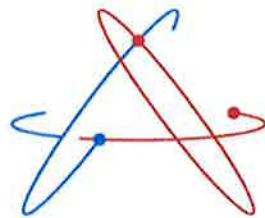


**GENAFRICA UNIT TRUST SCHEME**

**INFORMATION MEMORANDUM**



**GenAfrica**  
A S S E T M A N A G E R S

**“PERMISSION HAS BEEN GRANTED BY THE CAPITAL MARKETS AUTHORITY TO OFFER TO THE PUBLIC THE SECURITIES WHICH ARE THE SUBJECT OF THIS ISSUE. AS MATTER OF POLICY, THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS OR OPINIONS MADE OR REPORTS CONTAINED IN THIS INFORMATION MEMORANDUM**

**2021**

## TABLE OF CONTENTS

1. DEFINITIONS.....	4
2. VALIDITY, REVIEW, AND REVISION .....	6
3. THE GENAFRICA UNIT TRUST SCHEMES UMBRELLA SCHEME .....	6
4. INVESTMENT OBJECTIVES AND POLICY.....	8
5. TARGET INVESTORS.....	9
6. ELIGIBILITY .....	9
7. DISTRIBUTION OF INCOME .....	10
8. BORROWING AND LENDING .....	12
9. MANAGEMENT OF THE GENAFRICA UNIT TRUST INVESTMENT SCHEME.....	12
10. EVIDENCE OF TITLE TO UNITS .....	17
11. REGISTER OF UNITHOLDERS .....	17
12. MEETINGS OF UNITHOLDERS .....	17
13. VOTING .....	19
14. CHARGES AND EXPENSES .....	20
15. OTHER PAYMENTS OUT OF THE FUND .....	23
16. DEALING .....	23
17. SUSPENSION IN DEALING IN UNITS.....	24
18. BUYING OF UNITS.....	24
19. STATEMENTS .....	25
20. SWITCHING BETWEEN FUNDS .....	25
21. ALLOCATION OF COSTS.....	26
22. SALE AND REDEMPTION OF UNITS .....	26
23. CANCELLATION OF UNITS.....	27
24. VALUATION OF THE PORTFOLIO .....	28
25. PRICING .....	29
26. MINIMUM LIMITS .....	30
27. WINDING UP OF GENAFRICA UNIT TRUST SCHEME.....	30
28. GENERAL INFORMATION .....	32
29. ADDITIONAL INFORMATION .....	33
30. SETTLEMENT OF DISPUTES .....	34
31. DOCUMENTS AVAILABLE FOR INSPECTION .....	34
32. PROPOSED INVESTMENT IN THE FUNDS.....	34
33. GENAFRICA MONEY MARKET FUND .....	35
34. GENAFRICA EQUITY FUND.....	40

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## IMPORTANT INFORMATION FOR INVESTORS

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**Important – If you are in any doubt about the contents of this Information Memorandum, you should seek independent financial advice.**

This Information Memorandum comprises information relating to the GenAfrica Unit Trust Scheme. The GenAfrica Unit Trust Scheme is an umbrella unit trust scheme registered with the Capital Markets Authority, through the Certificate of Registration dated.....The GenAfrica Unit Trust Scheme established under a Trust Deed dated the..... day of..... 2021 between GenAfrica Asset Managers Limited as the Fund Manager (the “**Fund Manager**”) and KCB Bank Kenya Limited (the “**Trustee**”).

The Fund Manager has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. Accordingly, the Fund Manager accepts responsibility for the information contained in this Information Memorandum.

However, neither the delivery of this Information Memorandum nor the offer or issue of Units in the GenAfrica Unit Trust Scheme shall under any circumstances constitute a representation that the information contained in this Information Memorandum is correct as of any time subsequent to such date. This Information Memorandum may be updated from time to time. Interested applicants for units should ask the Fund Manager if any supplements to this Information Memorandum are in issue.

Units are offered based on the information contained in this Information Memorandum. Any information given or representations made by any dealer, agent, broker, sales agent or other person and (in either case) not contained in this Information Memorandum should be regarded as unauthorized and accordingly must not be relied upon.

No action has been taken to permit or refuse an offering of units in the GenAfrica Unit Trust Scheme or the distribution of this Information Memorandum in any jurisdiction.

Potential applicants for units in the GenAfrica Unit Trust Scheme should inform themselves as to (a) possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of units in the Fund.

## 1. DEFINITIONS

In this Information Memorandum, unless inconsistent with the context, the following expressions shall have the following meanings:

**“Accounting period”** means the annual accounting period, for the GenAfrica Unit Trust Scheme, from the first day of January and ending on the last day of December in each year;

**“Act”** means the Capital Markets Act (Cap 485A Laws of Kenya) and the Regulations thereunder, as may be amended from time to time;

**“Auditors”** means a person or firm qualified for appointment as auditor of a public company in Kenya and appointed by the Fund Manager as auditor of the GenAfrica Unit Trust Schemes, subject to the provisions of the Act;

**“Authority”** means the Capital Markets Authority also referred to as the “CMA”;

**“Business day”** means a day other than a Saturday, Sunday or a public holiday on which banks in Kenya are open for normal banking business and “Business Days” means more than one of them;

**“Capital gains”** means and includes all securities, rights and other benefits in the nature of capital accruals received or to be received by or on behalf of the GenAfrica Unit Trust Scheme by reason of the holding of the underlying securities on behalf of the unit-holders, whether received in cash or securities or by warrant, cheque;

**“Custodian”** means a company approved by the Authority to hold in custody funds, securities, financial instruments or documents of title to assets of the GenAfrica Unit Trust Scheme;

**“Dealing”** means an act of buying, selling or agreeing to buy, sell, or trade securities by the Fund Manager;

**“Dilution”** means the reduction in value, of the GenAfrica Unit Trust Scheme’s portfolio as a result of costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments;

**“Dilution levy”** means a charge incurred as a result of Dilution;

**"Distribution date"** means the day that accrued income is credited to the Unitholders;

**"Funds"** means the GenAfrica Money Market Fund and the GenAfrica Equity Fund or any other funds as may be constituted through a deed supplemental to this Trust Deed and comprising the GenAfrica Unit Trust Scheme and "Fund" shall mean any of them;

**"GenAfrica Unit Trust Scheme" or "the Scheme"** means the umbrella Scheme established pursuant to the Trust Deed in compliance with the provisions of the Act to provide facilities for the participation by a Unit Holder, as beneficiaries under the Trust, in the income, profits and gains arising out of the acquisition, holding, management or disposal of securities or other properties;

**"Income accruals"** for an accounting period means any dividend, interest, or other income for distribution received by or accrued to the GenAfrica Unit Trust Scheme, the Custodian, or the Fund Manager, on behalf of the unitholders for that accounting period together with any amounts carried forward from any previous accounting period as not having been distributed;

**"Portfolio"** means the underlying group of securities in which members of the public are invited or permitted by the Fund Manager to acquire units pursuant to the Trust Deed, the Act and the Collective Investment Scheme Regulations and includes any amount in cash forming part of the assets pertaining to such portfolio;

**"Register"** means the register of unitholders of the GenAfrica Unit Trust Scheme;

**"Regulations"** means the Capital Markets (Collective Investment Schemes) Regulations, 2001 and any amendments thereunder;

**"Securities"** has the meaning provided under the Act;

**"Shillings" or "KES" or "Shs" or "Kenya Shillings" or "Shilling"** means the currency of the Republic of Kenya;

**"Trust Deed" or "Deed"** means the trust deed constituting the GenAfrica Unit Trust Scheme dated..... and any other deeds supplemental thereto, in relation to the GenAfrica Unit Trust Scheme, and includes every instrument that varies those trusts or effects the powers, duties or functions of the Trustee or Fund Manager of the GenAfrica Unit Trust Scheme;

"**Trustee**" means the person for the time appointed as Trustee of the GenAfrica Unit Trust Scheme pursuant to the Trust Deed;

"**Underlying securities**" means the securities comprised in or constituting a Unit Portfolio and includes any cash or claims derived or resulting from the conduct of the Unit Portfolio which are held by or due to the Unit Portfolio, the Fund Manager or the Trustee for the benefit of the unit holders in that Unit Portfolio;

"**Unit**" means one undivided unit in the Portfolio of the GenAfrica Unit Trust Scheme and includes a fraction thereof;

"**Unit portfolio**" means the underlying securities, relating to a Fund, in which the Fund Manager invites persons to acquire Units pursuant to the Trust Deed. This includes any cash and/or claims forming part or deemed to form part of the assets pertaining to that Fund but after deduction of any liability pertaining or deemed to pertain to such Unit Portfolio;

"**Unitholder**" means any person (other than the Fund Manager) who in the GenAfrica Unit Trust Scheme and is noted on the Register as a unit holder; and

"**Units in issue**" means all Units created and entered in the Register including those held or deemed to be held by the Fund Manager, and which have not been cancelled.

## **2. VALIDITY, REVIEW, AND REVISION**

The Information Memorandum will be valid for the duration of the GenAfrica Unit Trust Scheme. The Information Memorandum will be reviewed and revised at least every six (6) months or earlier where the need arises, to take into account any change or new matter, other than a matter which reasonably appears to the Fund Manager to be insignificant. A revision of this Information Memorandum may take the form of a complete substitution of the previous memorandum, or a supplement to the information memorandum. The date of the change shall be prominently displayed.

## **3. THE GENAFRICA UNIT TRUST SCHEMES UMBRELLA SCHEME**

This Information Memorandum comprises information relating to the GenAfrica Unit Trust Scheme, an umbrella scheme registered with the Authority under the Act and Regulations. The GenAfrica Unit Trust Scheme is an "umbrella" scheme, in that it proposes to issue Units linked to different Funds, which have been established.

The provisions of Regulation 41 of the Regulations shall therefore apply. So that if for 24 consecutive months after the first issue of a unit in any of the Funds, units of any other Fund are not in issue, the Trustee in consultation with the Fund Manager, shall such action as is necessary to change the Scheme from an umbrella scheme or cause units of more than one fund to be in issue.

Name of the Scheme	GenAfrica Unit Trust Scheme
Registered Office/ Head Office	14 Riverside Business Park, Off Riverside Drive
Registered Postal Address	P.O. Box. 79217-00200 Nairobi
Date of License to operate as a Collective Investment Scheme	
Scheme Duration	Unlimited until otherwise wound up in accordance with this Trust Deed and the provisions of the Collective Investment Scheme Regulations and subject to the Perpetuities and Accumulations Act (Chapter 161, Laws of Kenya).
Scheme's Minimum Capital	KES 10 Million.
Base Currency	Kenya Shillings (KES)
Unitholders Liability	The Unitholders are not liable for the debts of the GenAfrica Unit Trust Scheme

#### **4. INVESTMENT OBJECTIVES AND POLICY**

For investment purposes, the assets of each Fund will be treated as separate and will be invested in accordance with the investment objective and investment policy of that Fund. The Funds set out below are those currently available.

The investment objective of each of the Funds is:

- a. For the GenAfrica Money Market Fund obtain a reasonable level of return while preserving capital and liquidity; and
- b. For the GenAfrica Equity Fund achieve long-term capital appreciation by investing in a diversified portfolio of equity securities of East African companies

In order to achieve its investment objective, the assets of the GenAfrica Money Market Fund will be invested in high quality money market instruments with a maturity profile to ensure liquidity and capital preservation at all times according to the following policies:

- a. To invest only in money market instruments spread between institutions of repute.
- b. To manage the Portfolio according to best practice.
- c. To administer the Portfolio according to best practice by treating the generation of income as a higher priority than capital growth or as the case may be to place equal emphasis on the generation of income and on capital growth and that (in either case) this may accordingly constrain capital growth;
- d. To optimize on investment returns by investing prudently in money market instruments which qualify the investment strategy and risk profile of the Fund.
- e. To disclose investment allocation and performance on a valuation basis.

In order to achieve its investment objective, the GenAfrica Equity Fund seeks to primarily invest in equities providing a medium to high risk profile, thus seeking to achieve an investment medium for unit holders according to the following policies:

- a. To select a well-diversified portfolio of reputable equity securities
- b. To take capital profits when appropriate
- c. Administer the portfolio according to best practice
- d. Ensure that investors have well-researched and risk-tested portfolios

Further Funds may be added in the future by the Fund Manager, with the Trustee's consent, from time to time with the approval of the Authority. On the introduction of any new Fund a revised Information Memorandum will be prepared.



## **5. TARGET INVESTORS**

The GenAfrica Money Market Fund will be suitable for the following groups of investors:

- a. Investors who require a low risk investment which offers optimal yield, capital preservation and high liquidity;
- b. Investors who wish to switch from a high risk portfolio to a lower risk, portfolio, to cushion their investments during times of high stock market volatility;
- c. Investors who wish to make a lump sum investment and wish to reduce timing risk by regularly transferring amounts to other more aggressive portfolios; and
- d. Investors looking to save and invest towards a life goal.

The GenAfrica Equity Fund will be suitable for the following groups of investors:

- a. Investors seeking medium to long term capital growth in their portfolio through dividend income and long term capital return;
- b. Investors who want to gain exposure to equity investments;
- c. Investors who are committed to a minimum investment period of at least five (5) years;
- d. Institutional investors such as pension funds.

## **6. ELIGIBILITY**

To be eligible to invest in the GenAfrica Unit Trust, the Unit holder:

- a. Must be aged above 18 years. However, parents, who would like to open unit trusts accounts for minors can do so under their name, until the beneficiary comes of age;
- b. Must not be resident in any jurisdiction where such an investment would be unlawful;
- c. Shall satisfy any tax regulations or other relevant legislation where applicable;
- d. May be an individual or an Institutional Investor (i.e. companies, trusts, SACCOs and Welfare groups', retirement benefits schemes etc); and
- e. If an investment in the GenAfrica Unit Trust Scheme is to be held in joint names, all Unit Holders must conform to the above requirements for eligibility.

## 7. DISTRIBUTION OF INCOME

### *a. Financial Year*

The financial year will end on December 31<sup>st</sup> of each year with the half year ending on June 30<sup>th</sup>.

### *b. Determination and distribution of income*

Income for distribution shall be determined by:

- Taking the aggregate of the income of a Unit Portfolio received or receivable for the account of that Unit Portfolio in respect of the period.
- Deducting charges and expenses paid or payable out of the income of the Portfolio in respect of the period.
- Adding the Fund Manager's best estimate of any relief from tax on such charges and expenses.
- Making appropriate adjustments in relation to:
  - Taxation
  - Proportion of the price received or paid for units that are related to income
  - Potential income which is unlikely to be received until twelve months after the income allocation date
  - Income which should not be accounted for on an accrual basis
  - Any transfer between income and capital account
  - Recommendations of the external auditors

### *c. Distribution Policy*

Details of the distribution arising from income will be shown on monthly statements sent to the Unitholders. All income may be distributed to the Unitholders after provision for expenses as detailed above. Tax on interest and dividends will be withheld and the net interest will be distributed to the Unitholders. All distributions will be automatically reinvested in the Unitholder's account, unless otherwise specified by the Unitholder in writing.

**d. Unclaimed Distributions**

All Distributions unclaimed after a period of three (3) years and shall be dealt with in accordance with the provisions of the Unclaimed Financial Assets Act, 2011 and regulations thereunder, or any subsequent legislation.

**e. Income Equalization**

The price of units purchased during an accounting period includes an amount in respect of accrued income. As a result, the first allocation of income in respect of a unit in the Funds after the purchase of that unit will include a capital sum ("income equalisation"). The amount of income equalisation will be an amount arrived at by taking the aggregate of the amounts of income in the price of units of the same sub-fund issued in the accounting period in question and dividing that aggregate by the number of those units and applying the resulting average to each of the units in question. This is known as "grouping" for equalisation purposes. The "grouping" periods for equalisation shall be each interim accounting period and the period between the interim accounting date and the annual accounting date. If there are no such interim accounting periods the grouping period shall be the annual accounting period.

**f. Allocation of Income**

- i. On the applicable Distribution Date for each Fund, the Trustee shall arrange for the Custodian to transfer the income net of expenses of the Fund to an account to be known as 'the distribution account'.
- ii. Any income that is not transferred to the distribution account must be carried forward to the next Accounting Period and will be regarded as received at the start of the next period.
- iii. The amount of income allocated to the accumulation units shall with effect from the end of the annual Accounting Period, become part of the capital of the relevant Fund.
- iv. The interest of the Unit holders in the Income Accruals shall be satisfied by an adjustment as at the end of the period in proportion to the value of the Unit Portfolio to the price of a Unit of the relevant Fund. This adjustment will ensure that the price of an accumulation unit remains unchanged notwithstanding the transfer of income to the capital of the Unit Portfolio.

**g. Payout of Income Distributions**

A Unitholder can redeem the units from the proceeds of the distribution income allocated to his account as units re-invested or may request to have distributions paid out to designated bank accounts as opposed to being automatically reinvested. This request must be in writing.

**Please note:**

The distribution amount should have accrued to more than KES 1,000.00 as this is the set minimum payout threshold.

**8. BORROWING AND LENDING**

**8.1.** The Fund Manager shall not lend all or any part of the GenAfrica Unit Trust Scheme Portfolio or assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in relation to the Portfolio, or charge the assets comprising the Portfolio as security for any borrowings by any person.

**8.2.** The Fund Manager or the Trustee shall not borrow in the name of the GenAfrica Unit Trust Schemes or any of its Funds.

**9. MANAGEMENT OF THE GENAFRICA UNIT TRUST INVESTMENT SCHEME**

**9.1. THE FUND MANAGER**

Name of the Fund Manager	GenAfrica Asset Managers Limited
Registered Office/ Head Office	14 Riverside Business Park, Off Riverside Drive
Registered Address	P.O. Box. 79217-00200 Nairobi
Incorporation date and number	Incorporation date: October 24, 1995 Incorporation number: C. 67440
Date of license as a Fund Manager	May 28, 1996
Legal Nature	Limited Liability Company
Issued and Fully paid up capital	Kenya Shillings Ten (10) Million

The Fund Manager has an issued and fully paid up share capital of Kenya Shillings Ten (10) Million.

**Material provisions of the Fund Manager's obligations and duties pertaining to the GenAfrica Unit Trust Fund Scheme:**

The Fund Manager shall

- a. Carry out the management and administration of the GenAfrica Unit Trust Scheme in accordance with the direction and authority of the Trustee and the provisions of the incorporation documents which include the rules of the Scheme.
- b. Be responsible for investing and re-investing the assets of the Scheme and carrying out prudent investment policies consistent with the fund's investment objectives.
- c. Provide the Trustee, and the Authority, quarterly, from the date of its appointment a report of the performance of the Portfolio including a summary valuation, market commentary and a general outlook.
- d. Rectify any breach of matters arising from incorrect pricing of Units, or to the late payment in respect of the issue or redemption of Units. Rectification shall extend to the reimbursement or payment or arranging the reimbursement or payment of money to the Unit holders or former Unit holders by the Fund Manager to the Scheme, or by the Fund to the Fund Manager; unless directed otherwise by the Trustee.
- e. Issue an account statement on a monthly basis, specifying any Units held by the Unit holder and showing the transactions in the Unit holder's account during the preceding month. A Statement, so issued, shall not be evidence of title to those Units.
- f. To issue a statement of unit holding in respect of Units to the Unitholders at least once a month or upon any alteration in the number of Units to which the holder is entitled in such form as the Fund Manager may decide.
- g. Once every year provide the Unit holders and the Authority with audited accounts and such other statements as may be necessary in relation to the operations of the GenAfrica Unit Trust Scheme.

**9.2. REMOVAL OF THE FUND MANAGER**

The Fund Manager may resign and/or be removed as provided for in the Trust Deed.

**9.3. LIABILITY OF A FUND MANAGER**

- a. The Fund Manager shall not incur any liability by reason of any matter or thing done or suffered or omitted by it in good faith under the provisions of the, incorporation documents, which include rules of the Scheme and the Act.

- b. The Fund Manager shall not be liable for any loss, damage or market fluctuations in interest rates and stock prices which affects the value of a Unit Portfolio or of any investment comprised therein unless in the case of loss and damage in the value of the Portfolio arises from negligence, willful default or fraud by the Fund Manager or any of its agents, employees or associates.

#### 9.4. THE TRUSTEE

Name of Trustee	KCB Bank Kenya Limited
Registered Office/ Head Office	KCB Towers, 7th Floor
Registered Postal Address	P.O. Box 30664-00100, Nairobi
Place of incorporation	Kenya
Incorporation date and number	Incorporation date: April 20, 2015  Incorporation number: CPR/2015/185698
Principal business activity	Bank

#### 9.5. PRINCIPAL DUTIES OF THE TRUSTEE

- a. Trustee shall ensure that the Scheme is managed in accordance with the Trust Deed, the Regulations, the Act and the service level agreement with the Fund Manager.
- b. The Trustee shall issue a report to be included in the annual report on the GenAfrica Unit Trust Scheme on whether in the Trustee's opinion; the Fund Manager has in all material respects managed the GenAfrica Unit Trust Scheme in accordance with the Act, the Regulations and the rules and regulations of the GenAfrica Unit Trust Scheme.
- c. The Trustee shall also ensure that the Fund Manager keeps proper books of account in respect of the Scheme.

- d. The Trustee will ensure that the Custodian takes into custody the entire Portfolio, documents of title, and cash and shall also execute all documents that are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and the Act.

#### 9.6. THE CUSTODIAN

Name of Custodian	Standard Chartered Bank Kenya Limited
Registered Office /Head Office	Standard Building, Westlands Road, Chiromo Lane, Westlands
Registered Postal Address	P.O. Box. 40984-00100, Nairobi
Incorporation date and number	Incorporation number – C. 5620 Incorporation date - September 02, 1963.
Legal Nature	Limited Liability Company
Principal business activity	Bank

#### Material provisions of the contract between the Fund Manager and the Custodian:

The Custodian shall:

- a. Render and maintain custody of the GenAfrica Unit Trust Scheme and hold it to the order of the Trustee or Fund Manager in accordance to the Act, incorporation documents and the rules of the Scheme.
- b. Receive and keep in safe custody title documents, securities, and cash amounts of the GenAfrica Unit Trust Scheme.
- c. Open an account in the name of the GenAfrica Unit Trust Scheme for the exclusive benefit of Unit Holders. The portfolio held by the Custodian shall be subject only to instructions of the Fund Manager and or the Trustee as the case may be, and any securities entrusted by the Custodian to any securities depository shall be subject only to instructions of the Custodian.
- d. Transfer, exchange or deliver in the required form and manner securities held by the Custodian upon receipt of instructions from the Fund Manager or the Trustee as the case may be.
- e. Promptly deliver to the Fund Manager or Trustee as the case may be or any persons authorized by the Trustee or the Fund Manager, copies of all notices, proxies, proxy soliciting materials, all public information, financial reports and stockbroker communications the custodian may receive from the issuers of securities or in relation to the securities held in the Scheme Portfolio.

- f. Exercise the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of securities in the Unit Portfolio and in fulfilling obligations in the service level agreement between the Fund Manager and the Trustee as the case may be and the Custodian.
- g. Attend general meetings of the Unit holders and be heard at any general meeting on matters, which concern it as custodian.
- h. Not contract its duties to an agent except where a portion of the Portfolio is invested in offshore investment.
- i. Maintain records of all transactions of the GenAfrica Unit Trust Scheme and shall include every transaction carried out by the Custodian on behalf of the Fund.

### 9.7. Reports by the Custodian

The Custodian shall provide to the Fund Manager, the Trustee and the Authority the following:

- a. a written statement which lists all assets of the Funds in the Funds account(s) together with a full account of all receipts and payments made and other actions taken by the Custodian;
- b. advice or notifications of any transfers of the Portfolio or Securities to or from the Funds account(s) indicating the Securities acquired for the account(s) and the identity of the party having physical possession of such securities;
- c. a copy of the most recent audited financial statements of the Custodian together with such information regarding the policies and procedures of the Custodian relevant to its role as Custodian (if any) as the Fund Manager or the Trustee may reasonably request in connection with the Custody Agreement or the duties of the Custodian under the Custody Agreement; and
- d. an annual report to the Authority demonstrating compliance with the CIS Regulations, the Trust Deed & Rules, the Information Memorandum and the Custody Agreement have been achieved.

### 9.8. THE AUDITOR

Name of Auditor	PricewaterhouseCoopers LLP
Registered Office /Head Office	PwC Tower, Waiyaki Way, Nairobi
Registered Address	P.O. Box 43963 – 00100
Legal Nature	Limited Liability Partnership
Principal business activity	Audit



The Auditor shall examine the books of account and give an annual report as to whether proper books of account have been kept and whether in his opinion the accounts show a true and fair view of the Fund's statement of affairs and the profit or loss for year ended.

The Auditor shall be entitled to remuneration for his services and such remuneration shall be mutually agreed with the Fund Manager annually.

#### **10. EVIDENCE OF TITLE TO UNITS**

Title to units shall be evidenced by an entry in the register of holders, and the Fund Manager shall not issue certificates to holders. A statement of unit holding ("statement") in respect of units shall be sent to a holder at least once a month or upon any alteration in the number of units to which the holder is entitled in such form as the Fund Manager may decide through email. A statement shall not constitute a document of title to the units to which it refers.

#### **11. REGISTER OF UNITHOLDERS**

The Fund Manager will be responsible for establishing and maintaining a register of holders in the Scheme in accordance with the Regulations. The Register will be kept at the Fund Manager's head office and can be inspected by Unit holders- at all times.

#### **12. MEETINGS OF UNITHOLDERS**

- a. Unit holders will receive notice to attend the meetings no less than 21 days written notice, inclusive of the date on which the notice is deemed to be served and the day of the meeting.
- b. Meetings may either be: in-person, virtual or hybrid as directed by the Trustee or Fund Manager. Hybrid meetings will occur where some Unit holders attend virtually while others are physically present, while virtual meetings occur where all Unit holders join and participate in the meeting through electronic means.
- c. The quorum of the meeting shall consist of twenty-five Unit holders or thirty-three per cent (33%) of the Unit holders whichever is lower, inclusive of proxies received, registered in the Register of Unit holders.
- d. Meetings of the Unit holders - may be convened by the Trustee or the Fund Manager at any time. The request shall state the objects of the meeting and the resolution or resolutions to be proposed at such meeting and shall be signed by the unit holders and deposited with the Trustee.
- e. A meeting of the Unit holders shall be convened for the following purposes among others:

- To approve any change of the investment policy or objectives of the Scheme proposed by the Fund Manager with the consent of the Trustee;
  - To approve any change of the class of scheme as registered;
  - To authorize any modification or addition to the Trust Deed proposed by the Fund Manager with the consent of the Trustee;
  - To approve any increase in the periodic charge due to the Fund Manager;
  - To remove the Fund Manager; and
  - To approve a scheme of amalgamation of funds proposed by the Fund Manager with the consent of the Trustee.
- f. The accidental omission to give notice of a meeting or the non-receipt of notice of a meeting by any Unit holder entitled to receive notice shall not invalidate the proceedings at that meeting.
- g. No business shall be transacted at any meeting unless a quorum of Unit holders is present at the time when the meeting proceeds to business.
- h. If within half an hour from the time appointed for the meeting a quorum is not present the meeting, if convened on the requisition of Unit holders, shall be dissolved and in any other case it shall stand adjourned to such day and time not being less than seven days thereafter and to such place as may be appointed by the chairman if any has been appointed pursuant to the incorporation documents or otherwise by the Trustee or Fund Manager, as the case may, be and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for the meeting, the unit holders present shall comprise the quorum.
- i. The Chairman presiding at the meeting shall be appointed by the Trustee but if at any meeting he is not appointed or is unwilling to act, the unit holders present shall choose one of their numbers to be Chairman of the meeting.
- j. At any meeting any resolution put to the vote of the meeting shall unless required by law be a simple majority as provided in the Trust Deed.
- k. The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorized in writing, or, if the appointer is a corporation, under the hand of an officer or attorney duly authorized. A proxy need not be a Unit holder.

- i. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarized a certified copy of that power or authority shall be deposited at the office of the Trustee or Fund Manager or at such other places within Kenya as is specified for that purpose in the notice convening the meeting, not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- m. An instrument appointing a proxy shall be in the usual common form or such form as may be submitted with the notice convening the meeting.
- n. The Trustee shall keep minutes of every meeting in a minute book.

### **13. VOTING**

- a. At any meeting a resolution put to the vote shall be decided on a show of hands unless a secret ballot is, before or on the declaration of the result of the show of hands, demanded by the Trustee or by Unit holders holding not less than one tenth of the Units in issue present in person or by proxy.
- b. Votes may be given either personally or by proxy or in any other manner permitted by the incorporation document and the voting rights attached to each shall be such proportion of the voting rights attached to all of the Units in issue as the price of the unit bears to the aggregate price or prices of all the Units in issue as of that date. A Unit holder entitled to more than one vote need not if he votes, use all his votes or cast all his votes in the same way.
- c. In the case of joint Unit holders of a unit the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Unit holders and for this purpose seniority shall be determined by the order in which the names stand in the register of Unit holders.
- d. Every notice calling a meeting of the Unit holders shall contain a reasonably prominent statement that a unit holder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him.
- e. A document necessary to show the validity and appointment of a proxy shall not be required to be received by the Fund or any other person more than 48 hours before the meeting or adjourned meeting in order that the appointment may be effective.

## 14. CHARGES AND EXPENSES

### a) Management Fee

- a. The Fund Manager shall be entitled by way of remuneration for its services being the professional management and administration of the GenAfrica Unit Trust Scheme. All or part of the remuneration will be treated as a capital charge.
- b. The Fund Manager will charge an annual Management Fee of up to a maximum of 5% of the total assets comprising the GenAfrica Unit Trust Scheme and payable monthly in arrears and to cater for transaction and administration costs incurred.
- c. The Management Fee applicable in respect of the GenAfrica Unit Trust Scheme shall be proportionate to the length of the relevant Accounting Period and shall be calculated at such percentage by the Fund Manager on the average month-end market value of the total investments of the Scheme and shall be payable monthly in arrears.
- d. To introduce a new charge or to propose a change in the maximum rate, amount or method, the Fund Manager will provide a ninety-day notice in writing (or such shorter period as required by the Authority) to Unit holders of the Fund Manager's intention, after obtaining approval from the Trustee and the Authority.
- e. The Fund Manager reserves the right to waive or rebate any or any portion of, the Management Fee at its discretion.

### b) Movable and Immovable Property

The Scheme shall not incur any expenses relating to property (movable and immovable) required running the Scheme. Such expenses shall be the responsibility of the Fund Manager and are included in the payment to the Fund Manager, as discussed in the above sections.

### c) Preliminary Charge

The Fund Manager may apply an initial charge in respect to the GenAfrica Unit Trust Scheme as set out in the special provisions relating to each Fund.

The Initial Charge may be increased or decreased by the Fund Manager, subject to a thirty (30) day notice to the Unit holders, and such increase or decrease of the initial charge will take effect upon expiry of the date indicated in the notice.

**d) Redemption Charge**

At the discretion of the Fund Manager, a redemption fee may be charged on the value of the redemption amount of Units as set out in the special provisions applicable to each Fund. If the amount of the charges changes, then details of any previous amount, the rate or method may be obtained from the Fund Manager on request.

A maximum of ninety-day notice (or such shorter period as required by the Authority) in writing after obtaining approval from the Trustee and the Authority would also be given to Unit holders of the Fund Manager's intention, to introduce a new charge or to propose a change in the rate, amount or method.

When any of the Fund Manager's charges are modified, the modification shall be expressed so as to apply only to units issued only after the date on which the modification takes place.

The Redemption Charge may be increased or decreased by the Fund Manager, subject to a thirty (30) day notice to the Unit holders, and such increase or decrease of the redemption charge will take effect upon expiry of the date indicated in the notice.

**e) Switching Charge**

A switching charge of up to 5% of the market value of the Units of the new class issued upon switching may be levied upon switching of units in the GenAfrica Unit Trust Scheme and will only be payable on switches in excess of the **one free switch** per month. The switching charge may be increased or decreased by the Fund Manager, subject to a thirty (30) day notice to the Unit holders, and such increase or decrease of the switching charge will take effect upon expiry of the date indicated in the notice.

**f) Dilution Levy**

Dilution refers to a scenario in which there is large trading in or out of a Unit Portfolio which incurs extra costs to the Unit Portfolio with regards to the Fund Manager having to enter the markets to undertake the large transactions and impacting on the Unit prices.

In a bid to protect continuing Unitholders, the Fund Manager shall levy a dilution levy on the exiting Unitholder whose action will potentially lead to Dilution. The exiting Unitholder shall meet the cost by having their price being adjusted by the effective dilution factor. A maximum rate of up to 10% of the redeemed or cancelled units will be chargeable.

**g) Trustee Fees**

The Trustee is entitled to receive in arrears a monthly Trustee and administration fee in relation to the services provided to the Scheme. The fee will be calculated and accrued as at each Dealing Day and will be equal to a percentage of the net asset value of the Scheme as at the last Dealing Day in the immediately preceding month.

The current rate of Trustee fees in relation to the Scheme is calculated at 0.15% of the NAV of the Scheme's Assets under Management subject to a minimum of KES 200,000 per annum for each Fund.

**h) Custodian Fees**

The Custodian is entitled to an annual fee of 0.20% of the NAV of the Scheme's Assets under management. The fee accrues on a daily basis and is paid monthly in arrears.

**i) Transactional Fees**

**a. Frequency Redemption Fee**

This is a standard charge of KES 1,000.00 applied to all Unit holders who redeem their Units more than once a month. All Unit holders are allowed one free withdrawal a month before being subject to fees.

**b. Transfer Fee**

This is the transfer of ownership from one Unit holder to another. Transfers occur within the same Fund. The instruction must be submitted in writing (fill out Transfer form), subject to a standard charge of KES 2,500.00.

**c. Charge on Pledging of Units**

All Unit holders requesting the recording of an encumbrance against the Units in their name as noted in the Register will pay a fee of KES 500.00. This is to cover the costs, time and effort borne by the Fund Manager to generate this certificate.

**d. General Adjustment Sale**

This transaction is a result of an error either made by the Unit holder, their broker / agent or Fund Manager. On completion of this form, the Fund Manager will rectify the error on the Unit Holder's account. This instruction must be submitted in writing (fill out Adjustment form). This will be charged against the Unit holder's account if an incorrect instruction was given to Fund manager and the instruction processed. If the adjustment / rectification of this mistake resulted in a loss, the Unit holder would be debited the equivalent sum of this loss.

**e. Postage/Statement Printing**

This is a standard charge of KES 100.00 that will be charged to all Unitholders who request to have a printout of their statements on an ad hoc basis or request to receive their statement by post on a monthly basis. All of the above can be emailed to the clients free of charge. Statements will be dispatched monthly to all Unit Holders.

**Please note:**

- a. All ad hoc statements will generate a standard charge of KES 100.00.
- b. Statements can also be viewed online upon a Unitholder's registration for this value added service at no cost.

**j) Bounced Cheque Fee**

This is charged against accounts that have issued cheques that are dishonoured. The processing fee applied by the bank will be debited from the client's unit trust account.

**15. OTHER PAYMENTS OUT OF THE FUND**

The Fund Manager shall be entitled by way of remuneration for its services and to cover expenses and fees in performing its obligations including obligations to pay the:

- Auditors
- Agent / Broker

In the event that any liabilities of a particular Fund cannot be met out of the assets attributable to such Fund, the excess liabilities shall be met out of the assets attributable to the other Funds.

**16. DEALING**

- a. The Fund Manager will act as principal in the trading of Units. As a result, it must act as market maker for the Units inclusive of meeting demand from Unitholders by creating units. It would therefore create and cancel units within the scope of the Act and its obligations to Unitholders.
- b. The Fund Manager is also obliged to act in the best interests of the Unitholders and this would imply, with regard to the creation and cancellation of units, that the Fund Manager applies a consistent basis in the creation and cancellation of units, with the exception of the recognition that a daily pricing window is required to facilitate the creation and liquidation of units.
- c. The Fund Manager may, with the agreement of the Trustee suspend, issue, cancel, sell and redeem units, if they are of the opinion that due to exceptional circumstances, there is a good and sufficient reason to do so having regard to the interests of Unit holders. The Fund Manager shall however comply with the Act and Trust Deed on suspension and resumption of dealings.

- d. The close –off time for dealings will be 3.00pm.

#### **17. SUSPENSION IN DEALING IN UNITS**

- a. Suspension in dealings may occur only in exceptional circumstances while at all times the Fund Manager shall have regard to the interest of all the Unitholders;
- b. The Fund Manager shall immediately notify the Authority if dealing has been suspended and the fact of the suspension shall be published immediately following such decision and at least once every week during the period of suspension, in the newspaper in which the Fund's prices are normally published.

#### **18. BUYING OF UNITS**

- a. The Units are offered on a continuous basis and may be purchased directly from the Fund Manager. Units may be purchased on any Business Day by completing the units subscription form and submitting it to the Fund Manager.
- b. The original of any Application form (s) given by email shall be accepted only where an email indemnity is in place. Subscriptions will be effected on receipt by the Fund Manager of the subscription amount. The Fund Manager and the Trustee shall not be responsible to any Unitholder for any loss resulting from non-receipt of any subscription form (s) sent by email.
- c. When purchasing Units, investors must specify the type of Fund by selecting the correct Fund on the application form.
- d. The offering price of Units is based upon the calculation at the end of the Business Day immediately preceding the Business Day on which the written request to buy and create Units is received by the Fund Manager and the Trustee respectively.
- e. A transaction will be concluded when a subscription form is presented to and accepted by the Fund Manager before noon on a Business Day and provided that where payment is by cheque, bank debit order or direct deposit and the Fund's bank account is credited, the investor will receive value when the funds are cleared and captured.



- f. No Unit-holder shall have more than twelve and a half percent holding in any Fund at any one time. The minimum initial investment for each Fund is KES 5,000.00 or as determined by the Fund Manager from time to time.
- g. The conversion of units from one fund type to another fund type will be regarded as a switch, and a client may be liable to pay a switching fee. A switch will be effected at the client's request clearly stating what fund they intend to be switching into. Unit holders are expected to maintain the fund minimum of KES 5,000.00 when switching onto a new fund.
- h. A Unit holder may do an additional purchase of units into an existing account. The additional purchase will be up to a minimum of KES 1,000.00.

## **19. STATEMENTS**

### **19.1. Statements**

- a. The Fund Manager shall issue a monthly statement to a Unit-holder. Statements shall not act as evidence of title to the Units.
- b. The Fund Manager is required to issue monthly statements to Unit-holders, whose names are entered on the Register, by e-mail.
- c. The Fund Manager will issue statements where a Unitholder purchases Units including additional Units within seven days from the date of receipt of an application by a Unit holder
- d. The Fund Manager is authorized to charge a fee for issuing any document, recording, or for amending an entry on the Register, otherwise than on the issue or sale of Units.
- e. Clients may request for their statements to be sent via post at their expense.
- f. The Statement issued will have the following details: -
  - Unit trust account market value as of that specific date;
  - All transaction details that occurred in that month
  - Description of fees that were charged against the account during the month
  - Distribution amount for clients who reinvest their units
- g. Statements may also be accessed online upon a client's registration for this value added service at no cost.

## **20. SWITCHING BETWEEN FUNDS**

A Unitholder is entitled to exchange units in one Fund for Units in any other Fund. The switching of units in one Fund for units in any other Fund will be treated as a redemption and a purchase and will be subject to taxation on capital gains or withholding tax as the case may be.

## **21. ALLOCATION OF COSTS**

Any costs, charges or expenses to be paid by the GenAfrica Unit Trust Scheme, as a whole, are not attributable to one Fund only, the umbrella scheme shall allocate such assets, costs, charges or expenses between and among the Funds in a manner which is fair to the Unit holders of the umbrella scheme generally.

The costs, charges and expenses will normally be allocated to all Funds in proportion to the respective Net Asset Value of the relevant Funds, provided that any annual or approval fees payable to the Authority shall be shared equally among the Funds, so approved, and fees such as audit may be allocated according to the complexity of the audit of that relevant Fund..

## **22. SALE AND REDEMPTION OF UNITS**

Dealing days shall be on each business day during normal working hours up to 3.00pm

### **22.1. Redemption of units**

- a. A Unit holder may redeem or request redemption of part or their entire Units. The Units shall be redeemed on a first in first out basis. A Unit holder shall be entitled at any time, by valid notice received by the Fund Manager, to redeem all or any of their units, and the Fund Manager shall repurchase such units subject to the provisions of this Memorandum. Notice for redemption should be provided before 12.00 pm on a Business Day to be eligible for that day's value date and if received after this time will be deemed to be notice received before 3.00 pm the following day.
- b. Unless there is an email indemnity in place or where otherwise agreed by the Trustee and the Fund Manager, the original of any redemption form sent by email should be forwarded to the Fund Manager. The Trustee and the Fund Manager shall not be responsible to a Unit Holder for any loss resulting from non-receipt of any redemption form sent by email.
- c. The minimum value of units that may be redeemed at any one time, shall be KES 1,000.00.
- d. The Fund Manager may deduct from the price so payable for each Unit redeemed an amount not exceeding the equivalent of any necessary charges which would be payable in connection with the sale of that part of the Underlying Securities represented by such

Units. The Custodian shall within two working days of the instructions given by the Fund Manager pay the re-purchase price of the Unit to the Unit-holder.

## **22.2. Steps for redemption of units**

- a. Notice can be provided through writing, including email, providing full identity particulars of the Unit holder, to the Fund Manager. Third party transfers will only be conducted on a case-by-case basis.
- b. No notice requiring the Fund manager to repurchase units shall be valid unless the Unit holder shall have delivered to the Fund Manager the evidence of his title to the units to be sold as the Fund Manager shall deem sufficient together with in each case a copy of the instruction duly completed by the Unit holder in respect of such Units.
- c. If the repurchase price is not paid to the Unit holder on delivery of the said documents to the Fund Manager, the Unit holder shall be issued with a receipt for such documents.
- d. Upon payment being made by the Fund Manager, in the case of a full redemption the Unit holder shall cease to be the Unit holder of the Units purchased by the Fund Manager and an entry to this effect shall be made in the Register.
- e. The Fund manager will transfer the monies requested to the Unit holder's bank or mobile money account but have no control over how these respective banks process their transactions.
- f. The Fund Manager will not be held responsible for any bank charges incurred by the unit holder for returned cheques, if onward payments were made assuming their bank account was credited. It is the responsibility of the current Unitholders to make sure that funds are available to cover cheques issued.

## **23. CANCELLATION OF UNITS**

- a. The Fund Manager may in consultation with the Trustee cancel Units if they are of the opinion that due to exceptional circumstances the cancellation is in the interest of the Unitholders.
- b. The Fund Manager shall instruct the Trustee to cancel Units and shall state in relation to each type of Units to be cancelled, the number to be cancelled, expressed as a combination of the number

and value of the Units to be cancelled. This will be done provided that there is no outstanding obligation to issue Units.

- c. The Trustee shall cancel the units on receipt of instructions given by the Fund Manager.
- d. A mandatory redemption, cancellation, or conversion of units from one class to another will be required if a Fund: ceases to exist, is wound-up.

#### **24. VALUATION OF THE PORTFOLIO**

- a. The value of a Unit Portfolio to be used in determining the selling price quoted by the Fund Manager and the price payable by the Fund Manager to the Trustee on the creation of additional units shall be the net asset value at the end of the Business day immediately preceding the Business day on which the written request to buy and create units is received by the Fund Manager and the Trustee respectively.
- b. The formula to be adopted to determine the value of the Fund per unit is:

**Value of the assets of the fund – liabilities.**

**Number of units issued and fully paid.**

- c. The Fund Manager will calculate this at the end of each Business day and on a weighted average basis.

Value of the asset of a Unit Portfolio includes:

- Aggregate market value of the underlying securities in the Unit Portfolio at a valuation point.
- Aggregate of all income accruals and payments received in lieu of income accruals from the creation of new Units.
- Amount of the compulsory charges payable on the respect of the acquisition of all the underlying securities comprising the Unit Portfolio.

Liabilities shall include:

- Accrued fees.
- Expenses.

- Those Income accruals and payments in lieu of Income accruals, set aside at the last preceding ex-dividend date for distribution, but not yet distributed, in respect of the accounting period which ended on the day prior to the last ex-dividend date:
- Those Income accruals and payments in lieu of Income accruals, as in the opinion of the Fund manager represents a fair proportion, at the said date, of the management fee and other amounts and charges for the relevant accounting period.

The Fund Manager shall have authority to make additional valuations at its discretion in which case, it shall give advance notice of its intention to do so to the Trustee.

## **25. PRICING**

### **25.1. Publication of Prices**

The price of Units will be published daily in any two daily newspapers of national circulation.

### **25.2. Future Pricing**

The pricing of units will be according to the net asset value of the Fund. The Fund Manager will use the future pricing method, which will be established each close of business and then applied to transactions, which occurred on the same day. All sales, repurchases, liquidations and creation of units which happen during the day can only be processed after a price has been determined. Investors only know the value of their transaction the day after it occurred. The price reflected in the newspapers and on the website daily is therefore the previous day's close price.

Transactions can only be processed after a yield has been determined. The Fund Manager will be using 'same date' processing. This is processing today's transactions for today. Notwithstanding the provisions of the Trust Deed, the Fund Manager, if it considers that volatile market conditions exist, may decide to temporarily vary the price in order to reflect such market conditions. The repurchase price quoted shall be the net asset value of the GenAfrica Money Market Fund however computed.

#### ***Please note:***

Notice for redemption should be provided before 9.00 am on a Business Day to be eligible for that day's value date and if received after this time will be deemed to be notice received before 9.00 am the following day.

## **26. MINIMUM LIMITS**

The limit on the number or value of Units that a person may hold is 12.5 % pursuant to the Income Tax (Collective Investment Schemes) Rules. The minimum value of units to be purchased is the price of a single Unit subject to the minimum investment amount specified by the Fund Manager.

## **27. WINDING UP OF GENAFRICA UNIT TRUST SCHEME**

GenAfrica Unit Trust Scheme or a Fund of the GenAfrica Unit Trust Scheme shall not be wound up otherwise than by a court order except under the following circumstances:

- a. Unless and until effect may be given in accordance with the provisions relating to winding up given in the Insolvency Act, 2015 (No. 18 of 2015, Laws of Kenya)
- b. If a proposal for winding up has been prepared by the Fund Manager and received and accepted by the Authority in accordance with the Act;
- c. In accordance with a court order for winding up the affairs of the Scheme or a Fund provided that the Authority shall have first exercised its powers to intervene in the management of the Scheme or Fund before an application is made to court for the winding up of the Scheme or Fund;
- d. If an extraordinary resolution to that effect has been passed by the Unitholders; and
- e. On the occurrence of which its instrument of incorporation provides that the Scheme is to be wound up.

### **27.1. Summary of the rights and procedure to the Fund under such a winding up include:**

- a. The Trustee will ascertain whether the Scheme or Fund will be able to meet all its liabilities, by carrying out a full enquiry into the Scheme or Fund's affairs.
- b. The Fund Manager shall prepare a statement that shall relate to the Scheme or Fund affairs at the date, which must not be more than 21 days prior to the date on which notice is given to the Trustee and Unit holders. This statement must be approved by the Trustee and must contain a statement signed by the Auditor to the effect that it has been properly made, and is fairly reflected by the confirmation.
- c. In the statement the Fund Manager will confirm whether the Scheme or Fund will be able to meet all its liabilities within 12 months of the date of the statement or state that such confirmation cannot be given.

**27.2. Summary of the rights and procedure to the Unit holders under such a winding up include:**

- a. The Fund Manager will give written notice of the commencement of the winding up to the Unit holders.
- b. The Fund Manager shall give instructions to the Custodian as to how such proceeds (until utilized to meet liabilities or make distributions to Unit holders) shall be held and such instructions shall be with a view for the prudent protection of the creditors and Unit holders against loss.
- c. After making the adequate provision for the expenses of the winding up, and discharge of the liabilities of the Scheme or Fund, The Fund Manager may arrange to make one or more interim distributions out of such the Scheme or Funds to the Unit holders proportionately. A final distribution shall be made on or prior to the date on which the final account <sup>2</sup> is sent to the Unit holders.
- d. Within three months of the end of the final accounting period<sup>3</sup>, the Fund Manager shall send a copy of the final account and the Auditor's report on it to the Trustee, Custodian and to each person who was a Unit-holder (or the first named joint unit holders) immediately before the final accounting period.
- e. While the Scheme or a Fund is being wound up, the annual and half-yearly Accounting period shall continue to run but the Fund Manager need not send to each Unit holder a copy of any of this reports, if the Trustee, after consulting the Authority, are satisfied that the interest of the Unit holders is not compromised. However, a copy of the report shall be dispatched free of charge on request by the Unit holder.

**27.3. Consequences and commencement of winding up:**

Immediately following the commencement of the winding up of the GenAfrica Unit Trust Scheme or a Fund of the Scheme:

- a. Regulations pertaining to pricing, dealing, investment and borrowing powers shall cease to apply to the Scheme or Fund;
- b. The Scheme or Fund shall cease to issue and cancel units:

- c. The Fund Manager shall cease to sell or redeem Units or to arrange for the Scheme or Fund to issue or cancel them;
- d. No transfer of a Unit shall be registered and no other change to the Register shall be made without the sanction of the Trustee, as the case may be:
- e. The Scheme or Fund shall cease to carry on its business, except so far as may be required for its beneficial winding up; however, the corporate state and corporate powers of the scheme and (subject to the preceding provisions of the Act) the powers of the Trustee shall continue until the Scheme or Fund is dissolved.
- f. The Fund Manager shall as soon as practicable after the effective time:
  - a. Publish in not less than two daily newspapers of national circulation published in the English language management's decision to wind up the Scheme or Fund and the date of commencement of the winding up; and
  - b. If the Fund Manager has not previously notified the Unit holders of the proposal to wind up, give written notice of the commencement of the winding up to the Unit holders

## **28. GENERAL INFORMATION**

### **28.1. Fund Reports**

Annual reports will be published and submitted by March 31<sup>st</sup> each year for the Fund by the Fund Manager.

The Scheme shall have an annual Accounting period ending the last day of December in each year; but the Fund Manager shall publish and submit to the Authority an un-audited interim report for the half-year period ending on the last day of June in each year.

### **28.2. Performance Measurement Report**

The Fund Manager will submit, within twenty-one days after the end of each quarter, to the Trustee, Unit Holders and the CMA with a *performance measurement report, in line with* the Guidelines issued by the Authority from time to time.



## 29. ADDITIONAL INFORMATION

- a. There are no guarantees on the Unit-holder's capital as the performance of units and interest-bearing investments in the Underlying Securities determines the value of a Unit holder's investment in the fund.
- b. The yield of Units can go down as well as up as a result of changes in the value of the Underlying Securities.
- c. Past performance should not be used as a guide to future investment performance.
- d. The Units are priced daily on a future pricing basis.
- e. A Unitholder may hold Units in any number of Funds, combinations or proportions subject to the Fund minimums. The Funds have been customised to suit different investment needs and they can be combined to build a diversified portfolio.

Advertisements shall include a warning statement that:

- a. The performance shown represents past performance and is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the principal value of an investment will fluctuate so that an investor's Units, when redeemed, may be worth more or less than their original cost. The listed returns and yields are net of expenses.
- b. Investors are reminded that in certain specified circumstances their right to redeem their Units may be suspended.
- c. For all publications, the Fund Manager must include at a minimum NAV, Yield (Year-to date, Month-to-date and Quarter-to-date) where applicable.
- d. In an advertisement, there shall be clearly indicated:
  - i. The name and description of the Fund;
  - ii. The name of the benchmark used, where applicable, which shall include the key features of the benchmark or the name of the benchmark for a readily recognized index or other point of reference (where applicable); and
  - iii. The periods that are presented.

### **30. SETTLEMENT OF DISPUTES**

Any dispute or difference which may arise between the Unit Holders, Fund Manager, Trustee or the Custodian and the others shall first be settled by the parties by negotiation.

If the parties to a dispute do not resolve the matter by negotiation within twenty one (21) days from the end of negotiation, the parties will promptly consider whether to refer the dispute to arbitration.

If the parties agree to refer the dispute to arbitration, the matter will be referred to the decision of a single arbitrator to be agreed upon between the parties or in default of agreement within fourteen days (14) to be appointed at the request of any of the parties by the Chairman of the Institute of Chartered Arbitrators Nairobi Branch in accordance with the provisions of the Arbitration Act No.4 of 1995.

### **31. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection by the Unitholders at the Fund Manager's offices:

- a. Copies of the Trust Deed and Information Memorandum;
- b. The Register ; and
- c. The GenAfrica Unit Fund Scheme annual and periodic reports.

### **32. PROPOSED INVESTMENT IN THE FUNDS**

An investment in the Scheme is not a deposit of any bank or other insured depository institution. An investment in the Scheme is not insured or guaranteed by the Kenya Deposit Insurance Fund or any other government agency.

An investment in any of the Funds of the Scheme may not be appropriate for all investors. The Funds of the Scheme are not intended to be a complete investment program, and investors should consider their long-term investment goals and financial needs when making an investment decision about an investment in the Scheme. Investors should consider their investment objectives to see if they are compatible with the funds' objective. Investors should also read about the risks involved in investing in unit trusts before investing.

An investment in any of the Funds of the Scheme is intended to be a medium to long-term investment, and it is not advisable to use the Fund as a trading vehicle.

There is no geographical or sector limitation as to investments of the Scheme except as the Fund Manager may advise the Trustees when there are material high risks within certain economies or sectors for which investments should not be made.

GenAfrica Unit Trust Scheme is an umbrella scheme with various funds, which investors may choose from depending on their goals and risk tolerance. The Funds shall be designed to achieve such goals as Capital appreciation, Income and Price stability.

Funds under this Scheme consist of the following:

- GenAfrica Money Market Fund
- GenAfrica Equity Fund

There be differences in information provided for each of the Funds as set out below:

- **Investment Objectives And Policies** - The investment objectives, target investors, investment risk profile and investment policies of the two Funds differ from one another.
- **Risk Factors Frequency of Income Distribution and Allocation**

An Investor is therefore required to read the specific part relating to the fund they would like to invest in.

The Fund Manager, in consultation with the Trustee of the Scheme may change any of the above categories of funds if for twenty-four (24) consecutive months at any time after the first issue of any units of the Fund, units in respect of less than two Funds are in issue.

### **33. GENAFRICA MONEY MARKET FUND**

#### **33.1. Investment Objective**

The objective of the GenAfrica Money Market Fund is to obtain a reasonable level of return while preserving the capital and liquidity through investing in high quality money market instruments with a maturity profile to ensure liquidity and optimal income generation.

Principal investments of the Fund shall be treasury bills, commercial papers, government securities, call deposits, and any other like instruments as specified by the Central Bank of Kenya from time to time.

#### **33.2. Investment Principles**

The guiding principles for the GenAfrica Money Market Fund are:

- a. To invest only in money market instruments spread between institutions of repute.
- b. To manage the portfolio according to best practice.
- c. To administer the portfolio according to best practice by treating the generation of income as a higher priority than capital growth or as the case may be to place equal emphasis on the generation of income and on capital growth and that (in either case) this may accordingly constrain capital growth;
- d. To optimize on investment returns by investing prudently in fixed income instruments which qualify the investment strategy and risk profile of the Fund.
- e. To disclose investment allocation and performance on a valuation basis.

The **GenAfrica Money Market Fund** will predominantly invest its assets in the Kenyan money markets at all times and will be permitted to make investments in a mix of money market securities, to the maximum permitted by the Act, and any other securities, which may be included in a portfolio in terms of the Act and relevant legislation, which are consistent with the portfolio's investment policy.

The Fund Manager may from time to time invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes, that predominantly invest in money market securities, as the Act may allow from time to time. Where the aforementioned schemes are operated in territories other than Kenya, participatory interests or any other form of participation in portfolios of these schemes will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and the trustee and of sufficient standards.

Nothing contained in this information memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit in terms of this information memorandum.

The Trustee shall ensure that the investment policy set out here in the preceding clause is carried out. Nothing in this Information Memorandum shall preclude the Fund Manager from varying the ratios of securities, to maximise capital growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the Information memorandum; provided that the Fund Manager shall ensure that the aggregate value of the assets comprising the unit trust portfolio shall consist of securities and liquid asset investments of the aggregate value required from time to time by the Act.

### 33.3. Authorized investments

GenAfrica Money Market Fund may invest in the following:

Type of Investment	Limit
Cash and near cash instruments	up to 100 %
Securities listed on a securities exchange in Kenya	up to 80 %
Securities not listed on a securities exchange in Kenya	Up to 25%
Securities issued by the government of Kenya	up to 80 %
Other collective investment schemes including umbrella Schemes	25 %
Offshore investments	up to 10%

These investment categories shall be made provided that:

- The Fund invests only in interest-earning money market instruments which have a maximum weighted average tenor of thirteen (13) months and includes credit rated private commercial papers/approved public commercial papers, treasury bills, government securities, call deposits, certificate of deposit including fixed deposits in commercial banks and deposit taking institutions and any other like instruments as specified by the Central Bank of Kenya from time to time.
- No limits shall apply to investment of the GenAfrica Money Market Fund in an interest bearing account, product or financial instrument of or issued by a bank or financial institution as defined by the Banking Act; or and insurance company as defined in the Insurance Act;
- The book value of an investment in an interest bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the GenAfrica Money Market Fund and net asset value;
- The book value of the GenAfrica Money Market Funds' holding of securities relating to any single issuer shall not exceed twenty-five per cent of the unit trust scheme's properties net asset value; and

- The Fund Manager shall not apply any part of the GenAfrica Money Market Fund in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the trustee likely to involve the trustee in any liability contingent or otherwise.
- The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the GenAfrica Money Market Fund, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.
- Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the GenAfrica Money Market fund.

#### **33.4. Distribution of Income**

A distribution for the GenAfrica Money Market Fund consists of interest.

Interest is received from liquid assets in the portfolio such as treasury bills, bonds and fixed deposits.

#### **33.5. Distribution Frequency**

Distributions will be made **monthly** for the GenAfrica Money Market Fund

#### **33.6. Financial Year**

The financial year will end on December 31<sup>st</sup> of each year. The year will be divided into two accounting periods, ending on June 30<sup>th</sup>, and December 31<sup>st</sup>. Distribution dates for income shall be no longer than one calendar month from the due date.

#### **33.7. Distribution Policy**

Details of the distribution arising from interest will be shown on monthly distribution statements to unit holders.

All income arising from receipts of interest will be distributed to unit holders after provision for expenses as detailed above net of tax. All distributions will be reinvested in the unit holder's account, unless otherwise indicated.

#### **33.8. Interest on the GenAfrica Money Market Fund**

As there is no fixed investment period in our fund, there is no guaranteed interest rate for any given period of investment. Interest is accrued on a daily basis, and credited to the unit trust account monthly. The annual effective yield can be found for every Business Day in the local newspapers.

**33.9. Income Allocation Dates**

The Income Allocation Dates for the GenAfrica Money Market Fund shall be the last Business day of each month.

**33.10. Charges**

- a) The Fund Manager may apply a Preliminary Charge in respect to the KFund. Where a Preliminary Charge is applied, it shall not exceed 5% of the issue price of units purchased. The Fund Manager does not currently charge a Preliminary Charge
- b) The Fund Manager may apply a redemption charge in respect to the GenAfrica Money Market Fund. Where a redemption charge is applied, it shall be set out in the updated information memorandum and shall not exceed 0.5% of the funds invested. The Fund Manager does not currently charge a Redemption Charge.

**33.11. Fund reports**

Unit holders should expect to receive a quarterly fund fact sheet report for the GenAfrica Money Market Fund. This report will review the investment activity and performance of the investment portfolio and any changes comprising the fund's portfolio for the quarterly.

The quarterly report is aimed at presenting the performance of the GenAfrica Money Market Fund and to explain the management of the portfolio for the period covered by the report.

**33.12. Monitoring**

In ensuring that these risks are prudently managed, there shall be continuous monitoring of the performance of the fund as regards to where it has been invested. This is the process that shall assess the presence and functioning of its risk management components over time. It involves ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the normal course of management activities. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures.

**33.13. Assurance Framework**

The risk and compliance and the internal audit function shall provide the quality assurance of the Fund.

## **34. GENAFRICA EQUITY FUND**

### **34.1. Objectives, policy and principles**

The primary objective of the GenAfrica Equity Fund is to achieve long-term capital appreciation by investing in a diversified portfolio of equity securities of East African companies. Income is the Fund's secondary objective. Investors can obtain undivided participation in a diversified portfolio of securities. In order to achieve this object, The Fund Manager shall be entitled, subject to the provisions of this Information memorandum and of the Act, to create and issue an unlimited number of units in the GenAfrica Equity Fund established in terms of the Information Memorandum.

In selecting securities for the GenAfrica Equity Fund, the Fund Manager shall seek to achieve an investment medium for unit holders, which shall have as its primary objectives as long term capital growth.

### **34.2. Investment Objective.**

The objective of the GenAfrica Equity Fund is to generate long-term capital growth through investing principally in equities providing a medium to high risk profile by Investing in stocks of several sectors of the economy.

### **34.3. Investment Principles**

The guiding principles for the GenAfrica Equity Fund are:

- To select a well-diversified portfolio of reputable company shares
- To take capital profits when appropriate
- Administer the portfolio according to best practice.
- Ensure that investors have well-researched and risk-tested portfolios.

The GenAfrica Equity Fund will not lend all or part of its portfolio and shall not assume, guarantee, endorse, or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

The **GenAfrica Equity Fund** will predominantly invest its assets in the Kenyan market and will be permitted to make investments in equity securities, to the maximum permitted by the Act, and any other securities, which may be included in a portfolio in terms of the Act and relevant legislation, which are consistent with the portfolio's investment policy.



The Fund Manager may from time to time invest in participatory interests or any other form of participation in portfolios of collective investment schemes or similar collective investment schemes, as the Act may allow from time to time. Where the aforementioned schemes are operated in territories other than Kenya, participatory interests or any other form of participation in portfolios of these schemes will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and the trustee and of sufficient standards.

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit in terms of this Information Memorandum.

The Trustee shall ensure that the investment policy set out here in the preceding clause is carried out.

Nothing in this information memorandum shall preclude the fund manager from varying the ratios of securities, to maximise capital growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the Information Memorandum; provided that the Fund Manager shall ensure that the aggregate value of the assets comprising the unit trust portfolio shall consist of securities and liquid asset investments of the aggregate value required from time to time by the Act.

#### **34.4. Authorized Investments**

GenAfrica Equity Fund may invest in the following investment categories:

<b>Type of Investment</b>	<b>Limit</b>
Cash and cash equivalents	up to 20%
Securities listed on a securities exchange in Kenya	up to 80 %
Securities issued by the government of Kenya	up to 80 %
Other collective investment schemes including umbrella schemes	25 %
Offshore investments	up to 10%
Any other securities not listed at a securities exchange in Kenya	Up to 25%

These investment categories shall be made provided that:

- The Fund shall invest a minimum of 60% of the market value of its asset under management in equities listed locally, listed in other regulated exchanges approved by the Fund Manager of Trustee or unlisted equities at all times. Any funds not invested in equities shall only be invested in cash and near cash equivalents
- No limits shall apply to investment of the GenAfrica Equity Fund in an interest bearing account, product or financial instrument of or issued by a bank or financial institution as defined by the Banking Act; or and insurance company as defined in the Insurance Act;
- The book value of the investment in an interest bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the GenAfrica Equity Fund and net asset value;
- Book value of the GenAfrica Equity Fund's holding of securities relating to any single issuer shall not exceed twenty five (25) per cent of the Unit trust scheme's properties net asset value.

The limits and restrictions in this Part shall be complied with at all times based on the most up-to-date value of the GenAfrica Equity Fund, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the unit trust scheme.

#### **34.5. Distribution of Interest and Dividends**

Dividends are income received from companies whose shares are held within the portfolio. Interest is received from liquid assets in the portfolio such as treasury bills, bonds and fixed deposits.

#### **34.6. Distribution Frequency**

Distributions will be made semi-annually for the GenAfrica Equity Fund.

**34.7. Financial Year**

The financial year will end on December 31<sup>st</sup> of each year. The year will be divided into two accounting periods, ending on June 30<sup>th</sup>, and December 31<sup>st</sup>. Distribution dates for income shall be no longer than one calendar month from the due date.

**34.8. Distribution Policy**

Details of the distribution arising from interest and dividends will be shown semi-annually on monthly statements to unit holders. All income arising from receipts of securities held will be distributed to unit holders after provision for expenses as detailed above. All distributions will be reinvested in the unit holder's account, unless otherwise indicated in writing by the Unitholder.

**34.9. Allocation of Income**

The Income Allocation Dates for the GenAfrica Equity Fund shall be the last Business day of each calendar quarter.

**34.10. Charges**

34.10.1. The Fund Manager may apply a Preliminary Charge in respect to the GenAfrica Equity Fund. It shall not exceed 5% of the unit price of the units issued. The Fund Manager does not currently charge a Preliminary Charge;

34.10.2. The Fund Manager may apply a redemption charge in respect to the GenAfrica Equity Fund. Where a redemption charge is applied, it shall be set out in the updated information memorandum and shall not exceed 0.50% of the funds. The Fund Manager does not currently charge a Redemption Charge.

**34.11. Fund reports**

Unit holders should expect to receive a quarterly fund fact sheet report for the GenAfrica Equity Fund. This report will review the investment activity and performance of the investment portfolio and any changes comprising the fund's portfolio for the quarterly.

The quarterly report is aimed at presenting the performance of the GenAfrica Equity Fund and to explain the management of the portfolio for the period covered by the report.

**34.12. Monitoring**

In ensuring that these risks are prudently managed, there shall be continuous monitoring of the performance of the Fund as regards to where it has been invested. This is the process that shall assess the presence and functioning of its risk management components over time. It involves

ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the normal course of management activities. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures.

**34.13. Assurance Framework**

The risk and compliance and the internal audit function shall provide the quality assurance of the Fund.

SEALED WITH THE COMMON SEAL OF THE FUND MANAGER ]  
**GENAFRICA ASSET MANAGERS LIMITED** ]

In the presence of: ]

Director: *[Signature]* ]

Director/Secretary: *[Signature]* ]

In the presence of: ]

Advocate ]



**SIGNED AND DELIVERED BY** )

the duly authorised Attorney of the Trustee )

**KCB BANK KENYA LIMITED** )

In the presence of: )

Name: *[Signature]* )

Address: P.O. Box 48400, Nairobi, Kenya )

Signature: *[Signature]* )

Power of Attorney No: P.A. No. 27 of 25/1/2018 )

