



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

Oyster Bay,  
Dar es Salaam

21 May 2025

Dear Investor,

African Lions Fund got off to a good start in 2025, gaining 5.7% in the first quarter, before giving up 0.84% in April. This performance is particularly satisfying in the context of the losses incurred on most major stock markets during the same period, as the chaotic trade policies of the new Trump administration wreaked havoc with investor sentiment globally. The S&P 500 for example was down 4.6% in 1Q2025.

Our hurdle index meanwhile, gained 5.8% in the first three months of 2025, and lost only 0.15% in April. Africa is a good place to be.

Your copy of the latest Fund Summary Sheet is attached to this email.

I am also pleased to share another source of information about African Lions Fund: <https://public.irx.exchange/explorers/africa-lions-fund>

We continue to believe that African Lions Fund offers a port in a storm for most investors' portfolios, as it demonstrates robust anti-correlation with the returns from wider global market indices. If you have friends and colleagues complaining about the volatility in their portfolios, you might do them (and us) a favour and point them in our direction.

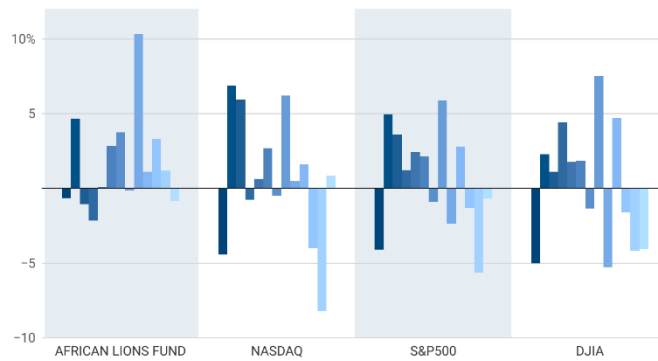
You can see from the series of charts below that, over the longer term, there has been a clear tendency for African Lions Fund to be much less volatile to the downside compared to major global market indices, especially in months when those indices suffer large declines.



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### Month-to-month performance of African Lions Fund

Compared against the main indices of Wall Street

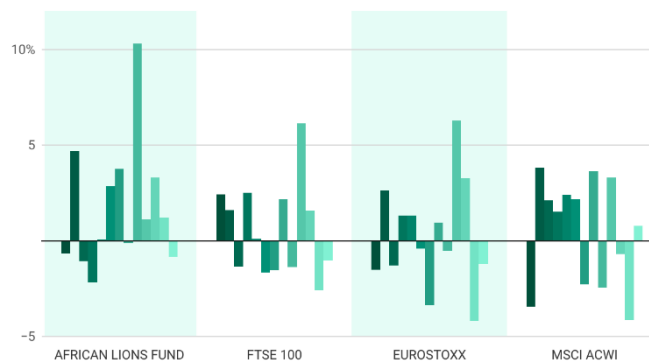


Data from Apr 2024 to Apr 2025

Source: African Lions Fund, Investing.com, gurufocus.com, and Yahoo Finance, respectively • Created with Datawrapper

### Month-to-month performance of African Lions Fund

Compared against London, Europe, and All-Country World Equity Index

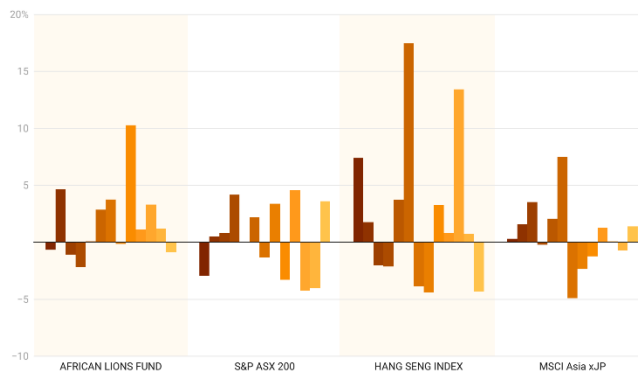


Data from Apr 2024 to Apr 2025

Source: African Lions Fund, Investing.com • Created with Datawrapper

### Month-to-month performance of African Lions Fund

Compared against Australia, Hong Kong, and Asia ex Japan



Data from Apr 2024 to Apr 2025

Source: African Lions Fund, Investing.com • Created with Datawrapper



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**African Lions Fund portfolio companies are reporting strong and accelerating profits growth, almost across the board**

Driving our robust performance are the strong and resilient fundamentals of our portfolio companies. This is consistent with our investment mandate. We are looking to invest in companies that can compound their earnings at rates that see them double, in US dollar terms, on average, at least every 5 to 10 years. Of course we are also value investors. So, we also want to buy shares of these companies at valuations low enough that we think can also double.

April and May are the months for both audited full-year results from the prior year, and unaudited first quarter results for many of the companies we own. And from the numbers reported to date, we are seeing excellent profits growth almost across the board.

Results from our Top 10 Holdings in the African Lions Fund portfolio are as follows.



**NET PROFIT GROWTH OF OUR TOP 10 HOLDINGS**

Company	Country	Sector	Net Income (USDmn)			2024 vs 2023	2025E vs 2024
			2023	2024	2025		
TCC	Tanzania	Tobacco	27.5	46.4	49.2	69.1%	5.9%
Safaricom	Kenya	Telecoms	444.9	440.7	539.3	-0.9%	22.4%
KCB	Kenya	Banks	258.2	419.9	515.1	62.6%	22.7%
TBL	Tanzania	Brewing	53.4	51.1	70.4	-4.2%	37.6%
Bralirwa	Rwanda	Brewing	25.6	28.0	29.0	9.7%	3.2%
Twiga	Tanzania	Cement	41.1	23.1	37.4	-43.8%	62.0%
MTNGhana	Ghana	Telecoms	362.0	378.2	537.3	4.5%	42.0%
NMB	Tanzania	Banks	235.1	272.9	297.5	16.1%	9.0%
JHL	Kenya	Insurance	18.5	33.0	41.8	78.7%	26.6%
Sonatel	BVRM	Telecoms	457.2	531.7	608.2	16.3%	14.4%

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Note that *every single company* among our Top 10, is expected to report net profit growth, in USD terms, for 2025 vs 2024, ranging from 3.2% to 62%. All but three companies also reported USD net profits growth in 2024 vs 2023. Jubilee Holdings, which I feature in more detail below, saw a huge 78.7% leap in 2024 net profits.



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### **Valuations on our portfolio remain extremely attractive**

As you can see highlighted in the table, for the whole portfolio, based on our expectation of 2025 earnings, the indicative P/E multiple is just 5.3x, P/B multiple 1.2x, and forecast dividend yield 9.2%.

We expect earnings per share growth across our entire portfolio in 2025 to reach 23.6%, while the return on equity for the portfolio comes to a very healthy 22.6%.

AFRICAN LIONS FUND	TOTAL PORTFOLIO	TOP 10 HOLDINGS	PORTFOLIO (Excl. Tanga)
Portfolio date	16 May 2025	16 May 2025	16 May 2025
Market Cap (USDmn)	39.48	31.47	38.58
Net income (USDmn) - 2023	4.1	4.1	4.7
Net income (USDmn) - 2024	5.5	5.3	5.8
<b>Net income (USDmn) - 2025</b>	<b>7.4</b>	<b>6.4</b>	<b>7.4</b>
Equity (USDmn) - 2023	26.7	23.1	26.2
Equity (USDmn) - 2024	29.0	25.7	29.1
<b>Equity (USDmn) - 2025</b>	<b>32.4</b>	<b>28.4</b>	<b>32.5</b>
Assets (USDmn) - 2023	130.0	118.8	126.7
Assets (USDmn) - 2024	133.2	120.7	130.1
<b>Assets (USDmn) - 2025</b>	<b>140.6</b>	<b>127.3</b>	<b>137.9</b>
Dividends (USDmn) - 2023	2.4	2.1	2.4
Dividends (USDmn) - 2024	3.2	2.9	3.2
<b>Dividends (USDmn) - 2025</b>	<b>3.6</b>	<b>3.3</b>	<b>3.6</b>
P/E - Trailing	7.1	5.9	6.6
<b>P/E - Forward</b>	<b>5.3</b>	<b>4.9</b>	<b>5.2</b>
P/BV - Trailing	1.4	1.2	1.3
<b>P/BV - Forward</b>	<b>1.2</b>	<b>1.1</b>	<b>1.2</b>
Dividend Yield - Trailing	8.1%	9.1%	8.3%
<b>Dividend Yield - Forward</b>	<b>9.2%</b>	<b>10.4%</b>	<b>9.4%</b>
ROE - 2023	15.5%	17.6%	17.9%
ROE - 2024	19.1%	20.6%	19.9%
<b>ROE - 2025</b>	<b>22.9%</b>	<b>22.4%</b>	<b>22.7%</b>
ROA - 2023	3.2%	3.4%	3.7%
ROA - 2024	4.2%	4.4%	4.5%
<b>ROA - 2025</b>	<b>5.3%</b>	<b>5.0%</b>	<b>5.3%</b>
EPS Growth - 2024	33.9%	30.3%	24.0%
<b>EPS Growth - 2025</b>	<b>33.8%</b>	<b>20.2%</b>	<b>26.8%</b>
Weight (excl. cash)	100.0%	79.7%	97.7%

We continue to add selectively to our existing positions where liquidity and pricing permits. Most recently we purchased more Bralirwa, the Heineken controlled, dominant beer and soft drinks company in Rwanda. It trades on an historical dividend yield of 12%, and 8.5x earnings.



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A steady stream of new investments in the Fund and the payment of dividends on existing positions mean we have continuous availability of cash to add to positions.

### **Where we see the best value right now in our portfolio**

One of the most extraordinarily undervalued investments in our portfolio is leading East African insurance and investment holding company, **Jubilee Holdings (Nairobi Stock Exchange)**.

Having painstakingly accumulated approximately 2.24% of the company at an average price of 193 Kenyan shillings per share over the past two and a half years, buying patiently in small lots, largely from retail investors, I continue to be amazed at how cheaply the shares are trading.

As I told Jubilee's newly promoted Deputy CEO Juan Cazcara and his executive management team when I last visited the company in Nairobi in February, the way I view this company is that its investment holdings alone, in five active businesses in the wider Aga Khan Development Network (AKDN) throughout East Africa, are worth more than the group's current derisory market capitalization of US\$117 million.

These investments are as follows:

<u>Jubilee Holdings Investment in Regional Associates (2024)</u>			Fair value	Fair value	Dividends
Company	Country	Sector	(KES bn)	(USD mn)	paid to group (USD mn)
1 PDM (Holding) Limited	Kenya	Real estate	2.74	21.2	1.74
2 Bujagali Holding Power Company Limited	Uganda	Power generation	9.75	75.3	10.64
3 FCL Holding Limited (Farmers Choice)	Kenya	Meats	4.69	36.2	0.54
4 IPS Cable Systems (Seacom)	East Africa regional	Internet	3.62	28.0	-
5 Jubilee Allianz Insurance regional affiliates	East and Southern Africa regional	P&C Insurance	1.05	8.1	-
			21.85	168.7	12.92

So, in effect, **we are getting the highly profitable, market-leading insurance business in East Africa completely for free.**

With better stewardship of its capital allocation decisions, Jubilee, in my view, has the potential to become the Berkshire Hathaway of East Africa. It has a storied history, insurance brands of great pedigree, an enormous investment portfolio, and operates in an underserved and underpenetrated industry in one of the fastest growing regions of the world.



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What puzzles me is that seemingly very few other people, if any, recognize the severe mismatch between price and value. Rationally, that makes me question my own judgement. So, I have asked around in circles who know way more about the Kenyan business landscape than me whether I might be missing something. No one has indicated that might be the case, nor come up with any plausible explanation for the rock-bottom valuation the market puts on Jubilee Holdings.

But my best guesses are as follows, none of which, to me, are good reasons for such a wide discrepancy:

- There is a conglomerate style discount
- Not everyone is comfortable being a minority owner of a business tightly held by AKFED, the Aga Khan Foundation for Economic Development and its associates.
- The accounts are very complex. (The 2024 Annual Report runs to 264 pages).
- Insurance is a difficult business to understand.
- The company sticks to the minimum level of disclosure required. It only produces half yearly results, in line with Nairobi Securities Exchange requirements, even when quarterly reports are prepared for the insurance regulator. The company hosts no earnings calls or analysts' briefings.
- The dividend payout ratio is low, though the company insists that one reason for this is that it wants to maintain a "progressive dividend policy" i.e. it wants to have a buffer so that it never needs to cut the dividend in a weak year. It prides itself on paying a higher dividend every single year.

Aside from these things, there is no obvious reason why Jubilee Holdings trades at a small fraction, just 0.3x, maximum, of its tangible book value, and on a price earnings multiple just three times.

So, we continue accumulating shares. And we wait for something, or someone, to spark a closing of the valuation gap.

Frankly, I don't need to be an expert in the insurance business when just part of this company's investment portfolio, in actively managed "associates" is worth nearly US\$169 million, and paid almost \$13 million of dividends to the group holding company last year, yet the whole of Jubilee Holdings is trading on a market value of just US\$117 million.

It's absurd.



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Value investing does not need to be complex. But it does require the courage to go against prevailing herd “wisdom,” and it can often require a lot of patience before one is vindicated.

We can afford to be patient. While the dividend payout ratio is low – too low for our liking – the company does pay a steadily growing stream of dividends to investors. And, based on the upcoming dividend to be paid out of last year’s earnings, the shares are on a 7.7% dividend yield.

### **Housekeeping and upcoming travel schedule**

I’ll be hosting a Zoom call for investors on Tuesday 27 May at 2pm East African time. That’s 12 noon in the UK, 1pm in continental Europe and South Africa, 6pm in Bangkok and Jakarta, 7pm in Hong Kong, Singapore, Perth and Bali, 9pm in Melbourne and Sydney, and 11pm in Auckland, as well as 7am in New York and Toronto, and 6am in Panama City.

In the first week of June, I will be in Switzerland. I would like to host a dinner for investors, and potential investors and friends of African Lions Fund, in Zurich on June 2. Please email if you would like to attend: [tim@africanlionsfund.com](mailto:tim@africanlionsfund.com), and I will reply with the time and venue.

A friend of mine based in Switzerland, who is also a big investor in Africa, has offered to host a lunch at his club in Zug on June 6. It would be great to see some of you there as well.

From June 20 to August 9 I plan to be in Australia. I will be in Sydney August 1 to August 9, and will be looking to meet investors. Please reach out if you want to schedule something.

The rest of the time I will be visiting family in Queensland, but also working from home there, in Yeppoon. For anyone who might be interested in visiting that part of the world, I can tell you that it is nothing short of spectacular during the southern hemisphere winter months, and I’d love to have you visit.

As always, questions and feedback are welcome at [tim@africanlionsfund.com](mailto:tim@africanlionsfund.com)

Until next time...

Good investing!

Tim Staermose  
Founder, African Lions Fund Ltd