

# NILE FUNDS



## Nile Capital Management, LLC

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- Value driven, fundamental investors
- Exclusive focus on Frontier Markets
- In-depth knowledge and expertise in Africa
- Investment team of 4 (1 PM, 3 analysts)
- 100% employee owned

## Larry Seruma – Portfolio Manager

- Managing Principal of Nile Capital Management LLC, the Advisor of the Nile Africa Funds
- Over 20 years of experience in portfolio management, investment research and quantitative investment strategies
- Founded Nile Capital Management in 2004 - began tenure as Portfolio Manager for the Nile Master Fund, a global long/short equity hedge fund
- Prior experience: Principal at Barclays Global Investors (BGI), a division of Barclays Capital. Member of the Active Strategies Group and BGI's Investment Process Committee
- Author of several articles on investments in Africa and other emerging/frontier markets, including [www.moneywatchafrica.com](http://www.moneywatchafrica.com), a financial blog focused on understanding Africa investment opportunities. Has also been featured in many leading financial publications
- Board member for Segal Family Foundation
- MBA in Analytic Finance and Statistics from the Booth School of Business, The University of Chicago, in 1996

Nile's investment in Africa is based on 3 themes:

- **An emerging middle class.** Africa has the fastest growing middle class in the world and as a result is experiencing a rapid rise in demand for consumer goods
- **Natural Resources.** Africa holds 30% of the world's mineral reserves, including 90% of platinum reserves, 60% of Cobalt and 10% of the oil reserves.
- **Infrastructure.** Developed countries are investing significantly in Africa's infrastructure, creating business for African companies and lowering their operating costs

- Focus on small and midcap companies at the heart of Africa's growth.
- Take advantage of the lack of research in these asset classes
- Deep fundamental analysis of both companies and economies
- Find growth companies at value prices

## Standardized Performance ending Mar 31, 2015

Inception Date is Apr 28, 2010

	3 Month	1 Year	3 Year *	Since * Inception
Nile Pan Africa Fund (NAFAX) no-load	-0.68%	-6.76%	7.07%	7.52%
Nile Pan Africa Fund (NAFAX) with 5.75% load	-6.36%	-12.13%	4.97%	6.23%
MSCI Emerging Markets Index	2.24%	0.44%	0.31%	1.84%
MSCI Frontier Markets Index	-3.11%	-3.62%	10.37%	5.18%

\*: Annualized

*The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. As stated in the current prospectus, the Fund's total annual operating expense ratio (gross) is 2.50% for Class A, 3.25% for Class C and 2.25% for Institutional Class shares. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until July 31, 2015, to ensure that the Total Annual Fund Operating Expenses After Fee Waiver (exclusive of any acquired fund fees and expenses, borrowing costs, taxes and extraordinary expenses) will not exceed 2.50% for Class A, 3.25% for Class C and 2.25% for Institutional Class shares, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month-end, please call toll-free 1-877-68-AFRICA.*

*The MSCI Frontier Markets Index is a market-capitalization weighted index of frontier market country indices.*

*The MSCI Emerging Markets Index is a market-capitalization weighted index of emerging market country indices.*

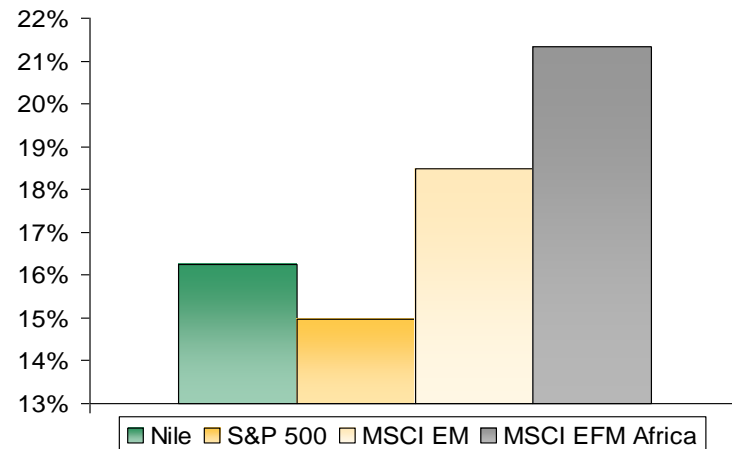
*Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*

We believe that an active management approach has the potential to reduce volatility in an Emerging Markets allocation:

## Annualized Standard Deviation of Weekly Returns

As of Dec 31, 2014 - Inception Date is Apr 28,2010

	1 Year	Since Inception
Nile Pan Africa Fund (NAFAX)	12.60%	16.26%
S&P 500	12.19%	14.98%
MSCI EM (Emerging Markets) Index	13.17%	18.48%
MSCI EFM (Emerging and Frontier Markets) Africa Index	17.97%	21.34%



**Nile has had lower risk than EM or EFM Africa indices since inception**

**Standard Deviation:** Measures the degree of variation of monthly returns around the mean (average) return. The higher the volatility of the investment returns, the higher the standard deviation will be.

Source: Bloomberg

## Top Performers

- South Africa was the top performing country in the portfolio for Q1
- Technology and Financials were the top performing sectors in the portfolio for Q1
- IT Consulting and Diversified Financial Services were the top performing industries in the portfolio for Q1
- Top single company contributor to performance: EOH Holdings, an IT consulting firm that operates across sub-Saharan Africa. EOH has been able to grow recurring headline earnings +26% and revenues +39% year-over-year as of Jan 31, 2015 6 month financials, significantly outperforming its South African peers.

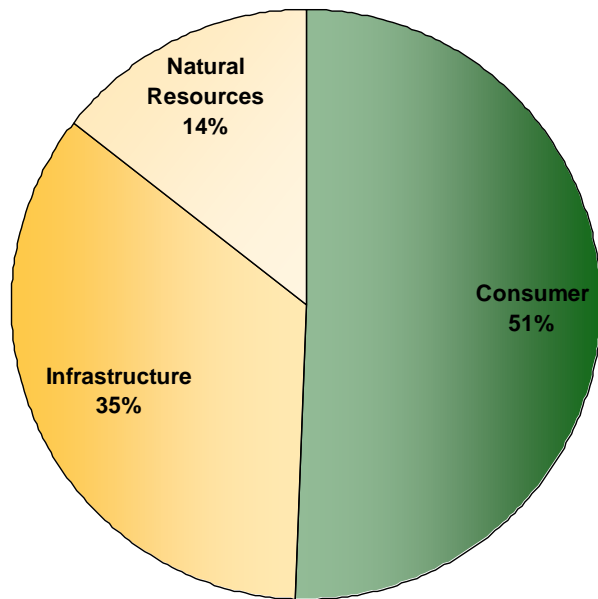
## Laggards

- Nigeria and Kenya were the worst performing countries in the portfolio for Q1
- Consumer Staples and Industrials were the worst performing sectors in the portfolio for Q1
- Packaged Food & Meats and Construction & Engineering were the worst performing industries in the portfolio for Q1
- Top company detractor of performance: Consolidated Infrastructure Group Ltd., a South African company that develops high voltage electrical substations across sub-Saharan Africa. Recent share price performance has suffered as the company faced project delays that impacted margins, despite growing revenues. However, we see the company as being well positioned to benefit from the \$93 billion infrastructure deficit in Africa and expect management to continue to drive strong growth for the company's book of business. We believe the company is attractively valued as a long term holding and continue to monitor the company's developments and potential catalysts.

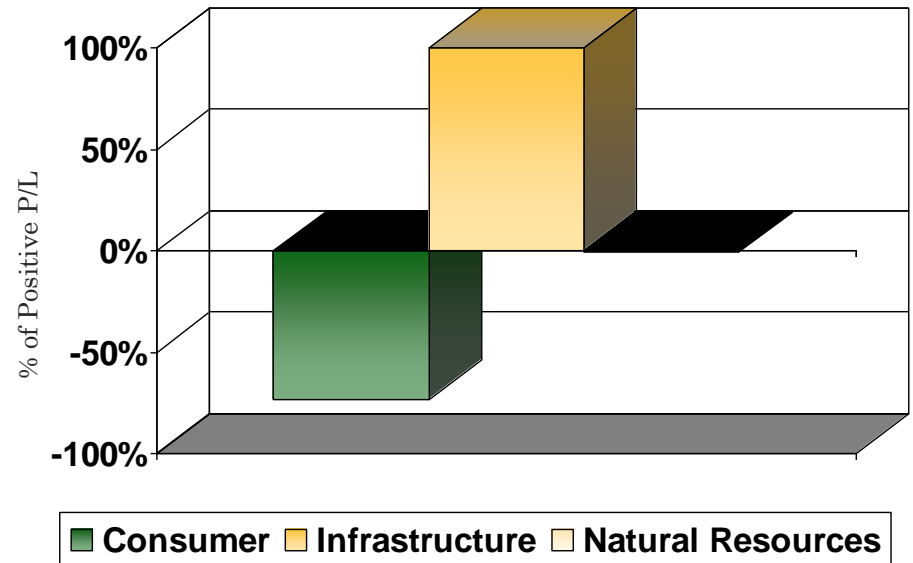
Top Performance and Laggards information should not be considered investment advice.  
**Past performance is no guarantee of future returns.**



### Portfolio Weight by Theme



### Relative Contribution to Total P/L by Theme



## Nigeria

- Election occurred peacefully despite prior fears of political violence
- Win of opposition party is a first for Nigeria and is a positive development for democracy and peaceful transition of power
- Optimism is prevalent in the country as the new president is expected to root out government corruption and set the country back on a proper path for growth

## Iran

- Deal expected to be positive for regional trade and select companies with exposure to Iran

## South Africa

- Slide in the South Africa rand has abated and equities are looking attractively valued

## Kenya

- Security situation continues to merit monitoring

## Macro

- Inflation has not been as high as expected, especially for countries such as Nigeria where the depreciating currency was expected to hit import costs significantly
  - This makes the rate differential between Nigeria and other developed and EM markets a rather compelling reason for investment flows
- US dollar has retreated from its highs and consensus expectations for rate increases has moderated – this will have a calming effect for EM currencies in general

## What we are watching in 2015

- MTN Group – still a favored holding in the portfolio. Core business is highly cash-flow generative and dividend yield currently over 7%. Any progress in an Iran deal is a potential upside for their Iran business.
- Oil and Gas – crude looks to have stabilized around current levels short term and if sustained, would be good news for some of the stronger players in the industry
- Consumers – we like and are still overweight the consumer theme, mainly foods and distributors.

**We see a lot of potential value and upside in the current portfolio and believe this to be an excellent entry point.**

***Investors should carefully consider the investment objectives, risks, charges and expenses of the Nile Pan Africa Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1-877-68-AFRICA. The prospectus should be read carefully before investing. The Nile Pan Africa Fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Nile Capital Management, LLC is not affiliated with Northern Lights Distributors, LLC.***

*Mutual Funds involve risk, including possible loss of principal. Because the Fund will invest the majority of its assets in African companies, it is highly dependent on the state of the African economy and the financial prospects of specific African companies. Certain African markets are in only the earliest stages of development and may experience political and economic instability, capital market restrictions, unstable governments, weaker economies and less developed legal systems with fewer security holder rights. Adverse changes in currency exchange rates may erode or reverse any potential gains from the Fund's investments. ETF's are subject to specific risks, depending on the nature of the underlying strategy of the fund. These risks could include liquidity risk, sector risk, as well as risks associated with fixed income securities, real estate investments, and commodities, to name a few. Non-diversification risk, as the Funds are more vulnerable to events affecting a single issuer. Investments in underlying funds that own small and mid-capitalization companies may be more vulnerable than larger, more established organizations.*

*The MSCI Emerging Markets Index: A market-capitalization weighted index of emerging market country indices.*

*The MSCI Emerging and Frontier Africa Index: A market-capitalization weighted index of emerging and frontier market African country indices.*

*The S&P 500® Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks.*

*You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*

*This is an actively managed portfolio. There is no guarantee that any investment will achieve its objectives, goals, generate positive returns or avoid losses.*

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