

**PERFORMANCE**

	(a) QTD	(b) YTD
<b>FCA Africa Portfolio Gross Return<sup>(1)</sup></b>	<b>3.95%</b>	<b>3.95%</b>
<b>FCA Africa Portfolio Gross Return<sup>(2)</sup></b>	<b>-7.18%</b>	<b>-7.18%</b>
<b>S&amp;P AFRICA FRONTIER (STEIAFDI)<sup>(2)</sup></b>	<b>-11.60%</b>	<b>-11.60%</b>
<b>S&amp;P Africa 40 Index (SPAFRUP)<sup>(2)</sup></b>	<b>2.39%</b>	<b>2.39%</b>

Note: 1. Represents preliminary gross return; net returns calculated quarterly. Please see disclosure attached for historical net returns

Note: 2. Dollar adjusted

<u>Sector Returns</u>	<u>QTD</u>	<u>YTD</u>	<u>Country Return</u>	<u>QTD Local</u>	<u>QTD \$</u>
<b>Financials</b>	2.12%	2.12%	<b>Ghana</b>	11.28%	-0.64%
<b>Pharma/Healthcare</b>	5.88%	5.88%	<b>Nigeria</b>	-6.25%	-9.04%
<b>Consumer Discretionary</b>	-7.89%	-7.89%	<b>Kenya</b>	5.17%	5.18%
<b>Consumer Staples</b>	0.43%	0.43%	<b>Lusaka</b>	9.71%	-1.09%
<b>Materials</b>	14.89%	14.89%	<b>Egypt</b>	14.61%	14.68%
<b>Energy</b>	5.71%	5.71%	<b>Mauritius</b>	0.39%	-0.32%
<b>ICT/Telecom</b>	27.39%	27.39%	<b>Botswana</b>	-1.08%	-0.99%
<b>Other</b>	-28.57%	-28.57%	<b>Morocco</b>	4.44%	0.33%

(a) QTD: Quarter to date

(b) YTD: Year to date

**NARRATIVE**

Global equity markets were decidedly mixed during the first Quarter of 2014. The S&P 500 index continued its upward momentum moving up 1.30%, while the NIKKEI 225 was down 7.05%. The quarter performance for countries we focus on in Africa, were as follows: Ghana up 11.28%, Nigeria down 6.25% and Kenya up 7.30%. The FCA Model Portfolio was up 3.95% for the quarter in local currency terms and down 7.18% in dollar terms. The S&P Africa Frontier index was down 11.60%, dollar adjusted over the same period.

**Model Portfolio Performance**

The Model Portfolio performance was driven primarily by our country allocation decision which was helped by our over-weight position in Ghana and Kenya. However, our lack of participation in Egypt negatively impacted performance. Our sector allocation decision was focused in three main area; Telecom, Energy and Material. Strong stock selection in the three groups attributed to the strong relative out-performance. The top five shares contributing to relative performance for the quarter were: Enterprise Group up 41.33%, Standard Chartered Ghana up 33.67%, SIC up 33.33% and Total Ghana up 28.06%.

The bottom five stocks detracting from relative performance were Oando down 26.73%, Trust Bank Gambia down 28.67%, FBN Holding down 15.74%, Ghana Commercial Bank down 15.67%, and Zenith down 15.40%.

**Best Quarterly Performance**

For the second quarter in a row, Egypt recorded the best performance rising 14.61%. The country's political landscape has stabilized although there is an uneasiness that can tip the political tensions in the direction of either the military rulers or the dissidents. We will continue to monitor events and get to a comfort level before we invest in Egypt. Ghana was the second best performer up 11.28%, however the dollar return was reduced dramatically because of the severe depreciation of the cedi in the first two months of the year. Kenya returned a strong 5.17%, shaking off the effects of the Westgate Retail Mall shootings. Morocco which seems to have stabilized and is showing more upward pressure. The economic outlook for our focus countries remain stable although growth in economic activities has slowed due to global economic weakness.

## NARRATIVE (CONT.)

### Frontline Long-term Strategy

Frontline's long term strategy in managing our portfolios remains unchanged and it is based on the premise that the long-term picture for Africa's emerging stock markets is very bright. The recent bear market in selected commodities including gold, coffee and copper has reversed course and now we see prices move up. We continue to believe that the super commodity cycle remains intact. We like stocks in the Energy, Materials and Consumer sectors.

### Near-Term Outlook 2014

Our near-term outlook for the African markets is positive. We expect another strong year in 2014. Frontline believes that we are at the early stages of a bullish trend that will take the African markets to new highs. Although emerging markets have suffered declines on fears of the impact of the tapering the US quantitative easing, strategy, we re-

main resolute in our belief that this time around the African economies are strong with one of the best growth prospects in the world, and will remain an attractive haven for investors seeking strong returns. This will bolster the stock markets in Ghana, Nigeria and Kenya. Also favourable, is a supportive interest rate regime, increase in industrial production, strong commodity exports led by the oil sector, increase in consumer confidence and consumer spending and a loosening of credit to spur on business growth. Our major concern hinges on the twin deficits showing up in a number of countries including Ghana and Malawi. We expect these countries to rein in spending and adopt policies that will reverse this trend. Despite the back up in yield in the African Eurobonds securities, we believe this is a temporary respite that will give way to the positives of the long-term story of the African economies rising.

## HIGHLIGHTED STOCKS

Security	<u>% Portfolio</u>		Strategic	Alpha Ranking	<u>Expected Alpha</u>		Fundamentals	Risk
	Pre <sup>(2)</sup>	Post			Valuation	Momentum		
<u>Stocks</u>								
Cal Bank	3.0	3.9	Good stock within an attractive and improving industry	2	Attractive	Strong	Cal Bank increased its capitalization with a private offering that has tripled the size of the company in the last year. Earnings were robust in the first half of the year and its expected to continue to show good progression.	↓
Forte Oil	0.9	2.5	Attractive stock	3	Neutral	Strong	We expect the ongoing branding repositioning exercises to produce good result for the company amid improved profitability. Operational challenges will continue to be a negative for the company.	↓
EBG	3.2	3.4	Good stock within an attractive and improving industry	3	Neutral	Stable	We expect EBG to substantially increase its size in the next three years through an acquisition or rapid branch expansion. EBG is poised to leverage the Pan African platform offered by the Ecobank Group.	↑
SAFCOM	2.5	2.9	Good stock within an attractive industry	3	Neutral	Strong	Safaricom continues to blaze trails in its East African operating territories. The stock is up over 105% in the last year reflecting strong earnings. It spots a dividend yield of 4.1% and a P/E of 14.26x.	↑
Zenith Bank	3.1	5.3	Good stock within an attractive but sensitive industry	2	Attractive	Stable	Zenith finished the year strongly galloping in price and becoming the most capitalized bank in Nigeria. The Bank was also recognised as the best bank in the country.	↓
East Africa Brewery	3.2	3.4	Good stock within an attractive and improving industry	2	Attractive	Stable	EABL trades at a premium to other breweries reflecting its growth prospects in the East African region. We expect turnover and earnings to increase at a rapid pace in the coming years.	↑

**Note: (2) Class rank as of prior month end**

Past performance is not an indication of future results. Results for the period are time weighted. Performance results are presented before management and custodial fees. A complete list of firm composites and performance results is available upon request. Additional disclosures are found at the end of this presentation.

## GHANA EQUITY ONLY COMPOSITE

ANNUAL DISCLOSURE PRESENTATION			
Annual Performance Results			
Year End	FCA	SPA 40	SPAF
	Composite	ALL	ALL
Q1 2014	-7.18%	-11.60%	2.39%
2013	47.47%	8.65%	34.61%
2012	38.55%	26.90%	45.85%
2011	-12.99%	-6.17%	-21.30%
2010	28.39%	32.51%	24.10%

Performance Returns in USD

Performance is depicted gross of fees. Management fees reduce the performance on the prior pages. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) GHC 1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of GHC 59,816 over five years and GHC 143,430 over ten years. This presentation is intended for qualified investors in a one-on-one format. Mass distribution is not intended. Past performance is not indicative of future results. The currency used to express performance is the Ghana Cedi. During the period(s) shown, the results portrayed were impacted by material market/economic conditions including a recessionary economy. The performance results do not reflect the deduction of advisory fees and other expenses which the client would have paid or actually paid. The impact of Frontline's management fee on a portfolio is exhibited above. The results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. Dividends and capital gains may be invested in money market funds or other cash equivalent investments pending reinvestment in other portfolio securities. The composite results portrayed during the period are compared to the performance of their respective indices because the securities making up the composite most nearly reflects the types of securities making up these indices. During the period, there were no investment strategies employed to obtain the results portrayed other than those strategies disclosed.

Information ratio is a measure of value added by the manager. It is the ratio of (annualized) excess return above the benchmark to (annualized) tracking error.

### All Share Index

Widely regarded as the best single gauge of the Ghana equities market, this index comprises of all the available shares on the Ghana Stock.

### S& P Africa Frontier Index

Widely regarded as the best single gauge of the African Frontier equities market, this index comprises selected stocks in the following African Frontier Markets.