



NCBA

TRUST DEED

**FOR
NCBA UNIT TRUST FUNDS**

1st November 2019

UNIT TRUST FUNDS TRUST DEED

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PART I- THE TRUST

TRUST DEED – 1 November 2019

1. DEFINITIONS:

RELATIONSHIP BETWEEN NCBA BANK KENYA PLC AND NCBA INVESTMENT BANK LTD.

NCBA Bank Kenya PLC ("NCBA") being the Sponsor of the NCBA Unit Trust Funds shall appoint a Trustee of the Funds who in turn shall appoint a Fund Manager who will take responsibility for the funds under this Deed. NCBA Bank Kenya PLC will serve as a distributing agent for the funds through its branch network and advisors.

In this Deed, unless otherwise specifically stated, words defined in the Act bear the meanings therein assigned to them, and unless inconsistent with the context, all words and expressions importing the masculine gender shall include the feminine, and words signifying the singular number shall include the plural and vice versa.

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

"accounting period" The NCBA Unit Trust Funds 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 interim report for the half-year period ending on the last day of June in each year.

"business day" Excludes Saturday, Sunday, and public holidays.

"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 NCBA Unit Trust Funds by reason of the holding of the underlying securities on behalf of the unitholders, whether received in cash or securities or by warrant, cheque.

"certificate" or "certificates" of entitlement means a certificate or statement issued pursuant to the provisions of this Deed which serves as evidence of the title of the possessor thereof to the units referred to therein and properly acquired by him in the NCBA Unit Trust Funds.

"custodian" means a company approved by the Authority to hold in custody funds, securities, financial instruments or documents of title to assets of the NCBA Unit Trust Funds.

"dealing" means an act of buying, selling or agreeing to buy or sell or trade units by the Fund Manager.



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"income accruals" for an accounting period means any dividend, interest, or other income for distribution received by or accrued to the NCBA Unit Trust Funds, the custodian, herein KCB Bank Kenya Ltd, or the Fund Manager, on behalf of the unit holders for that accounting period together with any amounts carried forward from any previous accounting period as not having been distributed.

"made-up price" of a unit means the Net asset value of the fund, plus the initial charges, if any, which would have become payable in terms of clause 19 of this Deed.

"management fee" means the periodical charge deductible from income accruals and payments in lieu of income accruals to remunerate the Fund Manager for managing the NCBA Unit Trust Funds, expressed as a percentage of the average month-end market value of the total assets comprising the NCBA Unit Trust Funds during the accounting period for which the charge is levied.

"portfolio" means a group of securities in which members of the public are invited to acquire units pursuant to the unit trust funds and includes any amount in cash forming part of the assets pertaining to such portfolio;

"recognised securities exchange" means the Nairobi Securities Exchange, or a stock exchange outside Kenya approved by the Fund Manager and the Trustee and subject to the Act.

"register" means the register of unit holders.

"Regulation" means the Capital Markets collective investment schemes regulations, 2001.

"Securities" means -

- a) Debentures or bonds issued or proposed to be issued by a government;
- b) Debentures, shares, bonds, commercial paper, or notes issued or proposed to be issued by a body corporate;
- c) Any right, warrant, option or futures in respect of any debenture, shares, bonds, notes or in respect of commodities;
- d) Any unit, interest or share offered under a collective investment scheme; or
- e) Any instruments commonly known as securities but does not include -
 - (i) Bills of exchange;

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- (ii) Promissory notes; or
 - (iii) Certificates of deposits issued by a bank or financial institution licenced under the Banking Act;

"shillings" means the currency of the republic of Kenya.

"NCBA Dollar Investment Fund" is a scheme investing in all US Dollar Denominated cash and other money market instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the NCBA Dollar Investment Fund or offering document of the NCBA Dollar Investment Fund, and the Act.

"NCBA Money Market Fund" is a scheme investing in all cash and other money market instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the NCBA Money Market Fund or offering document of the NCBA Money Market Fund, and the Act.

"NCBA Equity Fund" is a scheme investing principally in equities, or investing in stocks of several sectors of the economy. Equity instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the NCBA Equity fund or offering document of the NCBA Equity fund.

"NCBA Unit Trust Funds" is an umbrella fund comprising three sub funds, namely, the NCBA Money Market Fund, NCBA Equity Fund and the NCBA Dollar Investment Fund

"the Act" The Act refers to the Capital Markets Act and any Regulations issued thereunder.

"the auditors" means a person or firm qualified for appointment as auditor of a public company in Kenya and appointed by NCBA Bank Kenya PLC as it's auditor and as auditor of the Unit Trust Funds, subject to the provisions of the Act. A person shall not be qualified for appointment as auditor unless he is a member of and holds a valid practicing certificate issued by the Institute of Certified Public Accountants of Kenya.

"the Authority" Refers to the Capital Markets Authority.

"trust Deed" Or "deed" means this trust deed that sets out the trusts governing the unit trust fund and includes every instrument that varies those trusts, or effects the powers, duties, or functions of the trustee or manager of the unit trust or mutual fund;

"trustee" In relation to the Unit trust, means a party, approved by the Authority, in which are vested the money, investments, or other unit trust funds portfolio that are for the time being subject to the trusts governing the Unit trust.



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The Trustee of the NCBA Unit Trust Funds is KCB Bank (Kenya) Limited.

"Umbrella Fund" This is a scheme that has two or more sub-funds under the management of one fund manager.

"underlying securities", in relation to a unit portfolio, means the securities comprised in or constituting the unit portfolio concerned and includes any cash or claims derived or resulting from the conduct of the unit portfolio which are held by or due to the NCBA Unit Trust Funds, the Fund Manager or the Trustee for the benefit of the unit holders in that unit portfolio.

"unit" means an undivided unit in the unit trust portfolio of the NCBA Unit Trust Funds.

"unit portfolio" means the underlying securities in which persons are invited or permitted by the Fund Manager to acquire units in the NCBA Unit Trust Funds including any cash and/or claims forming part or deemed to form part of the assets pertaining to the NCBA Unit Trust Funds but after deduction of any liability pertaining or deemed to pertain to such unit portfolio.

"unitholder" means any person who has purchased units and is a holder of units in the NCBA Unit Trust Funds and is registered in the register of unit holders evidencing that he has an interest in the fund.

"unit trust funds" means any scheme or arrangement in the nature of a trust in pursuance of which persons are invited or permitted, as beneficiaries under the trust, to acquire an interest or undivided unit in one or more unit portfolios and to participate proportionately in the income or profits derived therefrom herein referred to as the 'NCBA Unit Trust Funds'

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

2. THE CONSTITUTION OF THE NCBA UNIT TRUST FUNDS

- a) NCBA Bank Kenya PLC and promulgated a Trust Deed establishing an umbrella fund ("the unit trust funds"):
- b) *Name:* NCBA Unit Trust Funds
Address of Head office:
NCBA Center, Mara and Ragati Roads, Upper Hill
P.O Box 30437, 00100
Nairobi, Kenya.
- c) The duration of the NCBA Unit Trust Funds is unlimited subject to the perpetuities and accumulations Act (Chapter 161).

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3. DECLARATION OF THE NCBA UNIT TRUST FUNDS.

" Subject to the provisions of this deed and all rules of the unit trust funds for the time being in force, the NCBA Unit Trust Funds (other than sums standing to the credit of the distribution account) is held by the Trustee on trust for the holders of the units pari passu according to the number of units held by each holder, and the sum standing to the credit of the distribution account are held by the Trustee on trust to distribute or apply them in accordance with the Act and this Deed."

4. OBJECTS OF THE NCBA UNIT TRUST FUNDS

The object of the NCBA Unit Trust Funds is to provide a medium to long term investment whereby 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 Deed and of the Act, to –

Create and issue an unlimited number of units in the NCBA Unit Trust funds established in terms of this Trust Deed.

5. THE INVESTMENT POLICY AND AUTHORISED INVESTMENTS

NCBA Unit Trust Funds: An actively managed portfolio that comprises a mix of securities in cash or near cash deposits, offshore investments and Securities listed on the securities exchange in Kenya.

The Trustee shall ensure that the investment policy set out in the preceding sub clause and in any Supplemental Trust Deed is carried out.

5.1 Investment Objective

The objective of the NCBA Unit Trust Funds is to generate both income and capital growth through investing principally in equities and money market instruments.

5.2 Investment Policies

Nothing contained in this Trust Deed 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 Trust Deed.

The guiding principles for the NCBA Unit Trust Funds are described in the individual fund supplemental trust deeds.

5.3 The categories in which the funds of the NCBA funds may invest and Investment restrictions:

- Securities listed on the securities exchange in Kenya – up to 80%.

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- Offshore investments - this include securities held in Euro, dollar or pound Currencies of companies listed on their respective securities exchange - up to 10%.
- Cash / near cash deposits – up to 10%

These investment categories shall be made provided that:

- a) 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 NCBA Unit Trust Funds and net asset value;
- b) Book value of the NCBA Unit Trust 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
- c) Any Unit trust scheme established for the investment of retirement benefits schemes shall comply with the investment guidelines prescribed under the Retirement Benefits Act;

The fund manager shall not apply any part of the NCBA Unit Trust Funds 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 NCBA Unit Trust funds, 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.

Information on investment will be given in the semi - annual reports to the unitholders on the investments in the portfolio undertaken by the fund manager. These reports will review the investment activity and performance of the investment portfolio and any changes comprising the NCBA Unit Trust Funds.

5.4 Borrowing restrictions.

The NCBA Unit Trust Funds shall not lend all or part of the Unit trust scheme 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.

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5.5 Change in Investments.

The Fund Manager may, if it considers it in the best interest of the unitholders, sell, exchange, alter, or otherwise dispose of any of the underlying securities and in such event shall substitute for such underlying other securities or cash equal in value to the net amount realized for the underlying securities disposed of less the compulsory charges in respect of the securities substituted.

5.6 Trustee Entitled to Reject Securities.

The Trustee shall refuse to accept as part of the NCBA Unit Trust Funds any security which, according to its judgement, infringes the terms of this Deed or the Act and the Fund Manager shall, in such an event, deposit with the custodian cash and/or other securities of equal value and which comply with the terms and objects of the Trust Deed. In order to enable the Trustee to give effect to the provisions of this Deed, the Fund Manager shall furnish to the Trustee such information as the latter may from time to time reasonably require.

6. TRUST DEED TO BE BINDING AND AUTHORITATIVE.

"This Deed is binding on each holder as if he had been a party to it, and is bound by its provisions and authorises and requires the Trustee and The Fund Manager to do the things required or permitted of them by the terms of the Deed"

7. RESTRICTED ECONOMIC OR GEOGRAPHICAL OBJECTIVES.

There are no restrictions on the geographical areas or economic sectors in which investment of capital of the Unit Trust portfolio may be made.

8. HOLDER'S LIABILITY TO PAY.

The Unit holder is not liable to make any further payments after they have paid the purchase price of their units and no further liability can be imposed on them in respect of the units which they hold, save for the administration costs set out in the information memorandum, and the dilution levy in accordance to the Act and the information memorandum.

9. CHANGE IN INVESTMENTS.

The Fund Manager may, if it considers it in the best interest of the unit holders, sell, exchange, alter, or otherwise dispose of any of the underlying securities and in such event shall substitute for such underlying other securities or cash equal in value to the net amount realized for the underlying securities disposed of less the compulsory charges in respect of the securities substituted.

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10. VALUATION OF THE NCBA UNIT TRUST FUNDS.

The value of the Funds 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.

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.

- ♦ The Fund Manager will calculate this at the end of each business day and on a weighted average basis.
- ♦ Value of the asset of the Fund includes:
 - a) Aggregate market value of the underlying securities in the unit portfolio at a valuation point.
 - b) Aggregate of all income accruals and payments received in lieu of income accruals from the creation of new units.
 - c) Amount of the compulsory charges payable on the respect of the acquisition of all the underlying securities comprising the unit portfolio.
- ♦ Liabilities shall include:
 - a) Accrued fees.
 - b) Expenses.
 - c) 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:
 - d) 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;

11. STATEMENTS

The Fund Manager or the Trustee is required to issue statements representing units owned by unitholders, whose names are entered on the register of unit holders.

The Fund Manager shall issue a monthly statement to each unitholder which shall serve as evidence to the title to units held by the unitholder.

The Fund Manager shall issue statement to unit holders on or before the 10th working day following the end of the month for which statements are due.

The monthly statements shall be distributed via email addresses provided by the unit holders and updated regularly and formally advised by the Unitholders



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whenever there is a change in address. Where the Unitholder does not provide an email address, the monthly statements shall be available for collection in hard copies at any branch of the NCBA Bank.

PART II – THE FUND MANAGER

12. APPOINTMENT OF THE FUND MANAGER.

"The NCBA Unit Trust Funds will at all times be managed and administered by NCBA Capital Limited licensed by the Capital Markets Authority as the Fund Manager". The Fund manager will cease to manage the fund under the following circumstances: Suspension or winding up.

13. THE FUND MANAGER'S CAPITAL.

The Fund Manager shall at all times maintain an unimpaired paid-up share capital of Kshs. 25 million or as prescribed by the Authority from time to time.

14. LIABILITY OF A FUND MANAGER.

The Fund Manager of NCBA Unit Trust Funds shall not be liable for any loss, damage or depreciation in the value of the Funds or of any investment comprised therein or the income therefrom which may arise by reason of depreciation of the market value of the shares and other assets in which the scheme funds are invested unless such loss, damage or depreciation in the value of the scheme fund arises from negligence whether professional or otherwise, wilful default or fraud by the Fund Manager or any of its agents, employees or associates.

In the absence of fraud or negligence by the Fund Manager, 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, Trust Deed, Information Memorandum, Rules of the NCBA Unit Trust Funds or the Act.

The Fund Manager shall not be under any liability except such liability as may be expressly assumed by the Fund Manager under the Trust Deed, Information Memorandum, the rules of the NCBA Unit Trust Funds and the Act, nor shall the Fund Manager save as expressly provided herein be liable for any act or omission of the Trustee.

15. DUTIES OF THE FUND MANAGER

The Fund Manager shall:

- ♦ Carry out the administration of the NCBA Unit Trust Funds including the management of the portfolio of investments in accordance with the

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direction and the authority of the Trustee; as well as the provisions of this Trust Deed and the Act.

- ◆ Advise the Trustee on the asset classes which are available for investment.
- ◆ Formulate a prudent investment policy.
- ◆ Invest the scheme's assets in accordance with the NCBA Unit Trust Funds investment policy.
- ◆ Reinvest any income of the NCBA Unit Trust Funds which is not required for immediate payments.
- ◆ Instruct the custodian to transfer, exchange and deliver in the required form and manner the scheme assets held by such custodian.
- ◆ Ensure that the units in the NCBA Unit Trust Funds are priced in accordance to the provisions of this Trust Deed and the Act.
- ◆ Not sell any units otherwise than on the terms and at a price calculated in accordance to the provisions of this Trust Deed and the Act.
- ◆ Rectify any breach of matters relating to incorrect pricing of units or to the late payment in respect of the issue or redemption of units. This may involve the reimbursement or payment or arranging the reimbursement or payment of money by the Fund Manager to the unit holders or former unit holders, by the Fund Manager to the NCBA Unit Trust Funds, or from the NCBA Unit Trust Funds to the Fund Manager.
- ◆ Purchase at the request of a unit holder, any units held by such a unit holder on the terms and at a price calculated in accordance to the provisions of this Trust Deed and the Act.
- ◆ Publish daily the price of units in at least two daily newspapers of national circulation, published in the English language. Where dealing is not on a daily basis, there shall be at least one publication a month of the prices of the units.
- ◆ Prepare and dispatch timely all cheques, warrants, notices, accounts, summaries, declarations, offers and statements under the provisions of this Trust Deed and the Act.
- ◆ Execute, sign, issue, and send all certificates and all transfers of securities. All certificates will be signed by the Fund Manager and counter signed by the Trustee.
- ◆ Make available for inspection to the Trustee or any auditor appointed by the Trustee, the records and the books of accounts of the Fund Manager.

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Giving either oral or written information as required with respect to all matters relating to the Fund Manager, its properties and its affairs.

- ◆ Be fair and equitable in the event of any conflict of interest.
- ◆ Credit, to the NCBA Unit Trust Funds, all monetary benefits or commissions arising out of managing the funds.
- ◆ Account to the Trustee within thirty days after receipt by the Fund Manager any monies payable to the Trustee.
- ◆ Issue a certificate of entitlement to the unit holders and issue an account statement every thirty days, specifying any units held by the unit holder and showing the transactions in the unit holders' accounts during the preceding month and which shall be prima facie evidence of the title of the unit holder to the units.
- ◆ Keep and maintain records of the NCBA Unit Trust Funds at all times.
- ◆ Not engage or contract any advisory or management services on behalf of the NCBA Unit Trust Funds without prior written approval of the Trustee.

16. THE FUND MANAGER'S PERIODIC CHARGE

The Fund Manager shall make a periodic charge, herein known as the management fee (but not exceeding a maximum of up to 10% of funds under management), payable out of the income of the NCBA Unit Trust Funds and this shall be expressed as an annual percentage of the value of the portfolio scheme.

The management fee applied in respect of the NCBA Unit Trust Funds shall be proportionate to the length of the relevant accounting period and shall be calculated at such percentage by the Fund Manager on the day-end market value of the total investments of the fund.

17. THE FUND MANAGER'S PRELIMINARY/ INITIAL CHARGE.

The Fund Manager may apply an initial charge in respect to the NCBA Equity Unit Trust Funds (not exceeding a maximum of 10% of amount invested).

18. THE FUND MANAGER'S REMUNERATION.

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 remuneration to the Trustee and the Trustee's disbursements and the auditor's fees and expenses excluding expenses incurred by the Fund

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Manager or the Trustee for the purpose of enabling the trust to conform to legislation passed. The Fund Manager will receive:

- ◆ A periodic charge.
- ◆ Any charge disclosed in the Information Memorandum.

19. ALTERATIONS OF CHARGES

The Fund Manager may at any time in its discretion waive or rebate in full or any portion of, the amounts mentioned in this clause.

These payments may be made to the Fund Manager provided that:

- All proposed alterations to the Fund Manager's remuneration to be incorporated in the Incorporation Documents shall be submitted to the Authority for prior approval.
 - The Authority shall determine whether holders shall be notified of any alterations or additions to the incorporation documents and the period of notice if any to be applied before the changes are to take effect.
 - 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 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 after the date on which the modification takes place.
 - The notice period referred to in above sub-regulation shall not exceed three months unless the Authority, having regard to the merits of the case, otherwise determines.

20. REPORTS BY THE FUND MANAGER

The Fund Manager shall provide the Trustee, and the Authority quarterly from the date of the Fund Manager's appointment with:

- ◆ A valuation of the NCBA Unit Trust Funds, including the cost and yield of the investment.
- ◆ A report with the investment activities and performance of the portfolio.
- ◆ A record of all investment transactions during the previous period.

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The Fund Manager shall once every year provide every unit holder and the Authority with audited accounts and such other statements as may be necessary in relation to the operations of the unit trust funds during the period which ended not more than three months before the date on which such accounts or statements are submitted, and in regard to its position as at the end of that period, including -

- ◆ The Fund Manager's capital resources actually employed or immediately available for employment for the purposes of the unit trust funds;
 - ◆ In respect of the unit trust funds, the total market value of each of the several securities included in the NCBA Unit Trust Funds, and the value of each of those securities expressed as
 - a) A percentage of the total market value of the NCBA Unit Trust Funds;
 - b) A percentage of the total amount of securities of that class issued by the concern in which the investment is held.
 - c) Indicating the percentage of such securities in relation to the Investment guidelines specified in clause 5.
 - ◆ The amount of dividends and interest and any other income for distribution which have accrued to the underlying securities comprised in the NCBA Unit Trust Funds, indicating the classes of income and the amount derived from each class, and how the income has been or is intended to be allocated;
 - ◆ The total amount derived from the sale of units, indicating the total amount paid in respect of compulsory charges, and the total amount paid in respect of the repurchase of units;
- The Fund Manager's income derived from all sources in the operation of the NCBA Unit Trust Funds, indicating the sources and the amount derived from each source, and its net profit or loss derived from such operation;
- ◆ A review of the fluctuations in the selling and repurchase prices per unit during the period in question including the highest and lowest selling prices and the highest and lowest repurchase price.
 - ◆ Copies of the accounts and statements shall be kept at the registered office of the Fund Manager and made available for inspection during ordinary office hours by any unit holder or other person bona fide interested in the purchase of units of the NCBA Unit Trust Funds;



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21. RECORDS BY THE FUND MANAGER.

The Fund Manager shall:

- ◆ Keep and maintain a record of all minutes, statements of accounts and resolutions in respect of the NCBA Unit Trust Funds;
- ◆ Keep or cause to be kept proper books of accounts and records in which shall be entered all transactions effected by the Fund Manager for the account of the NCBA Unit Trust Funds and permit the Trustee from time to time on demand to examine and take copies of or extracts from any such books and records;
- ◆ Maintain a daily record of shares held by the Fund Manager, including the type of such shares acquired or disposed of, and of the balance of any acquisitions and disposals; and
- ◆ Keep and maintain a daily record of the units which are held, issued, redeemed, exchanged, and the valuation of the NCBA Unit Trust Funds including the creation price, the repurchase price and the maximum issue price required upon completion of a valuation.
- ◆ The Fund Manager shall make the NCBA Unit Trust Funds records available for inspection by the Trustee or the Authority free of charge at all times during office hours and shall supply the Trustee, or the Authority with a copy of the records or any part of such records on request at no charge.

22. THE FUND MANAGER'S POWERS

Subject to the provisions of this Deed and of the Act, The Fund Manager shall -

- ◆ Do all such things and to enter into all such arrangements as are necessary to achieve the provisions and objects of the NCBA Unit Trust Funds;
- ◆ Do purchase, select, sell, exchange or alter any of the underlying securities, provided that nothing in this clause contained shall impose any liability on it to bear the expense of stamping any unit certificate or any transfer deed relating to underlying securities;
- ◆ Do appoint such persons to perform such powers and duties on its behalf as it may deem expedient after seeking a written approval from the Trustee for the same.
- ◆ Do act on the advice or information obtained from professional advisers and other persons bona fide considered by it to be experts, irrespective of whether these advisors or others are consulted or instructed by The Fund Manager. The Fund Manager shall at all times remain liable for anything done, omitted or permitted on the basis of such advice or information.

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- The Fund Manager shall engage or contract any advisory or management services on behalf of the NCBA Unit Trust Funds after seeking written approval of the trustee:

Provided that -

- (a) The Fund manager shall remain liable for any act or omission of the sub-contracted Fund Manager;
- (b) The fees and expenses of any such persons shall be payable by Fund manager and shall not be payable out of the NCBA Unit Trust Funds.
- (c) Any expenses incurred by any such persons which, if incurred by the Fund Manager would have been payable out of the NCBA Unit Trust Funds, may be paid out of the NCBA Unit Trust Funds to the Fund Manager by way of reimbursement; and any such appointment shall be notified in writing to all holders.

23. DOCUMENTS TO BE PREPARED BY THE FUND MANAGER.

Preparing and dispatching all cheques, warrants, notices, accounts, summaries, declarations, offers, and statements required under the provisions of the Information Memorandum, rules of the unit trust funds, or the Act, to be issued, served or sent.

24. RETIREMENT, SUSPENSION, OR LIQUIDATION OF THE FUND MANAGER

Resignation.

The Fund Manager shall:

- ♦ Give three months' notice, to the Trustee of the NCBA Unit Trust Funds, and shall give reasons for the resignation.
- ♦ Notice shall be deemed to have been served as seven days from the date of its dispatch and shall come into effect four days after it is served and such termination will be deemed to be effective ninety days after the notice comes into effect.
- ♦ During the last thirty days, the Fund Manager shall hand over, transfer and deliver to a Fund Manager, appointed in writing by the Trustee and licensed by the Authority to succeed the outgoing Fund manager, all information within itself in relation to its contractual duties to the unit trust funds. These include statements pertaining to the unit trust funds, details of the NCBA Unit Trust Funds, costs and estimated yield of the investment, all

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incomplete transactions, and any other information as may be reasonably required by the new fund manager.

- ◆ The Fund manager shall hand over, transfer and deliver all records of accounts required to be maintained by a fund manager under Regulation 18 of the CIS regulations, as may be reasonably required by the incoming fund manager, provided that copies of the said information shall be submitted to the Authority within the same period.
- ◆ Hand over, transfer and deliver all records of accounts required to be maintained by The Fund Manager, as may be reasonably required by the incoming Fund manager.

Retirement

- ◆ On any change in the Fund Manager the retiring Fund Manager shall remain entitled to all units in respect of which no certificate or valid claim shall then be outstanding, and shall have the right to require the Trustee to issue to it a certificate in respect of any such units and to enter its name in respect thereof in the register. The retiring Fund manager shall continue to enjoy all the rights of a unit holder in respect of all units to which it is entitled.

Suspension

- ◆ If the Fund Manager's licence is suspended, it shall not, for the duration of the suspension, issue new units but it shall, as regards to existing units, continue the management of the NCBA Unit Trust Funds and in all respects deal with such units as it would have been obliged to if its licence had not been suspended.

Liquidation

In the event of the liquidation of the Fund Manager, the Fund Manager shall hand over, transfer, and deliver to a Fund manager, appointed in writing by the Trustee and licensed by the Authority to succeed the outgoing Fund manager, all information within itself in relation to its contractual duties to the unit trust funds. These include statements pertaining to the unit trust funds, details of the NCBA Unit Trust Funds, costs and estimated yield of the investment, all incomplete transactions, and any other information as may be reasonably required by the unit trust funds.

Hand over, transfer and deliver all records of accounts required to be maintained by The Fund Manager, as may be reasonably required by the incoming Fund manager.

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The Fund Manager shall be removed by three months' notice in writing by the Trustee if:

- ◆ An extra ordinary resolution is passed by the unit holders removing the Fund Manager.

The unit holders of three quarters majority in value of the units in existence (excluding units held or deemed to be held by the Fund Manager or by any associate of The Fund Manager) request in writing to the Trustee, that the Fund Manager be removed.

25. REMOVAL OF THE FUND MANAGER

The Fund Manager shall be removed immediately on the happening of any of the following events:

- ◆ If a court of competent jurisdiction orders liquidation of the Fund Manager except for voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the Authority.
- ◆ If a receiver is appointed for the undertaking of the Fund Manager's assets or any other parts.
- ◆ If for any good reason the Trustee is of the opinion and so states in writing to the Authority that a change of the Fund Manager is desirable in the interest of the unit holders.

In the event of the liquidation of the Fund Manager, the Fund Manager shall hand over, transfer, and deliver to a Fund manager, appointed in writing by the Trustee and licensed by the Authority to succeed the outgoing Fund manager, all information within itself in relation to its contractual duties to the unit trust funds. These include statements pertaining to the unit trust funds, details of the NCBA Unit Trust Funds, costs and estimated yield of the investment, all incomplete transactions, and any other information as may be reasonably required by the unit trust funds.

Hand over, transfer and deliver all records of accounts required to be maintained by The Fund Manager, as may be reasonably required by the incoming Fund manager.

The Fund Manager shall be removed by three months' notice in writing by the Trustee if:

- ◆ An extra ordinary resolution is passed by the unit holders removing the Fund Manager.

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- ◆ The unit holders of three quarters majority in value of the units in existence (excluding units held or deemed to be held by the Fund Manager or by any associate of The Fund Manager) request in writing to the Trustee, that the Fund Manager be removed.

PART III – TRUSTEE.

26. APPOINTMENT OF THE TRUSTEE

Terms and Conditions of Service

Subject to the provisions of the Act and of this Deed, the Sponsor, NCBA Bank Kenya PLC, shall appoint a qualified firm as the Trustee of the NCBA Unit Trust Funds. The Trustee shall have all powers necessary to protect the interests of unit holders in terms of the Act and this Deed and shall, save as otherwise provided in this Deed, have authority necessary to carry out the function and purposes of the Trust to secure the fulfilment of the objects of the NCBA Unit Trust Funds.

27. TRUSTEES SHARE CAPITAL.

The Trustee shall at all times satisfy the eligibility requirements of the Act.

28. ROLE, POWERS, DUTIES AND OBLIGATIONS OF THE TRUSTEE.

- ◆ The Trustee shall cause proper books of accounts to be kept by The Fund Manager in respect to the NCBA Unit Trust Funds and shall make available annually in such manner as may be prescribed by the Authority, audited statement of accounts in respect of the NCBA Unit Trust Funds, together with a summary of any amendments of the trust deed that have been made since the date of the last statement.
- ◆ The Trustee shall serve the unit trust funds in compliance with the trust deed, and shall have the following duties:
 - a) Ensure that the custodian takes into custody the NCBA Unit Trust Funds, and hold it in trust for the unit holders in accordance to the Act.
 - b) Take all steps and execute all documents, which are necessary to secure acquisitions or disposals properly made by The Fund Manager in accordance with this trust deed, incorporation documents, and the Act.
 - c) Collect any income due to be paid to the NCBA Unit Trust Funds and/or claim any repayment of tax and direct any income received in trust for the unit holders to the custodian in accordance with the Act or the trust deed.

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- d) Keep records to enable it to comply with the Act and to demonstrate that such compliance has been achieved.
 - e) Execute all documents and take all steps to ensure that instructions properly given to it by The Fund Manager, as to the exercise of rights (including voting rights)¹ attaching to the ownership of the NCBA Unit Trust Funds are carried out.
 - f) Exercise any rights of voting conferred by any of the NCBA Unit Trust Funds, which is in units in other unit trust funds managed or otherwise operated by the Fund Manager.
 - g) Execute and deliver to the Fund Manager or its nominee upon the written request of the Fund Manager such powers of attorney or proxies as the Fund Manager may reasonably require, in such name or names as the Fund Manager may request, authorising such attorneys and proxies to vote consent or otherwise act in respect of all or any part of the NCBA Unit Trust Funds.
 - h) Forward to the Fund Manager and the custodian without delay all notices of meetings, reports, circulars, proxy solicitations, and other documents of a like nature received by it as registered unit holder of any investment.
-
- i) Ensure that the NCBA Unit Trust Funds is managed by the Fund Manager in accordance with the agreement of service with The Fund Manager, the Act, the incorporation documents, the Information Memorandum, and the rules of the Unit trust funds.
 - j) Issue a report to be included in the annual report of the NCBA Unit Trust Funds and whether in the opinion of the Trustee, The Fund Manager has in all material respects managed the scheme in accordance with the provisions of the Act, incorporation documents, the Information Memorandum, and the rules of the Unit trust funds, and if the Fund Manager has not done so, the respect in which it has not done so and the steps which the Trustee has taken in respect thereof.
 - k) Ensure that decisions about the constituents about the NCBA Unit Trust Funds don't exceed the powers conferred on the Fund Manager.
 - l) Ensure that the Fund Manager maintains sufficient records and adopt such procedures in methods for calculation of prices at which units are issued and redeemed to ensure that those prices are within the limits prescribed by the Act, the incorporation documents, the Information Memorandum, and the rules of the Unit trust funds.

¹ 'Voting' includes giving any consent or approval of any arrangement, scheme, or resolution or any alteration in or abandonment of any rights attaching to any parts of the unit trust funds portfolio.

'Right' includes a requisition or joining in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement or to consent to any short notice of any meeting.

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- m) Cause proper books of accounts to be kept by the Fund Manager in respect of the unit trust and shall make available annually in such manner as may be prescribed by the Authority, audited statement of accounts in respect of unit trusts together with a summary of any amendments of the Trust Deed that have been made since the date of the last statement.

29. REGISTRATION AND RETENTION OF SECURITIES BY THE TRUSTEE.

That part of each unit portfolio consisting of securities shall be registered in the name of the Trustee. Any reference in this Deed to the Trustee in relation to the vesting, registration or holding in its name of securities, or to its rights, obligations or discretions as the registered owner of securities, shall, where the context permits, be deemed also to be a reference to the said nominee company as nominee of the Trustee, in relation to the said matters. The Trustee shall be liable for any act of omission of the said nominee company in relation to any underlying securities of which the said nominee company is registered as owner.

30. LEGAL PROCEEDINGS BY OR AGAINST THE TRUSTEE.

All legal proceedings which may be instituted by or against the NCBA Unit Trust Funds shall be instituted by or against the Trustee in its capacity as such, and the Trustee shall have the power and be capable of instituting, prosecuting, intervening in or defending any legal proceedings of whatsoever nature relating to or concerning the NCBA Unit Trust Funds or its affairs and as a prerequisite to such action, to require the Fund Manager to indemnify it against all costs and expenses thereby incurred.

The Trustee shall in no way be liable to make any payment hereunder to any unit holder except out of any funds held by or paid to it for that purpose under the provisions hereof.

31. TRUSTEE REMUNERATION.

The Fund Manager shall pay the Trustee by way of remuneration for its services, such sums as may from time to time be agreed with the Fund Manager, which will be disclosed to the unit holders in the annual report each year.

The Trustee shall receive an annual fee payable monthly, to be reviewed on an annual basis.

The Trustee shall in addition to such remuneration be entitled to be paid by the Fund Manager on demand the amount of all its disbursements other than disbursements expressly required or authorised to be paid out of the NCBA Unit Trust Funds and other than disbursements incurred by it as a result of its own negligent, wrongful or unlawful conduct.

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Such remuneration and disbursements shall be in addition to any sums the Trustee may be entitled to receive or retain pursuant to any other provision of this Deed.

32. RETIREMENT AND APPOINTMENT OF NEW TRUSTEE

A Trustee shall not be entitled to resign except upon the appointment of a new Trustee. If the Trustee wishes to resign, it shall give three months' notice in writing to that effect to the Promoter and the Authority, the Sponsor shall appoint within two months after the date of such notice, some other qualified person as the new Trustee upon and subject to such person entering into a trust deed supplemental to the trust deed comprised in the incorporation documents.

If the Sponsor is unable to appoint a new Trustee within such period of two months, the Trustee shall be entitled to appoint a qualified company² selected by it as the new Trustee.

33. THE REMOVAL OF THE TRUSTEE

The Trustee shall be removed by the Fund Manager in writing immediately if:

- ♦ A court of competent jurisdiction orders its liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation under a scheme approved by the Authority.)
- ♦ A manager or a receiver is appointed over any of its assets.
- ♦ The Trustee ceases to carry on business as a bank or financial institution.

The Trustee shall be removed by three months' notice in writing given to the Trustee by The Fund Manager with the approval of the Authority if:

- ♦ The Trustee fails or neglects after reasonable notice from the Fund Manager to carry out or satisfy any duty imposed on the Trustee in accordance to this deed, the information memorandum, the rules of the unit trust funds and the Act.
- ♦ The unit holders, by extra ordinary resolution resolve that such notice be given.

The Fund Manager shall by deed supplemental to the trust deed appoint as Trustee some other qualified person with the approval of the Authority to replace a Trustee who has been removed.

² 'Qualified Company' means a company qualified to act as Trustee in under the Act.

PART IV- CUSTODIAN**34. APPOINTMENT OF THE CUSTODIAN*****Terms and Conditions of Service***

Subject to the provisions of the Act and of this Deed, the Sponsor, NCBA Bank Kenya PLC, shall appoint a qualified firm as the Custodian of the NCBA Unit Trust Funds. The Custodian shall have all powers to carry out the functions of a custodian in the interests of unit holders in terms of the Act and this Deed and shall, save as otherwise provided in this Deed, have authority necessary to carry out the function and purposes of the Trust to secure the fulfilment of the objects of the NCBA Unit Trust Funds.

35. DUTIES OF THE CUSTODIAN.

- ◆ Maintain the custody of the NCBA Unit Trust Funds and hold it to the order of the Trustee or the Fund Manager in accordance to the this deed, the Information Memorandum, the rules of the unit trust funds and the Act.
- ◆ To receive and keep in safe custody and retain under its own supervision and control the documents of title to the underlying securities and cash amounts of the NCBA Unit Trust Funds.
- ◆ Open an account in the name of the NCBA Unit Trust Funds for the exclusive benefit of such Unit trust funds.
- ◆ Transfer, exchange or deliver in the required form and manner securities held by the custodian upon receipt of proper instructions from The Fund Manager or, Trustee.
- ◆ To require from The Fund Manager or Trustee such information, as it deems necessary for the performance of its function as the custodian of the NCBA Unit Trust Funds.
- ◆ To promptly deliver to the Trustee or The Fund Manager or to such other persons as The Fund Manager or the Trustee may authorize, copies of all notices, proxies, proxy soliciting materials received by the custodian in relation to the securities held in the NCBA Unit Trust Funds, all public information, financial reports and stockholder communications the custodian may receive from the issuers of securities and all other information the custodian may receive, as may be agreed between the custodian, Trustee or the Fund Manager, as may be, from time to time.
- ◆ To exercise subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from The Fund Manager or the Trustee.

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- ◆ To exercise the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of the NCBA Unit Trust Funds and in fulfilling obligations in the agreement.
- ◆ Where title to investments are recorded electronically, to ensure that entitlements are separately identified from those of The Fund Manager or the Trustee, of the NCBA Unit Trust Funds in the records of the person maintaining records of entitlement.
- ◆ To attend general meetings of the unit holders and be heard at any general meeting on matters which concern it as custodian.
- ◆ The custodian discharging its contractual duties to the fund shall not contract an agent to discharge those functions except where a portion of the NCBA Unit Trust Funds is invested in offshore investments, in which case the custodian may engage the services of an overseas sub-custodian approved by the Trustee, with the notification of such appointment to the Authority.

36. RECORDS TO BE MAINTAINED BY THE CUSTODIAN

The custodian must keep such books, records and statements as may be necessary to give a complete record of:

- ◆ the entire NCBA Unit Trust Funds held by the custodian.
- ◆ each and every transaction carried out by the custodian on behalf of the NCBA Unit Trust Funds and shall permit the Trustee, the Fund Manager, or a duly authorised agent of the Authority to inspect such books, records and statements within the premises of the custodian at any time during business hours.

37. REPORTS BY THE CUSTODIAN.

- ◆ A written statement showing the activities within the NCBA Unit Trust Funds will be sent to the Fund Manager, the Trustee and the Authority on a quarterly basis, which lists all assets of the fund in the fund account (s) with a full account of all receipts and payments made and other actions taken by the custodian.
- ◆ Advice or notification of any transfers of the NCBA Unit Trust Funds or securities to or from the scheme account (s) indicating the securities acquired for the account (s) and the identity of the party having physical possession of such securities will be provided to the Fund Manager on a daily basis.
- ◆ A copy of the most recent audited financial statements (within the first six months of the year) of the custodian prepared together with such information regarding the policies and procedures of the custodian as the

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Fund Manager, Trustee may request in connection with the agreement or the duties of the custodian under that agreement.

- ♦ Provide a report annually to the Authority (within the first three months) demonstrating that compliance with this deed, the Information Memorandum, the rules of the unit trust funds and the Act has been achieved.

38. REMUNERATION OF THE CUSTODIAN.

The Fund Manager shall pay the custodian by way of remuneration for its services, such sums as may from time to time be agreed with the Fund Manager, which will be disclosed to the unit holders in the annual report each year.

This will be a fee of up to a maximum of 2% p.a. of funds under management payable monthly, to be reviewed on an annual basis.

39. RESIGNATION OF THE CUSTODIAN.

The custodian shall not be entitled to resign except upon the appointment of a new custodian. If the custodian wishes to resign, it shall give three months' notice in writing to that effect to the Fund Manager and the Authority and the custodian shall give reasons for the resignation.

The Fund Manager shall appoint within two months after the date of notice, some other qualified person as the new custodian and subject to such person being approved by the Authority and entering into an agreement similar to the agreement comprised in the incorporation documents.

If the Fund Manager is unable to appoint a new custodian within a period of two months, the custodian shall be entitled to appoint a qualified company³ selected by it as the new custodian on the same basis as the previous custodian.

On receipt of the notice by the Trustee or the Fund Manager the agreement between the Fund Manager, and the custodian shall be deemed to have been terminated.

In the event the custodian desiring to retire or ceasing to be registered as a custodian with the Authority, The Fund Manager, may with the approval of the Authority, appoint another eligible person to be a custodian in its place.

40. REMOVAL OF THE CUSTODIAN.

The custodian shall be removed by the Fund Manager in writing immediately if:

³ 'Qualified company' means a company qualified to act as custodian in terms of the Act.

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- ♦ A court of competent jurisdiction orders its liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation approved by the Authority).
- ♦ A statutory manager or a receiver is appointed over any of its assets.
- ♦ The custodian ceases to carry on business as a bank or financial institution.

The custodian shall be removed by three months' notice in writing given by The Fund Manager to the custodian if:

- ♦ The custodian fails or neglects after reasonable notice from The Fund Manager or Trustee to carry out or satisfy any duty imposed on the custodian in accordance with the agreement.
- ♦ The unit holders, by extra ordinary resolution resolve that such notice be given and The Fund Manager appoint as custodian some other qualified institution with the approval of the Authority.

41. TERMINATION OF THE CUSTODIAN

In the event of a termination, the custodian shall immediately hand over, and deliver all assets, documents and funds including those from the bank accounts of the NCBA Unit Trust Funds held by such custodian to the custodian appointed in writing by the Fund Manager and approved by the Authority within thirty days of such termination from the date of a winding up order issued by a competent court against the custodian.

Within 20 days from the termination of the agreement, the custodian shall submit to the Authority an audit report indicating the assets, liabilities, and an inventory of the NCBA Unit Trust Funds, securities and title documents of the funds assets, which have been handed over, transferred and delivered to the appointed custodian.

A copy of the notice given to the custodian for termination of services by the Fund Manager shall be given to the Trustee.

In the event of any disagreement between The Fund Manager, the Trustee and the custodian, notification shall be made to the Authority by The Fund Manager giving reasons for the termination of services of the custodian.

PART V- UNIT PORTFOLIO**42. CREATION OF UNITS**

The Fund Manager shall instruct the Trustee to create units in the scheme at the beginning of the first day of business in the initial offer period, and during the period.

The Fund Manager shall have the exclusive right to secure the creation and issue of further units; and for that purpose to accept application monies for the purpose of the NCBA Unit Trust Funds provided that the price at which the units are acquired shall be the made-up price at the time of the transaction.

The instructions given by The Fund Manager to the Trustee shall state, in relation to each type of unit to be created, the number to be created, expressed either as the number of units or as an amount in value or as a combination of the two.

The trustee must create units on receipt of instructions by the fund manager given under this rule, and must not, during an initial offer create units otherwise.

43. CANCELLATION OF UNITS

Where the Fund Manager wishes that units be cancelled, it shall instruct the Trustee to cancel such units; and any instruction given by the Fund Manager shall state, in relation to each type of units to be cancelled, the number to be cancelled, expressed either as number of units or as an amount in value or as a combination of the two.

This is provided that at any moment of such instruction, the Fund Manager shall not have any outstanding obligation to issue units, which by cancellation of units, would prevent The Fund Manager from fulfilling such instruction.

The Trustee shall cancel the units on receipt of instructions given by the Fund Manager. On cancellation of units, and on delivery to the Trustee evidence of the title to those units as the Trustee may reasonably require, the Trustee shall within two business days of the instructions by the Fund Manager, pay the repurchase price of the units to the person who was the holder of those units and in accordance with the relevant provisions of the Information Memorandum, the Trust Deed, and other incorporation documents. The repurchase price payable for each unit by the Trustee shall be based on the net asset value of the fund.

44. TIMING OF INSTRUCTIONS TO CREATE OR CANCEL UNITS.

A fund manager may at any time give instructions to the Trustee to create or to cancel units.

Where instructions are given at a time which is less than twelve hours after the last valuation point and before the next valuation point the instructions must

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be given by reference to the price calculated or being calculated for the last valuation point.

Where instructions are given at a time which is more than twelve hours after the last valuation point:

Instructions must be given by reference to the price next to be calculated; and the Trustee shall create or cancel the units only after the next valuation point has been reached.

45. REDEMPTION / REPURCHASE OF UNITS.

Any unit holder desiring to sell units shall be entitled at any time, by valid notice received by the Fund Manager, to require the Fund Manager to repurchase all or any of such units, and the Fund Manager shall repurchase such units subject to the provisions of this Deed.

On agreeing to redeem units, the Fund Manager shall pay the appropriate proceeds of redemption to the unit holder at the close of business on the fourth (4) business day next after the valuation point immediately following receipt by the Fund Manager of the request to redeem.

The price per unit payable by the Fund Manager shall be not less than an amount ascertained by dividing the total number of units in issue in a unit portfolio at the time on which the valid notice was received by the Fund Manager into the aggregate amount of -

- ◆ The market value of the unit portfolio at the valuation point following the date on which such notice was received by the Fund Manager; and 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.
- ◆ All income accruals and payments in lieu of income accruals from the creation of new units during the relevant accounting period; after excluding -
 - ✓ Any 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 ended on the day prior to the said ex-dividend date.
 - ✓ Such further amount, out of 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 referred to in this Deed for the relevant accounting period.
- ◆ In the case of an umbrella fund, the maximum price at which units in one

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constituent part may be exchanged for units in another part shall not exceed the relevant maximum issue price (less any preliminary charge) of the new units; and the minimum price at which the old units may be taken in exchange shall not be less than the equivalent minimum repurchase price.

The Fund Manager may deduct from the price so payable for each such unit an amount not exceeding the equivalent of any fiscal or other necessary charges which would be payable in connection with the sale of that part of the underlying securities represented by one unit. Upon payment being made by the Fund Manager 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.

Nothing in this Deed and the Act shall require the Fund Manager to part with money in respect of a cancellation or redemption of units where it has not yet received money due on the earlier issue or sale of those units from the unit holder.

46. FUND MANAGER'S OBLIGATION TO ISSUE OR REDEEM UNITS.

The Fund Manager shall at all times during the dealing day issue or redeem units of the NCBA Unit Trust Funds at a price arrived at under this Deed.

This shall not apply if the –

- ◆ The number or value of the units sought to be issued or redeemed is less than any number or value stated in the information memorandum as the minimum number or value to be purchased or held or redeemed.
- ◆ The Fund Manager believes on reasonable grounds that the number or value of units sought to be issued would lead to the holding by any one person and any other person appearing to the Fund Manager to be acting in concert with that person of more units than any number stated in the Information Memorandum as the maximum number to be purchased or held; or
- ◆ The Fund Manager has reasonable grounds, having regard to the interests of all the unit holders relating to the circumstances of the person concerned, for refusing to issue units to or redeeming units from such person.

47. PRICING OF UNITS

The pricing of the units will be according to the net asset value of the fund. The prices of the NCBA Unit Trust Funds may vary on a daily basis.

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48.1. FUTURE PRICING.

The Fund Manager will use the previous day pricing method, which will be established each evening and then applied to transactions, which occurred on the following day. All sales, repurchases, liquidations and creation of units which happen during the day will be processed and priced at the previous day prices.

48.2. NOTIFICATION OF PRICE TO THE TRUSTEE.

Upon completion of a valuation, the Fund Manager shall notify the trustee, of -

- ♦ The creation price;
- ♦ The repurchase price;
- ♦ The maximum issue price;

The prices to be notified are those relevant to deals based on prices determined at that valuation day.

Any notification shall include a statement of the number of Units owned by the Trustee or fund manager as the case may be, for the scheme at that valuation day, or notified point if there is one.

PART VI - VALUATIONS

48. METHOD USED FOR VALUATION OF UNITS.

The assets and liabilities shall be valued on a daily basis (the "valuation point") at the end of each business day.

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.

The basis of the valuation shall be as follows:

- ♦ The valuation of assets shall be at market value;
- ♦ In the case of securities listed or quoted on a recognised securities exchange the price shall be the mid-market price.
- ♦ In the case of units in authorised schemes the price shall be the quoted selling price;
- ♦ Cash and current and deposit accounts shall be taken at nominal value unless The Fund Manager considers, with the agreement of the Trustee, that a different value is appropriate;

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- ◆ Other property, other than contingent liability transactions, to be taken at such amount as shall be The Fund Manager reasonable estimate of its value and approved by the Trustee;
- ◆ Contingent liability transactions shall be valued at net premium receivable or value of margin on closing out (as appropriate).
- ◆ The valuation shall be made in Kenya shillings, where applicable converted from another currency at current rates of exchange appropriate for the value concerned.
- ◆ The valuation of the property of the NCBA Unit Trust Funds to make provision for the issue and redemption of units, orders for which have been given to the Trustee prior to the valuation and for the acquisition or disposal of property, contracts for which have been unconditionally made but which in each case remain uncompleted.
- ◆ The value shall be reduced by the amount of estimated liabilities, accrued tax on income, and other liabilities accrued but unpaid.

49. SUSPENSION IN DEALING IN UNITS

- (i) Suspension in dealings may occur only in exception circumstances while at all times the Fund Manager shall have regard to the interest of all the holders;
- (ii) 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.

PART VII – MEETINGS

The Trustee, the Fund Manager or unit holders, as the case may be, shall convene a general meeting within three months after the relevant accounting reference date.

50. NOTICE OF MEETINGS.

Not less than 21 days' written notice, inclusive of the date in which the notice is deemed to be served, and the day of the meeting, shall be given to the unit holders of the general meeting.

However, this does not apply to the notice of an adjourned meeting. The non-receipt of a notice by a unit holder shall not invalidate the proceedings at any meeting.

UNIT TRUST FUNDS TRUST DEED

The Trustee, the Fund Manager or unit holders, as the case may be, may convene an extra-ordinary meeting of unit holders at any time but not later than six weeks after receipt of the requisition.

A requisition shall –

- ♦ State the objects of the meeting;
- ♦ Be dated;
- ♦ Be signed by unit holders who, at that date, are registered as the unit holders of units representing not less than one – tenth in value of all of the units in the unit trust funds then in issue;
- ♦ Be deposited at the head office of the unit trust funds.

A requisition may consist of several documents deposited with the Fund Manager at the same time, each being in like form and signed by one or more unit holders.

51. QUORUM FOR A MEETING.

No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting. The quorum of the meeting shall consist twenty- five unit holders of each of the NCBA Unit Trust Funds inclusive of proxies received.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved and shall stand adjourned to such a day and time not being less than seven days thereafter and to such a place as may be appointed by the chairman if any has been appointed pursuant to the incorporation documents or otherwise by the Trustee or the Fund Manager. If at such adjourned meetings a quorum is not present within fifteen minutes from the time appointed for the meeting, the unit holders present shall comprise the quorum as described in the Information Memorandum.

Notice of any adjourned meeting of holders shall be given and such notice shall state that the holders present at the adjourned meeting whatever their number and the number of shares held by such holder or holders shall form a quorum.

52. VOTING RIGHTS

- ♦ 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 not less than one tenth of the units in issue present in person or by proxy.



UNIT TRUST FUNDS TRUST DEED

- ◆ On a show of hands, every unit holder who, being an individual is present in person or being a corporation, is present by its representative duly authorized in that regard, shall have one vote. If the number of votes recorded in favour of or against a resolution on a show of hands is not conclusive evidence of a unanimous vote or by a particular majority or lost, a secret ballot may be demanded.
- ◆ Votes may be given either personally or by proxy 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 per specified notice 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.
- ◆ 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.
- ◆ The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorised in writing, or, if the appointer is a corporation, under the hand of an officer or attorney duly authorised. A proxy need not be a unit holder.
- ◆ 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.
- ◆ The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a secret ballot.
- ◆ The Trustee shall keep minutes of every meeting in a minute book.
- ◆ No director of the NCBA Unit Trust Funds shall be entitled to be counted in the quorum of, and no director or any associate of the director shall be entitled to vote at, any meeting of the NCBA Unit Trust Funds except in respect of any units which the director or his associate holds on behalf of or jointly with a person who, if himself the registered holder would be entitled to vote and from whom the director or its associate, as the case may be, has received voting instructions, and accordingly, units held by any director shall not, except as mentioned in this sub-regulation be regarded as being in issue.

53. PROXIES

A unit holder entitled to attend and vote at a meeting of the NCBA Unit Trust Funds is entitled to appoint another person to attend and vote in his place whether such a person is a unit holder or not. Every notice calling a meeting of the unit holders in the unit trust funds shall contain a prominent statement citing this fact.



UNIT TRUST FUNDS TRUST DEED

A unit holder shall be entitled to appoint more than one proxy to attend on the same occasion but a proxy shall be entitled to vote only on a poll.

An instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to, the appointment of a proxy shall not be required to be received by the Fund Manager or the Trustee, as the case may be, more than 48 hours before the meeting or adjourned meeting in order that the appointment may be effective. In default the instrument of proxy shall not be treated as valid.

54. RESOLUTIONS

Resolutions shall be passed by a simple majority of the votes validly cast at a general meeting of unit holders except for extra-ordinary resolutions as provided under the Act.

In the case of an equality of votes cast in respect of a resolution put to a general meeting, the chairman appointed pursuant to the incorporation documents shall be entitled to casting a vote in addition to any other vote he may have.

55. SERVICE OF NOTICES AND OTHER DOCUMENTS

Any notice or document required to be served upon a holder shall be deemed to have been duly served if it is sent by post to or left at holder's address appearing in the register.

Any notice required to be served or information to be supplied or given to any other person, including the Authority, shall be in writing or in such other form as enables the recipient to know or to record the time of receipt and to preserve a legible copy of the notice.

Any notice or document served by post shall be deemed to have been served on the fourth day following that on which the letter containing the same is posted, and in providing such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted; and any notice or document left at a registered address or delivered other than by post shall be deemed to have been served on the day it was so left or delivered.

56. AMENDMENTS TO INCORPORATION DOCUMENTS.

The incorporation documents of the NCBA Unit Trust Funds may be amended by an extraordinary resolution.

An amendment to the incorporation documents may be made by resolution of the Trustee if –

- ♦ The instrument of incorporation provides for amendment to be made.

UNIT TRUST FUNDS TRUST DEED

- ♦ The amendment is required for implementation of change in law including a change brought by an amendment of the regulations of the unit trust funds.
- ♦ To change the name of the unit trust funds.
- ♦ To remove from the incorporation documents obsolete provisions.
- ♦ To make any other change to the instrument of incorporation which the Trustee consider does not involve any unit holder or potential unit holder in any material prejudice.

The amendment would not introduce or affect any provision relating to the descriptions of the transferable securities in which the NCBA Unit Trust Funds may be invested unless it is required solely to reflect the introduction of a new sub-fund.

Amendment may be done by a supplemental trust deed and that such amendment shall, in addition to the unit holders' approval be acceptable to the Authority.

Additions of funds to the Unit trust funds may be done by a supplemental trust deed and that such additions shall be acceptable to the Authority.

The scheme shall not be wound up otherwise than by a court order except under the provisions of the Act.

Any notice required to be served or information to be supplied or given to any other person, including the Authority, shall be in writing or in such other form as enables the recipient to know or to record the time of receipt and to preserve a legible copy of the notice.

Any notice or document served by post shall be deemed to have been served on the fourth day following that on which the letter containing the same is posted, and in providing such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted; and any notice or document left at a registered address or delivered other than by post shall be deemed to have been served on the day it was so left or delivered.

PART IX- SUSPENSION AND TERMINATION

57. SUSPENSION AND RESUMPTION OF DEALINGS IN UNITS.

The Fund Manager may, at any time, with prior agreement of the Trustee or shall without delay, if the Trustee, so require, suspend the issue, cancellation, sale and redemption of units (referred to in this Regulation as 'dealings in shares') if the Fund Manager, or the Trustee, are of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of holders.

At the time of suspension under paragraph (1) the Fund Manager shall:

- (a) inform the Authority of the suspension, stating the reason for its action; and
- (b) forthwith give written confirmation of the suspension and the reasons for it to the Authority.

During the period of suspension, none of the obligations relating to the issue, cancellation, sale or redemption of shares or to the valuation of the collective investment scheme portfolio shall apply.

The suspension of dealings in units shall cease as soon as practicable after the Trustee are no longer of the opinion referred to above, and in any event within twenty-eight days of the commencement of the suspension of dealings in shares.

Before the suspension of dealings in units ceases, the Fund Manager shall inform the Authority of the proposed resumption and forthwith after the resumption shall confirm the resumption by giving notice in writing to the Authority.

This Regulation may be applied to one or more classes of units without being applied to other classes of units in an umbrella scheme and shall apply to a sub-fund as if applies to the collective investment scheme, but by reference to the units of the class or classes related to the sub fund and to the collective investment scheme portfolio attributable to the sub-fund, however, for the purpose of sub-regulation (1), the Fund Manager shall have regard to the interest of all the holders in the umbrella scheme.

58. WINDING UP OF THE NCBA UNIT TRUST FUNDS.

The circumstances in which the NCBA Unit Trust Funds may be wound up are:

- a) Effect may be given in accordance with the provisions relating to winding up given in the Companies Act, to a proposal to wind up the affairs of the company, otherwise than by the court, and provided that the Authority has exercised its powers to intervene in the management of the NCBA Unit Trust Funds before an application is made to court for the winding up.

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- b) If an extra ordinary resolution⁴ to that effect has been passed or when the period (if any) fixed for duration of the unit trust funds by its incorporation documents expires or the event occurs, on the occurrence of which its instrument of incorporation provides that the unit trust funds is to be wound up.
- c) Unless a statement from the Fund Manager to a purchaser has been prepared and sent or delivered to the Authority in accordance to the procedures stated below.

On or before notice is given to the Authority in the event of a proposal to wind up the affairs of the unit trust funds otherwise than by court, the Trustee shall commence to make a full enquiry into the unit trust funds' affairs so as to ascertain whether the scheme will be able to meet all its liabilities (which include contingent and prospective liabilities) and the Fund Manager shall prepare a statement, which shall reflect the results of such enquiry, and either –

- ◆ Confirm that the unit trust funds will be able to meet all its liabilities within twelve months of the date of the statement; or
- ◆ State that such confirmation cannot be given.

The statement which the Fund Manager shall prepare shall –

- ◆ Relate to the unit trust's scheme affairs at the date which must not be more than the twenty-one days prior to the date on which notice is given to the Authority
- ◆ Be approved by the Trustee and be signed on their behalf by the Fund Manager. If confirmation is given that the unit trust funds will be able to meet all its liabilities within twelve months of the date of the statement , signing may be done by the Fund Manager and contain a statement signed by the auditor to the effect that in their opinion the enquiry required has been properly made.

Following compliance, the statement must be sent or delivered to the Authority and a copy sent to the custodian.

59. CONSEQUENCES OF COMMENCEMENT OF WINDING UP

The effective time of winding up means the time at which clause 61 has been satisfied, and the time at which the unit trust funds shall be wound up. Immediately following the effective time -

⁴ Extra Ordinary resolution is reference to such resolution passed at a meeting of holders of units.

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- ◆ Regulations pertaining to pricing, dealing, investment and borrowing powers shall cease to apply to the Unit trust funds.
- ◆ The unit trust funds shall cease to issue and cancel units.
- ◆ The Fund Manager shall cease to sell or redeem units or to arrange for the unit trust funds to issue or cancel them;
- ◆ No transfer of a unit shall be registered and no other change to register of unit holders shall be made without the sanction of the Trustee, as the case may be; and
- ◆ The unit trust funds 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 unit trust funds is dissolved.

The Fund Manager shall as soon as practicable after the effective time:

- ◆ Publish in not less than two daily newspapers of national circulation published in the English language, management's decision to wind up the unit trust funds and the date of commencement of the winding up; and
- ◆ 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.

60. MANNER OF WINDING UP

The Fund Manager shall cause the NCBA Unit Trust Funds to be utilised and the liabilities of the unit trust funds to be met out of the proceeds.

The Fund Manager shall give instructions to the custodian of how such proceeds (until utilised to meet liabilities or make distributions to unit holders) shall be held and such instructions shall be with a view to the prudent protection of the creditors and unit holders against loss.

Provided there are sufficient funds, after provision for expenses and the discharge of the liabilities of the unit trust funds remaining to be discharged, the Fund Manager may arrange to make one or more interim distributions out of such funds to the unit holders proportionately to the right to participate in the unit trust funds attached to their respective units.

The Fund Manager shall make a final distribution on or prior to the date on which the final account is sent to the unit holders after realising the portfolio and all the liabilities of the NCBA Unit Trust Funds.

UNIT TRUST FUNDS TRUST DEED

61. FINAL ACCOUNT

As soon as the unit trust funds's affairs are fully wound up including distribution or provision for distribution in accordance to this deed, the Fund Manager shall prepare an account of the winding up, showing how it has been conducted and how the unit trust funds portfolio has been disposed of and the account shall, following its approval by the Trustee, be signed on their behalf by the Fund Manager and the Trustee and the account once signed, shall be the 'final account' for the purposes of the Act.

The final account shall state the date on which the unit trust funds's affairs were fully wound up and the date stated shall be regarded as the final day of the accounting period of the scheme then running of the 'final accounting period'.

- ◆ The unit trust funds' auditor shall make a report in respect of the final account, which shall state the auditor's opinion as to whether the final account has been properly prepared.
- ◆ Within two months of the end of the final accounting period, the Fund Manager shall send a copy of the final account and the auditor's report on it to the Authority, and to each person who was a unit holder (or the first named joint unit holder) immediately before the final accounting period.

62. DUTY TO ASCERTAIN LIABILITIES.

The Fund Manager shall have a duty to ensure that all liabilities of the unit trust funds are discharged prior to the completion of the winding up. This relates to all liabilities of a scheme which –

- ◆ The Fund Manager is, or becomes, aware prior to the completion of the winding up; or
- ◆ The Fund Manager would have become aware of prior to the completion of the winding up had it used all reasonable endeavours to ascertain the liabilities of the unit trust funds.

If the Fund Manager rejects any claim against the unit trust funds in whole or part, the Fund Manager shall forthwith send to the claimant written notice of its reasons for doing so.

If after the effective time the Fund Manager becomes of the opinion that the unit trust funds will be unable to meet all its liabilities within twelve months of the date of the statement provided.

- ◆ The Fund Manager shall notify the Trustee immediately.

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- ♦ The Trustee shall forthwith present a petition or cause the unit trust funds to present a petition for the winding up in accordance with the provisions in the Companies Act.

63. LIABILITY OF THE FUND MANAGER AFTER WINDING UP

The Fund Manager shall be personally liable to meet any liability of the NCBA unit trust funds wound up under the Act (whether or not the unit trust funds has been dissolved) that was not discharged prior to the completion of the winding up, except to the extent that the fund manager can show that it has complied with Regulation 104.

If the proceeds of the realization of the assets attributable, or allocated to a particular sub – fund of an umbrella scheme are insufficient to meet the liabilities attributable or allocated to that sub – fund, the fund manager shall pay to the scheme for the account of that sub-fund the amount of the deficit, except and to the extent that the fund manager can show that the deficit did not arise as a result of any failure by the fund manager to comply with these Regulations.

The obligations of the Fund Manager under this deed shall not affect any other obligation of the Fund Manager under this deed, the Act or the general law.

Liabilities of an umbrella scheme attributable, to a particular sub-fund shall be met out of the collective investment scheme portfolio attributable or allocated to such sub-fund.

In this Part –

- (a) references to units are references to units of the class(es) related to the sub-fund to be terminated;
- (b) references to holders are references to holders of such units;
- (c) references to a resolution or extra-ordinary resolution are references to such resolution passed at a meeting of holders of units of the class or classes referred to above in (a).
- (d) references to collective investment scheme portfolio are references to collective investment scheme portfolio allocated or attributable to the sub-fund to be terminated; and
- d) references to liabilities are references to liabilities of the company allocated or attributable to the sub-fund to be terminated.

UNIT TRUST FUNDS TRUST DEED

64. ACCOUNTS AND REPORT.

While the unit trust funds is being wound up:

- ◆ The annual and half-yearly accounting periods shall continue to run;
- ◆ The provisions about annual and interim allocation of income shall continue to apply.
- ◆ Annual and half-yearly reports shall continue to be required.

The Fund Manager need not send to each unit holder a copy of any report relating to an accounting period or half-yearly accounting period which began after the effective time, if the Trustee of the unit trust funds as the case may be, after consulting the Authority, are satisfied that the interests of the unit holders are not such as to require the report to be sent to the unit holders, but a copy of the report shall be sent or supplied free of charge to any unit holder requesting the same.

65. CAPITAL MARKETS TRIBUNAL.

Any dispute or difference which may arise between the unit holders, Fund manager, Trustee, custodian and the other or others shall be referred to the Capital Markets Tribunal, established under the Act.

PART X – OTHER MATTERS PROVIDED FOR IN THE TRUST DEED

66. OTHER MATTERS

- ◆ The trustee shall, subject to the terms of the trust, hold title to the underlying securities in trust for the unit holders.
- ◆ The Trustee shall countersign every certificate before it is delivered by the Fund Manager to a purchaser.
- ◆ The Trustee shall not countersign any certificate unless it has received from The Fund Manager a full account of the cash proceeds of the issue of that certificate or securities to the required value, together with all documents necessary to effect transfers.
- ◆ The monies of the NCBA Unit Trust Funds shall be accounted for in full to the Trustee, and kept in a trust account at a licensed bank and shall include the following:
 - a) Any monies for investments accruing from the issue of securities.

UNIT TRUST FUNDS TRUST DEED

-
- b) Dividends, interest or any other income accruing on underlying instruments.
 - c) Any money received by The Fund Manager from the realisation of underlying securities.
 - ◆ The securities of the NCBA Unit Trust Funds shall be kept with a custodian approved by the Authority.
 - ◆ All transactions of the NCBA Unit Trust Funds will be individually reported to the Trustee by The Fund Manager within two weeks of such transaction.
 - ◆ The funds of the NCBA Unit Trust Funds will be invested in accordance with the investment limits prescribed by the Authority.
 - ◆ It shall be incumbent upon The Fund Manager to repurchase any number of units offered to it.
 - ◆ The specific method of calculations of the value of the NCBA Unit Trust Funds and of the unit at which unit holders shall transact their holdings with the unit trust fund shall be acceptable to the Authority.
 - ◆ The unit value will be the market valuation of all monies and properties of the funds less liabilities of the unit trust divided by units outstanding at that time.
 - ◆ The preliminary charge (up to 10%) by The Fund Manager shall be payable to The Fund Manager and shall be an annual fee.
 - ◆ The accounts and financial records of the NCBA Unit Trust Funds will be maintained in a system acceptable to the Authority.
 - ◆ The fees payable to the Trustee and the custodian of the NCBA Unit Trust Funds are up to 2% for each.
 - ◆ The trust deed may be amended in the manner prescribed in the trust deed.
 - ◆ The Trustee shall not be responsible in any circumstances for any loss whatsoever arising from the purchase, selection, sale, exchange or alteration of any security.
 - ◆ The valuation of securities shall be done on a daily basis at the end of each business day (1800 hrs).



UNIT TRUST FUNDS TRUST DEED

PART XI- CERTAIN VOID PROVISIONS AND AMENDMENTS TO THE TRUST DEED

Any provisions in the trust deed relating to NCBA Unit Trust Funds which is inconsistent with the Act shall be void.

The parties to a Trust Deed may by a supplemental deed alter or rescind any provisions of such Trust Deed or add further provisions thereto, but no alterations or rescission of or addition to any trust deed shall be valid unless:

- ♦ The consent of unit holders has been obtained in the manner prescribed in this trust deed provided that if the Trustee is satisfied that any such alteration or rescission will not prejudice the interests of the unit holders and does not release the Trustee or the Fund Manager from any responsibility to the unit holders, such consent may be dispensed with.
- ♦ The Authority is satisfied that any alteration does not contain anything inconsistent with the provisions of the Capital Markets Act or with sound financial principles.

Any provision in this trust deed, whether entered into before or after the commencement of the Capital Markets (Collective Investment Schemes) Regulations, 2001 purporting to relieve any party from liability to the unit holders on account of his own negligence shall be void.

AS WITNESS this Agreement has been executed by the parties hereto as appears hereinbelow.

SEALED with the common seal of)

NCBA BANK KENYA PLC)
in the presence of:)

_____)
_____)
_____)

_____)
_____)
_____)
_____)

SIGNED BY:)
 (Authorised Signatory of)
KCB BANK KENYA LIMITED)
in the presence of:)
)
)
)
)
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)
)
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)
)
)



UNIT TRUST FUNDS TRUST DEED

APPENDIX 1

SUPPLEMENTAL DEED – NCBA EQUITY FUND

To the

TRUST DEED

ENTERED INTO BETWEEN

NCBA BANK KENYA PLC ("THE SPONSOR")

And

KCB BANK KENYA LIMITED ("THE TRUSTEE")

Entered into for the purpose of establishing a unit trust portfolio to be known as
"NCBA EQUITY FUND"

Expressions used in this SUPPLEMENTAL DEED and defined in the TRUST DEED shall bear the meanings assigned to them in the TRUST DEED.

1. PREAMBLE

The Sponsor and the Trustee, have agreed to establish, by this supplemental trust deed, a Fund of the Collective Investment Scheme, to be known as the NCBA Equity Fund, which shall be subject to all the relevant provisions of the Trust Deed together with any amendments thereto the Act, such legislation as may be published from time to time, and this supplemental Trust Deed.

Expressions defined in the Trust Deed shall bear the meanings therein given to them when used in this Supplemental Trust Deed.

2. THE CONSTITUTION OF THE PORTFOLIO.

Name: **NCBA Equity Fund.**

Address of Head office:

NCBA Center, Junction Mara and Ragati Road
Upper Hill
P.O Box 30059, 00100
Nairobi, Kenya.

- a) The Sponsor and the Trustee entered into a TRUST DEED establishing one or more-unit trust schemes ("the TRUST DEED").
- b) The Sponsor and the Trustee have by this Supplemental Trust Deed agreed to establish, a Fund, known as "NCBA EQUITY FUND" which shall be subject to all the provisions of the Trust Deed and this Supplemental Trust Deed.

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- c) The Trustee shall ensure that the investment policy set out in this Supplemental Trust Deed and the provisions in the Trust Deed are carried out.

3. OBJECTS OF THE NCBA EQUITY FUND.

The object of the NCBA Equity Fund is to provide a medium whereby 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 the Trust Deed and of the Act, to create and issue an unlimited number of units in the NCBA Equity Fund established in terms of the Trust Deed.

4. THE INVESTMENT POLICY AND AUTHORISED INVESTMENTS.

In selecting securities for the NCBA Equity Fund, the Fund Manager shall seek to achieve an investment medium for unitholders, which shall have as its primary objectives as steady growth of income, as well as long term capital growth.

1.1. *Investment objective.*

The fundamental investment objective of the NCBA Equity Fund is to provide an efficient investment medium whereby investors can participate in a portfolio that will seek to provide the maximum overall return, in the form of both income and capital growth. Which will be consistent with the investment of funds in an 80% -20% split equity to Money market securities respectively.

1.2. *Investment Principles*

The guiding principles for the NCBA Equity fund are:

- A solid spread of high performance shares is selected.
- To take capital profits when appropriate.
- By thorough research, to select stocks in companies with proven performance and good prospects for growth.
- To spread share holdings over those economic sectors that meets the criteria of performance and growth.
- To manage the portfolio according to best practice.

The **NCBA Equity Fund** will predominantly invest its assets in the Kenyan investment markets at all times and will be permitted to make investments in a mix of 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

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other form of participation in portfolios of collective investment schemes or other 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 Supplemental Trust Deed 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 Supplemental Trust Deed.

The Trustee shall ensure that the investment policy set out herein is carried out.

Nothing in this Supplemental Trust Deed 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 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.

The Categories in which the funds of the NCBA Equity fund may invest and Investment restrictions:

- Cash and near cash deposits – up to 10%
- Securities listed on the 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%

This investment categories shall be made provided that:

- No limits shall apply to investment of the NCBA 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 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 NCBA Equity Fund and net asset value;



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- The book value of the NCBA Equity 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.
- The Fund Manager shall not apply any part of the NCBA Equity 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 NCBA 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 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 activity and performance of the investment portfolio and any changes comprising the NCBA Equity Fund.

5. PRICING OF UNITS

The pricing of units will be according to the net asset value of the fund.

The value of the fund 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 consent to buy and create units is received by the Fund Manager and the Trustee respectively.

The value of the fund to be used in determining the repurchase price quoted by the Fund Manager and the Price Payable by the NCBA Unit Trust Funds on the redemption of units shall be the net asset value at the end of the business day on which the written request to repurchase and redeem is received by the Fund Manager and the Trustee respectively. The repurchase price quoted shall be the net asset value of NCBA Unit Trust Funds however computed.

The formula to be adopted to determine the value of the fund per unit is:

Value of Assets of the Funds – Liabilities

Number of units issued and fully paid

The Fund Manager shall compute the value at the end of each business day and on a weighted average basis.

The value of the assets of the fund include:



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- a) Aggregate market value of the underlying securities in the unit portfolio at a valuation point.
- b) Aggregate of all income accruals and payments received in lieu of income accruals from the creation of new units.
- c) Amount of the compulsory charges payable on the respect of the acquisition of all the underlying securities comprising the unit portfolio.

Liabilities of the Fund shall include:

- a) Accrued fees;
- b) Expenses;
- c) 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; and
- d) 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;
- e) Any transfer between income and capital account made in consultation with the auditors

6. DISTRIBUTION DATES.

NCBA Equity Fund shall be subject to all the provisions of the Trust Deed as amended by the preceding clauses of the Supplemental Trust Deed, as amended from time to time.

7. CHARGES

The Fund Manager shall make a periodic charge, known as the management fee (but not exceeding a maximum of up to 10%), payable out of the income of the NCBA Equity Fund and this shall be expressed as an annual percentage of the value of the portfolio scheme.

The management fee applying in respect of the NCBA Equity Fund 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 fund.

The Fund Manager shall apply an initial charge in respect to the NCBA Equity Fund. The initial charge shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.



UNIT TRUST FUNDS TRUST DEED

The Fund Manager may apply an exit charge in respect to the NCBA Equity Fund. Where an exit charge is applied, it shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.

The fees payable to the Trustee and custodian of the NCBA Equity Fund are up to a maximum of 2%.

The Trustee shall not be responsible in any circumstances for any loss whatsoever arising from the purchase, selection, sale, exchange or alteration of any security.

Any provisions in the trust Deed relating to NCBA Equity Fund which is inconsistent with the Act shall be void.

SEALED with the common seal of)

NCBA BANK KENYA PLC)
in the presence of:)

_____)
_____)
_____)
_____)

SIGNED BY: *Judith Sidi Odhiambo*
(Authorised Signatory of *PIA NO 16 of 25/1/2013*)
KCB BANK KENYA LIMITED)
in the presence of:)

PATRICIA A. ODONGO
ADVOCATE
P. O. Box 58025 - 00200
NAIROBI *Pat*

_____)
_____)
_____)



UNIT TRUST FUNDS TRUST DEED

APPENDIX 2

SUPPLEMENTAL TRUST DEED – NCBA MONEY MARKET FUND

to

THE TRUST DEED

ENTERED INTO BETWEEN

NCBA BANK KENYA PLC ("THE SPONSOR")

And

KCB BANK KENYA LIMITED ("THE TRUSTEE")

Entered into for the purpose of establishing a unit trust portfolio to be known as
"NCBA MONEY MARKET FUND"

Expressions used in this SUPPLEMENTAL DEED and defined in the TRUST DEED shall bear the meanings assigned to them in the TRUST DEED.

1. PREAMBLE

The Sponsor and the Trustee, have agreed to establish, by this Supplemental Trust Deed, a fund of the NCBA Unit Trust Funds, to be known as the **NCBA Money Market Fund**, which shall be subject to all the relevant provisions of the Trust Deed together with any amendments thereto the Act, such legislation as may be published from time to time, and this Supplemental Trust Deed.

Expressions defined in the Trust Deed shall bear the meanings therein given to them when used in this supplemental trust deed.

2. THE CONSTITUTION OF THE PORTFOLIO

Name: NCBA Money Market fund.

Address of Head office:

NCBA Center, Junction Mara and Ragati Road
Upper Hill
P.O Box 30059, 00100
Nairobi, Kenya.

- d) The Sponsor and the TRUSTEE entered into a TRUST DEED establishing one or more-unit trust schemes ("the TRUST DEED").

UNIT TRUST FUNDS TRUST DEED

- e) The Sponsor and the TRUSTEE have agreed to establish by this Supplemental Trust Deed, a Fund, known as "NCBA Money Market Fund" which shall be subject to all the provisions of the Trust Deed and this Supplemental Trust Deed.
- f) The Trustee shall ensure that the investment policy set out in this Supplemental Trust Deed and the provisions of the Trust Deed are carried out.

3. OBJECTS OF THE NCBA MONEY MARKET FUND.

The object of the NCBA Money Market Fund is to provide a medium whereby investors can obtain undivided participation in a diversified portfolio of money market securities. In order to achieve this object The Fund Manager shall be entitled, subject to the provisions of the Trust Deed and of the Act, to create and issue an unlimited number of units in the NCBA Money Market fund established in terms of the Trust Deed.

4. THE INVESTMENT POLICY AND AUTHORISED INVESTMENTS.

In selecting securities for the NCBA Money Market fund, the Fund Manager shall seek to achieve an investment medium for unitholders, which shall have as its primary objectives; steady growth of income, a reasonable level of current income and the maximum stability for capital invested.

5. INVESTMENT OBJECTIVE.

The objective of the NCBA Money Market Fund is to generate total return through investing in a range of debt securities, fixed deposit instruments or near cash & cash holdings in the Kenyan market and offshore, while offering maximum security to the investor.

6. INVESTMENT PRINCIPLES.

The guiding principles for the NCBA Money Market Fund are:

- ◆ To invest only in money market instruments spread between institutions of repute.
- ◆ To manage the portfolio according to best practice.
- ◆ 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;
- ◆ To minimize losses, while maximizing on investment returns, by investing in near cash or cash deposits;
- ◆ To disclose investments on a weighted average basis.

UNIT TRUST FUNDS TRUST DEED

The **NCBA Money Market fund** will predominantly invest its assets in the Kenyan investment 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 Fund Manager and the Trustee and is of sufficient standards.

Nothing contained in this Supplemental Trust Deed 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 Supplemental Trust Deed.

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

Nothing in this supplemental trust deed 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 Trust Deed; 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.

The Categories in which the funds of the NCBA Money Market fund may invest and Investment restrictions:

- Cash and near cash deposits – up to 10%
- Securities listed on the 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%

This investment categories shall be made provided that:

- No limits shall apply to investment of the NCBA Money Market Fund in

UNIT TRUST FUNDS TRUST DEED

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 NCBA Money Market fund and net asset value;
- The book value of the NCBA 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 NCBA 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 NCBA 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 NCBA Money Market fund.

7. PRICING OF UNITS

The daily and effective yield quoted shall be computed as below;

The formula to be adopted to determine the daily yield of the fund per unit is:

Daily Yield = Net income of the fund (Accrued income less accrued fund expenses)

No of outstanding units at end of respective valuation date

Annual effective yield = $(1 + \text{Daily Yield})^{365} - 1$

The Fund Manager shall compute this at the end of each business day and on a weighted average basis.

The number of outstanding units at the end of day will include;

UNIT TRUST FUNDS TRUST DEED

Aggregate number of units outstanding at start of day.

Add: New units created/purchased during the day.

Less: Units sold/redeemed during the day.

Income shall include:

Accrued interest income (Less withholding tax as applicable)

Add; Accretion of discounts on discounted securities (Less withholding tax as applicable)

Less; Amortisation of premiums on securities purchased on premium (Less withholding tax as applicable)

Expenses include;

- a) Daily accrual of fees payable to fund manager, custodian and trustees;
- b) Accrual or amortisation of expenses including auditors, publication fees, regulatory/license fees, bank charges, Annual General meeting fees etc.

8. INCOME DISTRIBUTION DATES.

Calculation of income for distribution will be completed on a daily basis, based on above pricing formula and accrued on each investor sub account at end of every day. The cumulative accrued income over a calendar month will be distributed/paid to the investor on the last day of the calendar month and where applicable re-investment of income shall take place on a monthly basis.

9. PRICING OF UNITS AT INVESTMENT AND REDEMPTION

All new funds invested in the Fund and distributed income shall be applied to purchase units of the fund at the ratio of Kes 1 per unit of the fund.

Consequently, all redemptions will be priced at Kes 1 per units for every unit that that the investor wishes to redeem.

10. CHARGES

The Fund Manager shall make a periodic charge, known as the management fee (but not exceeding a maximum of up to 10%), payable out of the income of the NCBA Money Market Fund and this shall be expressed as an annual percentage of the value of the portfolio scheme.

The management fee applying in respect of the NCBA Money Market fund 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 fund.



UNIT TRUST FUNDS TRUST DEED

- The Fund Manager may apply an initial charge in respect to the NCBA Money Market fund. Where an initial charge is applied, it shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.
 - The Fund Manager may apply an exit charge in respect to the NCBA Money Market fund. Where an exit charge is applied, it shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.
 - The fees payable to the Trustee and the custodian of the NCBA Money Market fund are up to a maximum of 2% for each.
 - The Trustee shall not be responsible in any circumstances for any loss whatsoever arising from the purchase, selection, sale, exchange or alteration of any security.
 - Any provisions in the trust Deed relating to NCBA Money Market fund which is inconsistent with the Regulations issued hereunder shall be void.
-



UNIT TRUST FUNDS TRUST DEED

SEALED with the common seal of)

NCBA BANK KENYA PLC)

in the presence of:)

_____)

_____)

_____)

SIGNED BY: *Judith Sidi Odhiambo*)
(Authorised Signatory of (P/A NO 16 of 25/1/2012))

KCB BANK KENYA LIMITED)

in the presence of:)

PATRICIA A. ODONGO
ADVOCATE
P. O. Box 58025 - 00200
NAIROBI

_____)

APPENDIX 3

SUPPLEMENTAL TRUST DEED – NCBA DOLLAR INVESTMENT FUND

to

THE TRUST DEED

ENTERED INTO BETWEEN

NNCBA BANK KENYA PLC ("THE SPONSOR")

And

KCB BANK KENYA LIMITED ("THE TRUSTEE")

Entered into for the purpose of establishing a unit trust portfolio to be known as
"NCBA DOLLAR INVESTMENT FUND"

Expressions used in this SUPPLEMENTAL DEED and defined in the TRUST DEED shall bear the meanings assigned to them in the TRUST DEED.

11. PREAMBLE

The Sponsor and the Trustee, have agreed to establish, by this Supplemental Trust Deed, a fund of the NCBA Unit Trust Funds, to be known as the **NCBA Dollar Investment Fund**, which shall be subject to all the relevant provisions of the Trust Deed together with any amendments thereto the Act, such legislation as may be published from time to time, and this Supplemental Trust Deed.

Expressions defined in the Trust Deed shall bear the meanings therein given to them when used in this supplemental trust deed.

12. THE CONSTITUTION OF THE PORTFOLIO

Name: NCBA Dollar Investment Fund.

Address of Head office:

NCBA Center, Junction Mara and Ragati Road
Upper Hill
P.O Box 30059, 00100
Nairobi, Kenya.

- g) The Sponsor and the TRUSTEE entered into a TRUST DEED establishing one or more unit trust schemes ("the TRUST DEED").

UNIT TRUST FUNDS TRUST DEED

- h) The Sponsor and the TRUSTEE have agreed to establish by this Supplemental Trust Deed, a Fund, known as "NCBA Dollar Investment Fund" which shall be subject to all the provisions of the Trust Deed and this Supplemental Trust Deed.
- i) The Trustee shall ensure that the investment policy set out in this Supplemental Trust Deed and the provisions of the Trust Deed are carried out.

13. OBJECTS OF THE NCBA DOLLAR INVESTMENT FUND.

The object of the NCBA Dollar Investment Fund is to provide a medium whereby investors can obtain undivided participation in a diversified portfolio of money market securities. In order to achieve this object The Fund Manager shall be entitled, subject to the provisions of the Trust Deed and of the Act, to create and issue an unlimited number of units in the NCBA Dollar Investment fund established in terms of the Trust Deed.

14. THE INVESTMENT POLICY AND AUTHORISED INVESTMENTS.

In selecting securities for the NCBA Dollar Investment fund, the Fund Manager shall seek to achieve an investment medium for unitholders, which shall have as its primary objectives; steady growth of income, a reasonable level of current income and the maximum stability for capital invested.

15. INVESTMENT OBJECTIVE.

The objective of the NCBA Dollar Investment Fund is to generate Interest income in United States Dollars through investing in a range of United States Dollars denominated debt securities, fixed deposit instruments or near cash & cash holdings in the Kenyan market and offshore, while offering maximum security to the investor.

16. INVESTMENT PRINCIPLES.

The guiding principles for the NCBA Dollar Investment Fund are:

- ♦ To invest only in money market instruments spread between institutions of repute.
- ♦ To manage the portfolio according to best practice.
- ♦ 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;
- ♦ To minimize losses, while maximizing on investment returns, by investing in near cash or cash deposits;
- ♦ To disclose investments on a weighted average basis.

UNIT TRUST FUNDS TRUST DEED

The **NCBA Dollar Investment fund** will predominantly invest its assets in the Kenyan investment markets at all times and will be permitted to make investments in a mix of US Dollar denominated 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 Fund Manager and the Trustee and is of sufficient standards.

Nothing contained in this Supplemental Trust Deed 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 Supplemental Trust Deed.

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

Nothing in this supplemental trust deed 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 Trust Deed; 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.

The Categories in which the funds of the NCBA Dollar Investment fund may invest and Investment restrictions:

- Cash and near cash deposits – up to 10%
- Securities listed on the 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%

This investment categories shall be made provided that:

- No limits shall apply to investment of the NCBA Dollar Investment Fund in

UNIT TRUST FUNDS TRUST DEED

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 NCBA Money Market fund and net asset value;
- The book value of the NCBA Dollar Investment 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 NCBA Dollar Investment 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 NCBA Dollar Investment 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 NCBA Dollar Investment fund.

17. PRICING OF UNITS

The daily and effective yield quoted shall be computed as below;

The formula to be adopted to determine the daily yield of the fund per unit is:

Daily Yield = Net income of the fund (Accrued income less accrued fund expenses)

No of outstanding units at end of respective valuation date

Annual effective yield = (1+Daily Yield)³⁶⁵ – 1

The Fund Manager shall compute this at the end of each business day and on a weighted average basis.

The number of outstanding units at the end of day will include;

UNIT TRUST FUNDS TRUST DEED

Aggregate number of units outstanding at start of day.

Add: New units created/purchased during the day.

Less: Units sold/redeemed during the day.

Income shall include:

Accrued interest income (Less withholding tax as applicable)

Add; Accretion of discounts on discounted securities (Less withholding tax as applicable)

Less; Amortisation of premiums on securities purchased on premium (Less withholding tax as applicable)

Expenses include

- c) Daily accrual of fees payable to fund manager, custodian and trustees;
- d) Accrual or amortisation of expenses including auditors, publication fees, regulatory/license fees, bank charges, Annual General meeting fees etc.

18. INCOME DISTRIBUTION

Calculation of income for distribution will be completed on a daily basis, based on above pricing formula and accrued on each investor sub account at end of every day. The cumulative accrued income over a calendar month will be distributed/paid to the investor on the last day of the calendar month and where applicable re-investment of income shall take place on a monthly basis.

19. PRICING OF UNITS AT INVESTMENT AND REDEMPTION

All new funds invested in the Fund and distributed income shall be applied to purchase units of the fund at the ratio of USD1 per unit of the fund.

Consequently all redemptions will be priced at USD 1 per units for every unit that that the investor wishes to redeem.

20. CHARGES

The Fund Manager shall make a periodic charge, known as the management fee (but not exceeding a maximum of up to 5%), payable out of the income of the NCBA Dollar Investment Fund and this shall be expressed as an annual percentage of the value of the portfolio scheme.

The management fee applying in respect of the NCBA Dollar Investment fund 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 fund.

- The Fund Manager may apply an initial charge in respect to the NCBA




UNIT TRUST FUNDS TRUST DEED

Dollar Investment fund. Where an initial charge is applied, it shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.

- The Fund Manager may apply an exit charge in respect to the NCBA Dollar Investment fund. Where an exit charge is applied, it shall be set out in the updated Information Memorandum and shall not exceed 10% of the funds invested.
- The fees payable to the Trustee and the custodian of the NCBA Dollar Investment fund are up to a maximum of 2% for each.
- The Trustee shall not be responsible in any circumstances for any loss whatsoever arising from the purchase, selection, sale, exchange or alteration of any security.
- Any provisions in the trust Deed relating to NCBA Dollar Investment fund which is inconsistent with the Regulations issued hereunder shall be void.

SEALED with the common seal of)

in the presence of:



321

SIGNED BY: Judith Sidi Odhiambo
(Authorised Signatory of P/A NO 16 of 25/1/2018)
KCB BANK KENYA LIMITED
in the presence of: PATRICIA A. ODONGO

of
PATRICIA A. ODONGO
ADVOCATE
P. O. Box 58025 - 00200
NAIROBI