



AFRICA PICKING FUND

April 26th, 2019

Africa Picking Fund is a stock picking fund that invests in African equities of all sizes and sectors. The fund favours sectors that will benefit from the long term growth of African economies and the increase in African consumers' wealth.

Manager comments

Missteps are always a good opportunity to initiate or reinforce participation in a company which interests us.

Wafa Assurance's case is a perfect example given that the share lost almost 20% since the beginning of the year.

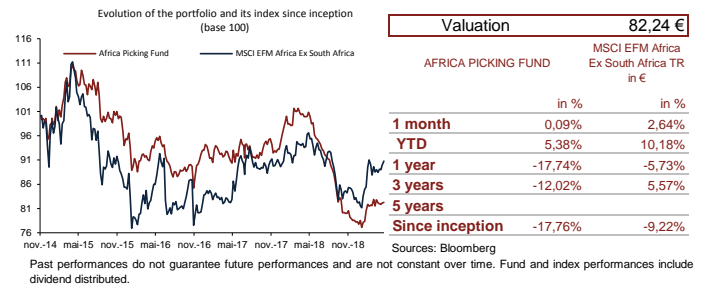
In 2018, this Moroccan insurer declared a disappointing performance with a 2% decrease of premiums and a 26% decrease of the net result which can mainly be explained by a higher sinistrality in the automobile sector. To deal with this situation, the group announced that it would modify its compensation mechanisms and implement personalised pricing levels.

In the medium and long term, the group's results should benefit from contributions from African subsidiaries (Ivory Coast, Senegal and Tunisia) which are still unprofitable except for Tunisia. This positive trend is strengthened by the recent external growth operation involving the takeover of PRO ASSUR SA and PRO ASSUR VIE in Cameroon.

Besides, Wafa Assurance has strong regulatory ratios and in particular a solvency ratio greater than 300% (vs a legal minimum of 100%) which will enable the company to face the upcoming regulatory changes of the new solvency regime based on risks without difficulty.

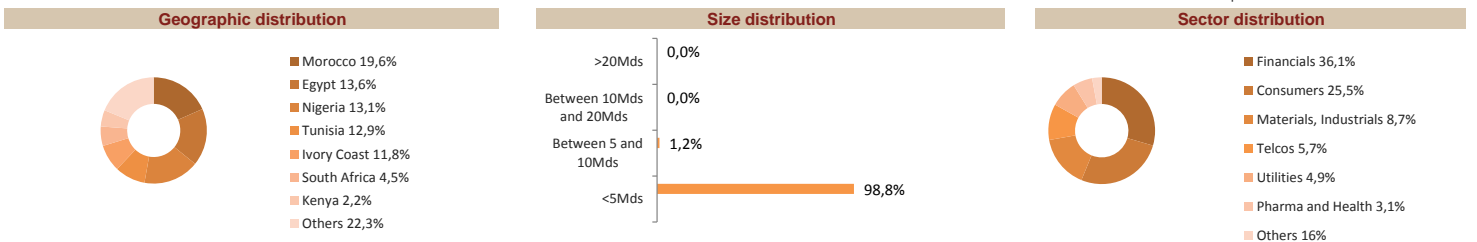
Finally, ATTJARIWafa Bank as a main shareholder and a highly skilled management reassures us about the ability of the group to renew with the historic profitability levels which were around 20%. For 2020, Wafa Assurance is worth 15.5x the result and 1.9 the book value so the valuation levels are correct. We will take advantage of a potential correction to increase our position which currently amounts to 1.5% of the invested assets.

Performance as at April 26th, 2019



Risk indicators	Portfolio profile	Largest investments		Key price changes*	
Since inception		Shares	Weight in %	Shares	Weight in %
Volatility	EV/EBITDA 5,1	JET CONTRACTORS	4,3%	CAL BANK	3,6%
- Fund 10,5%	PER 2018 10,8	ZENITH BANK	4,0%	MM GROUP	3,6%
- Index 16,4%	Yield (%) 5,6	RAYA CONTACT CENTER	3,9%	OULMES	3,2%
Tracking Error 10,8%	Average market cap (M€) 557,5	AXA MANSARD INSURANCE	3,9%	SONATEL	3,0%
Alpha -7,8%	Number of shares in portfolio 45	SOTIPAPIER	3,6%	LETSHOGO	3,0%
Beta 0,5	AUM (EUR M) 5,3				

Sources: Bloomberg / OBAFRICA database



Caractéristiques du fonds

> Fund Manager	Financière de l'Echiquier	> Subscription commission	0% max
> Advisor and marketer	OBAFRICA AM	> Exit commission ⁽¹⁾	0% (1)
> Inception date	7 novembre 2014	> Annual management fees	2,5% tax incl. max
> Classification	FCP (Mutual fund) International equities	> Valuation	Weekly
> Risk level	5 on a scale ranging from 1 to 7	> Custodian	BNP PARIBAS SECURITIES SERVICES
> Recommended min. investment period	5 years		
> ISIN	FR0011884550		
> Currency	Euro		
> Profits allocation	Capitalisation		
> Benchmark	MSCI Emerging Frontier Markets Africa ex S. Africa in EUR		

(1) An exit fee of 2% will be charged by the fund in the case of a large exit request (defined as equal to or larger than 5% of the fund AUM) if a 5 days notice period is not respected.

This commercial document is aimed at presenting a simplified summary of the funds characteristics.

This mutual fund is subject to specific risks presented in details in its prospectus and notably a risk of capital loss. For any additional information and before investing, potential investors must have knowledge of the DICI and prospectus of the fund. This fund is targeting investors aware of the risks related to its investment strategy.

OBAFRICA AM

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