NILE FUNDS

A Time to Invest In Africa

By Larry Seruma, CIO & Managing Principal, Nile Capital Management, LLC

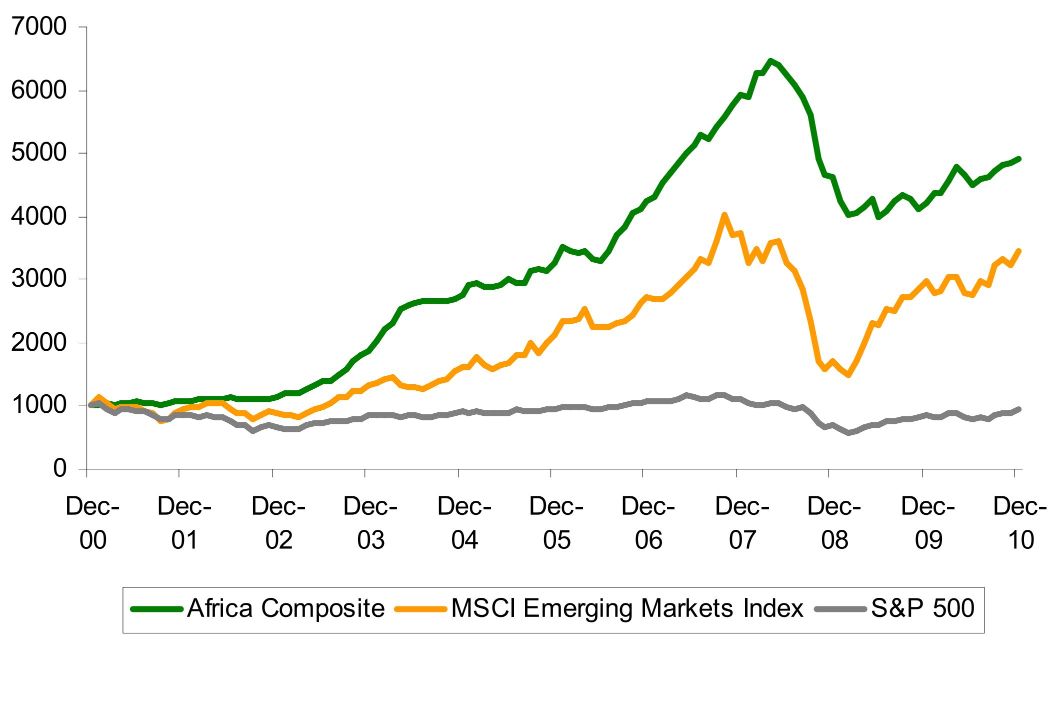
An Opportunity to Participate in the World's Next Potential "BRIC Equivalent"

For the past two decades, investors around the world have been riveted on the emerging markets of the four high growth BRICs – Brazil, Russia, India and China. However, as these opportunities fade, other high-growth emerging and frontier markets should become attractive and worthy of consideration to be added to an investor's asset allocation strategy. Several of these markets are located in Africa, the world's second largest continent by population and land mass, behind only Asia in both measures. With a population of more than one billion spread among 53 nations and almost 12 million square miles, Africa is becoming too big for investors to ignore. Yet, its financial markets and expanding public companies remain shrouded in mystery for most U.S. investors.

Quick points to consider:

● A ground floor opportunity with potential for high returns - Already we have seen the first wave of strong returns from Africa. The continent's economic growth is just forming what we believe is a powerful upward curve that will continue for decades and may produce results as rewarding as the BRICs over time.

Growth of $1,000 Invested in Leading Benchmarks Including African Markets



We believe that Africa is an excellent opportunity for a long term investor because:

- **Valuations are attractive.** Compared to developed or other Emerging markets, Africa markets and stocks trade at lower multiples, are less liquid, have lower coverage by Wall Street analysts and are not followed by large money managers. In addition, companies and households have low levels of debts, countries generally have better fiscal balances and the economies have low leverage

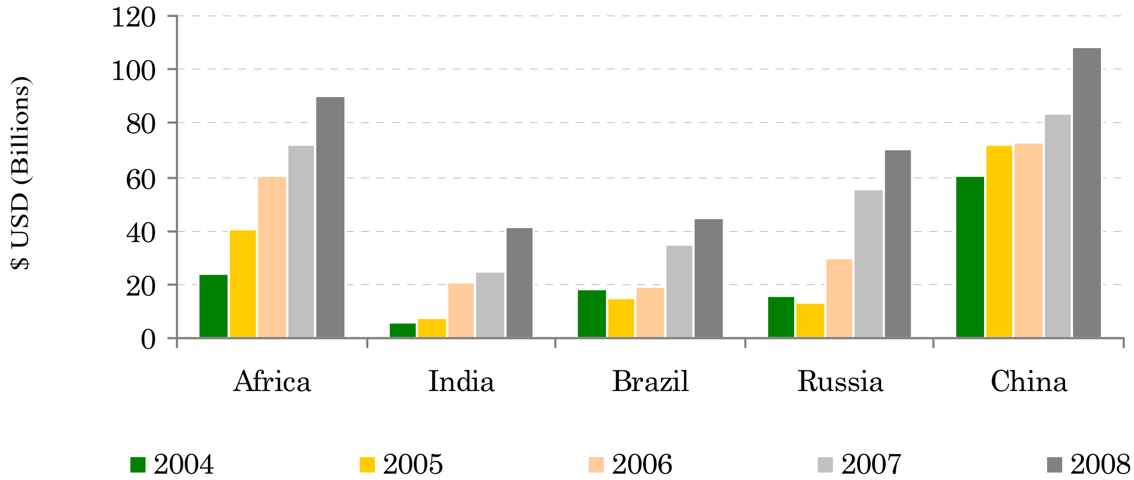
- **Africa is rich in natural resources**. The continent contains 13% of the global reserves for oil, 50% of proven gold reserves, 50% of proven iron ore reserves, 60% of cobalt, and 90% of the platinum group reserves, to mention a few. Africa will continue to supply the world with basic materials as demanded by countries looking to industrialize

- **Africa's growth is driven by its demographics.** Africa's population is estimated at 1 billion people, and is expected to double by 2040. The continent's young population, with an average age of 21 compared to 45 for developed countries, will fuel more demand for goods and services, relative to developed countries that spend more on social security, health care, and entitlements

- **High risk-adjusted returns.** There is a large information deficit about the performance and opportunity in Africa markets. Although there has been robust evidence of high returns in Africa, there has thus far been relatively little investment, even after adjusting for risk premiums. *In the table below, Africa returned 17.28% annualized over 10 years with a 11.92% annualized standard deviation, compared to MSCI Emerging Markets which returned 13.18% annualized with a much higher 24.73% annualized standard deviation.*

Annualized Return / Standard Deviation	1 Year	3 Year	5 Year	10 Year
Africa Composite	16.91% / 8.67%	-5.95% / 13.96%	8.60% / 13.36%	17.28% / 11.92%
MSCI Emerging Markets Index	16.36% / 21.09%	-2.59% / 32.92%	10.26% / 28.03%	13.18% / 24.73%
S&P 500	12.78% / 19.31%	-5.03% / 22.18%	0.15% / 17.85%	-0.48% / 16.37%

- **Steadily Increasing Capital Flows.** Steadily increasing capital flows - Capital flows to Africa now exceed those of three (3) of the four (4) BRIC countries.



Investment Strategy

The Nile Pan Africa Fund ("the Fund") seeks long-term total return from capital appreciation and income. Under normal circumstances, the Fund seeks to achieve its investment objective by investing opportunistically in a focused portfolio of investments in the equity, fixed income, cash and cash equivalent asset classes. The proportion of the Fund's portfolio invested in each asset class will vary from time to time based on the Manager's assessment of fundamental values of securities and other investments in the class, the attractiveness of each investment opportunity, general market, political and economic conditions, and expected future returns of investments. The Fund diversifies broadly among the most attractive regions and countries in Africa, identified through top-down macroeconomic analysis. This analysis evaluates and ranks each of Africa's 53 nations on the basis of economic growth, inflation, interest rates, currency, regulatory framework and political ability. The Portfolio Manager also employs bottom-up fundamental analysis to identify the most attractive companies in selected markets. This analysis draws upon proprietary research and "on-the-ground" contacts and resources in African markets.

Portfolio and Risk Management

Our risk-assessment process begins with a comprehensive quantitative macro-economic ranking of all 53 national markets in Africa. Our model helps to evaluate all important risk factors of frontier markets including political, regulatory, structural, inflation and transparency risks.

Based on our model, we look to invest in the countries with the best growth prospects and risk/reward ratios, while building a cushion in our valuation model which helps us to avoid value traps and continue to monitor catalysts. After identifying the countries in which we are willing to invest, we "go deep" to understand the companies, management teams, business plans, products and profit outlook which are available. In this process, we focus on businesses with sustainable return on assets and healthy balance sheets. We also continue to actively manage the portfolio by monitoring macro trends, identifying the most attractive companies, and avoiding volatile or high risk areas.

In most markets around the globe, active managers tend to outperform indices during stock market downturns. The reason is intuitive: active managers have more flexibility to adjust to recessions and market sell-offs. Index funds are "flat-footed" and can't easily respond to scenarios involving rising risk levels. We believe this difference is magnified in the frontier markets of Africa because: (1) economic and market cycles tend to be shorter than in developed or emerging markets; and (2) cycles are not highly correlated among the diverse markets of Africa. When risks are rising in one African market, they may be falling in others; and (3) low liquidity levels can make entering and exiting positions challenging, as liquidity rises sharply when sentiment is strong, but disappears equally quickly as the mood sours, often causing stocks to trade below fundamental value, which creates opportunities for skilled active managers. As risk factors become more complex, the value of risk-conscious active management increases.

Why Nile Capital?

- We believe Nile Capital Management is the only US based Investment Adviser that exclusively focuses on investing in Africa. Our company investment products provide investors an opportunity to build a global portfolio that includes exposure to Africa.

- We believe in Africa's potential – We understand the dynamics that will transform Africa and help to grow its national economies into the 21st century. Africa is positioned very similarly to the opportunities that existed in India and China decades ago.

- We know that active management, research and selectivity are key – We trust our own work and not research performed by others. We have a physical presence in Africa and employ an analyst based in Cape Town, South Africa. In addition, our portfolio manager visits Africa regularly and coordinates visits with our analyst to get a 360 degree view of the continent, its economies and leading public companies. That's a competitive edge.

- Experience and integrity are essential – We have created a vast network of contacts in Africa that we use to our advantage. That comes with experience. We have a strong track record in the investment management business with a demonstrated high degree of integrity. Our principals invest in our strategy right along with investors and treat their capital with the same prudence as our own.

About the Investment Manager

Larry Seruma is the Managing Principal of Nile Capital Management LLC, the Advisor of the Nile Africa Funds. Mr. Seruma has over 20 years of experience in portfolio management, investment research and quantitative investment strategies. In 2004, Mr. Seruma founded Nile Capital Management, where he began his tenure as Portfolio Manager for the Nile Master Fund, a global long/short equity hedge fund. In 2005, the Nile Fund was integrated into Proxima Alfa Investments (USA) LLC (formerly VegaPlus Capital Partners), a subsidiary of Banco Bilbao Vizcaya Argentaria, and Mr. Seruma was named one of the firm's Managing Directors. Currently, Nile Capital Management serves as the Advisor for the Nile Africa Funds, which seek opportunities for investment across the Africa continent. Prior to founding Nile Capital Management, Mr.

Seruma was a Principal at Barclays Global Investors (BGI), a division of Barclays Capital. He was a member of the Active Strategies Group there and also a member of BGI's Investment Process Committee. Early in his career, Mr. Seruma was an Options Market Maker in the Exchange pits at the Chicago Board of Options Exchange. Mr. Seruma has authored several articles on investments in Africa and other emerging/frontier markets, and has been featured in many leading financial publications. He is also the author of www.moneywatchafrica.com, a financial blog focused on understanding Africa investment opportunities, and serves on the Board for All for Africa, a non-profit organization that focuses on providing sustainable funding to charities and community based programs. He received an MBA in Analytic Finance and Statistics from the Booth School of Business, The University of Chicago, in 1996.

To learn more about investing in Africa, visit www.nilefunds.com or to download the full white paper, visit www.nilecapital.com.

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. 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.

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.

Correlation measures how closely the investment tracks an index.

Africa Composite data is composed of equal-weighted monthly returns from South Africa, Nigeria, Kenya, Mauritius, Ghana, Egypt, Morocco, and Botswana.

The MSCI Emerging Markets Index is a market-capitalization weighted index of 21 emerging market country indices.

The S&P 500 Index is a market-capitalization weighted index of 500 large cap US companies.

You cannot invest directly in an index.

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