



NCBA

NCBA UNIT TRUST SCHEME

INFORMATION MEMORANDUM

September 2022

TABLE OF CONTENTS

1	PREAMBLE	5
2	DEFINITIONS	5
3	VALIDITY	8
4	DISCLAIMER	8
5	ELIGIBILITY	8
6	DISTRIBUTIONS	9
6.1.	DISTRIBUTION POLICY	9
6.2.	DETERMINATION OF DISTRIBUTABLE INCOME	9
6.3.	ALLOCATION OF INCOME	9
6.4.	PAY-OUT OF INCOME DISTRIBUTIONS	9
7	BORROWING AND LENDING	10
8	THE FUND MANAGER.....	10
8.1.	DUTIES AND OBLIGATIONS	10
8.2.	MONTHLY STATEMENTS	11
8.3.	REMOVAL OF FUND MANAGER.....	11
8.4.	LIABILITY OF A FUND MANAGER	11
8.5.	PAYMENTS TO THE FUND MANAGER	11
8.5.1.	<i>Management Fee</i>	11
8.5.2.	<i>Preliminary Charge</i>	12
8.5.3.	<i>Redemption Charge</i>	12
8.6.	TRANSACTIONAL BASED CHARGES.....	12
8.7.	OTHER PAYMENTS OUT OF THE FUND.....	12
9	THE CUSTODIAN.....	13
10	UNIT HOLDERS MANAGEMENT	14
10.1.	REGISTER OF UNIT HOLDERS.....	14
10.2.	MEETINGS OF UNIT HOLDERS	14
10.3.	VOTING	15
10.4.	FUND DEALING	16
10.5.	BUYING OF UNITS	16
10.6.	SALE AND REDEMPTION OF UNITS.....	16
10.6.1.	<i>Redemption of Units process</i>	16
10.6.2.	<i>Steps required to be taken by a unit holder in redeeming units:</i>	17
10.6.3.	<i>Cancellation of Units</i>	17
10.7.	SUSPENSION OF DEALING IN UNITS	18
11	PRICING AND VALUATION OF THE FUND PORTFOLIO.....	18
10.1.	PUBLICATION OF PRICES	18
10.2.	MINIMUM AND MAXIMUM LIMITS	18
12	WINDING UP.....	18
11.1.	SUMMARY OF UNIT HOLDERS' RIGHTS AND WINDING UP PROCEDURE.....	19
11.2.	CONSEQUENCES OF COMMENCEMENT OF WINDING UP	20
13	GENERAL INFORMATION	20

12.1.	REPORTS	20
12.2.	TIME LIMITS FOR THE REPORTS	21
12.3.	STATEMENTS	21
14	ADDITIONAL INFORMATION	21
	IN THE PRESENCE OF:)	22

KEY INFORMATION

The Sponsor:

NCBA Bank Kenya Plc
NCBA Centre, Corner of Mara and Ragati Roads,
Upper Hill, Nairobi
P.O. Box 44599, 00100 Nairobi Kenya

Date of Approval: **September 2022**

Fund manager:

NCBA Investment Bank Limited
NCBA Centre Annex, Hospital Road
Upper Hill, Nairobi
P.O. Box 44599-00100, Nairobi, Kenya
Tel: 020-2884000

Note: NCBA Investment Bank Limited is a wholly owned subsidiary of NCBA Group PLC

The Trustee

KCB Bank (Kenya) Limited, Trustee Services
KCB Tower, 8th Flr, Kenya Road, Upper Hill,
P.O. Box 30664-00100, Nairobi, Kenya
Tel: 3270-000 / 0711-012-000

The Custodian

NCBA Bank Kenya Limited, Custodial Services
NCBA Centre, Corner of Mara and Ragati Roads,
Upper Hill, Nairobi
P.O. Box 44599, 00100 Nairobi Kenya

The Auditor

Deloitte & Touche LLP
Deloitte Place,
Waiyaki Way/Muthangari, Westlands
PO Box 40092-00100, Nairobi

PART I- THE TRUST

1 PREAMBLE

- a) NCBA Bank Kenya PLC and KCB Bank (Kenya) Limited entered into a Trust Deed establishing an umbrella fund (the "Unit Trust Scheme"):
- b) *Name:* NCBA Unit Trust Scheme
Address of Head office:
NCBA Centre Annex, Hospital Hill Road, Upper Hill
P.O Box 44599, 00100
Nairobi, Kenya.
- c) The duration of the NCBA Unit Trust Scheme is unlimited subject to the Perpetuities and Accumulations Act (Chapter 161).
- d) NCBA Bank Kenya PLC ("NCBA") being the Sponsor of the NCBA Unit Trust Scheme and the Trustee, KCB Bank (Kenya) Limited, have the following funds governed under this Trust Deed:
 1. NCBA Fixed Income Fund
 2. NCBA Equity Fund
 3. NCBA Dollar Fixed Income Fund
 4. NCBA Fixed Income Basket Notes(KES) Fund, and
 5. NCBA Fixed Income Basket Notes (USD) Fund.

The Funds shall be subject to all the relevant provisions of the NCBA Unit Trust Scheme Deed and the relevant supplemental Trust Deeds, CMA regulations on Collective Investment Schemes and such other regulations and legislation as may be published from time to time.

2 Definitions

In this information memorandum, 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 Information Memorandum, unless inconsistent with the context, the following expressions shall have the following meaning:

"Accounting period" The NCBA Unit Trust Scheme shall have an annual accounting period ending the last day of December in each year; but the Fund Manager, shall publish and submit to the Authority an 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 Scheme by reason of the holding of the underlying securities on behalf of the unit-holders, whether received in cash or securities or by warrant or by cheque.

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

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

"Dilution" means that NCBA Unit Trust Scheme may suffer reduction in the value of its portfolio as a result of costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments.

"Distribution date" refers to the day that accrued income is credited to the fund's account holders.

"Financial year" means 12 months period ending on the 31 December of each year. The year will be divided into two accounting periods, ending 30 June, and 31 December.

"Income accruals" for an accounting period means any dividend, interest, or other income for distribution received by or accrued to the NCBA Unit Trust Scheme, the Custodian, 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.

"Management fees" 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 Scheme, expressed as a percentage of the average month-end market value of the total assets comprising the NCBA Unit Trust Scheme 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 collective investments scheme and includes any amount in cash forming part of the assets pertaining to such portfolio (herein also known as the fund.)

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

"Register" means the register in which are listed the names of unit holders of the Fund from time to time.

"Securities" means –

- Bonds issued or proposed to be issued by a government;

- Shares, bonds, commercial paper, or notes issued or proposed to be issued by a body corporate;
- Any right, warrant, option or futures in respect of any share, bonds, notes or in respect of commodities;
- Any unit, interest or share offered under a collective investment scheme; or
- Any instrument commonly known as securities but does not include –
 - i. Bills of exchange
 - ii. Promissory notes; or
 - iii. Certification of deposits issued by a bank or financial institution licensed under the Banking Act;

The "Act" means the Capital Markets Act, Chapter 485A of the Laws of the Republic of Kenya, and any regulations issued thereunder.

The "auditors" means a person or a firm qualified for appointment as auditor of a public company in Kenya and appointed by the Fund Manager as its auditor and as auditor of the Trust, 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.

"Trust Deed" or "Deed" This trust deed and any other deeds supplemental thereto, in relation to the NCBA Unit Trust Scheme, means the trust deed that sets out the trusts governing the unit trust and includes every instrument that varies those trusts or effects the powers, duties or functions of the Trustee or manager of the unit trust.

"Trustee" in relation to the Unit trust, means a Trustee in whom all money, investments, or other unit trust fund's portfolio that are for the time being entrusted subject to the trusts governing the unit trust.

"Underlying Securities", 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 Scheme, the Fund Manager or the Trustee for the benefit of the unit holders in that unit portfolio.

"Unit" means an undivided share in or part of NCBA Unit Trust Scheme.

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

"Unit holder" means the person (other than Fund Manager) who has purchased units and is a holder of the units in the NCBA Unit Trust Scheme and is registered in the Register of unit holders evidencing that the person has an interest in the fund.

"Unit Trust Fund" means any scheme or arrangement in the nature of a trust in pursuance of which persons are invited or permitted, a beneficiaries under the trust,

to acquire an interest or undivided unit in one or more unit portfolios and to participate proportionally in the NCBA Unit Trust Scheme.

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

3 Validity

The Information Memorandum ("IM") will be valid for a period of one year from the date of release. This will be reviewed and revised at least once in a year or earlier where the need arises, to take into account any change or new matter, other than a matter which reasonably appears to the Fund Manager to be insignificant. A revision of the IM may take the form of a complete substitution of the previous memorandum, or a supplement to the information memorandum. The date of the change shall be prominently displayed.

4 Disclaimer

Permission has been granted by the Capital Markets Authority (the "Authority") to offer the securities which are subject of this issue. As a matter of policy, the Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this IM. Approval by the Authority is not to be taken as an indication of the merit of the NCBA Unit Trust Scheme.

5 Eligibility

To be eligible to invest in the NCBA Unit Trust Scheme, the unit holder:

- a) Must be aged above 18 years. However parents who wish to open unit trust accounts for minors can do so under their name, until the beneficiary comes of age;
- b) Must not be a resident in any jurisdiction where such an investment would be unlawful;
- c) Shall satisfy any tax regulations or other relevant legislation where applicable;
- d) Need not be a natural person; and
- e) Must have all investors conform to the above requirements for eligibility, if the investment is to be held in joint name.

6 Distributions

6.1. Distribution Policy

Tax on interest will be withheld and the net interest will be distributed by the Trustee. Details of the distribution arising from interest will be shown on monthly statements sent to unit holders. All income may be distributed to unit holders after provision of expenses as detailed below.

6.2. Determination of Distributable income

The calculation of the distributable income shall be as follows:

- a) Take the aggregate of the income of the portfolio received and receivable for the account of the Fund in respect of the period
- b) Deduct charges and expenses paid or payable out of the income of the portfolio in respect of the period
- c) Add the Fund Manager's best estimate of any relief from tax on such charges and expenses
- d) Make appropriate adjustments in relation to;
 - ✓ Withholding taxes on interest income and dividends.
 - ✓ Adjustments for provisions for any potential portfolio losses,
 - ✓ Potential income which is unlikely to be received until 12 months after the income allocation date,
 - ✓ Income which should not be accounted for on an accrual basis such as valuation gains or losses,
 - ✓ Any transfers between income and capital account, and;
 - ✓ Adjustment arising from consultation with auditors.

6.3. Allocation of income

Upon each distribution date, the Trustee shall arrange for the custodian to transfer the income net of expenses of the fund to an account to be known as "the distribution account".

Any income that is not transferred to the distribution account must be carried forward to the next accounting period and will be regarded as received at the start of the next period.

6.4. Pay-out of income Distributions

A unit holder may request to have distributions paid out to a designated bank account as opposed to being automatically reinvested, as long as the distribution amount shall have accrued to more than Kes 1,000 for the KES denominated Fund

and USD 100 for the USD denominated Fund as this is the set minimum pay-out threshold. Further, this request should be made in writing.

7 Borrowing and Lending

The Fund Manager shall not lend all or any part of the scheme portfolio or assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in relation to the umbrella scheme portfolio.

8 The Fund Manager

8.1. Duties and obligations

Material provisions of the Fund Manager's obligations and duties pertaining to the NCBA Unit Trust Scheme.

The Fund Manager shall;

1. Carry out the management and administration of the Fund in accordance with the direction and authority of the Trustee and the provision of the incorporation documents which include the rules of the Unit Trust Scheme.
2. Be responsible for investing and re-investing the assets of the fund and carrying out prudent investment policies consistent with the fund's investment objective.
3. Be entitled by way of remuneration for its services and to cover expenses and fees in performing its obligations for the purpose of enabling the fund to conform to legislation passed.
4. Provide the Trustee, and the Capital Markets Authority, quarterly, from the date of its appointment a report of the performance of the portfolio including a summary valuation, market commentary and general outlook.
5. Rectify any breach of matters arising from incorrect pricing of units, or to the late payment in respect of the issue or redemption of units. Rectification shall extend to the reimbursement or payment or arranging the reimbursement or payment of money to the unit holders or former unit holders by the Fund Manager to the Fund, or by the Fund to the Fund Manager; unless directed otherwise by the Trustee.
6. Issue an account statement on a monthly basis specifying any units held by the unit holder and showing the transactions in the unit holder's account during the preceding month and which shall be prima facie evidence of the title of the unit holder of the units.
7. Once every year, provide the unit holders and the Authority with audited accounts and such other statements as may be necessary in relation to the operations of the fund during the period which ended not more than three months before the date on which such accounts or statements are submitted.

8. Carry out liaison with the Custodian and the Trustee or the Fund in accordance with the Act.

8.2. Monthly Statements

The Fund Manager shall issue a monthly statement to a unit holder, which shall act as evidence that the title to units held are indeed held by the unit holder.

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 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.

8.3. Removal of Fund Manager

The Fund manager may be removed as provided for in the Trust Deed.

8.4. Liability of a Fund Manager

The Fund Manager shall not;

1. Incur any liability by reason of any matter or thing done or suffered or omitted by it in good faith under the provisions of the incorporation documents, which include rules of the unit trust schemes set out in the Act.
2. Be liable for any loss, damage or market fluctuations in interest rates and stock prices which affects the value of the portfolio of fund or of any investment comprised therein unless in the case of loss and damage in the value of the Fund portfolio that arises from negligence, wilful default or fraud by the Fund Manager or any of its agents, employees or associates.

8.5. Payments to the Fund Manager

8.5.1. Management Fee

The Fund Manager shall be entitled by way of remuneration for its services and to cover expenses and fees in performing its obligations as Fund manager for the purpose of enabling the Fund to conform to the applicable laws.

The Fund Manager will charge a management fee (not exceeding 10% per annum) for the professional portfolio management.

The management fee applying in respect of the NCBA Unit Trust Scheme shall be proportionate to the length of the relevant accounting period and shall be calculated at such percentage by the Fund Manager on the average daily Net Asset Value of the total investments of the fund.

To introduce a new charge or to propose a change in the maximum rate, amount or method, the Fund Manager would provide a ninety day notice in writing (or such shorter period as required by the Authority) to unit holders of the Fund Managers intention, after obtaining approval from the Trustee and the Capital Markets Authority.

8.5.2. Preliminary Charge

The Fund Manager may apply, or waive with approval of the Trustee, an initial charge in respect to the NCBA Unit Trust Scheme (not exceeding a maximum of 5% of the investment amount).

8.5.3. Redemption Charge

No fees will be charged on a redemption, liquidation or withdrawal action of invested funds by a unit holder other than the applicable portfolio fund management fees as per clause 7.5.1.

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

1. 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.
2. A maximum of ninety day notice (or such shorter period as required by the Authority) in writing after obtaining approval from the Trustee and the Authority would also be given to unit holders of the Fund Managers intention, to introduce a new charge or to propose a change in the rate, amount or method.
3. When any of the Fund Managers charges are modified, the modification shall be expressed so as to apply only to units issued only after the date on which the modification takes pace.

8.6. Transactional Based Charges

- a) There will be no transactional charges to unit holder accounts. Investment actions related transactional charges if any, will only be levied at the fund-level and will be covered by the respective custodian bank or any other applicable service provider agreement in place.

8.7. Other Payments Out of the Fund

The Trustee is authorized to charge a fee for issuing any document, recording, or for amending an entry on the register, otherwise than on the issue or sale of units.

The service providers shall be entitled by way of remuneration for their services and to cover expenses and fees in performing its obligations including obligations to pay as listed below:

- Trustee Fees
- Custodian Fees

- Auditors fees
- Agent/Broker Commissions
- Regulatory fees as applicable

9 The Custodian

Material provisions of the contract between the Fund and the Custodian

The Custodian shall:

1. Render and maintain custody of the Fund and hold it to the order of the Trustee or Fund Manager in accordance to the Act, incorporation documents and the rules of the Unit Trust Scheme.
2. Receive and keep in safe custody title documents, securities, and cash amounts of the Fund.
3. Open an account in the name of the fund for the exclusive benefit of unit holders of the fund. The portfolio held by the Custodian shall be subject only to instructions of the Fund Manager and or the Trustee as the case may be, and any securities entrusted by the Custodian to any securities depository shall be subject only to instructions of the Custodian.
4. Transfer, exchange or deliver in the required form and manner securities held by the Custodian upon receipt of instructions from the Fund Manager or the Trustee as the case may be.
5. Promptly deliver to the Fund Manager or Trustee as the case may be or any persons authorized by the Trustee or the Fund Manager, copies of all notices, proxies, proxy soliciting materials, all public information, financial reports and stockbroker communications the custodian may receive from the issuers of securities or in relation to the securities held in the fund's portfolio.
6. Exercise the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of securities in the Fund portfolio and in fulfilling obligations in the service level agreement between the Fund Manager and the Trustee as the case may be and the Custodian.
7. Attend general meetings of the unit holders and be heard at any general meeting on matters that concern it as custodian.
8. Not contract its duties to an agent except where a portion of the Fund portfolio is invested in offshore investment.
9. Be entitled to a fee in respect of custodial services, which shall be disclosed to the unit holders in the annual report each year.
10. Maintain records of all transactions in the fund and shall include every transaction carried out by the custodian on behalf of the Fund.

10 Unit holders management

10.1. Register of Unit holders

The register of unit holders shall be kept at the Fund Manager's head office and can be inspected by unit holders at any times during business hours.

10.2. Meetings of Unit holders

1. Unit holders will receive notice to attend the meetings no less than 21 days written notice, inclusive of the date on which the notice is deemed to be served and the day of the meeting the quorum of the meeting shall consist of twenty five unit holders of the fund portfolio inclusive of proxies received.
2. Meetings of the unit holders - may be convened by the Trustee or the Fund Manager at any time. The request shall state the objects of the meeting and the resolution or resolutions to be proposed at such meeting and shall be signed by the unit holders and deposited with the Trustee.
3. A meeting of the unit holders shall be convened for the following purposes among others:
 - i. To approve any change of the investment policy or objectives of the scheme proposed by the Fund Manager with the consent of the Trustee.
 - ii. To approve any change of the class of scheme as registered.
 - iii. To authorize any modification or addition to the trust deed proposed by the Fund Manager with the consent of the Trustee.
 - iv. To approve any increase in the periodic charge due to the Fund Manager
 - v. To remove the Fund Manager.
 - vi. To approve a scheme of amalgamation of funds proposed by the Fund Manager with the consent of the Trustee.
4. The accidental omission to give notice of a meeting or the non-receipt of notice of a meeting by any unit holder entitled to receive notice shall not invalidate the proceedings at that meeting.
5. No business shall be transacted at any meeting unless a quorum of unit holders is present at the time when the meeting proceeds to business.
6. If within half an hour from the time appointed for the meeting a quorum is not present the meeting, **if convened on the requisition of unit holders**, shall be dissolved and in any other case it shall stand adjourned to such day and time not being less than seven days thereafter and to such place as may be appointed by the Chairman if any has been appointed pursuant to the incorporation documents or otherwise by the Trustee or Fund Manager, as the case may, be and if at such adjourned meeting a quorum is not present within fifteen minutes

from the time appointed for the meeting, the unit holders present shall comprise the quorum.

7. The Chairman presiding at the meeting shall be appointed by the Trustee but if at any meeting the Chairman is not appointed or is unwilling to act, the unit holders present shall choose one of their number to be Chairman of the meeting.
8. At any meeting any resolution put to the vote of the meeting shall be an extraordinary resolution requiring a majority of votes representing sixty percent of the units held by those present and voting at the meeting.
9. The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorized in writing, or, if the appointer is a corporation, under the hand of an officer or attorney duly authorized. A proxy need not be a unit holder.
10. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power or authority shall be deposited at the office of the Trustee or Fund Manager or at such other places within Kenya as is specified for that purpose in the notice convening the meeting, not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
11. 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.
12. The Trustee shall keep minutes of every meeting in a minute book.

10.3. Voting

1. 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.
2. Votes may be given either personally or by proxy or in any other manner permitted by the incorporation document and the voting rights attached to each shall be such proportion of the voting rights attached to all of the units in issue as the price of the unit bears to the aggregate price or prices of all the units in issue as of that date. A unit holder entitled to more than one vote need not if he votes, use all his votes or cast all his votes in the same way.
3. Every notice calling a meeting of the unit holders in the Fund shall contain a reasonably prominent statement that a unit holder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him.
4. A document necessary to show the validity and appointment of a proxy shall be required to be received by the Fund or any other person more than 48 hours

before the meeting or adjourned meeting in order that the appointment may be effective

10.4. Fund Dealing

1. The Fund Manager will act as a principal in the trading of units. As a result it must act as a market maker for its units inclusive of meeting demand from investors by creating units. It would therefore create and cancel units within the scope of the Act and its obligations to Unit Holders.
2. The Fund Manager is also obliged to act in the best interests of its investors and this would imply, with regard to the creation and cancellation of units, and with the exception of the recognition that a daily pricing window is required to facilitate the creation and liquidation of units. The close off time for dealing will be 3.00 pm.

10.5. Buying of Units

1. A transaction will be concluded when an application form is presented to and accepted by the Fund Manager before noon on a business day and provided that where payment is by cheque, bank debit order or direct deposit and the fund bank account is credited, the investor will receive value when the funds are cleared and captured.
2. The conversion of units from one fund type to another will be regarded as a switch and a client may be liable to a switching fee. A switch will be effected at the client's request clearly stating what fund they intend to be switching into.

10.6. Sale and Redemption of Units

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

10.6.1. Redemption of Units process

1. 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 Memorandum. Notice for redemption should be provided before 9:00 am on a business day to be eligible for that day's value date and if received after this time will be deemed to notice received on the following day.
2. The minimum value of units that may be redeemed at any one time shall be Kes 5,000 for Kenya Shillings denominated funds or USD 100 for the Dollar Fixed Income Fund.

3. The Fund Manager may deduct from the price so payable for each unit redeemed an amount not exceeding of any necessary charges which would be payable in connection with the sale of that part of the underlying securities represented by such units. The custodian shall within two working days of the instructions given by the Fund Manager pay the repurchase price of the unit to the unit holder.

10.6.2. Steps required to be taken by a unit holder in redeeming units:

1. Notice can be provided in writing or email providing full identity particulars of the unit holder, to the Fund Manager.
2. The Fund Manager will transfer the monies requested to the unit holder's bank account but have no control over how these respective banks process their transactions.
3. The unit holder confirms that funds requested have been credited to their bank account. The Fund Manager will not be held responsible for any bank charges incurred by the unit holder for returned cheques, if onward payments were made assuming their bank account was credited. It is the responsibility of the current account holders to make sure that funds are available to cover cheques issued.
4. in the case of a full redemption, 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.

10.6.3. Cancellation of Units

1. Where the Fund Manager wishes that units be cancelled, it shall cancel such units.
2. The Fund Manager shall instruct the Trustee to cancel units and shall state in relation to each type of units to be cancelled, the number to be cancelled, expressed as a combination of the number of the value of units to be cancelled. This will be done provided that there is no outstanding obligation to issue units.
3. The Trustee shall cancel the units on receipt of instructions given by the Fund Manager.
4. The Fund Manager shall within four business days following the receipt of the request to effect payment of the appropriate proceeds of redemption to the unit holder. The Custodian or Trustee shall within two business days of the instructions given by the Fund Manager pay the repurchase price of the Units.

5. On cancellation of Units, evidence of the title of those units will be given to the Custodian or Trustee.
6. A mandatory redemption, cancellation or conversion of units from once class to another will be required if a fund ceases to exist, is wound-up or the Fund Manager stops operating.

10.7. Suspension of Dealing in Units

1. The Fund Manager may, with the agreement of the Trustee suspend, issue, cancel, sell and redeem units, if they are of the opinion that due to exceptional circumstances, there is good and sufficient reason to do so having regard to the interests of unit holders. The Fund Manager shall however comply with the Act and Trust Deed on suspension and resumption of dealings.
2. Suspension in dealings may occur only in exceptional circumstances while at all times the Fund Manager shall have regard to the interest of all the holders.
3. 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.

11 Pricing and Valuation of the Fund Portfolio

The pricing of units will be in accordance with the pricing formula provided in the supplemental Information memorandum for each sub-fund.

10.1. Publication of Prices

The price of units will be published daily in two widely distributed newspapers, with national coverage.

10.2. Minimum and Maximum Limits

No unit holder shall have more than twelve and a half percent holding in the Fund at any one time; the minimum investment amount by any holder shall be Kes 5000 for Kenya Shilling denominated funds and USD 100 for US Dollar Denominated Fund

12 Winding Up

The circumstances in which the Fund may be wound up are:

1. A proposal to wind up the affairs of the Fund, and provided that the Authority has exercised its power to intervene in the management of the Fund before an

- application is made to court for the winding up;
2. If an extra ordinary resolution to that effect has been passed by unit holders or;
 3. When the period (if any) fixed for the duration of the Fund by its incorporation documents expires or if the occurrence of an event that leads to winding up, as prescribed in the Fund's incorporation documents, comes to pass.

11.1. Summary of unit holders' rights and winding up procedure

1. The Trustee will ascertain whether the scheme will be able to meet all its liabilities, by carrying out a full enquiry into the Fund's affairs.
2. The Fund Manager shall prepare a statement that shall relate to the Fund affairs at the date which must not be more than 21 days prior to the date on which notice is given to the Trustee and unit holders. This statement must be approved by the Trustee and must contain a statement signed by the auditor to the effect that it has been properly made, and is fairly reflected by the confirmation.
3. In the statement the Fund Manager will confirm whether the Fund will be able to meet all its liabilities within 12 months of the date of the statement or state that such confirmation cannot be given.
4. The Fund Manager will give written notice of the commencement of the winding up to the unit holders.
5. The Fund Manager shall give instructions to the custodian as to how Fund's assets (until utilized to meet liabilities or make distributions to unit holders) shall be held and such instructions shall be with a view for the prudent protection of the creditors and unit holders against loss.
6. After making the adequate provision for the expenses of the winding up, and discharge of the liabilities of the Fund, the Fund Manager may arrange to make one or more interim distributions out of such funds to the unit holders proportionately. A final distribution shall be made on or prior to the date on which the final document is sent to the unit holders.
7. Within three 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 Trustee, custodian and to each person who was a unit holder (or the first named joint unit holders) immediately before the final accounting period.
8. While the Fund is being wound up, the annual half-yearly accounting period shall continue to run but the Fund Manager need not send to each unit holder a copy of any of this report, if the Trustee, after consulting the Authority, are satisfied that the interests of the unit holders are not compromised. However, a copy of the report shall be dispatched free of charge on request by the unit holder.
9. Any dispute or difference which may arise between the unit holders, the Fund Manager, Trustee and custodians as the case may be, others shall be referred to the Capital Markets tribunal established under section 35A of the

Act.

11.2. Consequences of commencement of winding up

The effective time of winding up means the time at which the both conditions referred to in sub-regulation (1) of regulation 100 of the Collective Investment Schemes Regulations, 2001 are satisfied, and the time at which the Unit Trust Scheme shall be wound up.

Immediately following the effective time-

1. Regulations pertaining to pricing, dealing, investment and borrowing powers shall cease to apply to the Unit trust scheme.
2. The Unit Trust Scheme shall cease to issue and cancel units.
3. The Fund Manager shall cease to sell or redeem units or to arrange for the unit scheme to issue or cancel them;
4. 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,
5. The Unit Trust Scheme shall cease to carry on its business, except so far as may be required for its beneficial winding up; however the corporate state and the 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 Scheme is dissolved.

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

1. Publish in not less than two daily newspapers of national circulation published in English language management's decision to wind up the Unit Trust Scheme and the date of commencement of the winding up; and
2. 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.

13 General Information

12.1. Reports

Annual reports will be published and submitted by the 31st of March each year for the Fund by the Fund Manager.

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

12.2. Time limits for the reports

The Unit Trust Scheme shall have an annual accounting period ending on the last day of December in each year; This will be submitted to the Authority not more than three months after the end respective accounting period The Fund Manager shall within thirty days submit to the Authority an un-audited interim report for the half-year period ending on the last day of June in each year.

12.3. Statements

A monthly statement will act as evidence of entitlement for the unit holder.

14 Additional Information

1. There are no guarantees on the client's capital as the performance of units and interest-bearing investments in the underlying unit trust determines the value of the unit holders in the Fund.
2. The yield of units can go down as well as up as a result of changes in the value of the underlying investments.
3. Past performance should not be used as a guide to future investment performance.
4. The scheme particulars include full details about the scheme, including the fees and charges. Commission may be paid and will be paid out of fees already charged to the fund.
5. The units are priced daily and deals on a future pricing basis.
6. The investment may be held in any number of funds, combination or proportions subject to the fund minimums. These unit trusts can be selected to suit different investment needs and they can be combined to build a diversified portfolio.

Advertisements shall include a warning statement that:

1. The yield of units or the price of units, and the unit's income and distributions may vary; and
2. In certain specified circumstances investors' right to redeem their units may be suspended.

All incorporation documents will be available for inspection at the Fund Manager's office.

Executed on behalf of **NCBA BANK KENYA PLC**

by

Who warrant their authority hereto

Name:

Capacity: **Waweru G. Mathenge**
Group Director, Corporate Governance
Legal and Company Secretary
NCBA Bank Kenya PLC

Date:

Signature.....

Name:

John Gachora
Group Managing Director
NCBA Bank Kenya PLC

Capacity:

Signature.....

Date:

SIGNED BY:

(Authorised Signatory of

KCB BANK KENYA LIMITED

in the presence of:

AMOS KIMUTAI
P/A No. 29 of 25/1/2018

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

)

)

)

)

)

)

)

)

)

)

)