

# New Star Heart of Africa Fund

## Factsheet – June 2008

New Star Investment Funds, 1 Knightsbridge Green, London SW1X 7NE www.newstaram.com



### Fund aim

To achieve long-term capital growth for sophisticated investors. The fund will invest principally in the securities of companies which in the opinion of the Investment Manager, exercise a predominant part of their economic activity in, or derive a predominant part of their income from, Sub-Saharan Africa, excluding South Africa.

### Fund facts at 30/05/2008

**Launched**  
November 2007

**Bid price**  
53.23p

**Fund size**  
£77.75m

**IMA sector**  
Specialist

**Type of shares**  
Accumulation

**XD date**  
1 October

**Income allocation date**  
31 January

### Minimum Investment

**Lump sum**  
£12,500

**Subsequent**  
£5,000

### Fund charges

**Initial** 5.25%  
**Annual** 1.75%

Performance fee (where applicable) 20% of outperformance relative to Libor plus 3% (three-month sterling Libor).

**Sedol number**  
B282MJ4

### Fund manager profile – Jamie Allsopp

Jamie Allsopp joined New Star in 2001 and worked as an analyst before becoming a fund manager in 2003. He has specialised in UK equities across the market capitalisation range. Jamie is also responsible for the New Star Hidden Value Fund, which has included African stocks for more than two years.



### Fund manager comment

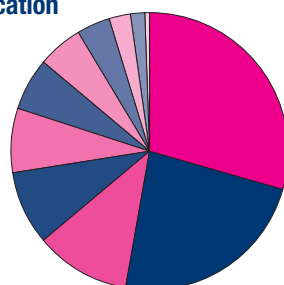
The New Star Heart of Africa Fund enjoyed a further positive month in May. Among the individual markets, Ghana gained nearly 5% as investors warmed to the country's improving economic prospects, with significant oil discoveries expected to be in production by 2010. By contrast, Nigerian equities fell 0.9% in response to profit taking; banks trading on high valuations were among the worst hit stocks.

Safaricom's stockmarket flotation in early June was successful, with the shares reserved for international investors being oversubscribed by at least six times. Safaricom is Kenya's leading telecommunications operator and one of the most profitable companies in Eastern Africa. It has a high return on capital, healthy operating profits and strong margins. The stockmarket flotation of Celtel Zambia, which has a similarly dominant position in Zambia's mobile phone market, was also announced.

One of the star performers within the fund last month was Chariot Oil and Gas, a UK-listed Namibian oil exploration and production company. The stock was the first pre-flotation investment to list, returning 100% on debut. Another strong performer was SIC, the dominant Ghanaian insurer, which began trading on the Ghana Stock Exchange in January. Its full-year profits jumped 93%. Central African Mining, the diversified sub-Saharan mining group, had a positive month stemming from a trading statement, which was followed by a raft of analysts' upgrades. The Democratic Republic of Congo reiterated its export ban on copper and cobalt concentrate, benefiting the smelters and ensuring that value is added in the country, a positive trend across the continent.

Top 10 holdings	%	Top 10 sectors	%
Central African Mining and Exploration	3.24	Banks	17.90
SIC Company	3.13	Mining	9.60
Zambeef Products	3.12	Food Producers	8.74
MTN Group	2.48	Non-Life Insurance	6.08
Chariot Oil & Gas	2.43	Beverages	4.72
Ecobank Transnational	2.27	Oil & Gas Producers	4.29
Katanga Mining	2.24	General Industrials	3.70
Celtel Zambia	2.20	Mobile Telecommunications	3.59
Nigerian Breweries	2.19	Construction & Materials	2.82
Mauritius Commercial Bank	2.18	Technology Hardware & Equipment	2.20
<b>Total Number of Holdings</b>	<b>52</b>	<b>Cash &amp; other</b>	<b>29.55%</b>

### Geographical allocation



Cash & other	29.55	Zambia	5.32
Nigeria	23.42	Canada*	3.82
Kenya	11.04	South Africa*	2.48
United Kingdom*	8.61	Malawi	1.86
Ghana	7.45	Australia*	0.34
Mauritius	6.11		

**The New Star Heart of Africa Fund is high risk and, therefore, only suitable for investors who are able to bear the loss of all or part of their capital investment. If you have any doubts about the suitability of this fund, please contact a financial adviser.**

The Financial Services Authority's rules on financial promotions do not permit the publication of past performance information unless it exists for the previous 12 months. \*While all companies included in the portfolio conduct their main business activities in the region, some may be listed on stock exchanges elsewhere.

The value of investments and any income from them may fall as well as rise as a result of market and exchange rate movements and investors may not get back the amount originally invested. Many sub-Saharan African markets are small, have low trading volumes, low liquidity and significant price volatility, particularly when compared against more developed markets. As a result, the price of shares in the fund will be more volatile than other funds. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The fund typically holds a more concentrated portfolio than the average OEIC sub-fund, and invests across a limited geographic region. The fund may invest in smaller companies which can be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Whilst increasing potential reward, the nature of the fund can increase risk and the fund may be more volatile. Due to the specialist nature of the fund, in certain circumstances, for example where there are significant redemptions, there may be constraints on the redemption or switching of shares. As a result, at times, New Star may have to delay acting on instructions to sell investments. The bid-offer spread – the difference between the buying and selling prices of the underlying assets in a fund – is wider for the New Star Heart of Africa Fund than for other less specialist funds, and may vary. Changes to the fund's pricing basis will lead to an increase or decrease in what investors will pay or receive when buying or selling shares. The overall impact of these changes should be less for long-term investors and may be either positive or negative. Detailed risk warnings can be found in the simplified prospectus and full prospectus which are available on request. This document is provided for the purposes of information only. The opinions expressed here represent the views of the fund manager at the time of preparation and should not be interpreted as investment advice.

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