



INVESTMENT MATTERS

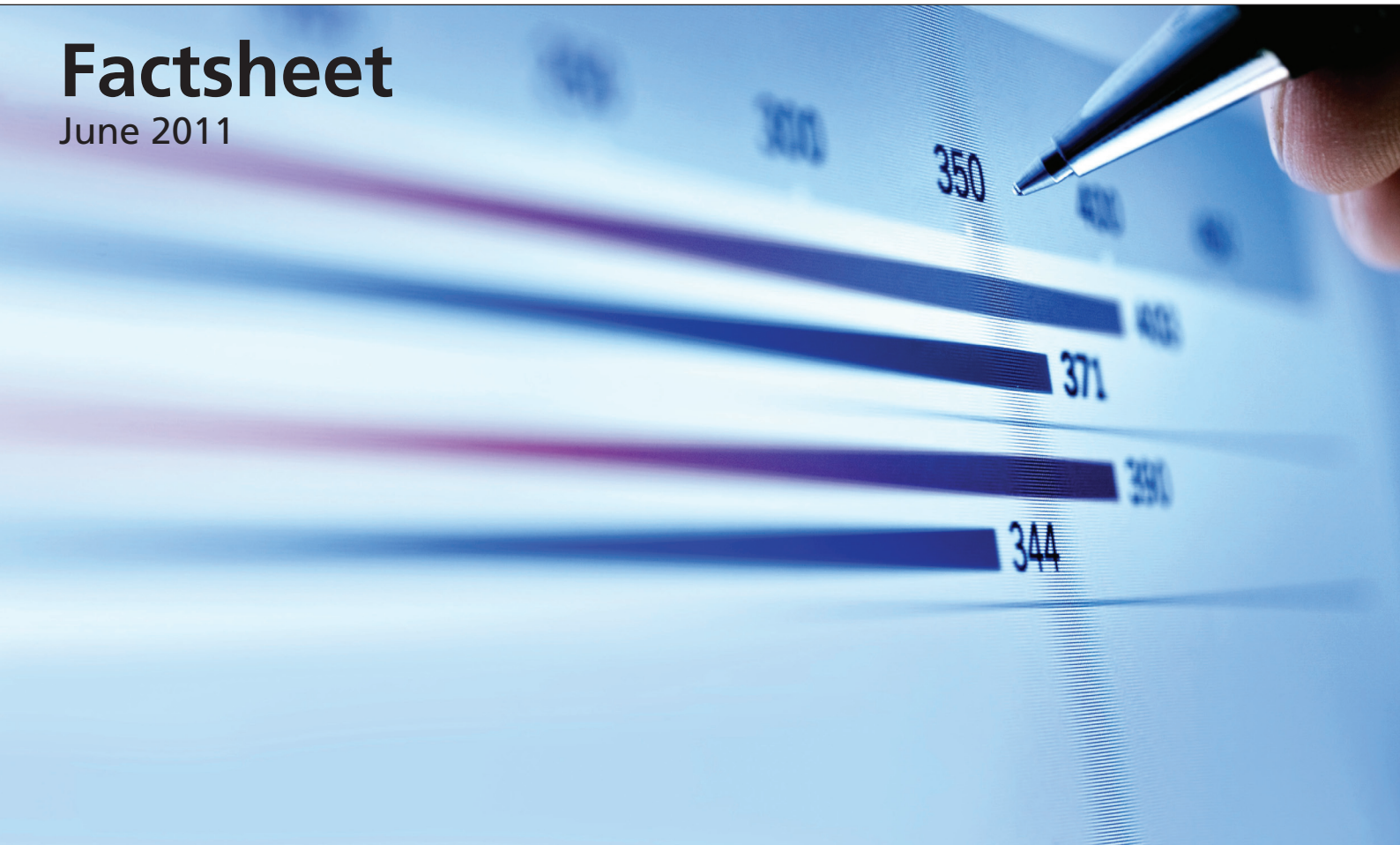
africainvestor

Pan-African Ai 40 and Ai 100 Stock Market Indices

Africa investor Research provides a family of products and services that support our clients' investment processes in major asset classes across Africa. Our goal is to leverage our deep understanding of Africa's financial markets to turn data-driven insights into tools that our clients can use to meet their investment process needs.

Factsheet

June 2011



Brief guide to the Africa investor pan-African stock market indices, currently the Ai40 and Ai100

RATIONAL

- Recognising the growing local and international interest in African stock markets, Africa investor created two pan-African stock market indices, the Ai40 and Ai100, on 30 December 2005.

THE AI100: A DIVERSIFIED, PAN-AFRICAN BENCHMARK

- The Ai100 comprises the top ranked companies by market capitalisation from 17 African stock markets.
- The number of companies selected from each market reflects the size of that market and, at the lower end, the desire to include only companies with a minimum market capitalisation of US\$100 million (see table 1).
- The primary purpose of the Ai100 is to give investors a quick overview of progress across a broad spectrum of businesses and markets in Africa.
- It is not designed as an 'investable' index.

THE AI40: A DIVERSIFIED, PAN-AFRICA 'INVESTABLE' INDEX

- The Ai40 is a sub-set the Ai100 and is intended to be 'investable'. Investors are able to replicate the portfolio.
- Africa investor selects companies to include in the Ai40 based on market

capitalisation, average traded volume over the preceding three months and sector diversity.

- Constituents must have sufficient size, availability and liquidity for fund managers to make realistic investments in the stock.
- There is a country limit of seven companies to ensure diversification across the continent.
- Currently, nine African countries are represented in the index (see table 2).

VALUATION

- The values of both the Ai100 and Ai40 are calculated using an adjusted market capitalisation weighting (see below for details). The value of each was set to 100 at launch date.

AI100 SELECTION CRITERIA

- A list of Africa's top 100 companies by market capitalisation would be dominated by South Africa's giants. But Africa boasts over 20 other stock markets.
- For an investor interested in the whole African story then, a list of Africa's largest companies would fall short. Country limits are imposed in order to access successful companies from other countries.
- The limits reflect how a hypothetical

Ai pan-African indices - Summary

Ai100

| | |
|-----------------------|-----------------|
| Constituents | 100 |
| Number of markets | 17 |
| Base date | 30 Dec. 05 |
| Base value | 100 |
| Reporting currency | US\$ |
| Country cap | Max 12 Min 1 |
| Market capitalisation | \$672.4bn |
| Level 20 Apr 2011 | 124.46 |

Ai40

| | |
|-----------------------|------------|
| Constituents | 40 |
| Number of markets | 8 |
| Base date | 30 Dec. 05 |
| Base value | 100 |
| Reporting currency | US\$ |
| Country cap | Max 7 |
| Market capitalisation | \$371.2 bn |
| Level 20 Apr 2011 | 130.99 |

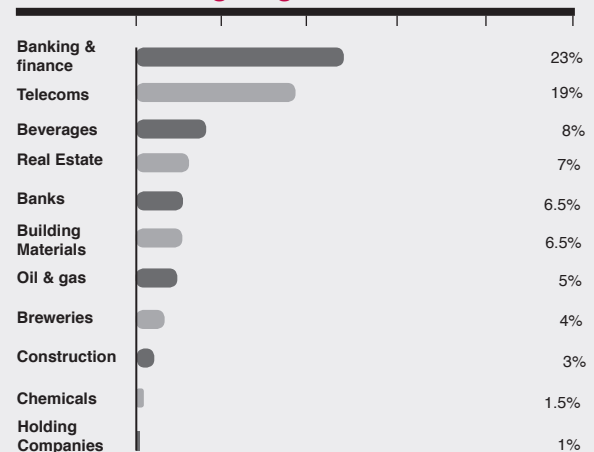
investor might want to diversify a portfolio across Africa.

- Companies are selected on the basis of market capitalisation up to the country limit.

Ai40 country weighting



Ai40 sector weighting



AI40 SELECTION CRITERIA

- The Ai40 is a sub-set of the Ai100.
- Companies compete for a slot in the Ai40 based on size and liquidity.
- Each company is ranked according to its market capitalisation and the value of its shares traded as a proportion of its market capitalisation. A small, well-traded company can rank higher than a larger, thinly traded one.
- Companies are scored by rank in each category and the scores added.
- Companies ranked below seventh in their domestic markets are withdrawn. The top forty companies remaining form the basis of Ai40 index.
- The Ai supervisory board may substitute a small number of companies to ensure sector diversification and liquidity.

INDEX CALCULATION

- The largest company in the Ai100 is more than 500 times the size of the smallest, and nearly three times the size of the sixth biggest.
- An index weighted in on market capitalisation would track only changes in its largest constituents.
- On the other hand, an index that weighted every company equally could swing wildly with the price changes of some of its smaller and more volatile stocks.
- The Ai indices overcome this by ranking each company by its capitalisation and assigning a weighting according to rank position.
- In the Ai100, the largest company is weighted at 5% and the smallest at 0.2%, a factor of 25 rather than 500.
- The range in the Ai40 is 7% to 0.5%.

- **The formula for calculating the index value is:**

$$\text{Value} = 100 \times \sum ((V_t/V_0) \times W_t)$$

- Where V_t = Current share price,
 V_0 = Base share price and W_t = weight.

COMPOSITION REVIEW

- The composition of Ai indices are reviewed every six months.

Table 1:
Country limits for the Ai100

| Country | Number |
|--------------|--------|
| Egypt | 12 |
| South Africa | 12 |
| Morocco | 10 |
| Kenya | 9 |
| Nigeria | 9 |
| Tunisia | 8 |
| Botswana | 6 |
| Brvm | 6 |
| Mauritius | 6 |
| Ghana | 5 |
| Zambia | 4 |
| Zimbabwe | 4 |
| Malawi | 3 |
| Namibia | 2 |
| Tanzania | 2 |
| Swaziland | 1 |
| Uganda | 1 |

Table 2:
Current country representation in Ai40

| Country | Number |
|--------------|--------|
| Egypt | 7 |
| Morocco | 7 |
| Nigeria | 7 |
| South Africa | 7 |
| Kenya | 5 |
| Brvm | 2 |
| Mauritius | 2 |
| Tunisia | 2 |
| Zambia | 1 |

- Ai analyses Africa's top companies and makes the relevant substitutions to the Ai100. We then run the Ai40 selection model based on current market capitalisation and trading data.
- Africa investor monitors the markets on an ongoing basis in order to incorporate any necessary changes brought about by corporate actions.

Prices, currency values and publication

- The index values are calculated weekly.
- All share prices are converted to their US dollar equivalent at close of business each Friday using market exchange rates.
- The current value is published on the Ai website each Tuesday.

Ai40 and Ai100 since inception (base=100)



Ai40 and Ai100 constituent list (Ai40 constituents highlighted)

| Company | Ticker | Sector | Country | Mkt Cap US\$million |
|---|-------------|--------------------|--------------|---------------------|
| Abu Kir Fertilizers | ABUK EY | Chemicals | Egypt | 1,600 |
| ACCESS BANK PLC | ACCESS NL | Banks | Nigeria | 977 |
| AL EZZ STEEL REBARS SAE | ESRS EY | Iron/Steel | Egypt | 792 |
| AMEN BANK | AB TU | Banks | Tunisia | 471 |
| Anglo American | AGL SJ | Mining | South Africa | 69,312 |
| Anglo Platinum | AMS SJ | Mining | South Africa | 22,684 |
| ANGLOGOLD ASHANTI LTD | ANG SJ | Mining | South Africa | 17,711 |
| Arab Tunisian Bank | ATB TU | Banking & finance | Tunisia | 391 |
| ATTIJARI BANK | TJARI TU | Banks | Tunisia | 445 |
| Attijariwafa Bank | ATW MC | Banking & finance | Morocco | 9,398 |
| B MAROCAINE PR LE COMMERCE | BCI MC | Banks | Morocco | 1,585 |
| Bamburi Cement Ltd | BMBC KN | Building materials | Kenya | 722 |
| BANK OF ALEXANDRIA SAE | BALX EY | Banks | Egypt | 1,911 |
| BANQUE CENTRALE POPULAIRE | BCP MC | Banks | Morocco | 3,250 |
| Banque De Tunisie | BT TU | Banking & finance | Tunisia | 876 |
| Banque Intl Arabe du Tunisie | BIAT TU | Banking & finance | Tunisia | 720 |
| Banque Marocaine du Commerce | BCE MC | Banking & finance | Morocco | 4,447 |
| Barclays Bank Botswana | BCBB BG | Banking & finance | Botswana | 793 |
| Barclays Bank Kenya | BCBL KN | Banking & finance | Kenya | 1,039 |
| BHP Billiton | BIL SJ | Mining | South Africa | 93,220 |
| Botswana Insurance Holdings Limited | BIHL BG | Insurance | Botswana | 510 |
| BRITISH AMERICAN TOBACCO PLC | BTI SJ | Agriculture | South Africa | 84,466 |
| Celtel Zambia Ltd | CELTEL ZL | Telecommunications | Zambia | 797 |
| CENTRALE LAITIERE | CLT MC | Food | Morocco | 154 |
| CGI | CGI MC | Real Estate | Morocco | 3,095 |
| Ciment Maroc | CMA MC | Cement | Morocco | 954 |
| Commercial International Bank | COMI EY | Banks | Egypt | 1,360 |
| Co-operative Bank of Kenya | COOP KN | Banking & Finance | Kenya | 722 |
| DANGOTE CEMENT PLC | DANGCEM NL | Building Materials | Nigeria | 12,905 |
| Delta | DELTA ZH | Food & beverages | Zimbabwe | 797 |
| Douja Prom Addoha | ADH MC | Real Estate | Morocco | 3,649 |
| East African Breweries | KNBL KN | Breweries | Kenya | 1,925 |
| Ecobank Ghana Ltd | EBG GN | Banks | Ghana | 539 |
| ECOBANK TRANSNATIONAL INC | ETIT BC | Banks | Brvm | 893 |
| ECONET Wireless Holdings | ECWH ZH | Telecommunications | Zimbabwe | 347 |
| Egyptian Financial Group - Hermes Holding Company | HRHO EY | Banking & finance | Egypt | 1,222 |
| EI Ezz Aldekhela Steel - Alexandria | IRAX EY | Chemicals | Egypt | 1,320 |
| ENL LAND LTD | SAVA MP | Food | Mauritius | 342 |
| Equity Bank Limited | EQBNK KN | Banking & finance | Kenya | 1,205 |
| FAN MILK LTD | FML GN | Food | Ghana | 199 |
| FINANCIERE RICHEMONT-DEP REC | CFR SJ | Retail | South Africa | 31,664 |
| First Bank | FIRSTBAN NL | Banks | Nigeria | 2,867 |
| Fnb Namibia | FNB NW | Banking & finance | Namibia | 483 |
| FNBB | FNBB BG | Banking & finance | Botswana | 1,035 |
| Ghana Commercial Bank | GCB GN | Banking & finance | Ghana | 461 |
| GOLDEN STAR RESOURCES LTD | GSR GN | Mining | Ghana | 579 |

Ai40 and Ai100 constituent list (Ai40 constituents highlighted)

| | | | | |
|------------------------------|-------------|-------------------------------|--------------|--------|
| Guaranty Trust Bank | GUARANTY NL | Banking & finance | Nigeria | 2,382 |
| GUINNESS NIGERIA PLC | GUINNESS NL | Beverages | Nigeria | 1,939 |
| HAREL FRERES LTD | HFRERES MP | Holding Companies-Divers | Mauritius | 289 |
| HIPPO VALLEY ESTATES LTD | HIPPO ZH | Agriculture | Zimbabwe | 212 |
| Illovo Sugar | ILLOVO MW | Sugar | Malawi | 522 |
| Impala Platinum | IMP SJ | Mining | South Africa | 18,034 |
| INNSCOR AFRICA LTD | INAF ZH | Holding Companies-Divers | Zimbabwe | 328 |
| Ken Gen | KEGC KN | Power | Kenya | 400 |
| Kenya Comm. Bank Ltd | KNCB KN | Banking & finance | Kenya | 668 |
| KUMBA IRON ORE LTD | KIO SJ | Iron/Steel | South Africa | 22,253 |
| Lafarge | LAC MC | Building materials | Morocco | 3,754 |
| Letshego | LETSHEGO BG | Banking & finance | Botswana | 529 |
| Maroc Telecom | IAM MC | Telecommunications | Morocco | 17,549 |
| Mauritius Comm. Bank | MCB MP | Banking & finance | Mauritius | 1,539 |
| MEDINE SUGAR ESTATES CO LTD | MSE MP | Food | Mauritius | 306 |
| Mobinil | EMOB EY | Telecommunications | Egypt | 2,322 |
| MTN Group | MTN SJ | Telecommunications | South Africa | 38,196 |
| National Bank of Malawi | NBM MW | Banking & Finance | Malawi | 179 |
| NATIONAL SOCIETE GENERAL | NSGB EY | Banks | Egypt | 2,122 |
| New Mauritius Hotels | NMH MP | Leisure & tourism | Mauritius | 619 |
| Nigerian Breweries | NB NL | Breweries | Nigeria | 4,281 |
| ONATEL BF | ONTBF BC | Telecommunications | Brvm | 355 |
| Orascom Construction | OCIC EY | Construction | Egypt | 8,403 |
| Orascom Telecom | ORTE EY | Telecommunications | Egypt | 3,647 |
| PALADIN ENERGY LIMITED | PDN NW | Mining | Namibia | 2,454 |
| POULINA GROUP HOLDING | PGH TU | Holding Companies-Divers | Tunisia | 889 |
| PRESS CORP LTD | PCL MW | Holding Companies-Divers | Malawi | 139 |
| Sab Miller | SAB SJ | Beverages | South Africa | 54,469 |
| Safaricom Ltd | SAFCOM KN | Telecommunications | Kenya | 1,953 |
| SAPH | SPHC BC | Agriculture & Agri-processors | Brvm | 284 |
| Sasol | SOL SJ | Oil & gas | South Africa | 34,658 |
| Sechaba | SCHB BG | Breweries | Botswana | 238 |
| SFBT Brasseries Tunisie | SFBT TU | Beverages | Tunisia | 490 |
| Solibra-Ci | SLBC BC | Beverages | Brvm | 365 |
| Sonatel Sn | SNTS BC | Telecommunications | Brvm | 3,667 |
| Stan. Chart Kenya | SCBL KN | Banking & finance | Kenya | 806 |
| Stan.Chart Botswana | SCBB BG | Banking & finance | Botswana | 391 |
| Stanbic Bank Uganda | SBU UG | Banking & finance | Uganda | 527 |
| STANBIC IBTC BANK PLC | IBTCCB NL | Banks | Nigeria | 1,220 |
| Standard Bank | SBK SJ | Banking & finance | South Africa | 22,408 |
| Standard Chartered Ghana | SCB GN | Banking & finance | Ghana | 610 |
| Standard Chartered Zambia | SCBZ ZL | Banking & finance | Zambia | 530 |
| State Bank Mauritius | SBM MP | Banking & finance | Mauritius | 1,070 |
| SWAZILAND EMPOWERMENT LTD | SEL SD | Holding Companies-Divers | Swaziland | 14,675 |
| T M G HOLDING | TMGH EY | Real Estate | Egypt | 1,357 |
| Tanzania Breweries | TBL TZ | Beverages | Tanzania | 326 |
| TANZANIA PORTLAND CEMENT CO. | TWIGA TZ | Building materials | Tanzania | 225 |

Ai40 and Ai100 constituent list (Ai40 constituents highlighted)

| | | | | |
|--|-------------|--------------------|---------|-------|
| Telecom Egypt | ETEL EY | Telecommunications | Egypt | 4,638 |
| UNILEVER CI | UNLC BC | Food | Brvm | 189 |
| Union Bancaire pour le Commerce et l'Industrie | UBCI TU | Banking & finance | Tunisia | 276 |
| United Bank For Africa | UBA NL | Banking & finance | Nigeria | 1,389 |
| ZAMBIA NATIONAL COML BANK | ZANACO ZL | Banks | Zambia | 253 |
| Zambia Sugar | ZMSG ZL | Food & beverages | Zambia | 363 |
| Zenith Bank | ZENITHBA NL | Banking & finance | Nigeria | 3,835 |

Disclaimer

The data contained in Ai index series is believed to be reliable as of the date of preparation, but no warranty is given as to its accuracy or completeness and Africa Investor specifically disclaims any obligation to update the information since the date of preparation. Past performance should not be taken as a guide to the future. The Ai Index series does not constitute an offer or an invitation to apply for or purchase any securities. Before making any investment you should read, understand and retain the relevant investment product or service documentation.

Africa investor research

Ai Research provides a family of products and services that support our clients' investment processes in major asset classes across Africa. Our goal is to leverage our deep understanding of Africa's financial markets to turn data-driven insights into tools that our clients can use to meet their investment process needs.

For more information please contact,
Cadine Pillay: cpillay@africainvestor.com

Africa investor

93 Protea Road, Chislehurst, Sandton, 2196
P.O. Box 41922, Craighall, 2024

Tel: +27 11 783 2431
Fax: +27 11 783 2430

Website: www.africainvestor.com
Television site: www.africainvestor.tv
Newswire site: www.ainewswire.com