



# DATABANK EDUCATIONAL INVESTMENT FUND

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## PROSPECTUS



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# **Databank Educational Investment Fund Limited**

# **PROSPECTUS**

Offering for Subscription 1,000,000 shares in  
DATABANK EDUCATIONAL INVESTMENT FUND  
of no par value at GHp10 per share  
Payable in full on Application

**INITIAL PUBLIC OFFER (IPO)**

Opens: 11th September, 2014

Closes: 2nd October, 2014

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# **DATABANK EDUCATIONAL INVESTMENT FUND**

The Databank Educational Investment Fund is an outcome oriented open ended mutual fund created to help people invest towards financing their educational needs. The Fund has been created mainly for educational institutions, parents, students, scholarship bodies and individuals who want to save and invest towards meeting future educational expenditure. The underlying assets of the fund will be fixed income instruments and equities in Ghana and other parts of Africa.

The Fund has a two tier structure to cater for the needs of short term investors as well as those investing for future educational needs. Clients in Tier 2 clients will have a life assured cover.

The address for the Fund is:

**61 Barnes Road  
Adabraka, Accra**

And contact telephone numbers are:

**(+233-302) 610610**

## **DOCUMENT NOTICE**

The Prospectus provides relevant information about this mutual fund to enable prospective investors to make informed decisions. Due care has been taken to disclose material information about the investment opportunities presented by this mutual fund and all interested investors are strongly advised to read it thoroughly. The Securities and Exchange Commission (“the Commission”) has only licensed the Fund to operate as a mutual fund and does not assume any responsibility for the correctness or accuracy of any of the statements contained in this Prospectus.

This Prospectus must not be considered as a solicitation for investment in any jurisdiction where such an offer or solicitation is unauthorized or unlawful

The shares are offered on the basis of the information and representations contained in this document, and other documents referred to herein. Any further information and representations made by any person may not be relied upon as having been authorized by the Fund. Neither the delivery of this document nor the allotment of shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

A fundamental requirement for anybody investing in shares is a clear understanding of the level of risk associated with shares as an asset class. Shares are relatively riskier than other financial assets especially as past performance is no guarantee of future performance. Returns on investing in shares tend to be more volatile in view of the fact that the value (or price) of shares fluctuates considerably during the holding period. Seeking professional advice before investing in shares is therefore highly recommended.

***It is important for this Prospectus to be read in its entirety before making an application for shares issued by this mutual fund.***

## **THE OFFERING**

The Fund is initially offering 1,000,000 shares. Databank Educational Investment Fund is an open-ended outcome oriented Fund and consists of an unlimited number of shares at an initial price of GHp10 per share. The minimum investment is GH¢200.

The Prospectus is hereby issued under the Securities Industry Law 1993 (P.N.D.C. 333) as amended and the Unit Trusts and Mutual Funds Regulations (L. I. 1695). A copy of the prospectus, together with copies of documents specified therein, has been delivered to the Securities and Exchange Commission (SEC).

The initial offering period for shares in the Databank Educational Investment Fund will begin from 8:30 a.m. on 11th September, 2014.

Any change to this period will be made by the Manager with the approval of the Commission. All applications for shares should be directed to the Manager at its registered office:

- » Databank, Head office ( 61 Barnes Road, Adabraka, Accra),
- » Databank's Kumasi office - (House Of Excellence, Adum-Kumasi)
- » Databank's Tema Office (Meridian Plaza, Room 206, Community 1, Tema).
- » Databank's Takoradi Office-(SSNIT Office Complex, 1st Floor, Room 208, Takoradi).

## **PROSPECTUS SUMMARY**

The following summary is qualified in its entirety by more detailed information included elsewhere in the Prospectus	
The Fund	Name: <b>DATABANK EDUCATIONAL INVESTMENT FUND</b>
	Date of Incorporation: 9th March, 2012
	Date of Establishment: 16th March, 2012
	Nature of Scheme: Two tiered open-ended Mutual Fund
	Duration of Scheme: Indefinite
Investment Objective & Policy	<p>The Databank Educational Investment Fund is an outcome oriented open ended mutual fund created to help people invest towards financing their educational needs. The fund has been created mainly for educational institutions, parents, students, scholarship bodies and individuals who want to save and invest towards meeting future educational expenditure. The underlying assets of the fund will be fixed income instruments and equities in Ghana and other parts of Africa. The Educational Fund has a two tier structure to cater for the needs of short term investors as well as those investing for future educational needs.</p> <p>Tier 1 will be for investors who would want to save for their immediate educational needs and it will have a minimum holding period of 3 months.</p> <p>Tier 2 will be for investors who would want to save for future educational needs and it will have a minimum holding period of 5 years.</p> <p>Investors in this tier have an embedded insurance cover.</p>



	<p>The Fund seeks to achieve its investment objective by investing in fixed income securities and equities in Ghana and across Africa. The Fund may invest 100% of its assets in fixed income securities with the option to invest not more than 30% of its total net assets in equities for the tier 1 scheme and it can invest 60% to 100% in fixed income securities and a maximum of 40% in equities for the tier 2 scheme. The fund will be structured to reduce portfolio volatility and exposure to particular issuers and sectors by maintaining a well-diversified portfolio of fixed income securities. For the equity section of the portfolio, the focus will be on identifying investments with quality management, competitive positions, regular profits and good cash flow positions, in effect 'Defensive Stocks' ie blue chip dividend assured companies.</p>
Shares Offered	Ordinary shares of no par value
Regular Investment Purchases	A Regular Investment plan exists for the benefit of investors who would like to purchase shares on a regular basis set at a minimum investment of GH ₵20 per month.
Lump sum Investment Purchases	A minimum lump-sum contribution of GH₵200
Management Fees For Tier 1	Management fee of 1.50% p.a on the Net Asset Value of the Fund charged on monthly basis.
Management Fees For Tier 2	Management fee of 2% p.a on the Net Asset Value of the Fund charged on monthly basis.
Front Load Chargeable on Tier 1	The front load chargeable will not exceed 7% at any time.
Exit Fee Chargeable on Tier 2	The Exit Fee chargeable will not exceed 5% at any time.
Custody Fees	Custody Fee of 0.50% of the fund's assets
Other Expenses	These fees are not to exceed 2.5% of the fund's assets
Redemption	The Manager will be available to receive requests for the issue and redemption of shares between 8am GMT and 4pm GMT on Mondays to Fridays except on statutory public holidays.
Base Currency	Ghanaian Cedi

Risk Factors	Credit risk. Interest rate risk, prepayment risk, political risk. Share prices fluctuate in response to activities specific to the companies in which the Fund invests in as well as in response to the general market.
The Manager	Databank Asset Management Services Ltd

### **OFFER TIME TABLE**

Launch / Application List opens	11th September, 2014
Application List closes	2nd October 2014
Continuous Offer begins	3rd October, 2014

### **THE MANAGER**

Country of incorporation:	Ghana
Registration Number:	65,985
Name:	Databank Asset Management Services Limited
Nature of Corporate form:	Limited Liability
Address:	61 Barnes Road, PMB, Ministries Post Office, Accra
Telephone Number	(+233-302) 610610,
Fax Number	(+233-302) 681443, 681442
E-mail address	damsel@databankgroup.com
Website	<a href="http://www.databankgroup.com">http://www.databankgroup.com</a>
Date of incorporation:	February 2, 1996

**BOARD OF DIRECTORS OF THE MANAGER**

Name	Ken Ofori-Atta
Positions	Chairman, Director
Other Directorship	<ul style="list-style-type: none"> <li>» Databank Financial Services Ltd.</li> <li>» Databank Epack Investment Fund Ltd.</li> <li>» Databank Money Market Fund Ltd.</li> <li>» Trust Bank Ltd, Gambia</li> <li>» Databank Balanced Fund Ltd.</li> <li>» Databank Ark Fund Ltd.</li> <li>» Combert Impressions Ltd.</li> <li>» Enterprise Group Ltd.</li> </ul>
Address	P.O.Box 3859, Accra
Occupation	Investment Banker
	Keli Gadzekpo
Positions	Director
	<ul style="list-style-type: none"> <li>» Databank Financial Services Ltd.</li> <li>» Databank Money Market Fund Ltd.</li> <li>» Databank Epack Investment Fund Ltd.</li> <li>» Databank Ark Fund Ltd.</li> <li>» Databank Balanced Fund Ltd.</li> </ul>
Address	P. O. Box M298, Accra
Occupation	Investment Banker
Name	Daniel Ogbarmey Tetteh
Positions	Director
	<ul style="list-style-type: none"> <li>» XDS Data Ltd.</li> <li>» Databank Ark Fund Ltd.</li> <li>» Databank Ark Fund Ltd.</li> <li>» JILKK Company Limited</li> <li>» DG Capital Limited</li> <li>» Future Leaders Investment Limited</li> </ul>
Address	P. O. Box AN 11749, Accra North
Occupation	Investment Banker

Name	Stephen Douglas Cashin
Positions	Director
	<ul style="list-style-type: none"> <li>» Pan African Capital Group</li> <li>» Flamingo Holdings Ltd., U.K</li> <li>» Databank Financial Services Ltd.</li> <li>» Databank Brokerage Ltd.</li> </ul>

The Manager also manages the following collective investment schemes:

Fund	Databank Epack Investment Fund Ltd.
Address	61 Barnes Rd. PMB, Ministries Post Office. Accra
Phone Numbers	(+233-302) 610610 0289-610610
E-mail	epack@databankgroup.com
Fax Number	(+233-302) 681443, 681442 (233-302) 681443, 681442
Website	www.databankgroup.com

Fund	Databank Money Market Fund Ltd.
Address	61 Barnes Rd. PMB, Ministries Post Office. Accra
Phone Numbers	(+233-302) 610610 0289-610610
Fax Numbers	(+233-302) 681443, 681442
E-mail	mfund@databankgroup.com
Website	www.databankgroup.com

Fund	Databank Balanced Fund Ltd
Address	61 Barnes Rd. PMB, Ministries Post Office. Accra
Phone Numbers	(+233-302) 610610, 0289-610610
E-mail	bfund@databankgroup.com
Fax Numbers	(+233-302) 681443, 681442
Website	www.databankgroup.com

Fund	Databank ARK Fund Ltd
Address	61 Barnes Rd. PMB, Ministries Post Office. Accra
Phone Number	(+233-302) 610610, 0289-610610
E-mail	arkfund@databankgroup.com
Fax Numbers	(+233-302) 681443, 681442
Website	www.databankgroup.com

**BOARD OF DIRECTORS OF THE FUND:**

Name	Position	Other Directorship	Address	Occupation
Rev. Daniel Ogbarmey Tetteh	Director Chairman	XDS Data Ltd. Databank Ark Fund Ltd. JILKK Company Limited DG Capital Limited Future Leaders Investment Limited	P. O. Box AN 11 749 Accra-North	Investment Banker
Mr. Nii Anyetei Ampa Sowa	Director	None	C/o Databank, PMB, Ministries Post Office, Accra	Investment Banker
Mr. Israel Titi Ofei	Director	SOS Ghana Child Helpline Foundation Institute For Teacher Education And Development	C/O SOS-HGIC P.M.B, Tema	Principal/ Educationalist
Prof. Robert Ebo Hinson	Director	Telemedia Communications BUSAC Fund Starlife Company Limited	C/O Department of Marketing and Customer Management UGBS, Legon-Accra	Associate Professor
Prof. Bill Buenar Puplampu	Director	PsychonHR	C/O University of Ghana Business School, P. O. Box LG 78, Legon-Accra	Professor (Lecturer)
Mrs. Rosalyn Darkwa	Director	TF Financial Services Limited Credit Mall Limited TF Properties Limited Emage Lynx Limited Samerosh	P. O. Box CT 4341 Cantoments-Accra.	Investment Banker
Mrs Eudora Hilda Koranteng	Director	None	Hse No 64 Kinshasa Street, East Legon, Accra	Legal Consultant

## **The Custodian**

Name of Custodian:	Stanbic Bank Ghana Limited
Country of incorporation:	Ghana
Address:	Head Office Branch P. O. Box CT2344, Cantonment, Accra Ghana

## **Auditors**

	John Kay & Co. 7th Floor, Trust Towers Farrar Avenue P. O. Box 16088 Airport, Accra
Tel:	(+233 302)-235406, 238370
Fax:	(+233 302)-238371
E-mail:	jkayal@wwwplus.com

## **Company Secretary**

Company Secretary:	Deila Awo-Yaa Assimeh P. O.Box TF 408, Trade Fair Centre, Accra
Tel:	(+233-302) 610610
Fax:	(+233-302) 681443, 681442
E-mail:	deila.assimeh@databankgroup.com

## **The Register**

	The Register may be inspected at the offices of the Manager, Databank Asset Management Services Limited, No.61 Barnes Road Adabraka, Accra
Tel:	(+233-302) 610610
Fax:	(+233-302) 681443, 681442
E-mail:	damsel@databankgroup.com

## **DEFINITIONS OF TERMS**

<b>“The Fund”</b>	means DATABANK EDUCATIONAL INVESTMENT FUND LTD;
<b>“The Manager”</b>	means Databank Asset Management Services Ltd
<b>“Share Holder”</b>	means the registered holder of ordinary shares in the Fund.
<b>“Business Day”</b>	means Monday to Friday excluding any day designated as a Public or statutory holiday in Ghana
<b>“The Offer”</b>	means the offer of shares in DATABANK EDUCATIONAL INVESTMENT FUND LTD
<b>“The Custodian”</b>	means Stanbic Ghana Limited
<b>“Net Asset Value”</b>	means the value of the net assets of the Fund as determined in accordance with the terms of this prospectus
<b>“The Commission”</b>	means The Securities and Exchange Commission
<b>“The Regulations”</b>	means the Unit Trust and Mutual Fund Regulations, L.I 1695
<b>“The Law”</b>	means the Securities Industry Law, 1993, PNDC 333

## **CONSTITUTION AND OBJECTIVES OF THE SCHEME**

### **1. Name of Scheme: DATABANK EDUCATIONAL INVESTMENT FUND LTD**

Date of Incorporation: 9th March, 2012

Date of Establishment: 16th March, 2012

Nature of Scheme: Authorized Mutual Fund

Promoters of the company: Databank Asset Management Services Limited

Duration of Scheme: Indefinite

### **2. Investment Objective, Policy and Restrictions**

#### **Investment Objective**

The Databank Educational Investment Fund is an outcome-oriented open-ended mutual fund created to help people invest towards financing their educational needs. The Fund has been created mainly for educational institutions, parents, students, scholarship bodies and individuals who want to save and invest towards meeting future educational expenditure. The underlying assets of the fund will be fixed income instruments and equities in Ghana and other parts of Africa.

The Educational Fund has a two tier structure to cater for the needs of short term investors as well as those investing for future educational needs.

#### » **The Fund will be segmented into 2 Tiers**

- \* Tier 1: to meet the short term needs of investors. The minimum holding period is 3 months in the fund.
- \* Tier 2: to meet the long term needs of investors. The minimum holding period of 5 years and has an embedded insurance cover for clients.

#### **Investment Policy**

The Fund seeks to achieve its investment objective by investing in fixed income securities and equities in Ghana and across Africa. For Tier 1, the Fund may invest 100% of its assets in fixed income securities with the option to invest not more than 30% of its total net assets in equities. For Tier 2, the



Fund can invest 60% to 100% in fixed income securities and a maximum of 40% in equities. The fund will be structured to reduce portfolio volatility and exposure to particular issuers and sectors by maintaining a well-diversified portfolio of fixed income securities. For the equity section of the portfolio, the focus will be on identifying investments with quality management, competitive positions, regular profits and good cash flow positions, in effect 'Defensive Stocks' i.e. blue chip dividend assured companies.

The Fund's investments will mainly be in the following securities:

- a. Government of Ghana Bills
- b. Fixed Deposits;
- c. Corporate Obligations;
- d. Repurchase agreements, which may be viewed as a type of secured lending by the Fund,
- e. Stocks

All securities purchased by the Fund will present minimal credit risk in the opinion of the Investment Manager acting under the supervision of the Investment committee and Board of Directors of the Fund. In the interest of prudence and efficient management of the Fund, the Manager will maintain prudent levels of liquidity.

### **Strategy**

Tier 1 seeks to achieve its objective through investing a minimum of 70% and a maximum of 100% of its resources in fixed income products and a maximum of 30% in equities in Ghana and other parts of Africa.

Tier 2 seeks to achieve its objective through investing a minimum of 40% and a maximum of 100% of its resources in fixed income products and a maximum of 60% in equities in Ghana and other parts of Africa.

### **Investment Restrictions**

The Manager shall not undertake investments in the following areas except with the prior approval of the SEC.

- \* Invest more than 10 per cent of the net asset value of the scheme in any type of real estate other than the securities of real estate companies or companies that have engaged in real estate investment activities;

- \* Invest more than 25 per cent of the net asset value of the scheme in securities issued by a single issuer;
- \* Invest more than 15 per cent of the net asset value of the scheme in any particular class of securities issued by a single issuer;
- \* Invest more than 10 per cent of the net asset value of the scheme in other collective investment schemes;
- \* Invest more than 15 per cent of the total net asset value of the scheme in securities not listed or quoted on an authorized stock exchange,
- \* Purchase securities on margin, except that the Manager may obtain such short term credit as may be necessary for the clearance of purchases and sales of securities constituting or to be included in the assets of the scheme;
- \* Make any investment that will result in the Manager, or the scheme gaining management control of a company in which the investment has been made;
- \* make short sales of securities or maintain a short position;
- \* Acquire any securities which are unpaid or partly-paid for;
- \* Apply any part of the assets of the scheme in the acquisition of an investment which is likely to involve the scheme in any liability, contingent or otherwise;
- \* Enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of any investment; or

### **3. Base Currency**

The base currency of the Fund is the Ghanaian cedi. (GH¢)

### **4. Annual accounting period**

The accounting date for every financial year is 31st December.

### **5. Borrowing powers**

The Fund will not borrow more than 15% of the total net assets of the Fund at the time of borrowing and then only for liquidity purposes.

The following provisions shall apply in connection with the borrowing:

- » the borrowing may be from the custodian or any associate of any of them on the best commercial terms;
- » the aggregate outstanding of borrowings whether in local or foreign currency at any time shall not exceed 15 percent of the net value of the assets of the scheme;
- » any interest on the borrowing and expenses incurred in negotiating, entering into, varying, carrying into effect and terminating the borrowing arrangements shall be payable out of the assets of the scheme;
- » for the purposes of securing the borrowing, the Board of Directors of the Fund is entitled, with the concurrence of the Manager, to charge or pledge in any manner all or any part of the assets of the scheme, and where any part of the assets of the scheme or any document of title of the assets is for the time being under the custody and control of a person other than the trustee or custodian in consequence of any charge or pledge, the provisions of the Regulations as to the custody and control of the assets of the scheme or the documents of title to the assets shall be deemed not to have been infringed;
- » any charge or pledge on the assets of the scheme shall be made upon the terms that no action shall be taken to enforce the security constituted until thirty days after notice in writing has been given to the board of directors of the mutual fund demanding repayment of the monies secured;
- » where borrowing is undertaken for the account of the scheme, assets that form a part of the deposited property may be registered in the lender's name or in the name of a nominee appointed by the lender; provided that the lender or its nominee, enters into a written commitment that under no circumstances will it pledge or obligate any part of the assets to any other person or use any part of them to margin, guarantee, secure, discharge or settle any borrowing, trades or contracts, or dispose of any part of them, or treat them as if any person other than the mutual fund and the lender had any interest in them.

- » Where the assets of the scheme or any part of the assets is registered in the name of a lender as security for a loan obtained for and on behalf of the scheme, the custodian is liable for any act or omission of the lender or the lender's agent with respect to the property.
- » Any cash raised by borrowing for the scheme shall constitute a part of the assets of the scheme.

## **6. Management of the Fund**

- » The Manager shall manage the mutual fund on a day-to-day basis, select investments to be owned by the company and carry out any other functions assigned to it under contract from the mutual fund.
- » The Manager shall be subject to the directions of the directors of the mutual fund and shall perform the normal functions carried out by the managing director of a company.
- » Where the directions given to the Manager by the directors of the mutual fund contravene the Law or any other enactment, the Manager shall refer the matter to the Commission for guidance.
- » The Manager of the mutual fund shall maintain such minimum paid up capital and have the amount and type of financial and material resources as may be directed by the Commission.
- » The Manager shall not allow the property of the company to be used or invested contrary to the investment restrictions under the Law or Regulations made under the Law.
- » The Manager shall ensure that its directors or other persons concerned with the management of its business have the necessary qualifications and experience required by the Commission.
- » The Manager shall act in accordance with investment policies laid down by its directors and the provisions of the Law.

The Fund has appointed Databank Asset Management Services Ltd., the Manager to provide administrative services, manage its business affairs and invest its assets, including the placing of orders for the purchase and sale of portfolio securities.

The Board of Directors is responsible for the Fund's management and control, including the determination of investment policy. The Manager also manages the Databank Epack Investment Fund, Databank Money Market Fund, Databank Balanced Fund and Databank Arkfund. Databank Asset Management has been investing on behalf of clients for the past eighteen years and provides investment management and advisory services to collective investment funds, pension schemes, endowment funds and individuals. As at December 31, 2013, Databank Asset Management managed about GH¢600 million in assets.

## **7. Management of other schemes and portfolios**

The Manager of a scheme shall only deal with the management of licensed mutual fund schemes except that the Manager may with the prior written approval of the Commission manage other investment portfolios subject to conditions that the Commission may impose.

1. The Manager of a scheme may manage more than one scheme if
  - » Each scheme has an Investment Officer;
  - » The names and characteristics of each scheme operated is disclosed to the investors of all schemes under the management;
  - » Separate accounts are maintained for each scheme; and
  - » The basis of allocation of expenses between each scheme is disclosed to the investors of all schemes under the management.

The Manager is responsible for the actual management of the Fund's portfolio and constantly reviews the holding of the Fund in the light of its research analysis and research from other relevant sources. The responsibility for making decisions to buy, sell or hold a particular security rests with the Manager. The Fund pays the Investment Manager a monthly management fee as remuneration for services to the Fund. The fee is paid out of the net assets of the scheme at a rate of 1.5% per annum for tier 1 and 2% per annum for tier 2. These will be calculated on a daily basis.

## **8. Custodian**

Stanbic Bank Ghana Limited has been appointed Custodian of the Fund's assets, including the securities and cash of the Fund which will be held on behalf of the Fund either directly by Stanbic or agents of Stanbic. The Custodian shall ensure that assets are held in accordance with the Securities Industry Law 1993, (PNDCL 333) as amended from time to time.

- » The directors of a mutual fund shall appoint a custodian for the mutual fund which shall take into its custody or put under its control the property of the mutual fund which shall be held in accordance with the Law and any relevant agreement not inconsistent with the Law.
- » The Custodian of a mutual fund shall have such minimum capital requirement as may be determined by the Commission.
- » The Custodian may give notice to the Manager that it is not prepared to accept the transfer of assets in contravention of the Law and may require the Manager to give security for the transfer of assets.
- » Subject to the terms of its contract of appointment and the Law, the custodian shall carry out the instructions of the Manager as regards investments which comprise the assets of the company.
- » The directors of a company applying to operate as a mutual fund shall appoint for the mutual fund
- » a Manager which shall be a company incorporated in Ghana and independent of the mutual fund company; and
- » a Custodian which shall be independent of the mutual fund company and be a bank, an insurance company or any other financial institution approved by the Commission or a wholly owned subsidiary of any of them approved by the Commission.

The Custodian shall have and maintain such minimum capital requirement as shall be determined by the Commission.

## **9. Interest income, Dividend and Distribution Policy**

All interest income, dividends and coupon payments will be reinvested in the fund.

## **10. Winding-Up**

- » If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Code or by the Bodies Corporate (Official Liquidations) Act, 1963 (Act 180), divide among the members in specie or kind the

whole or part of the assets of the Company, whether they shall consist of assets of the same kind or not, and may for such purpose set such value as the liquidator considers fair upon any assets to be divided and may determine how such division shall be carried out as between the members or different classes of members.

- » The liquidator may, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall think fit.
- » Notwithstanding the foregoing no member shall be compelled to accept any securities whereon there is any liability.

## **11. Characteristics of interest in the Scheme**

### **Organization of the Fund**

The Fund was incorporated under Ghanaian law on 9th March, 2012. It has authorized shares of 500,000,000 common shares of no par value. Each share has one vote. At the time of issuing this document, the Company was capitalized at GH¢1,000. An investor will be entitled to participate in the property and the income of the Fund in proportion to his holdings. All interest and coupon payments will be reinvested in the fund.

The shareholders of the company have the same rights of a shareholder under the Companies Code, 1963 (ACT 179).

### **Share Certificates**

Contract notes shall be issued to prospective shareholders in respect of purchase of shares as evidence of title of shares.

### **Votes of Members**

On a show of hands, each member and each proxy lawfully present at the meeting shall have one vote, and on a poll, each member present in person or by proxy shall have one vote for each share held by him;

In the event of a postal ballot being directed pursuant to sub-sections (6), (7) and (8) of Section 170 of the Companies Code, each member entitled to attend and vote at the meeting shall have one vote for each share held by him.

## **12. Valuation of Assets, Charges, Distribution and Fees.**

### **Valuation and Pricing**

- » The offer prices of a scheme shall be calculated on the basis of the net asset value of the scheme divided by the number of interests outstanding.
- » The offer prices of a scheme may be adjusted by the fees, levies and charges permitted to be made from the assets of the scheme in accordance with the Regulations.
- » There shall be no further charges payable by investors other than stamp duty or other taxes.

### **Pricing Fund Shares and Valuation**

The price of Fund Shares, called the net asset value per share, shall be expressed in the base currency which is the Ghanaian Cedi. The net asset value per share will be determined in respect of any valuation day by dividing the net assets of the Fund[ being the value of the assets of the Fund less liabilities] by the number of Fund shares then outstanding and shall be rounded up or down to two decimal places as the Board of Directors will decide.

The Fund determines the value of its portfolio securities by the amortized cost method which involves valuing a debt obligation in reference to its cost, rather than market value. An instrument is valued at cost and thereafter assumes a constant amortization to maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the instrument.

While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Fund would receive if it sold the instrument.

Portfolio securities that are traded on a Stock Exchange are valued at the last trade price on the Exchange as of the close of business on the day the securities are being valued. Securities traded in the over-the-counter market are valued at the last available trade price in the over-the-counter market prior to the time of valuation.



### **Valuation of unquoted securities**

- » The value of investments not listed or quoted shall be based on the net asset value per share based on the last available financial statements subject to an adjustment upwards or downwards of up to 10 per cent to take into account post-balance sheet market conditions except that any adjustment in the price by more than 10 per cent in view of market conditions may be made only in consultation with the Board of Directors of the Fund.
  
- » The Manager shall keep all records used to support the valuation of unquoted securities.

The Net Asset Value (NAV) is the price at which shares are issued and is the basis for determining management fees and custodian charges. The Net Asset Value per share of the Fund is determined every business day.

### **Remuneration of the Manager**

- » The Management Fee shall be calculated on a daily basis but paid monthly. It shall not exceed a maximum of 1.5% per annum of the value of the net assets of the Fund for Tier 1 and 2% per annum of the value of the net assets of the Fund for Tier 2. The Management Fee will be calculated as 1.5% and 2% for Tier 1 and Tier 2 respectively of the value of their net assets divided by 365 (or, in a leap year, 366). The management fee will be paid out of the property of the Fund.
  
- » Any indirect tax chargeable in respect of services supplied by the Manager in consideration of the Management Fee shall be paid out of the assets of the Fund.

### **Remuneration of the Custodian**

The Custodian is entitled to receive remuneration for its services which (together with any indirect taxation thereon) shall be paid out of the net assets of the Fund. Such remuneration shall consist of a periodic charge calculated in accordance with sub-clauses (b) and (c) below.

- » Subject as stated herein, the periodic charge payable to the Custodian shall be calculated in respect of successive calendar quarterly periods ("Payment Periods") PROVIDED that no charge shall be payable in respect of the initial offer period and the first Payment Period shall

begin on the day following the end of the initial offer period and end on the last day of the quarter in which such offer period expires and in respect of the first Payment Period the relevant valuation point shall be the first valuation point of the Fund following the end of the initial offer period;

- » The amount of the periodic charge for each Payment Period shall be calculated as such percentage of the value of the assets of the Fund divided by 365 (or, in a leap year, 366).
- » For the purposes of calculating the Custodian's periodic charge in respect of any Payment Period, the net asset value of the Fund shall be determined by using the bid basis of valuation at the relevant valuation point. The relevant valuation point shall be the most recent point to have occurred; and
- » In the event of a winding up of the Fund, the final Payment Period for the purpose of calculating the Custodian's periodic charge shall end on the day on which the final distribution in such winding up shall be made or, in the case of a winding up following the passing of an extraordinary resolution at a meeting of shareholders pursuant to the Regulations such other day as may be specified by the resolution of the terms of the Fund or proposal thereby approved.
- » The calculation of the remuneration to which the Custodian is entitled under the Regulation shall be made without taking into account any indirect taxation in respect thereof.
- » Any amount of remuneration payable to the Custodian calculated under sub-Regulation (b) above in respect of any Payment Period shall accrue on a daily basis and shall be paid to the Custodian on or as soon as possible after the date on which the relevant Payment Period ends.

### **Remuneration of directors**

The fees of Non-Executive Directors will be paid out of the property of the Fund after approval by shareholders at an Annual General Meeting.

### **Other Expenses Chargeable to the property of the Fund**

- » The Manager shall be entitled, out of the assets of the Fund, to make

payments to service providers including registrars, auditors and marketing and client services, by way of remuneration for their services and to make payments by way of contributions to the expenses of regulatory bodies.

- » The Manager shall be entitled, out of the assets of the Fund, to meet the costs incurred in connection with the production of certificates of title, distribution, stationery and the mailing thereof. Accounting and legal expenses; cost of maintaining the Fund's existence; cost of shareholders' reports and meetings; and the cost of preparing and printing prospectus and statements of additional information will be borne by the Fund.

**Fees and Expenses**

This table summarizes the indicative fees and expenses an investor may pay if he invests in the Fund.

***Indicative Annual Fund Operating Expenses (Expenses that are deducted from Fund assets)***

	Management Fee	Custody Fees	Other Expenses	Total Amount Fund Operating Expenses
Databank Educational Investment Fund Tier 1	1.50%	0.50%	1.25%	3.25%
Databank Educational Investment Fund Tier 2	2.00%	0.50%	2.5%	5.00%

The annual management fee is taken into account in the pricing of the Fund. Other expenses cover items such as audit fees; accounting charges, administrative fees, marketing and retail services, insurance premium, shareholder services, and all other charges and expenses incurred in the operation of the Fund, and are taken into account in the pricing of the Fund. The front load chargeable will not exceed 7% at any time for Tier 1 clients only. Tier 2 clients will be charged an exit fee for early withdrawal. The exit fee chargeable will not exceed 5%.

## **THE ISSUE AND REDEMPTION OF INTEREST IN THE SCHEME**

### **Issue of Shares**

The shares of the Fund are not listed on the Stock Exchange. Applicants may set up a new account to buy Fund shares. When applicants purchase Fund shares, the shares are purchased at the last published price.

Applicants can buy shares of the Fund within normal business hours on every business day that is between 8am GMT and 5pm GMT.

The Manager will be available to receive request for the issue and redemption of shares between 8am GMT and 5pm GMT on Mondays to Fridays except on statutory public holidays. Applicants settling in a currency other than the base currency of the Fund may experience a delay in processing the application to allow for currency conversion. Payment of the total amount due should be made in Ghanaian Cedis. However payment can be made in a freely convertible currency and the necessary foreign exchange transaction will be arranged on behalf of and at the expense of the applicant. Shares will be issued and redeemed on any day except Saturdays, Sundays and statutory public holidays. The issued shares will not be listed on the Ghana Stock Exchange.

The issue of shares is conditional upon receipt of subscription monies and cleared funds by 5pm GMT on a valuation day. If timely settlement is not made an application may lapse and be cancelled. In such circumstances the Fund has the right to bring an action against the defaulting applicant to obtain compensation for any loss directly or indirectly resulting from the failure by the applicant to make good settlement by the settlement date.

The initial offer will be opened for 21 days inclusive of the days on which the offer begins and ends. 1,000,000 shares will be on offer at an initial price of GHp10 per share. An amount of GH¢100,000 is expected to be raised during the offer. Subject to receipt of the subscription monies in full and the registration particulars, contract notes will be dispatched in accordance with the applicant's instructions to the applicant or his nominated agent at the risk of the applicant. If any application is not accepted in whole or in part the subscription money (without interest) will be returned by crossed cheque to

the applicant within 14 working days after the closure of the Offer.

Monies are deemed to have been returned to the applicant when an announcement is made in the media for the applicants to collect their monies. The right is reserved by the Board of Directors to reject any application. No shares of the Fund will be issued during any period when calculation of the net asset value per share is suspended by the Fund.

### **Receiving Agent**

The receiving agent is: Databank Brokerage Limited.

### **Minimum Investment**

The minimum initial investment value for all investors not on the regular investment plan is GH¢200. Additional investments should be a minimum of GH¢20.

An investor may not purchase shares which will result in him/her holding more than 10% of the total value of the Fund.

### **Account Opening Options**

**Contact Databank or its Agents:** Applicants may buy Fund shares with cash or cheque, by contacting personnel of Databank Asset Management Services or other agents of Databank. Databank client service officers will assist you, step-by-step, with the application to invest in the Fund.

**By Mail:** To open a new account to buy Fund shares the applicant needs to :

Complete and sign the attached application forms

Write a cheque for the investment amount to Databank Educational Investment Fund Limited and mail the application and cheque to the Manager, Databank Educational Investment Fund Ltd, c/o Databank Asset Management Services Ltd, Private Mail Bag, Ministries Post Office, Accra, Ghana.

To buy additional shares for an existing account the applicant needs to:

Write to the Fund specifying the name(s) on the account, the account number and the additional investment amount. The letter must be signed by the account holder(s).

Make out a cheque for the investment amount to Databank Educational Investment Fund Limited, and Mail the letter and cheque to the Manager, Databank Educational Investment Fund at the same address as for new accounts.

**3. By Bank Wire:** To open a new account to buy Fund shares:

Mail or Fax the attached Application Form, completed and signed, to The Manager, Databank Educational Investment Fund, c/o Databank Asset Management, Private Mail Bag, Ministries Post Office, Accra, Ghana. Before sending instructions by wire, please call us at (+233-302) 610610, weekdays from 8.00am to 5.00pm (at that time we will provide you with details of our bank account to which the Fund, should be wired).

Wire the instructions specifying the name of the Fund, applicant's name, along with the investment amount. When the applicant buys Fund shares, wire purchase instructions will be executed on the next business day. The applicant's Bank may impose a fee for sending a wire. The Fund will not be responsible for the consequences of delays, in the banking wire systems.

**To buy additional shares for an existing account:**

Before sending instructions by wire, please call us at (+233-302) 610610, weekdays from 8.00am to 5.00pm advising us of your purchase.

Wire the instructions specifying the name of the Fund, shareholder's name and account number, along with the investment amount in the same manner as that for opening a new account.

4. By Regular Investments: This option is only available to applicants who wish to purchase shares through regular bank transfers. This is a purchase plan that allows applicants to transfer money automatically from their bank account on a monthly basis. The Fund will not be responsible for the consequences of delays and any charges imposed by the applicant's bank. The minimum amount for this option is GH¢20 per month. Contact Databank Asset Management Services for further information about this service.

5. Other Options: Use of mobile money platform, EZWICH, VISA online payments, Western Union and Moneygram, are alternative payment options

### **Additional Purchase Information**

Investors who want to purchase shares in the fund in foreign currency other than the base currency of the Fund may experience a delay in processing the application to allow for currency conversion. As soon as the price at which the shares are to be issued has been determined, the Fund will inform the applicant, if practicable, of the total number of shares allotted and the total cost including any applicable initial sales charge in respect of the number of shares applied for.

Payment of the total amount due should be made in Ghanaian cedis. However, payment can be made in a freely convertible currency and the necessary foreign exchange transaction will be arranged on behalf of, and at the expense of, the applicant through the banking system as per Bank of Ghana regulations. Subscription monies in cleared funds must be received on the valuation day before a purchase is made. No shares of any Fund will be issued during any period when calculation of the net asset value per share is suspended by the Fund. Notice of any suspension will be given to applicants for shares, and applications made or pending during such suspension may be withdrawn by notice in writing received by the Fund prior to the lifting of such suspension. Unless withdrawn, applications will be considered on the first Valuation Day following the end of the suspension, as if received on that Valuation Day.

### **Redemption of Shares**

Shareholders can sell some or all of their Fund shares within normal business hours on every business day. Shares will be sold at the prevailing offer price. The minimum value for partial redemptions is GH¢10. Shareholders who have not invested a minimum amount of GH¢100 within the first twelve months of joining the Fund will have their investment redeemed.

1. Contact Databank Asset Management: To sell your shares, shareholders should simply call at Databank Asset Management to be instructed on the procedure

Payment will be sent to the address to which the account is registered or otherwise according to the shareholder's instruction at the redeemer's expense.

2. By Letter: Shareholders may also sell their shares by writing a letter of instruction that includes:

- » The name of the Fund;
- » Shareholder's account number;
- » The account registration name(s) and address
- » The amount in cedis or the number of shares shareholder wishes to sell, and
- » The signature of each shareholder as it appears on the account.
- » The name of the payee

Mail the letter to the Manager,  
Databank Educational Investment Fund,  
c/o Databank Asset Management Services Ltd,  
Private Mail Bag,  
Ministries Post Office,  
Accra, Ghana.

A crossed cheque will be mailed to the name(s), and address in which the account is registered, or otherwise according to shareholder's instructions at the expense of the same.

3. By Telephone: To sell shares by telephone, first fax a redemption letter to us on (0302) 681443. Shareholder must provide account name(s), address, Fund, account number, social security number or any valid identification number before you may redeem shares by telephone. All telephone redemption requests are recorded.

Shares in the Fund may be redeemed within normal business hours on every business day. If a redemption request would result in a shareholder's investment in the Fund being less than 500 shares, the Company may redeem the full shareholding in that Fund and pay the proceeds to the Shareholder. The payment for redemption has been delegated to the Manager. Payment for shares redeemed will be made by crossed cheque not later than five (5) bank business days after the redemption request has been received in good



order. A transfer can be made into the shareholder's bank account at the said shareholder's request and expense.

The right of redemption will be suspended with the approval of the Securities & Exchange Commission at times when:

1. any of the principal markets on which any substantial portion of the investments of the Fund quoted are closed otherwise than for ordinary holidays or during which dealings therein are restricted or suspended
2. the existence of any state of affairs which constitute an emergency as a result of which disposal or valuation of assets owned by the Fund would be impracticable and;
3. There is a breakdown in the means of communication normally employed in determining the price or value of any of the investments of the Fund or during any other period when the Securities & Exchange Commission (the "SEC"), by order, so permits.

Any such suspension shall be published in a newspaper of national circulation by the Fund and shall be notified to shareholders requesting redemption of their shares by the Fund at the time of the filing of the request for such redemption.

Under normal circumstances, prior to redemption requests, and before any payment will be made; the Manager must have received the registered share certificate(s), if any, to be redeemed and the duly completed transfer information. In the event that no share certificates are issued, evidence of the shareholder's investment will be via the shareholder's records in the register of the Fund.

A shareholder may not withdraw his request for redemption except in the event of a suspension of the valuation of assets of the Fund and, in such event; a withdrawal of a redemption request will be effective only if written notification is received by the Manager before termination of the period of suspension.

Where the sale of equities on the Ghana Stock Exchange to meet liquidity needs will be detrimental to the interests of existing shareholders, the Fund will extend the redemption period to a maximum of 30 days with the

permission of the Board of Directors who shall seek the approval of the SEC. Any further extension will also be referred to the SEC for approval.

### **Reservations**

The Fund may stop offering its shares at anytime and may reserve the right to reject any order for the purchase or exchange of shares. The Fund may also modify the conditions of purchase at any time and such information would be included in the updated scheme particulars. The Fund reserves the right to close an account if, in the opinion of the Fund the account is suspected of being opened for fraud or money laundering purposes. The Fund reserves the right to revise or terminate the telephone redemption privilege at any time. In the event that a Fund suspends telephone redemption privileges shareholders will still be able to redeem their shares by mail. A fax and telephone indemnity must be provided by anyone who wishes to send instructions by fax and telephone.

### **Publication of Share Price**

The most recent issue will be published on Databank's website after determination of the Net Asset Value on every business day.

## **LIABILITY FOR SCHEME PARTICULARS**

1. A person responsible for issuing a document that contains the particulars of a scheme is liable to pay compensation to any person who
  - a) purchases or agrees to purchase interests in the scheme; and
  - b) suffers loss due to an untrue or misleading statement or the omission of any particulars required by the Regulations to be in the scheme particulars.
2. Where the form of a scheme particular requires details which are not relevant to the particular scheme, the omission of those details shall not be considered as an omission for purposes of the Regulations.
3. A person shall not incur any liability under the Regulations for any loss in respect of interests in a scheme if the person satisfies the court that at the time when the scheme particulars were prepared or ought to have been revised the person reasonably believed, having made such enquiries as were reasonable, that the statement was true and not misleading or

that the matter which caused the loss was properly omitted if

- a) the person continued in that belief until the time when the interests were acquired;
  - b) the interests were acquired before it was reasonably practicable to bring a correction to the attention of persons likely to acquire them;
  - c) before the interests were acquired the person had taken such steps as were reasonable for the person to have taken to ensure that a correction was brought to the attention of persons likely to acquire them; or
  - d) the person who acquired the interests was not influenced, or not influenced to any material extent, by that statement or would not have been influenced to any material extent, by the inclusion of the matter omitted in deciding to acquire the interest.
4. A person shall not incur any liability under the Regulations if the person satisfies the court that
- a) before the interests were acquired, a correction was published in such a manner as to inform prospective participants in the scheme;
  - b) the person took such steps as were reasonable to secure the publication and believed it had taken place before the interests were acquired;
  - c) the purchaser acquired the interests with the knowledge that the statement was misleading or with the knowledge of the omitted matter; or
  - d) the failure to revise the scheme particulars was because the person reasonably believed that the change or new matter was not such as to require a revision of the scheme particulars.

## **GENERAL INFORMATION**

### **Guarantee of Minimum Initial Subscription**

The Board of Directors of the Fund guarantees an initial minimum subscription of GH¢10,000 (Ten thousand Ghana Cedis) and in the event that the minimum subscription is not raised upon the closure of the Initial Public Offering the directors guarantee to purchase from the Manager to make up for any shortfall between the amount raised and the guaranteed minimum subscription.

### **Information on Shareholders' Meetings and Reports**

The annual and half year reports will be published four months and two months respectively after the end of the accounting period.

The annual general meeting of shareholders will be held each year. Notices of all meetings will be published in the print media as the Board of Directors shall from time-to-time determine in line with SEC guidelines and will be sent to registered shareholders by post at least twenty-one (21) days prior to the meeting at their addresses in the register of shareholders. Such notices will include the agenda and specify the time and place of the meeting.

Annual Facts Sheets and mini audited annual reports will be mailed to shareholders at their registered addresses while the full audited annual reports and half year reports will be distributed by electronic mail to email addresses provided by shareholders. In addition, audited annual reports and unaudited half year report will be published in the Newspaper as well as on the Databank website. Limited copies of the audited annual report will be made available at the Annual General Meeting.

Copies of the scheme particulars of the scheme, any amending instrument and the most recent annual and half-yearly reports may be inspected and obtained at the registered office of the Company

61 Barnes Road,  
Private Mail Bag, Ministries Post Office,  
Accra.

The accounting year of the Fund ends on December 31 in each year.  
Meetings, attendance and voting.

1. The investors of the Fund shall meet for the transaction of business at such times and places as the Board of Directors of the fund may determine except that the Manager shall hold such meeting at least once a year.
2. The Board of Directors of the Fund shall at the request in writing of investors registered as holding not less than one-twentieth of the number of interests in issue or at the request of a trustee or custodian made in writing, convene a meeting of the investors within thirty days of the date of the request.
3. The Manager may attend any meeting of investors but the Manager is not entitled to vote or be counted for a quorum.

### **Performance Information**

The Fund's price will be available daily at Databank's premises and on the Databank website.

### **Copies of Regulations**

Copies of the regulations of the scheme can be inspected and obtained from Databank Asset Management Services Limited ("the Manager") at 61, Barnes Road, Adabraka, Accra.

### **Material contract**

The Management Agreement is between Databank Asset Management Services Limited and the Databank Educational Investment Fund Limited. Copies of Management Agreement of the scheme can be inspected and obtained from Databank Asset Management Services Limited ("the Manager") at 61 Barnes Road, Adabraka, Accra.

### **Complaints**

Complaints about the operation of the scheme may be made to Databank Asset Management Services Limited ("the Manager").

### **Complaints procedure**

1. The Manager of a scheme shall maintain a register into which shall be recorded every complaint received, the date on which the complaint was received, and the details of it.
2. The Manager shall investigate or cause the investigation of all complaints received in an expeditious manner.
3. If, for any reason, the complaint is not settled to the satisfaction of the complainant within three months after its receipt by the Manager, the Manager shall give notice to the Commission of the details of the complaint, the action taken in response to it and inform the complainant that the Commission has been notified and provide the date of the notice.
4. After receipt of the notice, the Commission shall investigate the complaint and provide the complainant with such redress as is provided under the Law.

### **Account Information Changes**

To change information regarding an account (including a new address, change of beneficiary, or change in the automatic investment plan), Shareholders must send the new information to Databank Asset Management Services Limited. Please mail the new information to Databank Asset Management Limited, PMB Ministries Post Office, Accra.

Include Shareholder's Databank Educational Investment Fund account number, as well as name, address, signature and phone number, a valid national ID along with the new information. Shareholders may fax this information to Databank Educational Investment Fund, +233 21 681442. Shareholders may confirm receipt of this information by calling Databank Asset Management Services Ltd at +233-302-610610.

## **ADDITIONAL INFORMATION**

### **Risk Factors**

There is no assurance that the Fund will achieve its investment objective. The investment of the Fund will be subject to normal market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income derived there from, which is linked to the net asset value of the Fund, may rise or fall.

Investing in securities in Ghana and other newer emerging markets, involves certain considerations not usually associated with investing in securities of issues in more developed capital markets. Such risks may include:

- a) *Greater economic uncertainty;*
- b) *The small size of the markets for securities and low volumes of trading resulting in illiquidity and price volatility; and*
- c) *The relative lack of publicly available information on listed companies.*

There is the possibility of delays in the settlement of trades which may result in periods when the assets of the Fund are invested and no return is earned thereon.

Shareholders who purchase shares using foreign currency may be subject to significant fluctuations of currency rates. Changes in foreign currency exchange rates will affect the value of securities when translated into the currency with which the shareholder invested.

Investment in equity securities carries greater risks than investment in government instruments and investors should be aware that while equity securities can be extremely rewarding, the risks are consequently higher. Investors should regard investments in the Fund as medium to long-term in nature and should expect a moderate level of volatility due to the relatively moderate level of risk involved.

A principal risk of investing in the Fund is associated with its equity investments. In general, stock values fluctuate in response to activities specific to the company as well as general market, economic and political conditions. Stock prices can fluctuate widely in response to these factors.

Some other risk factors are:

### **Interest Rate Risk**

If interest rates rise, bond prices usually decline. If interest rates decline, bond prices usually increase. This risk exists because new bonds are likely to be issued with higher yields as interest rates increase, making the old or outstanding bonds less attractive. The longer a bond fund's maturity, the greater the impact a change in interest rates can have on its price. In general, the longer a fund's average portfolio maturity, the more sensitive the fund's share price will be to changes in interest rates and the more the fund's shares will fluctuate in value.

### **Credit Risk**

Fixed income securities carry the risk of default, which means that the issuer may be unable to make further income and principal payments. Since a bond fund is made up of many individual bonds, diversification can help mitigate the credit risk which would affect bond prices, or a default. Credit risk, especially for companies, is a greater concern for high-yield bonds and bond funds that invest in lower-quality bonds and bonds of issuers whose ability to pay interest and principal may be considered speculative. However it is less likely that investors will lose their initial investment because bondholders have priority over equity shareholders if the company goes bankrupt.

Many issuers of bonds are governments who can print money; therefore investments in Government securities are in effect risk-free, at least with regards to principal and interest payments.

### **Inflation Risk**

High inflation rates can erode the real value of both interest and principal and jeopardize any fixed income cash flow stream.

### **Call Risk**

A callable bond has a provision that allows the issuer to call, or repay, the bond early. If interest rates drop low enough, the bond's issuer can save money by repaying its callable bonds and issuing new bonds at lower coupon rates. If this happens, the fund's interest payments cease and the principal will be paid early. If the fund then reinvests the principal in bonds, it will likely have to accept a lower coupon rate that is more consistent with then prevailing interest rates.



### **Prepayment Risk**

Some classes of bonds, including mortgage-backed bonds, are subject to prepayment risk. Similar to call risk, prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule of the bonds.

### **Reinvestment Risk**

Reinvestment risk is based on the assumption that cash flows from a fixed-income security are reinvested, so that interest can be earned on interest, the risk arises when the reinvested money does not earn the same rate of return as the original investment. Therefore during periods of declining interest rates, the Fund will have to reinvest coupon payments at lower, prevailing interest rates.

### **Taxation**

Taxation of the Company: Under Ghanaian tax laws, the interest, dividends, or any other income of a mutual fund is exempt from income tax. Currently there is no tax on capital gains on the sale of securities listed on the Ghana Stock Exchange.

Taxation of Shareholders: The interest or dividends payable to a member of a mutual fund is exempt from tax.

### **Economic risk**

One of the risks associated with the equity component of the fund is the economic risk. This arises when the economy is in a general decline or there is a recession.

### **Liquidity Risk**

This risk exists when particular investments are difficult to purchase or sell, possibly preventing the Fund from selling out of these illiquid securities at an advantageous price. This could lead to extended withdrawal periods due to the Funds inability to meet redemption request. This will mainly affect the fund's equity investment.

## **Currency Risk**

The fund may incur a loss as a result of currency depreciation since it will be investing across Africa.

## **APPLICATION AND DISPATCH OF CONTRACT NOTES**

### **Application**

Application must be made on the application form enclosed. Great care must be taken to complete the form as wrongly completed forms will be rejected.

Application for the shares now offered will open at ten Ghana Pesewas per share. Application for the shares must be for a minimum of 2,000 shares. The number of shares for which application is made and the amount of the cheque, money order or cash attached should be entered in the space provided. All other joint applications should provide their full names and addresses in the space provided.

Each application should be forwarded together with cheque or cash for the full amount of the purchase price to the Receiving Agent below. Cheques and money orders must be crossed "DATABANK EDUCATIONAL INVESTMENT FUND" and made payable to the Receiving Agent with whom the application is lodged. All cheques will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected.

### **1. Dispatch of Contract Notes**

The Manager reserves the right to accept or reject any application. Application monies will be retained in a separate bank account by DATABANK EDUCATIONAL INVESTMENT FUND, pending investment. Contract Notes for accepted applications will be sent by email at the applicant's risk within twenty eight (28) days of the close of the offer. If any application is not accepted, the amount paid on application will be returned in full – either in person to the subscriber, through the post, or designated by an account within 28 days of the close of the offer, or after 28 days, interest will be paid from that day at the prevailing Bank of Ghana Prime Rate.

### **2. Receiving Agent**

Copies of the scheme particulars may be obtained free of charge from the office of DATABANK BROKERAGE LIMITED below:

Databank Brokerage Limited,  
No 61 Barnes Road,  
Accra

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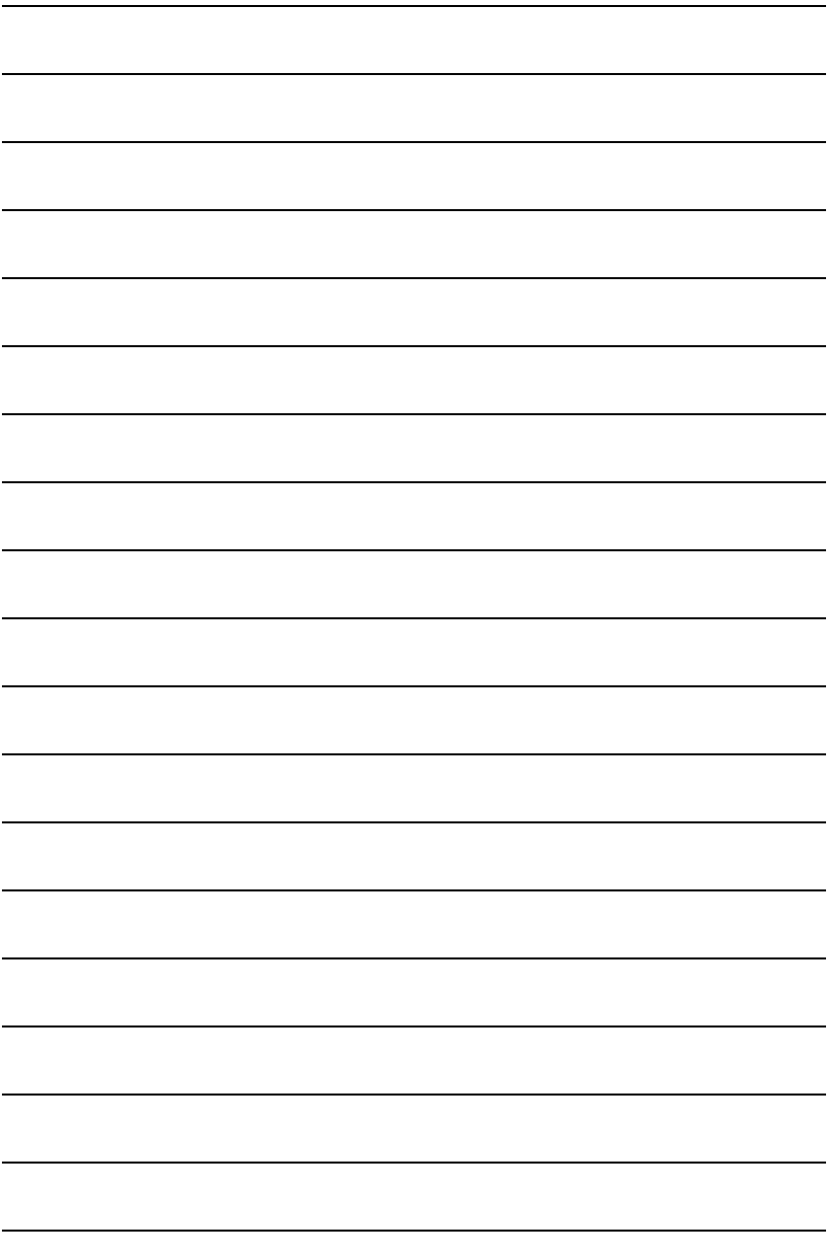
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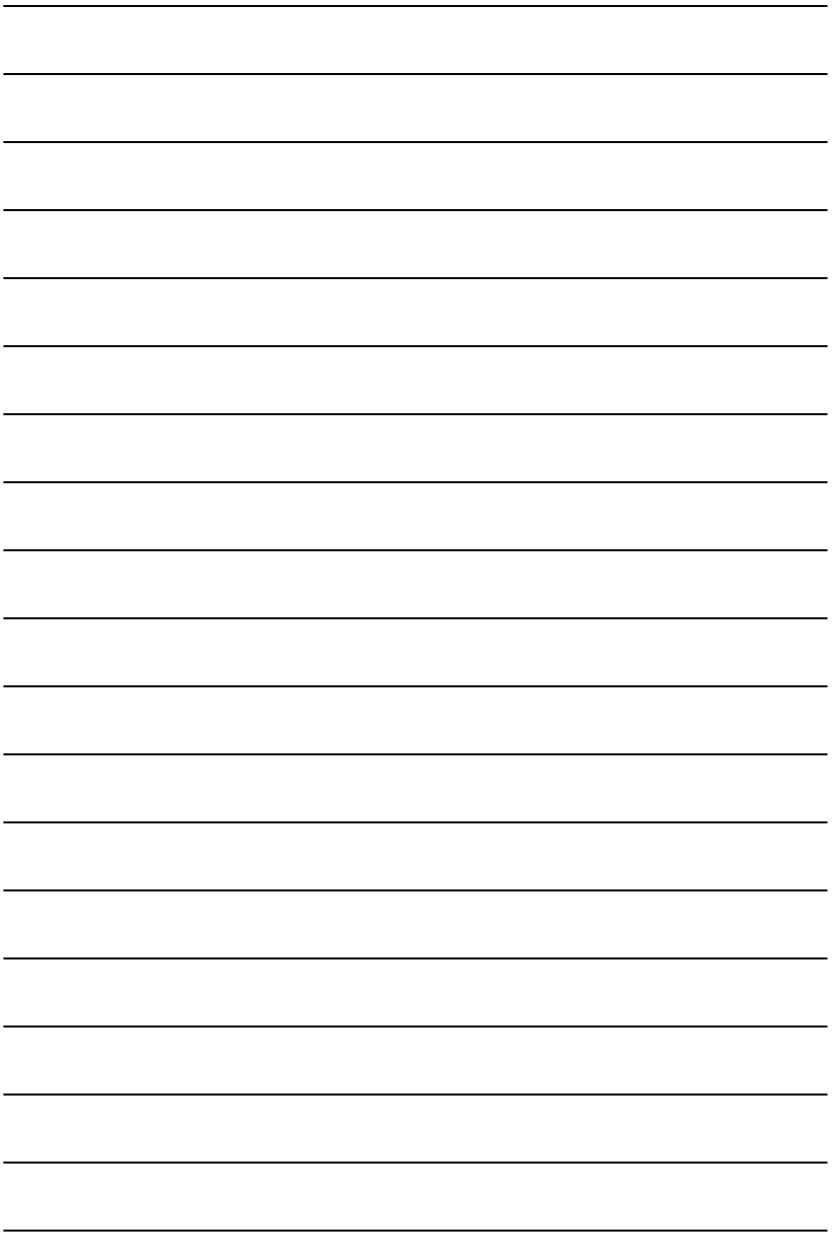
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**Head Office**

61 Barnes Road  
Adabraka, Accra  
Tel: (0302) 610610  
Fax: (0302) 681443  
Email: [info@databankgroup.com](mailto:info@databankgroup.com)

**Tema Office**

Meridien Plaza  
Room 201 & 202, 2nd Floor  
Community 1, Tema  
Tel: (0303) 213240, 210050  
Fax: (0303) 203438  
Email: [Tema@databankgroup.com](mailto:Tema@databankgroup.com)

**Kumasi Office**

Ground & First Floors  
House of Excellence Annex – Adum  
PMB, Central Post Office, Adum, Kumasi  
Tel: (0322) 081483, 080077, 080078  
Fax: (0322) 029740, 080070  
Email: [Kumasi@databankgroup.com](mailto:Kumasi@databankgroup.com)

**Takoradi Office**

SSNIT OFFice Complex  
1 Floor, Room 208  
Tel: (0312) 023628, 025465  
Fax: (0312) 021653, 025075  
Email: [info@databankgroup.com](mailto:info@databankgroup.com)