Standard Africa Equity Fund

January 2010

Investment Objective

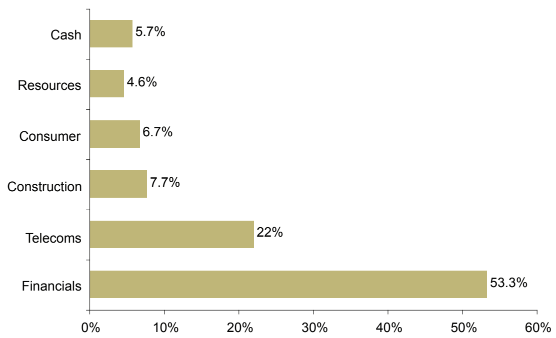
The primary investment objective of the fund is to achieve medium to long-term capital growth. The generation of income will be secondary to the primary objective of maximising capital growth.

The fund will pursue this objective by investing in equity securities of companies that are listed or traded on Regulated Markets either in Africa (excluding South Africa) or of companies that are listed or traded on Regulated Markets that carry out a substantial portion of their business (meaning not less than 51%) in Africa (excluding South Africa) (e.g. mining exploration companies listed on AIM, the Toronto Stock Exchange or the JSE).

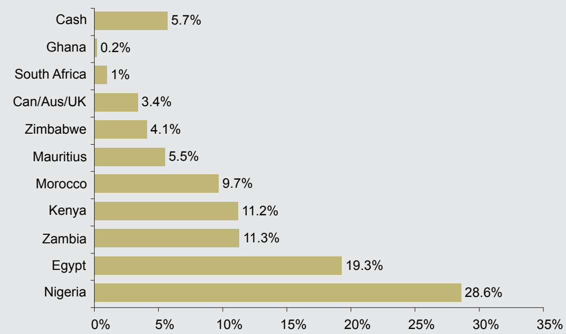
Key Features

- ‘Frontier Market’ investment.
- Managed by STANLIB, Standard Bank Group’s principal asset manager by size with AUM of US$50bn.
- Active management approach.
- Extensive research capability- dedicated team of 13 investment professionals focused purely on Africa (ex South Africa).
- Company and country visits form an integral part of the investment process.
- Focus on companies that have the highest upside to fair value and/or are undervalued relative to peers and market.
- No style bias.
- Concentrated portfolio - 45-60 stocks.

Sector Weighting



Geographical Weighting



Performance (USD)

Since Inception	1 Year	3 Months	1 Month
-51.00%	-2.00%	-4.50%	-0.60%

Portfolio Facts

Launch date	14/08/2007	**Initial Charge**	5% Maximum
Structure	UCITS III	**Annual Management Fee**	2%
Domicile	Dublin	**Redemption Fee**	None
Available Classes	Accumulation (A–1)	**Pricing**	Daily
	Distributing (B–1)	**Dealing**	1st and 3rd Friday of each month
Fund Currency	US Dollar	**AUM**	US$72.9 million
Minimum Investment	US$50’000		
Subsequent Investments	US$50’000		

ISIN#

Standard Africa Equity Fund Class A1	IE00B23Q2M41
Standard Africa Equity Fund Class B1	IE00B23Q2P71

Bloomberg Ticker Number

Standard Africa Equity Fund - AU STMAEAU ID Standard Master Funds PLC

The Bloomberg Ticker Number relates to Accumulation Units

Sedol No: B23Q2M4

Reuters No: IEB23Q2M4.1

Month-end NAV’s (12 months)

Jan 2009	3.99
Feb 2009	3.96
Mar 2009	3.92
Apr 2009	4.17
May 2009	4.78
Jun 2009	4.95
Jul 2009	4.91
Aug 2009	4.85
Sep 2009	5.13
Oct 2009	5.04
Nov 2009	4.93
Dec 2009	4.90

Portfolio’s Top Ten Holdings (%)

Guaranty Trust Bank - Nigeria	6.9
Access Bank - Nigeria	6
Celtel - Zambia	5.9
Commercial International Bank - Egypt	5.3
First City Monument Bank - Nigeria	5.2
Zambeef - Zambia	5.1
Mobinil - Egypt	5.1
Orascom Construction - Egypt	4.4
Salafin Financial - Morocco	3.8
Access Bank - Nigeria	4.0

Please refer to page 2 for more details regarding this portfolio as well as other important information for consideration

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Commentary: 4th Quarter 2009

During 4Q 2009 the NAV of the Standard Africa Equity Fund fell by 4.5% in US$. Over 2009 as a whole, the Fund's NAV fell by 2% in US$.

The major influence on performance during the quarter was the decline in the Egyptian market, which accounts for 40% of Africa's stock market capitalisation ex South Africa and which tumbled by 7.5% in US$. Developments in Egypt itself were not really to blame – rather the knock-on effects of the crisis of confidence that hit Dubai in November, when Dubai World announced payment delays on certain of its loans related to its property operations. Fears spread throughout the Gulf region, a number of Gulf based markets plunging by up to 20%. Although most Egyptian companies were not directly implicated, there was widespread unease about the possible exposure of a number of North African property companies and financial institutions. Morocco was also caught up in the downdraft, falling by 4.4% in US$. In relative performance terms the Fund benefitted from being underweight both these markets but it was difficult to avoid the effects of these market falls in absolute terms. As we write at the beginning of 2010, it seems as if the markets' initial concerns were overdone. Dubai World has reached an amicable agreement with its creditors and Middle Eastern markets such as Egypt have begun the year posting a strong recovery.

African markets elsewhere tended to continue the performance patterns established in previous quarters. Nigeria fell by 7.1% in US$ on protracted worries about the health of its banking system, although it too has recovered well in the first few days of 2010 and we are of the view that selective banking stocks now offer good value. Smaller, less liquid markets also suffered from continued profit-taking. Ghana, for instance, fell by 10.7% in US$, making it Africa's worst performing market over the quarter but the fund had minimal exposure here. On a more positive note, Kenya was Africa's best performing market ex South Africa rising by 7.2% in US$ and the Fund benefitted from being considerably overweight in this market.

Sector asset allocation remained defensive, the Fund being overweight telecoms and consumer stocks and underweight cyclical industrials. The one major stock purchase during the quarter, Maroc Telecom, reflects this defensive approach.

It has to be admitted that African stock markets in 2009 performed less well than anticipated and certainly underperformed other emerging markets. We believe much of the explanation for this lay in the reluctance of investors to commit new funds to markets that had proved relatively illiquid and difficult to trade in 2008. This is borne out by the observation that liquid markets generally outperformed less liquid markets. Egypt is Africa ex South Africa's most liquid market and despite its tribulations in Q4, it still delivered a positive US$ return of 37.1% during the year and Mauritius, another notably liquid market, delivered a positive US$ return of 51.1%. On the other hand, relatively illiquid Ghana fell by 53.3% and the West Africa BRVM fell by 24.9% in US$.

However, African economies, as opposed to its stock markets, performed creditably. The latest IMF estimates suggest pan-African GDP will have grown by 1.5% in 2009, a positive outturn that echoes Africa's similarly robust performance at the time of the last global recession in 2003. While it would be wrong to conclude Africa is immune to global ills, the continent does appear to have sufficient internal economic momentum to enable it to weather all but the severest storms. For 2010, the IMF estimates African GDP growth could rebound to the 3% to 4% level, led by improving global trade and higher commodity prices. Given that stock market valuations in Africa are now once again towards the lower end of recent valuation ranges and the outlook for corporate profitability is improving, we continue to believe Africa will ultimately reward medium to long term investors.

Portfolio Manager

Stephane Bwakira,

Stephane Bwakira holds a B.Sc. in Business Administration from Drexel University in the USA and an MBA from the University of Cape Town, South Africa. He has focused on the analysis and management of African equities since 2004 and reports to STANLIB's Head of Africa Desk, John Mackie. Stephane is based in Johannesburg.

Statutory Disclosure and General Terms & Conditions

The value of investments may fall as well as rise and investors may get back less cash than originally invested. Prices, values or income may fall against the investors' interests and past performance may not be a guide for the future. Investments may be quoted in foreign currencies and investors should be aware that the changes in rates of exchange may have adverse effects on the value, price or income of the investments.

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