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|---------------------------------|--|
| <b>Fund Category</b>            | Iraq Public Equities   |
| <b>Country Focus</b>            | Iraq   |
| <b>Subscriptions</b>            | Monthly at NAV (five business days before month end)   |
| <b>Redemptions</b>              | Monthly at NAV<br>90 days notice for Class D,<br>180 days notice for Class E.  |
| <b>Benchmark</b>                | Rabee USD Index  |
| <b>Fund Manager</b>             | Thomas Hugger  |
| <b>Chief Investment Officer</b> | Ahmed Tabaqchali   |
| <b>Investment Manager</b>       | Asia Frontier Capital (Iraq) Ltd.,<br>Cayman Islands   |
| <b>Investment Advisor</b>       | Asia Frontier Investments Ltd.,<br>Hong Kong   |
| <b>Fund Base Currency</b>       | USD  |
| <b>Minimum Investment</b>       | USD 25,000   |
| <b>Subsequent Investments</b>   | USD 10,000   |
| <b>Management Fee</b>           | Class D: 1.8% p.a. of NAV<br>Class E: 1.5% p.a. of NAV   |
| <b>Performance Fee</b>          | Class D - 18% p.a. of NAV appreciation with high watermark<br>Class E - 15% p.a. of NAV appreciation with high watermark |
| <b>Fund Domicile</b>            | Cayman Islands   |
| <b>Launch Date</b>              | 26 June 2015   |
| <b>Custodian</b>                | Iraq Depository Centre (IDC)   |
| <b>Auditor</b>                  | Ernst & Young, Hong Kong   |
| <b>Administrator</b>            | Custom House, Singapore  |
| <b>Legal Advisor</b>            | Ogier, Hong Kong   |

### Investment Objective

Achieve long-term capital appreciation by investing in a diversified portfolio of listed Iraq equities as well as foreign listed companies that derive the majority of their business from Iraq.

### Fund Information

AFC Iraq Fund Class D shares returned -5.8% in March 2016 with an NAV of USD627.47, this an outperformance of +4.9% vs the Rabee RSISX USD Index (RSISUSD) which returned -10.7% in USD terms. The fund has outperformed the RSISUSD by +5.6% since inception.

The liquidity crunch, a main cause for the steep market declines, came to a climax in March with a combination of unrelated events that together took a significant toll. The first being the delayed effects of lower oil prices earlier in the year on government revenues and subsequently on spending by the government on wages & pensions, goods & services and investments. These intensified liquidity shortages in the economy and pressured the Iraqi Dinar (IQD) which declined about -2.7% in March, in a replay of 2015. In IQD terms the fund returned about -2.8% vs -9.2% for the Index.

The second was the sale of HSBC's 8.8% holding in Dar Es Salaam Bank, about USD 8m by end of 2015. In 2013 it decided to sell its then 70.1% holding, acquired in 2005, as part of a regional re-organization. Its plan to give away the shares to existing holders was blocked by the regulator, then diluted it to 58.2% by not participating in a capital increase. In October 2015 it sold 50% to a group of Iraq investors & the rest in 2016. The third is the reported liquidation process of a sizeable foreign Iraq fund (about USD 12m by end of January). The last two probably accounted for USD 10-15m during the quarter vs the monthly average of USD 16m.

On the flip side, locals continued to be active, with the absorption of the sales putting pressure on other stocks as the available liquidity was rotated around. Insiders continued to be buyers in certain names.

Seen in the context of the above, the market's decline of -26% YTD, is caused mostly by technical as opposed to fundamental factors, the removal of which should result in it reclaiming most of the losses. Moreover, it underscores the resilience and potential of the market.

Notable contributors to the RSISUSD's -10.7% decline were Asiaccell (-22.3%), Iraq Middle East Bank (-21.4%), Bank of Baghdad (-17.3%) and Gulf Commercial Bank (-8.9%). While some gainers were Mosul Bank (+12.5%) after declining -23.8% in February and Ishtar Hotel (+2.7%).

As of 31<sup>st</sup> March 2016, the AFC Iraq Fund was invested in 14 names and held 0.9% in cash. As the fund invests in both local and foreign listed companies that have the majority of their business activities in Iraq, the countries with the largest asset allocation were Iraq (95.1%), Norway (3.9%), and the UK (1.0%). The sectors with the largest allocation of assets were financials (47.2%) and consumer staples (28.7%). The estimated weighted average trailing portfolio P/E ratio (only companies with profit) was 19.64x, the estimated weighted average P/B ratio was 1.18x, and the estimated portfolio dividend yield was 4.21%.

### Contact Information

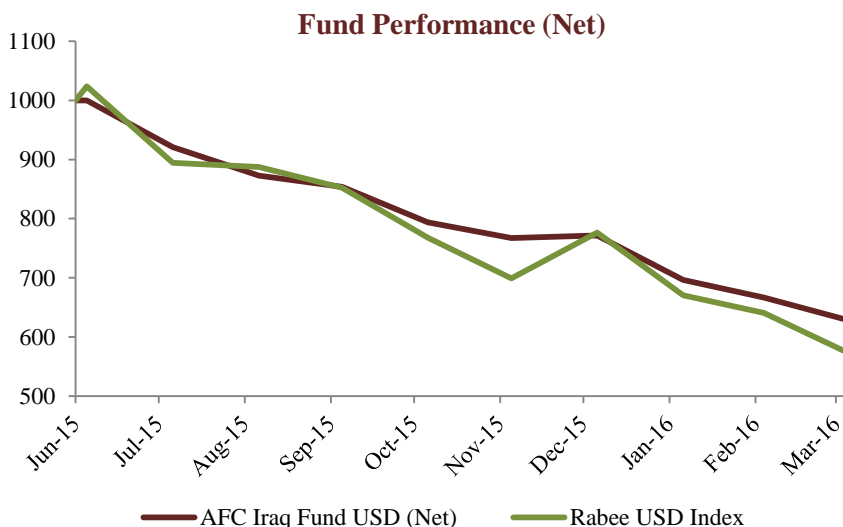
**Asia Frontier Capital Ltd.**  
www.asiafrontiercapital.com

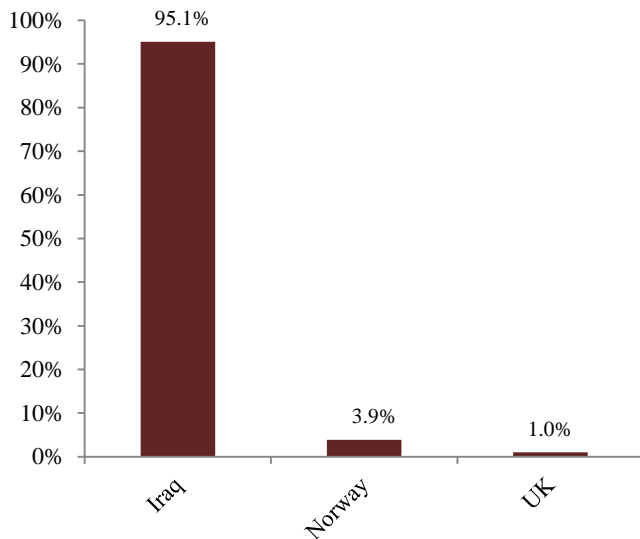
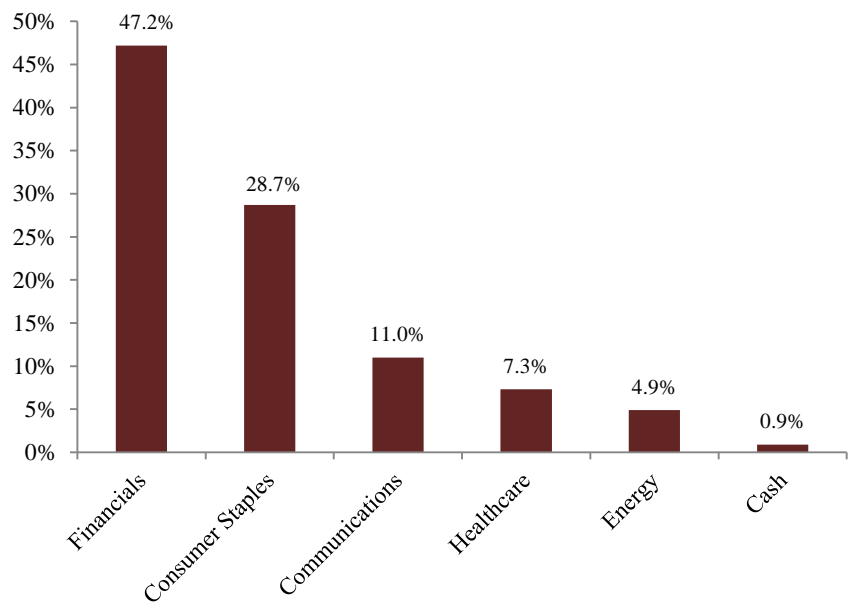
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**Country Allocation**

**Sector Allocation**

**Monthly Performances AFC Iraq Fund Class D**

|      |     | Jan    | Feb    | Mar    | Apr | May | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD     |
|------|-----|--------|--------|--------|-----|-----|--------|--------|--------|--------|--------|--------|--------|---------|
| 2015 | USD |        |        |        |     |     | +0.00% | -7.92% | -5.20% | -2.20% | -7.00% | -3.39% | +0.56% | -22.86% |
| 2016 | USD | -9.71% | -4.31% | -5.85% |     |     |        |        |        |        |        |        |        | -18.66% |

**Monthly Performances AFC Iraq Fund Class E**

|      |     | Jan    | Feb    | Mar    | Apr | May | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD     |
|------|-----|--------|--------|--------|-----|-----|--------|--------|--------|--------|--------|--------|--------|---------|
| 2015 | USD |        |        |        |     |     | +0.00% | -7.89% | -5.17% | -2.18% | -6.98% | -3.37% | +0.59% | -22.74% |
| 2016 | USD | -9.69% | -4.29% | -5.83% |     |     |        |        |        |        |        |        |        | -18.60% |

**NAV as of 31<sup>st</sup> March 2016**

|                 | Class D    | Class E    |
|-----------------|------------|------------|
| NAV             | 627.47     | 628.89     |
| Since Inception | -37.25%    | -37.11%    |
| Inception Date  | 26/06/2015 | 26/06/2015 |

**Security Numbers**

|           | Class D      | Class E      |
|-----------|--------------|--------------|
| ISIN      | KYG0132A1682 | KYG0132A1765 |
| CUSIP     | G0132A 168   | G0132A 176   |
| Bloomberg | AFCIRAQ KY   | AFCIRAE KY   |
| Valoren   | 28883562     | 28883205     |

*\*Asia Frontier Capital manages funds for both US investors and non-US investors. This fund is for US investors only. If you are a non-US investor, please refer to the fact sheet for the fund called "AFC Iraq Fund (non-US)". By accessing information contained herein, users are deemed to be representing and warranting that they are either a Hong Kong Professional Investor or are observing the applicable laws and regulations of their relevant jurisdictions.*

**DISCLAIMER**

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