Investment Objective: To earn capital growth and income through value, arbitrage, and special situation investments in the continent of Africa. Portfolio investments will include equity, debt, and other interests in both listed and unlisted assets.

Listing: Specialist Fund Segment of the London Stock Exchange's Main Market

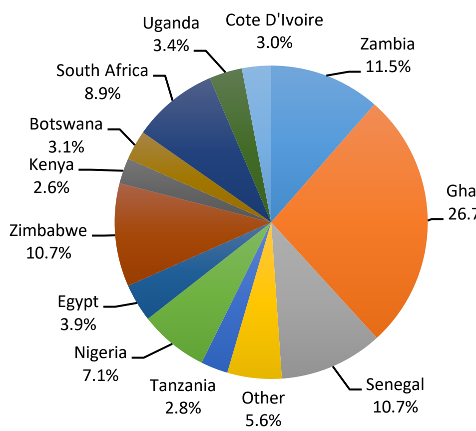
Dividend Policy: An amount equal to the annual comprehensive income of the Company (excluding net capital gains/losses).

Fund Performance (as at 30 June 2018) – Ordinary Shares

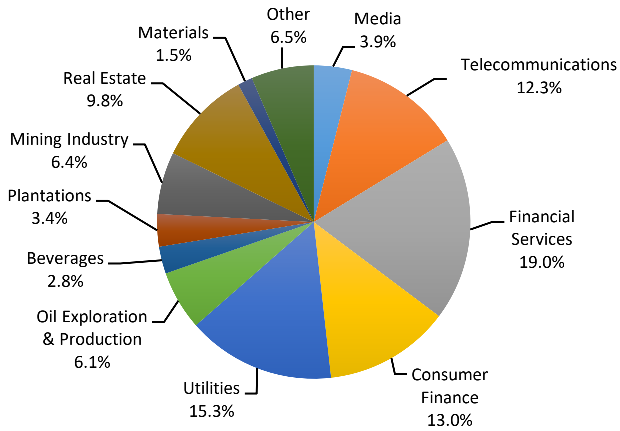
NAV per share:	$0.879	Total Net Assets:	$65.8 mm
Share price as at 30 June 18:	$0.760	Market Capitalization:	$56.9 mm
Premium/Discount to NAV:	-14%	Shares outstanding:	74.8 mm

US$ NAV Return %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2018	5.1%	3.8%	0.1%	-4.5%	-8.4%	-0.6%							-5.0%
2017	-1.0%	-0.5%	3.0%	1.8%	2.1%	-0.6%	3.5%	11.3%	-2.6%	-0.5%	1.3%	-1.4%	16.9%
2016	-3.2%	2.5%	1.9%	4.0%	-2.0%	-0.3%	-1.2%	0.4%	0.7%	-0.3%	-2.1%	-9.6%	-9.5%
2015	-5.2%	-1.8%	-2.4%	2.3%	1.0%	-2.5%	4.2%	-4.5%	-3.3%	0.5%	2.8%	-2.3%	-11.4%
2014	2.3%	3.1%	-4.0%	-3.2%	-8.0%	0.8%	0.6%	-2.2%	-2.6%	-4.0%	-2.1%	0.9%	-17.3%
2013	4.9%	-0.8%	7.8%	5.6%	-1.6%	0.4%	3.2%	1.7%	2.8%	-0.3%	1.5%	-0.1%	27.7%
2012	1.8%	0.4%	-0.3%	0.8%	-6.1%	0.8%	-0.4%	-1.9%	1.1%	-2.4%	4.6%	6.4%	4.4%
2011	-1.4%	-1.1%	2.9%	5.5%	1.5%	-0.9%	4.2%	-2.5%	-9.0%	3.6%	-2.8%	2.6%	1.6%
2010	5.6%	1.2%	3.1%	4.7%	-8.4%	-6.7%	10.9%	0.3%	8.2%	7.5%	-3.5%	3.6%	27.1%
2009	-2.1%	-10.4%	16.7%	6.2%	3.7%	10.0%	5.0%	2.4%	8.0%	1.5%	1.6%	0.1%	48.2%
2008	-0.7%	1.9%	1.4%	1.0%	0.1%	-0.6%	-3.8%	-8.2%	-9.8%	-23.8%	-10.2%	-4.1%	-42.5%

AOF Geographic Allocation*



AOF Sectoral Allocation*



*Geographic and Sectoral exposure as a percentage of gross invested assets.
Holdings as a % of NAV: 87% Equity, 6% Debt, 7% Unencumbered Cash

Top Ten Holdings - AOF	Description	% of NAV
Enterprise Group Ltd	Ghanaian property & casualty insurance and life assurance company	14.5%
Copperbelt Energy Corporation Plc	Largest electricity transmitter in the Zambian Copperbelt	10.2%
Sonatel	Dominant Senegalese and regional integrated telecommunication operator	9.9%
First Mutual Properties	Zimbabwean real estate company	5.0%
Anglogold Ashanti	Gold mining company operating in 11 countries	4.9%
Standard Chartered Bank	Leading commercial bank in Ghana	4.0%
Mashonaland Holdings	Zimbabwean real estate company	3.9%
Continental Reinsurance	Leading Pan-African reinsurer offering non-life and life reinsurance products	3.7%
Naspers	A global internet and entertainment group and a leading technology investor	3.6%
African Leadership University	A Pan-African tertiary education institution	3.6%
Total		**63.3%**

Manager's Commentary

Market Conditions

The Africa Opportunity Fund ("AOF" or the "Company" or the "Fund") ordinary share NAV declined 13% in Q2. As a reference, during the quarter in USD the S&P rose 3%, Brazil fell 27%, Russia fell 7%, India rose 3%, and China fell 14%. In Africa, South Africa fell 10%, Egypt fell 7%, Kenya fell 7%, and Nigeria fell 6%. Three Africa-focused exchange traded funds – the Lyxor ETF (PAF FP), the DBX MSCI Africa Top 50 (XMAF LN), and Van Eck Africa Index (AFK US), fell, respectively, 3%, 12%, and 8%.

Ordinary Shares Portfolio Highlights

The largest contributor to the Fund's NAV decline was Enterprise Group. Its shares declined 42% after rising in Q1. Normally a 42% decline is a sign of trouble. Is that sign warranted in the case of Enterprise? At the end of Q1 its market capitalization of $146.4 million placed it on a P/E ratio of 12.4x, a P/B ratio of 2.9x. Its return on invested capital hovered between 22% and 24% for the last four years while its return on common equity was 23%. Embedded value returns of its life subsidiary, its largest division, at 40%, were impressive. $30.3 million dollars were added to Enterprise's treasury from its rights offer. Yet, its market capitalization on June 30 was $107.8 million, implying a valuation of $77.5 million (excluding the $30 million of cash from its rights issue) for a P/B ratio of 1.5x based on its pre-rights offering book value, and a P/E ratio of 6.6x. To add irony to loss, Enterprise's Q1 results were strong, as its commission expenses - a clue to sales of insurance products - rose 29% year-on-year. It is number 1 or 2 in Ghanaian general insurance, life assurance, and pension asset administration, based on market share and profitability. The most probable reason for the collapse of its share price, in the wake of its rights offering, was the pricing of the rights at an implicit control premium. Once that offering closed, there was no market support. But the business is growing and profitability is strong, and we believe the shares will reflect the positive fundamentals again in the near future.

Changes made in the AOF portfolio during the quarter included selling its Steinhoff 1.875% 01/24/25 bonds and increasing its Alexandria Containers, Letshego, Stanbic Uganda, and Kosmos Energy investments. The ordinary share portfolio had 5% of its net asset value in gold mining equities, no exposure in gold mining debt, 3% in oil and gas equities, and 3% in oil and gas debt.

Copperbelt's shares had a flat quarter and delivered a 52% total return in H1 or 3.3 cents per ordinary share.
After the end of the quarter, the market was notified that the takeover bid of CDC Group expired because the very last of several conditions precedent – the extension of an existing bulk supply agreement with ZESCO, the Zambian state-owned electricity generating company due to expire in 2020 for an additional 20 years on existing terms – was not executed. Underlying the failure lay a simple fact: electricity tariffs to Zambia's mining companies are still less than ZESCO's cost of electricity generation in a sustainable manner. Over time, that fact has led to inadequate power generation in Zambia and acute power shortages. That fact has also resulted in intermittent and intense disputes between Copperbelt and its mining companies about electricity tariff increases necessitated by Zambia's need for all customers to pay cost-effective electricity tariffs. Thus, with hindsight, it is not entirely surprising that ZESCO failed to agree to an extension of the bulk supply agreement. Meanwhile, Copperbelt's H1 2018 results were significantly higher than its H1 2017 results. Year-on-year, in dollars, net profits rose 13% to $25 million, revenues rose 14% on larger volumes of despatched electricity, offset by a 22% increase in the cost of purchased electricity and a 3% decline in operating costs. Annualized return on average equity was 14%, an eminently respectable profitability outcome for an electricity transmission company. We expect that Copperbelt's share price may decline further, but that it remains an excellent electricity transmission company and an attractive investment for AOF.

Our Zimbabwean property investments suffered from rising vacancies and growing arrears in the deteriorating Zimbabwean environment. The new administration has not been able to reflate Zimbabwe with scarce real US Dollars. Unlike far larger companies listed on the Zimbabwe exchange, AOF's property holdings are in illiquid companies which do not enjoy the liquidity premium attached to large companies like Delta Holdings, Old Mutual, and Econet Wireless. Nevertheless, we take comfort in the ability of our substantially unencumbered Zimbabwean property investments to generate free cash flow in a tough setting. Unfortunately, that capacity has not been rewarded by the markets this year. Our property investments lost 11% in Q2 and 30% in H1 inflicting a 0.9 cent per share loss in Q2 and 3.4 cents per share in H1. If the elections in Zimbabwe are credible and free, then Zimbabwe should be able to attract fresh capital and investments to alleviate its acute currency shortages.

The Fund's Kosmos Energy investment (common stock and options) delivered healthy gains in Q2 and H1, as the Brent oil price rose 19% in H1 to $79 per barrel and its share price rose 31% in Q2 and 21% in H1. Kosmos' producing oil wells in

Ghana and Equatorial Guinea, delivering daily production around 41,400 barrels of oil with 67% operating margins at $60 oil, generate substantial operating cash flows in today's environment for Kosmos to fund exploration activities without recourse to fresh debt or equity capital. Kosmos drilled two dry holes in Mauritania and Suriname during H1. Offsetting those disappointments, the normal hazard of its business, was the good news of the May commercial delivery of a converted floating liquefied natural gas ship (FLNG) in Cameroon. That good news confirmed the technical feasibility of that engineering solution for the 2.3 million ton per annum Phase 1 gas plant planned by Kosmos and BP for commercial operation in 2021 in Mauritania/Senegal. It promised also to cut construction costs from a range of $1,750 to $3,500 per ton for a new FLNG ship to an average $775 per ton for converted FLNGs such as the one to be built by Kosmos and BP. Best of all, though, is that Kosmos' current valuation ignores the cash flows to be generated from Kosmos' Senegal and Mauritania natural gas fields.

The short book and currency hedges gained 1.97 cents per share in H1, with the depreciating Euro accounting for 32% of those gains.

Portfolio Appraisal Value

As of June 30, the Manager's appraisal of the intrinsic economic value of the Ordinary Share portfolio was $1.14 per share. The market price of $0.76 at quarter end represented a 34% discount. Note the Appraisal Value is intended to provide a measure of the Manager's long-term view of the attractiveness of AOF's portfolio. It is a subjective estimate, and does not tell when that value will be realized, nor does it guarantee that any security will reach its Appraisal Value.

Attribution Analysis

We have set forth an attribution analysis for Q2 2018 and H1 2018 at the end of this quarterly newsletter to give readers more data about the underlying sources of the performance of the AOF portfolio.

Strategy

The long-term investment appeal of Africa remains intact. We remain focused on investing in companies that sell goods and services in short supply. We also invest in commodity related companies, on a selective basis, when we can implicitly purchase the underlying resources at a material discount to spot market values. At 30 June 2018, AOF's ordinary share portfolio possessed undervalued companies. Its top 9 equity holdings offer a weighted average dividend yield of 4%, a rolling P/E ratio of 11x, a return on assets of 7%, and a return on equity of 17%. As African markets adjust to the darkening clouds of global trade wars and weakening global growth prospects, we are finding excellent long opportunities. As always, caution is necessary. It is a privilege to have investible funds. We intend to exercise that privilege with prudent confidence.

Analysis of Portfolio returns by Sector and by Geography

Africa Opportunity Fund
Return by Sector

Return by Sector, % of Securities	Q2 2018	1H 2018
Telecommunications	-0.23%	-0.1%
Financial Services	-9.9%	-3.2%
Consumer Finance	-1.8%	0.3%
Utilities	-0.4%	2.7%
Oil Exploration & Production	1.4%	1.2%
Consumer Products & Services	0.4%	0.9%
Plantations	-1.8%	-1.1%
Mining Industry	-1.6%	-2.3%
Real Estate	-0.6%	-3.4%
Materials	-0.1%	0.1%
Beverages	0.1%	0.4%
Other	1.0%	1.0%
Media	0.1%	-0.4%
	-13.5%	**-3.9%**
Net Working Capital	0.5%	-1.1%
Return on N.A.V	**-13.0%**	**-5.0%**

Africa Opportunity Fund
Return by Geography

Returns by Geography, % of Securities	Q2 2018	1H 2018
Zambia	-0.1%	3.8%
Ghana	-10.4%	-3.8%
Senegal	-0.2%	0.0%
Other	0.9%	1.3%
Nigeria	-0.6%	0.0%
Cote D'Ivoire	-1.1%	-0.3%
Morocco	0.0%	0.0%
Zimbabwe	-1.2%	-4.0%
Egypt	0.2%	0.3%
Kenya	-0.3%	-0.5%
Botswana	-0.3%	0.0%
Tanzania	0.1%	0.4%
South Africa	-0.8%	-1.4%
Uganda	0.2%	0.5%
	-13.5%	**-3.9%**
Net Working Capital	0.5%	-1.1%
Return on N.A.V	**-13.0%**	**-5.0%**

Attribution of Portfolio Returns by Asset Class

AOF Portfolio: Q2 2018 Return

Asset Class Exposure	Invested Capital	Attribution PnL	Q2 Holding Period Return*	Return Contribution on Invested Capital
Long Equities/Options**	68,940,594	-10,407,214	-15.1%	-14.2%
Short Equities/Options**	-5,017,477	641,104	12.8%	0.9%
Bonds	5,842,774	-111,528	-1.9%	-0.2%
Arbitrage	752,430	-130,795	-17.4%	-0.2%
Special Situations	2,537,803	174,640	6.9%	0.2%
	73,056,125	**-9,833,794**		**-13.5%**

AOF Portfolio: H1 2018 Return

Asset Class Exposure	Invested Capital	Attribution PnL	H1 Holding Period Return*	Return Contribution on Invested Capital
Long Equities/Options*	63,086,964	-3,733,236	-5.9%	-5.6%
Short Equities/Options*	-5,501,293	826,409	15.0%	1.2%
Bonds	5,560,653	216,005	3.9%	0.3%
Arbitrage	689,183	-67,548	-9.8%	-0.1%
Special Situations	2,537,803	174,640	6.9%	0.3%
	66,373,309	**-2,583,730**		**-3.9%**

*For the Q2 return, invested capital is as of 04/01/2018 and comprises the market value of securities in AOF portfolio as of 03/31/2018, plus net changes in the securities portfolio during the second quarter.

** The Short Equities/Options category refers to our financial liabilities exposure. Some options are classified as financial assets while other options are classified as financial liabilities.

*For the H1 return, invested capital is as of 01/01/2018 and comprises the market value of securities in AOF portfolio as of 12/31/2017, plus net changes in the securities portfolio during the first half.

** The Short Equities/Options category refers to our financial liabilities exposure. Some options are classified as financial assets while other options are classified as financial liabilities.

Company Details (Ordinary Shares)

Bloomberg:	AOF LN
Reuters:	AOF.L
Website:	www.africaopportunityfund.com
Listing:	SFS / London Stock Exchange
Structure:	Closed-end
ISIN:	KYG012921048 Euroclear/Clearstream
Inception:	26 July 2007
Domicile:	Cayman Islands

Portfolio Managers:	Francis Daniels Robert Knapp	*Broker:*	Liberum Capital Ltd
Investment Manager:	Africa Opportunity Partners Ltd.	*Auditor:*	Ernst & Young

Important Information

This document, and the material contained herein, has been prepared for the purpose of providing general information about, and an overview of, Africa Opportunity Fund Limited (the "**Company**") and its operations. It is not meant to be a complete review of all matters concerning the Company. This document is not intended as an offer or solicitation for the subscription, purchase or sale of securities in the Company.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations or decisions. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in the Company and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

Whilst the Company and Africa Opportunity Partners Limited have taken all reasonable care to ensure the information and facts contained in this document are accurate and up-to-date, they do not nor do any of their respective directors, officers, partners, employees, agents or advisers make any undertaking, representation, warranty or other assurance, express or implied, as to the accuracy or completeness of the information or opinions contained in this document. No responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligent or otherwise.

No one can assure future results and achievements. No undue reliance should be placed on forward-looking statements. The Company and Africa Opportunity Partners disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise.

No warranty is given, in whole or in part, regarding the performance of the Company. There is no guarantee that investment objectives of the Company will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.