

# 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 June 30, 2015**

Inception Date is Apr 28,2010

	<b>3 Month</b>	<b>1 Year</b>	<b>3 Year *</b>	<b>5 Year*</b>	<b>Since * Inception</b>
Nile Pan Africa Fund (NAFAX) no-load	2.27%	-6.76%	8.50%	8.27%	7.61%
Nile Pan Africa Fund (NAFAX) with 5.75% load	-3.63%	-12.13%	6.39%	7.00%	6.38%
MSCI Emerging Markets Index	0.69%	-5.13%	3.71%	3.68%	1.88%
MSCI Frontier Markets Index	-0.05%	-13.93%	12.96%	7.29%	4.92%

\*: 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, 2016, 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.

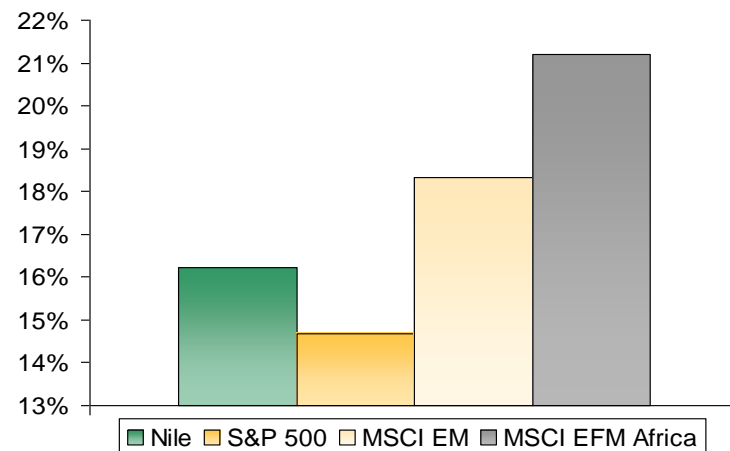
Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

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 June 30, 2015 - Inception Date is Apr 28,2010

	1 Year	Since Inception
Nile Pan Africa Fund (NAFAX)	13.31%	16.23%
S&P 500	11.23%	14.68%
MSCI EM (Emerging Markets) Index	13.58%	18.33%
MSCI EFM (Emerging and Frontier Markets) Africa Index	18.07%	21.21%



**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 and Nigeria were the top performing countries in the portfolio for Q2
- Technology and Industrials were the top performing sectors in the portfolio for Q2
- Construction & Engineering and Industrial Conglomerates were the top performing industries in the portfolio for Q2
- Top single company contributor to performance: Consolidated Infrastructure Group Ltd., a South African company that develops high voltage electrical substations across sub-Saharan Africa. We continue to 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.

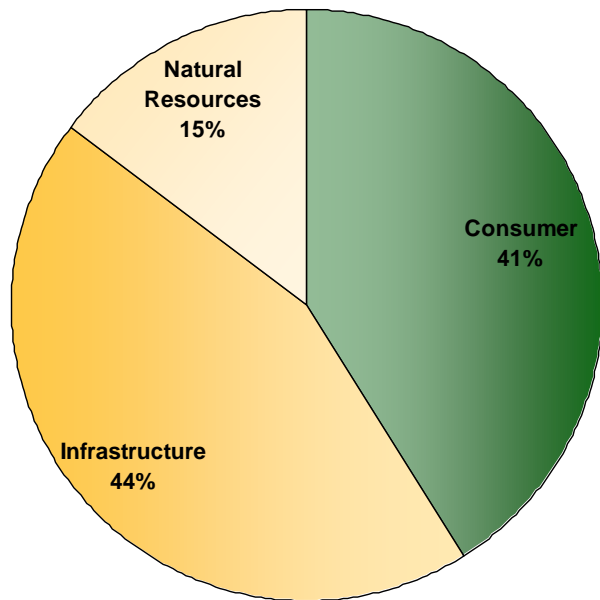
## Laggards

- Kenya was the worst performing country in the portfolio for Q2
- Financials and Healthcare were the worst performing sectors in the portfolio for Q2
- Pharmaceuticals and Diversified Banks were the worst performing industries in the portfolio for Q2
- Top company detractor of performance: British-American Investments Co. Kenya Ltd (Britam), an insurance and asset management firm. Share price of the company has suffered during the quarter as Dawood Rawat, a director and largest shareholder of the company, resigned from his directorship due to his involvement in a suspended Mauritian bank. Britam Kenya has reiterated beyond shared directors, there is no other relationship between Britam and the Mauritian bank and that Britam Kenya's businesses are not affected and continue to operate as usual. We believe the assets of the company are attractively valued as a long term holding and continue to monitor the company's developments and potential catalysts.

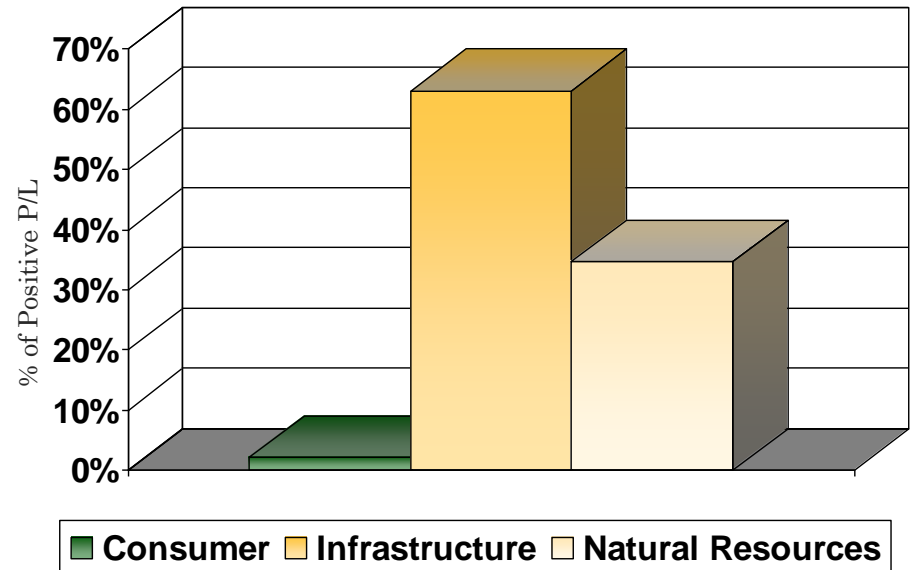
Top Performance and Laggards information should not be considered investment advice.  
**Past performance is no guarantee of future returns.**



### Portfolio Weight by Theme



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



## **Nigeria**

- Successful transition of power, without civil unrest
- New government of Buhari has yet to appoint a cabinet
- Further depreciation of the Naira expected
- Crude oil prices recently deteriorated again and will impact Nigerian government finances

## **Other Africa Economies**

- Lower commodity and oil prices – some countries will benefit, e.g. those in East Africa
- Global demand – Europe, developed markets
- Our view of US interest rates continue to be “no rate hikes”

## **What we are watching in 2015**

- Invicta Holdings Ltd – a core holding in the portfolio. Valuation is very attractive relative to peers. Growth has been robust and has surprised to the upside in the most recent earnings release.
- Oil and Gas – a stabilization in prices 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 have reduced our exposure to Nigeria and are in the process of reviewing our country weights. We will look to add once again to Nigeria after a devaluation in the Naira.

***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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