



Sea Meadow House
PO Box 116
Road Town, Tortola VG-1110
British Virgin Islands

Masaki
Dar es Salaam
Tanzania

15 June, 2021

Dear Investor,

Final numbers from the Administrator show the **Fund gained a further 2.83% in May**. The initial series of shares is now up 21.91% after all fees and expenses, since inception 1 October, 2020.

If you invested later, in a different month, your results vary accordingly, but all investors are ahead on their investment, and all but two of the eight monthly series of shares issued so far (The Lead Series, and March 2021 Series) are ahead of the hurdle rate, and thus accruing modest performance fees to the manager.

During May we added to our position in **MTN Ghana**, after the stock corrected from 1.26 Ghanaian cedis, to as low as 1.00. We got a couple of orders filled at 1.00 in late May. We kept buying in the first week of June, at 1.03, 1.10, and 1.15 before the stock raced higher again to 1.25. We have stepped back from buying again for now.

Other stocks for which we added to our positions in May included:

1. **Dangote Sugar** - our one and only Nigerian stock, where we completed our purchase early in the month.
2. **Kenya Reinsurance**, which reported decent results for 2020, and doubled its dividend to KES 0.20 per share, making for an 8%-odd yield.
3. **BK Group** in Rwanda which reported good 1Q2021 results.

A number of dividends have been hitting our account lately, including those from **BAT Kenya**, **Letshego** in Botswana, and **Sonatel** in the West African Economic Union. More dividends are set to flow in this month too, from **Bralirwa**, the Rwandan beer and soft drinks company, **CAL Bank Ghana**, **MTN Ghana**, **NMB Bank PLC** and **Twiga Cement** in Tanzania, as well as **MCB Group** in Mauritius.

For the first time in a while, we are sitting on a small amount of uninvested cash, and I expect that to build slightly as dividends come in.

After taking in just over US\$730,000 in new money, collecting dividends, and seeing some price appreciation, the fund ended May with US\$9.41 million under management. We took in a further US\$320,000 at the beginning of June and are on track to hit our intermediate goal of US\$10mn in assets under management by July 1.



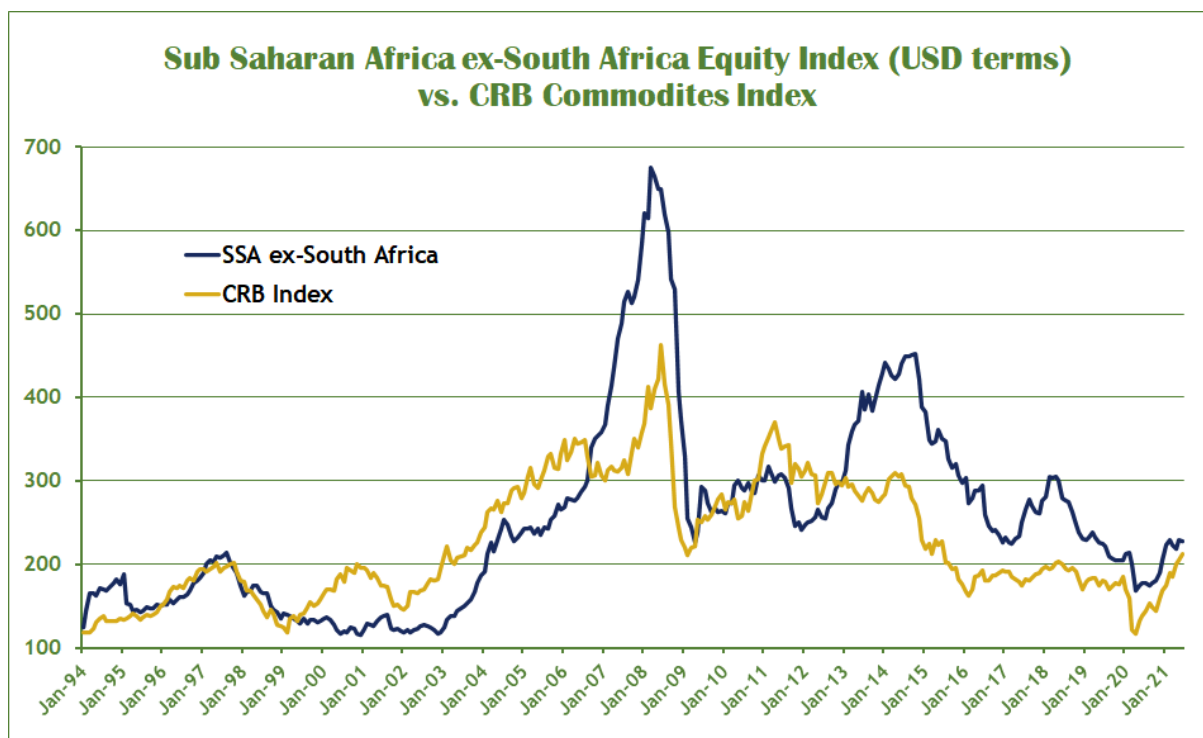
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For now, I'm comfortable with the Fund maintaining shares in the 17 different businesses we own, and there are no immediate candidates for addition to the portfolio. Instead, we've been adding to existing positions where appropriate, and will continue to do so.

Of course, I am constantly scouring our markets for new investment candidates and it's possible I will uncover another gem to start buying. One area of focus right now is resources stocks.

I am increasingly confident that our timing for starting the fund was superb. Having done some work researching how closely African Equities markets have historically been correlated with global commodities prices, if, as my analysis shows, we are now in a new, secular bull market for commodities, there could easily be a great decade or more ahead.

As you see, the cycles are long, and when commodities trend up African frontier markets stocks (in USD terms) have tended to follow. Since April 2020, this cycle appears no different. The January 2003 to March 2008 period, in particular, was spectacular, as you can see, with 6½-fold gains for SSA ex-South African stock indices.





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As always, should you have any questions about the Fund, please reach out. The easiest way to contact me is via email: tim@africanlionsfund.com.

Until next time...

Kind regards,

A handwritten signature in black ink, appearing to read "Tim Staermose". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tim Staermose
Founder, African Lions Fund Ltd
tim@africanlionsfund.com