Year	3 Year	5 Year
AOF NAV	3.2%	-24.1%	1.3%
Lyxor Africa ETF	31.3%	-12.8%	-26.9%
DBX MSCI Africa Top 50	8.6%	-18.2%	9.6%
VanEck Vectors Africa	14.2%	-30.9%	-11.9%
Brazil Bovespa	69.1%	-15.1%	-39.1%
Russia Micex	58.2%	-10.6%	4.8%
India Sensex	0.8%	20.1%	45.9%
China CSI 300	-15.3%	31.9%	41.6%
US S&P 500	11.8%	28.1%	93.5%

Ordinary Share Portfolio Highlights

The 35 issuers held in the ordinary shares portfolio turned in a modest performance in 2016. As backdrop, the MSCI Frontier Markets Africa Index (MXFMAF) rose 1% in Q4, but fell 4% in 2016; MSCI Emerging Frontier Markets Africa Ex South Africa Index (MXFMEAFZ) fell 5% in Q4 and 6% in 2016; and MSCI Emerging Frontier Markets Africa Index (MXFMEAF) fell 4% in Q4 and rose 16% in 2016. South African companies account for 90% of MXFMEAF; companies in Morocco, Egypt, and Nigeria account for 71% of MXFMEAFZ; and companies in Morocco, Nigeria, and Kenya constitute 82% of MXFMAF. African currency movements continued to be the single most important variable for African investors. For example, Egypt's currency depreciated by 57% in 2016 and 51% in Q4; and Nigeria's currency depreciated by 37% in 2016. For perspective, the Thai Bhat, instigator of the infamous 1997-98 Asian crisis, collapsed by 46% in 1997. Currency movements of this magnitude spread economic disruption and, at times, ruin in their wake. The second reason for AOF's performance was our maintenance of short positions in a year in which valuations in large and liquid markets commanded a premium. Finally, our failure to trade more of our gold equity holdings when their prices were at their height in Q3, in light of the well-known volatility of gold equities and the expected rise in Fed interest rates, proved a costly mistake.

The biggest source of losses in Q4 for both the ordinary shares and C shares portfolios was the equity of Anglogold Ashanti. It declined 34%, accounting for losses of slightly more than 1 cent per ordinary share and 2 cents per C share, as the gold price slid 13% in Q4. Of concern was that, for the first time in several quarters, Anglogold's Q3 2016 all-in costs per ounce rose, whether comparing Q3 2015 against Q3 2016 or 9 months 2015 versus 9 months 2016. True, operating currencies of Anglogold like the Brazilian Real, the Rand, and the Australian Dollar strengthened against the Dollar and the oil price rose. Nevertheless, it is disconcerting to see a jump in unprofitable mines in three months from 1 mine at the end of H2 2016 to 4 mines. Two of those mines were in South Africa operations, which are battling higher fatalities and injuries, higher power and labour costs, and lower grades. For now, our belief that Anglogold has switched its operating philosophy to one of constant cost reduction remains intact.

Now, for some Q4 bond detail. AOF's Iamgold bonds were flat in Q4. However, IAMGOLD's Q3 results revealed that it had moved from a net debt to a net cash position of $128 million, constituting 7% of its market capitalization. Net debt/EBITDA was zero versus a debt covenant of 3.5x; its interest coverage ratio was 8.7x versus a debt covenant of 2.5x. Iamgold's weakness continues to be its high all-in sustaining cost above $1,000 per ounce. However, its balance sheet makes it very unlikely that it will experience financial stress soon.

As a group, AOF's commodity producers rose by 9% in 2016. Our primary response to weak commodity markets in 2015 was to accumulate more fixed income securities of oil and gas and precious metals producers at prices in the 60s and 70s in early 2016. Tullow bonds were bought at an average price of 69, Kosmos Energy bond purchases were at 76, and Anglogold Ashanti bonds at 78. We also sold puts on the equities of some of those companies and purchased a bit more equity while trimming our Tizir bond holding. By so doing, the ordinary shares combined an increase in its exposure to commodities with an increase in its contractual US Dollar income. Undoubtedly, higher oil and gold prices boosted performance. But, so did our willingness to pay bond prices signaling distress. We paid those prices because we were implicitly acquiring the underlying reserves at dramatic discounts to valuations derived from the prevailing spot prices.

Enterprise exemplified much of the volatility and promise of Africa in Q4. First, it suffered a 6% drop in its US Dollar share price, reducing AOF's NAV by 1 cent per share, solely because of the depreciation of the Cedi against the US Dollar. Then Enterprise's local currency share price fell 8% in 2016, delivering, with Cedi depreciation, in total a 2 cents per share loss for the ordinary share NAV. Second, its domicile – Ghana - conducted free and fair elections resulting in Ghana's first democratic defeat of an incumbent Presidential candidate since its independence. The new ruling party - the New Patriotic Party - promises to be more fiscally sober than its immediate predecessor. Third, it has a tiny life assurance subsidiary in The Gambia, the other West African country to evict its president through the ballot box. The Gambia had a brief constitutional crisis because its defeated leader, after accepting the results of the Gambian elections, changed his mind and refused to leave his office. He quit office only after ECOWAS, the regional body of West African states, sent troops and ships in preparation for an invasion. Yet, the recent political changes in Ghana are very encouraging for Enterprise as inflation declines, its new government tackles its rising sovereign debt problems, and its GDP moves towards the 2017 7% forecast of the International Monetary Fund. Gambia's swift settlement of its crisis allows Enterprise's Gambian subsidiary to return to normal commercial activity in a functioning democracy.

Copperbelt Energy held its extraordinary general meeting in early December approving the distribution of its non-Zambian assets (CEC Africa) to shareholders. Since announcing the spin-off in early November, Copperbelt's share price has risen by 43% to the end of Q4. Its 2016 gain was 61%, equating to 2 cents of NAV per AOF share. Clearly, the pending spin-off has performed its purpose of reminding investors that there is a lot to Copperbelt beyond its recent Nigerian woes.

Shoprite Arbitration

In January 2017 AOF received a deeply disappointing arbitral award in the Shoprite matter. As published in an RNS announcement on February 1, the arbitrator ruled AOF does not have valid title to most of its Shoprite shares despite the fact that AOF bought its shares on the Zambian stock exchange as did numerous other investors. Sadly, this award appears to confirm the oft-expressed fears of unpredictable adjudication of legal disputes in Africa. The board has decided to appeal this award and firmly believes AOF has clear title to its Shoprite shares. Nevertheless, the board of AOF reduced the NAV of AOF by approximately $0.12 per share as a provision against the ruling, pending the appeal process. This provision is included in the AOF NAV that is calculated as of the close of business 31 January 2017. Note, the C share NAV is not impacted by the arbitration award.

C Share Portfolio Highlights

The NAV of AOF's C share fell 1% in Q4 and declined 4% in 2016. The C share's portfolio has exposure to 30 issuers, of which 9 are new issuers to AOF. Its largest Q4 profits came from Pearl Properties in Zimbabwe, which rose 77% to deliver a gain of 2 cents per share, and 1 cent per share in 2016. The largest Q4 losses came from Anglogold Ashanti equity, losing 2 cents per C share and 34% of its market capitalization. Overall, Anglogold Ashanti rose 1% in 2016. 2016's single biggest source of loss for both the C shares and the ordinary shares was Continental Reinsurance, falling 37%, despite a 7% dividend yield, and inflicting 3 cents per share of pain. The biggest 2016 gain of the C shares and ordinary shares came from the Tullow bonds, appreciating 44% to deliver a gain of 3 cents per share. Commodity price swings and currency devaluations were major factors in the 2016 results of the C shares. A brief explanation about the difference in the performances of the portfolios of the C shares and the ordinary shares is warranted. At the beginning of 2016, 26% of the C shares was invested in Nigeria and Kenya versus 3% in the A shares. Consequently, the C shares were much more exposed to the Naira devaluation and the losses of Kenya Power than the ordinary shares, leading to the 2016 declines of the C shares

Q4 closed a pleasing year for the oil investments of the C shares. No doubt, the decision of OPEC and other state-controlled petroleum participants to curtail production was a major positive factor. Still, Q4's 14% gain in our Tullow Oil bonds, and the corresponding 44% gain for 2016, delivering respectively 1 cent and 3 cents per share in NAV gains, was the consequence of accumulating Tullow bonds early in the year at a low price when the average weighted oil price was $42 per barrel. Tullow's balance sheet remains highly leveraged, but the sale of working interests in Uganda to Total for $900 million will relieve its liquidity pressures, as will the significant increase in oil production in Ghana. Kosmos Energy, the other oil investment in the C shares portfolio, announced in mid-December that it had farmed out a majority of its working interest in its Mauritania and Senegal gas discoveries to BP for a total consideration of $916 million. Crucially, BP will become the development operator of those fields and Kosmos will remain the exploration operator. BP's decision to invest in these fields means, practically, that there will be few financial barriers to turning those fields into productive natural gas export platforms for both countries. For Kosmos, this deal increases the amount of free cash it will earn over the next few years without compromising its exploration program, thus strengthening the credit quality of its bonds. Kosmos' share price rose by 22% between the announcement and the end of Q4 and its bonds were priced slightly above par.

The 2016 performance of two investments illustrate the overwhelming short term impact of national currency policies. The C shares, as well as the A shares, have built a 2% stake in the equity of Misr Duty Free Shops in Egypt. Misr has a market capitalization of $21 million and an enterprise value of $12 million. It has been devoid of debt since 2003 and has had cash balances exceeding its debt levels by substantial margins since 1996. In addition to operating duty free shops, it sells tax exempt liquor to hotels. Despite a 7x P/E, a 15% dividend yield, a 33% return on equity, and a 25% return on assets, Misr's shares delivered a negative 31% return in 2016. Its shares fell 37% in Q4 after the Egyptian Pound was devalued on November 3. Continental Reinsurance and Dangote Cement together lost 4 cents per share for the C shares in the wake of the 50%+ Naira devaluation. Pearl Properties, on the other hand, is a beneficiary of the immediate and practical depreciation of its so-called "bond notes" because its price is denominated in US Dollars and, based on experience, Zimbabwean investors are seeking protection in its stock market. How do we navigate such steep currency falls? By attempting to own the securities of companies running business models containing practical currency hedges, investing in some equity and debt securities of African export earners, and treating currency collapses as invitations to lower sharply the average cost of good investments endowed with sober balance sheets and minimal debt.

One of our disappointments was the commencement of business rescue proceedings in South Africa by the Lace Diamond Mine of Diamondcorp. Last November, the Lace mine was inundated with three quarters of a year's rainfall in one hour, thus flooding the mine, damaging its equipment, and bringing production to a halt. The event was a perfect example of force majeure. At the time, the Lace Diamond mine was in the midst of ramping up its monthly production to the commercially sustainable rate of 30,000 months per ton. Diamondcorp suspended trading in its shares. Unlike Tizir, which has the benefit of membership in the Eramet group, Diamondcorp is a corporate orphan, complete with the vulnerabilities of that status. Despite its 9 million carats of diamonds in resources, the next few months will be a delicate period as Diamondcorp negotiates with South African unions and its creditors for a sustainable set of contracts to permit it to return to regular mining operations.

The C Shares portfolio of securities sold short had a gross negative value corresponding to 15% of the net asset value of the C Shares. The portfolio has 7 positions spanning retailing, banking, and commercial property. Given the practical impossibility of selling short securities in most African countries, it is unsurprising that the short portfolio has a strong bias towards South Africa. The short book gained 0.6% in Q4 but lost 4.1% in 2016. In essence, we were primarily short South Africa in a year in which the Rand appreciated and emerging markets (as opposed to frontier markets) did well. Despite our losses and reductions in some of our positions, we continue to view South Africa's consumers with skepticism.

Portfolio Appraisal Value

As of December 31, the Manager's appraisal of the intrinsic economic value of the Ordinary Share portfolio was $1.17 per share. The market price of $0.625 at quarter end represents a 31% discount to our NAV per share. The Manager's appraisal of the intrinsic economic value of the C Share portfolio was $1.07 per share. The market price of $0.610 at quarter end represents a 23% discount to NAV per share. Note the Appraisal Values are 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.

Attribution Analysis

We have set forth an attribution analysis for 2016 and the most recent quarter for the ordinary shares and the C shares to give readers more data about the underlying sources of the performance of the ordinary share portfolio and the C share portfolio.

Merger of Ordinary and C shares

Further to the intention to merge the Ordinary and C shares originally announced in AOF's interim financial statements to June 2015, the board of AOF decided to delay the merger of the two classes of shares until the conclusion of the Shoprite arbitration. In light of the upcoming appeal of the Shoprite award, the board will be considering the optimal manner and time for the merger of the two classes of shares and will communicate its decision in due course.

Correction

We stated in page 2 of the last quarterly newsletter that the C shares portfolio had a composition of 54% equity, 43% debt, and 3% unencumbered cash. That was an error. The correct composition was 60% equity, 26% debt, and 14% unencumbered cash. We apologize for this error.

Strategy

2017 promises to be an exciting year with investment bargains on offer. Yes, slow growth and rising inflation in Africa will persist. Drought stalks eastern Africa. China's GDP growth rate continues to slacken while global financial conditions continue to tighten as the US Federal Reserve raises interest rates. There is still deep currency-induced pain to face in African countries which prefer devaluation over depreciation. Nigeria's black market rate trades around 490 Naira/$ when its official exchange rate is 305 Naira/$ and it has permitted the emergence of an exchange rate for retail-oriented bureau de change around 400 Nairas/$. The temptation of fiscal profligacy beckons for a country like Kenya, conducting elections in 2017, exposing its currency to decline. Offsetting that familiar list of risks are the opportunities manifest in countries that have taken firm steps to deepen their commitment to private enterprise-Egypt, for example, with its long-awaited massive devaluation of the Egyptian Pound or Ghana with its selection of a new government committed to a sober national finances and a stronger private sector engine. The carnage of currency collapse has created cheap opportunities we intend to exploit. Furthermore, AOF is designed to weather these difficult times. Its closed-end status allows it to invest in high quality issuers without focusing on liquidity, even if that closed-end status comes with a price of volatile discounts between net asset value per share and market price per share. A closed-end fund, like AOF, has long-term liabilities unlike open-ended funds which have the short-term monthly or daily redemption liability. AOF is unusual among pan-Africa funds insofar as it is able to short sell securities and to hedge some of its currency exposures. Those options expand the investment terrain of AOF.

The long-term investment appeal of Africa remains intact. We remain focused on investing in companies that sell goods and services in short supply in Africa. We also invest in commodity related companies, on a selective basis, when we can implicitly purchase the underlying resources at a material discount to spot market values. AOF's ordinary share portfolio possesses undervalued companies. Its top 7 equity holdings offer a weighted average dividend yield of 5%, a rolling P/E ratio of 16x, a return on assets of 10%, and a return on equity of 22%. The corresponding statistics for the top 7 equity holdings in AOF's C share portfolio are a dividend yield of 5%, a P/E ratio of 9x, a return on assets of 5%, and a return on equity of 12%. It is a privilege to have investible funds. We intend to exercise that privilege with prudent confidence.

Africa Opportunity Fund
Return by Sector
For Q4 2016

Return by Sector, % of Securities	Ordinary Shares	C Shares
Telecommunications	0.6%	-0.2%
Financial Services	-1.5%	-1.0%
Consumer Finance	-0.8%	-1.2%
Utilities	1.1%	0.8%
Oil Exploration & Production	0.3%	1.8%
Consumer Products & Services	0.3%	-0.2%
Plantations	-0.4%	-0.1%
Mining Industry	-1.9%	-4.4%
Real Estate	1.2%	3.7%
Materials	0.0%	-0.2%
Beverages	-0.3%	0.0%
Other	1.3%	1.0%
	-0.2%	**0.1%**
Net Working Capital	0.8%	-1.1%
Return on N.A.V	**0.6%**	**-1.0%**

Africa Opportunity Fund
Return by Geography
For Q4 2016

Returns by Geography, % of Securities	Ordinary Shares	C Shares
Zambia	0.9%	1.1%
Ghana	-1.9%	0.9%
Senegal	0.5%	-0.2%
Other	0.8%	-0.3%
Nigeria	-0.1%	-0.5%
Cote D'Ivoire	-0.2%	-0.3%
Morocco	0.0%	0.2%
Zimbabwe	1.6%	3.6%
Kenya	0.2%	-0.4%
Botswana	-0.2%	-0.2%
Tanzania	-0.3%	0.0%
South Africa	-1.5%	-3.1%
Uganda	0.0%	-0.6%
	-0.2%	**0.1%**
Net Working Capital	0.8%	-1.1%
Return on N.A.V	**0.6%**	**-1.0%**

Africa Opportunity Fund
Return by Sector
For Full Year 2016

Return by Sector, % of Securities	Ordinary Shares	C Shares
Telecommunications	1.2%	0.7%
Financial Services	-3.0%	-4.5%
Consumer Finance	-1.3%	-0.9%
Utilities	1.8%	0.3%
Oil Exploration & Production	2.7%	4.6%
Consumer Products & Services	-2.5%	-4.6%
Plantations	0.1%	0.9%
Mining Industry	6.3%	2.7%
Real Estate	0.5%	1.1%
Materials	0.0%	-1.6%
Beverages	-0.8%	0.0%
Other	0.5%	0.6%
	5.5%	**-0.9%**
Net Working Capital	-2.4%	-3.2%
Return on N.A.V	**3.1%**	**-4.1%**

Africa Opportunity Fund
Return by Geography
For Full Year 2016

Returns by Geography, % of Securities	Ordinary Shares	C Shares
Zambia	3.0%	2.2%
Ghana	-0.5%	3.1%
Senegal	1.1%	0.3%
Other	5.1%	1.9%
Nigeria	-1.7%	-6.0%
Cote D'Ivoire	0.3%	0.7%
Morocco	0.3%	1.1%
Zimbabwe	1.1%	1.5%
Kenya	0.0%	-2.5%
Botswana	-0.4%	-0.5%
Tanzania	-0.8%	0.0%
South Africa	-2.1%	-0.6%
Uganda	0.0%	-2.0%
	5.5%	**-0.9%**
Net Working Capital	-2.4%	-3.2%
Return on N.A.V	**3.1%**	**-4.1%**

Attribution of Portfolio Returns by Asset Class

Ordinary Shares Portfolio

Asset Class Exposure	Invested Capital*	Attribution PnL	Q4 Return on Invested Capital	Return Contribution on NAV
Long Equities	27,713,930	-325,360	-1.2%	-0.9%
Short Equities/Options	-5,436,472	166,168	3.1%	0.4%
Bonds	11,257,738	-30,710	-0.3%	-0.1%
Special Situations	6,414,306	117,040	1.8%	0.3%
	39,949,502	**-72,862**		**-0.2%**

*For this Q4 return, invested capital is as of 10/01/2016 and comprises the market value of securities in the ordinary shares portfolio as of 10/01/2016, plus net changes in that securities portfolio during Q4.

Asset Class Exposure	Invested Capital*	Attribution PnL	12 months Return on Invested Capital	Return Contribution on NAV
Long Equities	27,930,592	506,040	1.8%	1.4%
Short Equities/Options	-4,090,111	-1,414,232	-34.6%	-3.8%
Bonds	9,273,760	2,385,577	25.7%	6.4%
Special Situations	6,025,295	557,312	9.2%	1.5%
	39,139,536	**2,034,697**		**5.5%**

*For this 12 months return, invested capital is as of 01/01/2016 and comprises the market value of securities in the ordinary shares portfolio as of 01/01/2016, plus net changes in the securities during the year.

C Shares Portfolio

Asset Class Exposure	Invested Capital*	Attribution PnL	Q4 Return on Invested Capital	Return Contribution on NAV
Long Equities	16,440,395	-578,219	-3.5%	-2.5%
Short Equities/Options	-4,157,663	145,025	3.5%	0.6%
Bonds	10,168,391	261,589	2.6%	1.1%
Arbitrage	59,450	12,860	21.6%	0.1%
Special Situations	494,270	174,648	35.3%	0.8%
	23,004,844	**15,903**		**0.1%**

*For this Q4 return, invested capital is as of 10/01/2016 and comprises the market value of securities in the C shares portfolio as of 10/01/2016, plus net changes in that securities portfolio during Q4.

Asset Class Exposure	Invested Capital*	Attribution PnL	12 months Return on Invested Capital	Return Contribution on NAV
Long Equities	18,191,671	-1,679,886	-9.2%	-7.0%
Short Equities/Options	-3,188,746	-991,632	-31.1%	-4.1%
Bonds	8,565,486	2,270,679	26.5%	9.5%
Arbitrage	41,769	32,359	77.5%	0.1%
Special Situations	515,604	153,315	29.7%	0.6%
	24,125,784	**-215,165**		**-0.9%**

*For this 12 months return, invested capital is as of 01/01/2016 and comprises the market value of securities in the ordinary shares portfolio as of 01/01/2016, plus net changes in the securities during the year.

Africa Opportunity Fund Ltd

31 December 2016

Fund Details (Ordinary Shares)

Bloomberg:	AOF LN
Reuters:	AOF.L
Website:	www.africaopportunityfund.com
Listing:	SFS / London Stock Exchange
Structure:	Closed-end
ISIN:	KYG012921048 Euroclear/Clearstream
Inception:	26 July 2007
Domicile:	Cayman Islands

Fund Details (C-Shares)

Bloomberg:	AOFC LN
Reuters:	AOFc.L
Website:	www.africaopportunityfund.com
Listing:	SFS / London Stock Exchange
Structure:	Closed-end
ISIN:	KYG012921121 Euroclear/Clearstream
Inception:	17 April 2014
Domicile:	Cayman Islands

Portfolio Managers:	Francis Daniels Robert Knapp
Investment Manager:	Africa Opportunity Partners Ltd.
Broker:	Liberum Capital Ltd
Auditor:	Ernst & Young

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