

Manager's report

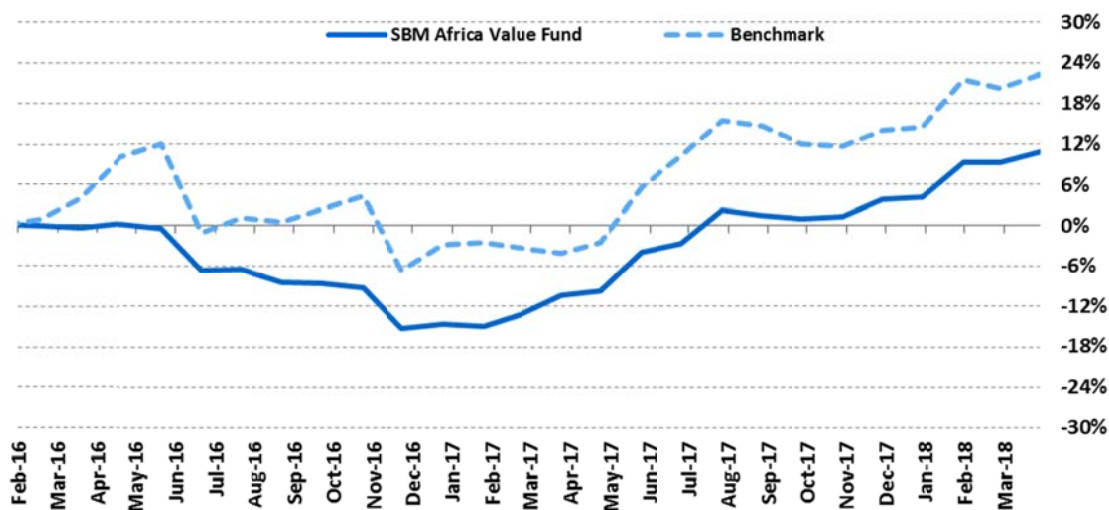
SBM Africa Value Fund

1. Performance

1.1 Performance review

For the quarter ended Mar 2018, SBM Africa Value Fund registered a return of 6.43% against a benchmark return of 6.71%. Despite the market volatility that prevailed globally, African markets were relatively immuned against adverse shocks. As an indication, the MSCI EFM Africa ex-ZA posted a return of 6.71% while the MSCI World index fell by -1.74% in USD terms QoQ.

Cumulative return since inception



Note: 1. Benchmark = MSCI EFM Africa ex-ZA

Cumulative return

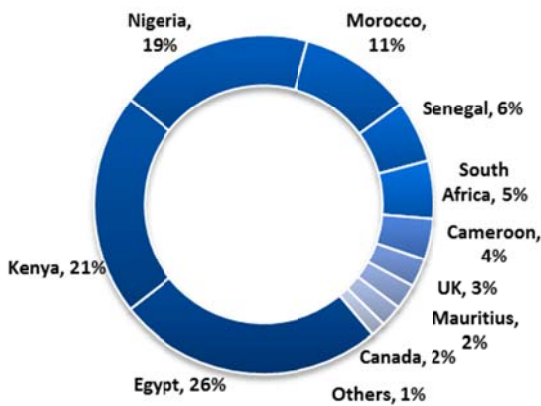
	1 M	3 M	6 M	1 Y	Inception	Annualized (Inception)
SBM Africa Value Fund	1.57%	6.43%	9.86%	23.74%	10.93%	4.91%
Benchmark	1.71%	6.71%	9.26%	27.57%	22.30%	9.74%

2. Breakdown of assets

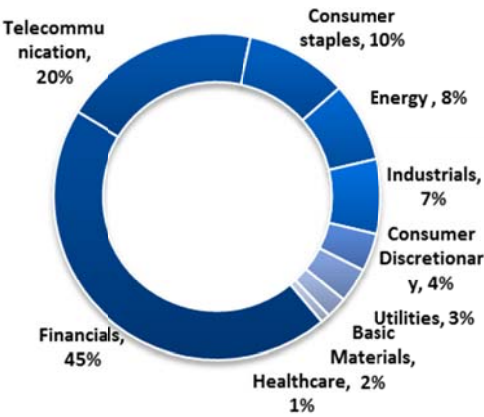
2.1 Portfolio decomposition

The Fund's asset allocation is based on its investment objective of long-term capital growth primarily through investment in securities by issuers established in or who derives most of its revenue from the African continent. The Fund invested 98.8% in equities and 1.2% was held as cash. The Fund's major regional allocation is composed of Egypt, Kenya, Nigeria and Morocco which accounted for 77% of the total portfolio.

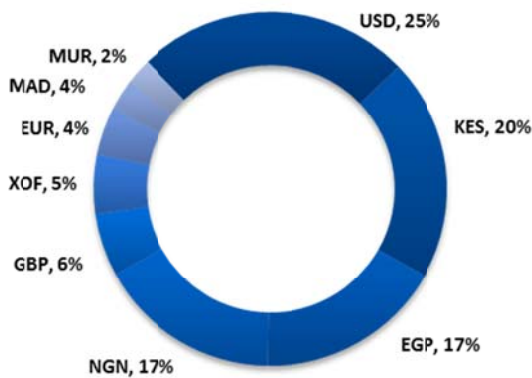
Regional allocation



Sector allocation



Currency exposure



2. Breakdown of assets

2.2 Top 5 Holdings

The top five holdings represented 43.11% of the total portfolio as at end of Mar 2018.

Holdings	USD	% Net Assets
Vaneck Vectors Africa Index ETF	322,812	19.03%
Safaricom Ltd	122,614	7.23%
Commercial International Bank	105,914	6.24%
Sonatel	91,490	5.39%
Eastern Company for Tobacco	88,553	5.22%
Total	731,383	43.11%

3. Market review

During the first quarter of 2018, African Markets delivered positive and strong returns: Nigeria SE +8.53%; Nairobi SE +11.70%; Masi Free Float +5.43%; EGX 30+16.19%, in local currencies.

After a tepid annual growth of 2.2% in 2016, average real GDP rebounded, reaching 3.6% in 2017 for African economies. The Central Bank of Egypt cut interest rates by 100 bps in February 2018. This marks the first cut since the floatation of the Egyptian pound that was put in place in 2016. Both the overnight deposit rate and overnight lending rate were cut by 100 basis points to reach 17.75% and 18.75% respectively. Inflation were pointing to an easing and reached 17.1% in January, decreasing for six consecutive months. Eurobonds are back as a relatively cheaper alternative of financing for African countries. Following Egypt, Nigeria issued \$2.5 bn of Eurobonds in February 2018. The objective is to lower the burden of the more expensive domestic debt which bears double-digit yields on local-currency bonds.

In March 2018, Moody's reduced Tunisia's long-term issuer credit rating by one notch to B2. Tunisia's rating is now at par with Argentina, Nigeria, Cameroon and Kenya. The rating agency gave the country a "stable" outlook. The downgrade is based on the deteriorating fiscal situation and foreign exchange reserves. The country suffers from a high debt burden which has been increasing over the last couple of years. Inflation reached 7.1% boosted by the weaker currency, subsidy cuts and tax rises. As a result, the central bank increased rates by 75 basis points in March 2018. On top of that, reforms have been slowed down by protests over austerity measures. On the other hand, inflation continued to slow in Nigeria with latest data published by the Statistics office showing annual inflation reaching 14.3% in February. Food price inflation has persisted in the high double digits over the last year.

4. Market Outlook

Average real GDP of Africa is projected to grow to 4.1% in 2018, up from 3.6% in 2017 reflecting better global economic conditions. Growth in North Africa, Sub-Saharan Africa, West Africa, Central Africa and Southern Africa is projected to accelerate to 4.1%, 4.0%, 3.6%, 2.6% and 2.0% in 2018 respectively. The recovery in growth could mark a turning point in net commodity-exporting countries, among which the prolonged decline in export prices shrunk export revenues and exacerbated macroeconomic imbalances.

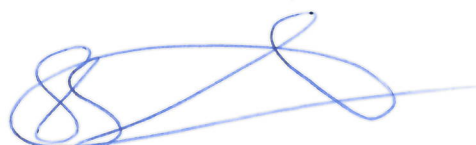
Nigeria's economic growth picked up in 2017, and is expected to strengthen in 2018 as a result of higher oil production and a gradual recovery in the non-oil sector. It is projected that GDP will grow by 3.5% in 2018 as compared to 0.8% last year. A more stable currency is likely to reduce inflationary pressures and allow the Central Bank of Nigeria to adopt a more accommodative policy rate. Growth in Kenya is forecasted to accelerate in 2018 and is expected to settle at 5.0% on the back of easing monetary conditions, reduced political tensions and tighter fiscal policy.

However, the infrastructure-investment drive across Africa, financed largely by external borrowing, needs careful considerations to ensure that revenue streams (generated in local currencies) are strong enough to meet the debt obligations when they fall due.

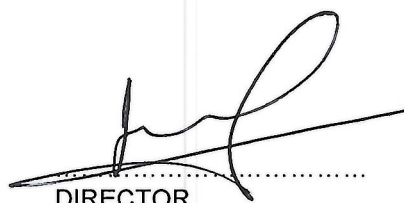
SBM INTERNATIONAL FUNDS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	<u>Unaudited</u> <u>31 March</u> <u>2018</u> <u>USD</u>	<u>Audited</u> <u>30 June</u> <u>2017</u> <u>USD</u>
ASSETS		
Cash and cash equivalents	15,237	24,446
Other receivables and prepayments	10,366	8,766
Financial assets at fair value through profit or loss	1,676,102	965,754
TOTAL ASSETS	<u>1,701,705</u>	<u>998,966</u>
LIABILITIES		
Other payables	4,307	2,708
Total liabilities (excluding net assets attributable to shareholders)	<u>4,307</u>	<u>2,708</u>
Net assets attributable to shareholders	<u>1,697,398</u>	<u>996,258</u>
Represented by:		
Management shares	1,000	1,000
Net assets attributable to holders of redeemable participating shares	1,696,398	995,258
	<u>1,697,398</u>	<u>996,258</u>

Approved by the Board of directors on **7 May 2018**



.....
DIRECTOR



.....
DIRECTOR

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Unaudited Quarter ended 31 March 2018 USD	Unaudited Quarter ended 31 March 2017 USD	Unaudited 9 months ended 31 March 2018 USD	Unaudited Nine months ended 31 March 2017 USD
INCOME				
Dividend Income	-	68	6,360	5,985
Other Income	-	-	-	2,421
Loss on disposal	-	-	(28,557)	-
Exchange gain/(loss)	454	(2,733)	47,206	(3,446)
Net increase/(decrease) in fair value of investments	112,504	54,415	197,975	(22,294)
	112,958	51,750	222,984	(17,334)
FUND EXPENSES				
Manager's fees	7,081	4,509	19,925	13,718
Administrator's and Registry fees	1,012	564	2,818	1,715
Custodian fees	502	617	1,567	2,077
Audit fees	1,492	115	1,728	1,484
Statutory fees	671	858	1,957	953
Transaction costs	49	43	49	115
Legal and professional fees	-	-	-	-
General expenses	-	310	206	376
Director fees / (Reversal of Director fees)	-	-	-	-
Compliance fees /(Reversal of compliance fees)	-	-	-	-
Registered office fees /(Reversal of Registered office fees)	-	-	-	-
	(10,809)	(7,016)	(28,250)	(20,438)
PROFIT /(LOSS) BEFORE TAXATION	102,150	44,734	194,734	(37,772)
Income tax expense	-	-	-	-
Change in net assets attributable to holders of redeemable participating shares	102,151	44,734	194,734	(37,772)

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF PARTICIPATING SHARES
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Net assets attributable to holders to redeemable participating shares
	USD
As at 1 July 2016	954,398
Issue of redeemable	-
Redeemable shares	-
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	-
Change in net assets attributable to holders to redeemable participating shares from operation	(37,772)
As at 31 March 2017	916,626
As at 1 July 2016	954,398
Issue of redeemable shares	-
Redeemable shares redeemed	-
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	-
Change in net assets attributable to holders to redeemable participating shares from operation	40,860
As at 30 June 2017	995,258
As at 1 July 2017	995,258
Issue of redeemable shares	506,406
Redeemable shares redeemed	-
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	506,406
Change in net assets attributable to holders to redeemable participating shares from operation	194,734
As at 31 March 2018	1,696,398

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Unaudited Nine months ended 31 March 2018 USD	Audited Year ended 30 June 2017 USD	Unaudited Nine months ended 31-Mar 2017 USD
Net cash generated from operating activities	(515,615)	(130,353)	(117,929)
Net cash generated from financing activities	506,406	-	-
Net decrease in cash and cash equivalents	(9,209)	(130,353)	(117,929)
Cash and cash equivalents at start of period/year	24,446	154,799	154,799
Cash and cash equivalents at end of period/year	15,237	24,446	36,870

SBM INTERNATIONAL FUNDS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2018

The Financial statements have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2017 and comply with IAS 34 - Interim Financial Reporting.

1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March	30 June
	<u>2018</u>	<u>2017</u>
	USD	USD
At start of period/year	965,754	804,871
Additions	623,613	97,995
Disposal	(111,240)	-
Net increase/(decrease) in fair value of investments	197,975	62,888
At end of period/year	<u>1,676,102</u>	<u>965,754</u>

2 CASH AT BANK

	31 March	30 June
	<u>2018</u>	<u>2017</u>
	USD	USD
Cash at bank	<u>15,237</u>	<u>24,446</u>

3 OTHER RECEIVABLES AND PREPAYMENTS

	31 March	30 June
	<u>2018</u>	<u>2017</u>
	USD	USD
Prepayment	836	1,766
Other Receivables from SBM MAM	8,530	6,000
Management Shares	1,000	1,000
	<u>10,366</u>	<u>8,766</u>

4 OTHER PAYABLES

	31 March	30 June
	<u>2018</u>	<u>2017</u>
	USD	USD
Management fees	2,714	1,626
Administration and Registry fees payable	357	203
Auditor fees	339	451
Custody fees	140	145
Entry fees payable	291	-
Other payables	466	283
	<u>4,307</u>	<u>2,708</u>

APPENDIX 1

SBM INTERNATIONAL FUNDS LTD- NET ASSET VALUE			
	31-Mar-18	30-Jun-17	30-Jun-16
	USD	USD	USD
Net assets value at start of period/year	995,258	954,398	-
Total revenue	222,984	65,493	(54,739)
Total expenses	(28,250)	(24,633)	(13,233)
Total increase/(decrease) from operations	194,734	40,860	(67,972)
Subscription received	506,406	-	1,022,370
Redemption paid	-	-	-
Net movement in participating shares	506,406	-	1,022,370
Net Asset value at end of period/year	1,696,398	995,258	954,398

SBM INTERNATIONAL FUNDS LTD- RATIOS & SUPPLEMENT DATA			
	31-Mar-18	30-Jun-17	30-Jun-16
Net Assets (USD)	1,696,398	995,258	954,398
Number of shares outstanding			
Class A	10,329	10,224	10,224
Class I	4,951	-	0
Management expense ratio			
Class A	2%	2%	2%
Class I	1.25%	1.25%	1.25%
Total expense ratio	2.80%	2.53%	3.33%
Portfolio turnover rate	18.98%	10.05%	0.00%

As per Seventh Schedule of the Securities Act 2005, Sec 1(d)

SBM INTERNATIONAL FUNDS LTD - SUMMARY OF PORTFOLIO INVESTMENTS

**31 March
2018
USD**

Financial assets at fair value through profit or loss:

Foreign securities invested in Africa

1,676,102

As per Seventh Schedule of the Securities Act 2005, Sec 1(c)

SBM INTERNATIONAL FUNDS LTD - STATEMENT OF INVESTMENT PORTFOLIO

**31 March
2018
USD**

Foreign Securities analysed into:

Africa

1,676,102

1,676,102

Foreign Securities analysed into:

Energy

97,426

Financials

629,755

Telecommunication & Technology

288,654

Consumer Discretionary

153,047

Consumer staples

58,619

Industrials

67,800

Global

322,812

Utilities

57,989

1,676,102

Financial assets at fair value through profit or loss

1,676,102