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*KIDDIFUND MUTUAL FUND  
LIMITED*

**PROSPECTUS**  
**(SCHEME PARTICULARS)**

(Rules and Regulations of the Fund & The Scheme Particulars)

**Offer for subscription**

**Initial Application for minimum of [1,000,000] Shares at  
GH¢0.10 per share**

**Payable in full on Application**

**OFFER OPENS: 17<sup>TH</sup> SEPTEMBER 2012**

**OFFER CLOSES: 12<sup>TH</sup> OCTOBER 2012**

Promoter

**ORENZA LIMITED**

The date of this prospectus is September 2, 2012

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## DEFINITIONS

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In this document, the words and expressions set out below have the meanings set out opposite them:

<b>"Application Form"</b>	The application form for shares enclosed with this Document.
<b>"Business Day"</b>	Monday to Friday excluding any day designated as a public or statutory holiday in Ghana.
<b>"The Act"</b>	Companies Act of 1963, Act 179
<b>"The Custodian"</b>	Stanbic Bank Ghana Limited
<b>"The Directors" or Board of Directors</b>	The Directors of Kiddifund Mutual Fund
<b>"The Fund"</b>	Kiddifund Mutual Fund
<b>"Lump Sum Purchase"</b>	A one time purchase
<b>"The Manager"</b>	EDC Investments Limited
<b>"Management Fee"</b>	Annual charge of 2.5% of the <i>[average daily Net Value of the Fund due to the Manager]</i> for providing management, advisory and supervisory services to the Fund.
<b>"Net Asset Value"</b>	The value the net assets of the Fund as determined in accordance with the terms of this Prospectus
<b>"The Offer"</b>	The offer of shares of Kiddifund Mutual Fund to the general public
<b>"The Promoters"</b>	Orenza Limited
<b>"Regular Investment Purchase"</b>	The regular periodic purchase of shares
<b>"SEC"</b>	Securities and Exchange Commission or Commission
<b>"GSE"</b>	Ghana Stock Exchange
<b>"Share"</b>	Ordinary Shares of no par value of the Fund which are hereby offered
<b>"Shareholder"</b>	The registered holder of ordinary shares in the Fund.

## **THE FUND**

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Kiddifund Mutual Fund Limited ("The Fund") is an open-end mutual fund which shall invest primarily in equity securities listed on the Ghana Stock Exchange (GSE) and fixed income securities. Kiddifund is a balanced fund that seeks to achieve current income, liquidity and capital preservation for its shareholders.

The address for the Fund is

**#5, 2<sup>nd</sup> Ridge Link,  
North Ridge,  
Accra**

And the contact telephone numbers are

**0302 251 720/3/4**

## IMPORTANT NOTICE

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*The information contained herein known as the "Prospectus" gives details of the Initial Public Offer (IPO) and a description of Kiddifund Mutual Fund (the "Fund"). The directors of the Fund, whose names appear on page 8 of this document, accept responsibility for the information contained in this document. To the best knowledge of the Promoter, Orenza Limited, the information contained in this document is factual. A copy of this document has been delivered to the Registrar General's Department in Ghana for registration. The Registrar has not checked and will not check on the accuracy or completeness of any statement made herein and accepts no responsibility therefore or for the financial soundness of the Fund.*

*No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund or the Manager. This Prospectus does not constitute an offering in any country in which such an offering may not lawfully be made.*

*Neither the delivery of this document nor the allotment of shares shall under any circumstances create any implication that there has been no changes in the affairs of the Fund since the date hereof.*

*An application has not been made to list the shares of the Fund on the Ghana Stock Exchange. Anybody wishing to dispose of shares can only do so by placing a request with the Manager.*

*This Prospectus has been reviewed and approved by the Securities and Exchange Commission (the Commission) in accordance with Section 9 of LI 1695. In its review, the Commission examined the content of the Prospectus to ensure that adequate disclosures have been made. To ascertain the financial soundness or value of securities on offer, investors are advised to consult an investment advisor, a dealer or other professionals for appropriate advice.*

### **THE VALUE OF SHARES CAN FALL AS WELL AS RISE**

*This prospectus should be read in its entirety before making an application for shares and should be retained for future reference.*

## **THE OFFER**

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The Fund is initially offering a minimum of 1,000,000 shares. Kiddifund Mutual Fund, consists of an unlimited number of shares at an initial cost of GH¢0.10 per share.

The minimum investment purchase of shares under the IPO is set at 100 shares and thereafter in multiples of 50 shares.

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

The initial offering period for shares of the Kiddifund Mutual Fund will begin from 8:30 am on September 17, 2012 and end 5:00 pm on October 12, 2012.

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 offices below:

**EDC Investments Limited**  
**#5, 2<sup>nd</sup> Ridge Link,**  
**North Ridge,**  
**Accra**

## PROSPECTUS SUMMARY

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The following summary is qualified in its entirety by the more detailed information included elsewhere in the prospectus.

<b>The Fund</b>	The name of the fund is <b>Kiddifund Mutual Fund</b> . It is an open-end mutual fund, which was established on May 09, 2011 with an unlimited duration. The fund will invest in equity securities listed on all organized stock exchanges including the Ghana Stock Exchange (GSE), unlisted equities as well as other fixed income securities.
<b>Shares Offered</b>	Ordinary shares of no par value
<b>Initial Minimum Purchase</b>	100 shares and thereafter in multiples of 50 shares under the IPO.
<b>Investment objective and policy</b>	Kiddifund is a balanced fund that seeks to achieve current income, liquidity and capital preservation for its shareholders. Under normal market conditions, 50% of the Fund's net assets shall be invested in fixed income securities and the residual 50% in equities. The Fund seeks to provide long term income and capital growth, by producing returns commensurate with the risk levels, based on careful attention to detail, extensive forward planning and rigorous portfolio selection.
<b>The Fund Manager</b>	EDC Investments Limited, a SEC-Licensed Investment Adviser.
<b>Regular Investment Purchases</b>	A regular investment plan exists for the benefit of investors who would like to purchase shares on a regular basis. This is set at a minimum investment value of GH¢5.
<b>Management fee</b>	The Manager shall receive a management fee not exceeding 2.5% per annum of the Fund's average daily net assets value on a monthly basis.
<b>Dividends and Distribution</b>	No dividends shall be paid out to investors. All net investment income and realized capital gains, if any, will be reinvested. Any investor who wishes to cash out his/her investment may redeem their shares

**Redemption**

Shares can be redeemed by applying in person at the offices of the Manager or duly authorized agents of the Manager or in writing to the Manager on every business day except on public and statutory holidays.

**Base Currency**

The base currency of the Fund is the Ghana Cedi

**Risk factors**

The Fund is a newly organized investment company that will invest in equity securities and fixed income instruments. Investments of the Fund will be subject to normal market fluctuations. Investments in the securities carry certain risks associated with greater economic uncertainty, small size of markets, and greater price volatility.

**OFFER TIMETABLE**

Application list opens	September 17, 2012
Application list closes	October 12, 2012
Receiving Agents make returns to Fund Manager	October 19, 2012
Issue and dispatch of Contract Notes	November 2 , 2012

**BOARD OF DIRECTORS OF THE FUND**

The Board of Directors of the Fund will consist of the following persons;

Name	Position	Other Affiliation	Address	Occupation	Nationality	Age (yrs)
Enoch kofi Ampratwum	Member	Director of Orenza Ltd	Flat 16D. Valco flats. Community 6. Tema	Pharmacist/ Entrepreneur	Ghanaian	39
Nimo Ahinkorah	Member	Director of CeProbe Consult	6 Apple street, East Legon	Regulatory Consultant	Ghanaian	68
Rose Mawunyo kley Gomez	Member	Director of Queens International School	Hs. No. 13 Jungle road, ICT Building, East Legon	Educationist	Ghanaian	52
William Mensah	Member	Director of Lifespring Capital Ltd, iFUND, Hydefields Investments, Ecofibers	No. 1, Palm Drive, Adjiringanos	Investment banker	Ghanaian	36
Sarah Brainoo Arhin	Member	Director of iFUND Mutual Fund Limited	House Number 4, Asafoanye Nunshie Street, Gbawe, Accra	Investment Banker	Ghanaian	35

The Board of Directors of the Fund is responsible for the overall supervision of the operations of the Fund.

### THE MANAGER

**Name:** EDC Investments Limited  
**Date of Incorporation:** 6<sup>th</sup> February 2007  
**Country of Incorporation:** Ghana  
**Registration Number:** No. CA-31,520  
**Nature of corporate form:** Limited Liability  
**Address:** #5, 2<sup>nd</sup> Ridge Link, North Ridge, Accra  
**Telephone Number:** (233) 21 251720/3/4  
**Fax number:** (233) 21 251734  
**Holding Company:** Ecobank Development Corporation

### BOARD OF DIRECTORS OF THE FUND MANAGER

Name	Position	Other Affiliation	Address	Occupation	Nationality
Winston Osuchukwu	Member	EDC Nigeria/CDI/Zimbabwe Computershare Pan African holdings	40 Fatai Arobieke street Lekki Lagos Nigeria	Finance Professional	Nigerian
Michael N.A Cobblah	Member	Director of Ecobank Development Corporation	P19 Community 22, Tema	Investment Banker	Ghanaian
Rosemary Yeboah	Member	Director of EDC Stock Brokers Ltd and Ecobank Ghana Ltd.	Plot 2, Off Lake Avenue, East Legon, Agiringanor, Accra	Banker	Ghanaian
Francis Apanka	Member	EDC Stockbrokers Ltd	10 Anorhuma Street, Abeka, Accra	Investment Banker	Ghanaian

### CHARACTERISTICS OF OTHER FUNDS MANAGED BY FUND MANAGER

**Fund Name:** iFund Mutual Fund  
**Fund Type:** Balanced Open ended mutual fund  
**Fund Manager:** EDC Investments Limited  
**Custodian:** Standard Chartered bank Custody Services  
**Directors:** Mr. Richard Adu-Poku (Chairman)  
 Mr. David Ofosu-Dorte  
 Mr. Osaze Ize-Iyamu  
 Mrs. Sarah Brainoo Arhin  
 Mr. William Mensah

### THE PROMOTER

**Name:** ORENZA Limited  
**Date of Incorporation:** 24<sup>TH</sup> SEPTEMBER, 2010  
**Country of Incorporation:** Ghana  
**Registration Number:** No. CA-79,411

**Nature of corporate form:** Limited Liability  
**Address:** No. 11 Sunflower Street, Christian Centre, East Legon  
**Telephone Number:** (233) 302 542228, 0267003940, 0267003950

## **DESCRIPTION OF PROMOTERS ACTIVITIES**

Orenza Limited was set up to promote or mutual funds to the general public to enable them take advantage of the investment opportunities in country. Orenza seeks to do this by educating all eligible persons on the need to be financially discipline, save and invest for the future and encourage them to invest in at least one mutual fund in the country, especially Kiddifund.

## **NAMES OF BOARD DIRECTORS**

**Enoch Kofi Ampratwum**  
**Rose Mawunyo Kley Gomez**  
**Nimo Ahinkora**  
**Ernest Owusu Aboagye**  
**Christian Gawu**

## **OTHER ADVISORS**

### **THE CUSTODIAN**

**Department Name:** Stanbic Bank  
**Company Name:** Stanbic Bank Ghana Limited  
**Current Address:** Valco Trust House, Castle Road, Ridge  
P. O. Box C2344, Cantonment, Accra  
**Telephone Number:** +233 (0)30 268 7670  
**Country of Incorporation:** Ghana  
**Date of Incorporation:** 8<sup>th</sup> March, 1994  
**Certificate Number:** 54,199

## **NAMES OF DIRECTORS**

**E Asiedu Mante**  
**A Andani**  
**Dr J.R Aryee,**  
**K.A Awotwi**  
**Ms M. Botsio Benya,**  
**Prof E Aryeetey,**  
**K.A Wingfield,**  
**K.K Asomaning**  
**K.S.A Mills.**

## **THE AUDITORS**

John Kay and Co.  
7<sup>th</sup> Floor, Trust Towers  
Farrar Avenue, Adabraka  
P. O. Box 16088  
Airport, Accra  
Tel 0302 235406/238371  
Fax 0302 238371  
Email : [jkayal@4u.com.gh](mailto:jkayal@4u.com.gh) [jkaya1@yahoo.com](mailto:jkaya1@yahoo.com)

## **THE SOLICITORS**

AB & David  
#8 Dr. Isert Road  
North Ridge  
Accra  
P. O. Box TF330  
Tel : 0302 253073/4  
Fax : 0302 253075  
Email : [infor@abdavid.com](mailto:infor@abdavid.com)

## 1. THE CONSTITUTION AND OBJECTIVES OF THE SCHEME

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### 1.1 Name of the Scheme

The name of the Scheme is **Kiddifund Mutual Fund** (the "Fund")

### 1.2 Nature of the Scheme

The Scheme is an open-end mutual fund.

### 1.3 Date of Establishment and Duration

The Scheme was established on 9<sup>th</sup> May 2011 with an unlimited duration

### 1.4 Investment Objectives of the Fund

The fund seeks to achieve current income, liquidity and capital preservation for its shareholders. The fund shall invest in equity and fixed income securities across stable and growing economies in Africa.

### 1.5 Fundamental Investment Policy

The Fund shall be established and will operate in accordance with L.I.1695. The Fund shall be marketed as a "**balanced fund**", which means it will invest in a combination of listed equities, bonds, as well as other suitable fixed income securities to achieve its investment objective.

The Fund Manager shall have the discretion to select specific investments within these asset classes:

ASSET CLASS	Percentage of Fund's Assets Invested	Rebalancing Range
Cash/Cash Equivalents	10%	+/-5%
Fixed Income	45%	+/-20%
Equity	45%	+/-20%
TOTAL	100%	

These limits shall be subject to an annual review.

Although the funds will be managed to achieve maximum returns, due to the inherent risk in securities the total attainment of the objectives of the investment cannot be guaranteed. The Fund shall however be expected to deliver optimum returns on a best effort basis.

### 1.6 Permissible Investments

The Fund is authorized to invest in securities issued by listed companies on all organized markets as well as fixed income/money market instruments and to employ a variety of

investment techniques to protect the fund against market and currency risks to the extent available and permissible by law.

### **1.7 Investment in Schemes or Assets managed by the Manager or its Associates.**

The Manager is authorized to invest in other collective investment schemes whether managed by the Manager, its associates or by any other person.

### **1.8 Limitations on Investment**

Except with the prior approval of the Commission, the Manager shall not undertake the following on behalf of the Scheme:

- a. Invest in commodities, futures or options;
- b. 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.
- c. Invest more than 25 per cent of the net asset value of the scheme in securities issued by a single issuer.
- d. Invest more than 10 per cent of the net asset value of the scheme in any particular class of securities issued by a single issuer.
- e. Invest more than 10 per cent of the net asset value of the scheme in other collective investment schemes
- f. 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
- g. Purchase securities on margin, except that the Manager may obtain such short term credits as may be necessary for the clearance of purchases and sales of securities constituting or to be included in the assets of the scheme;
- h. Make any investment that will result in the Manager, trustee or the scheme gaining management control of a company in which the investment has been made;
- i. Make short sales of securities or maintain a short position;
- j. Acquire any securities which are unpaid or partly paid for;
- k. 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;
- l. Enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of any investment;

- m. Invest in any securities of class in a company or other body if any officer or collectively officers of the Manager of the scheme own more than 5 per cent of the total nominal amount of the securities of that class issued by the company or body;

### **1.9 Dividend Policy**

It is the intention of the Fund to re-invest all its investment income, if any. Therefore dividends will neither be declared nor distributed. As such, individual investors should benefit from a growth in the Net Asset Value of each unit of the Fund they hold.

### **1.10 Borrowing Power**

1. Subject to any statutory requirements and prohibitions for the time being in force and to the terms and conditions of the constitution of the scheme and the scheme particulars, the Board of Directors may upon the request of the Manager borrow for the account of the scheme, any monies whether in local or foreign currency for the sole purpose of enabling the Manager to meet request for redeeming interests in the scheme.
2. The following provisions shall apply in connection with the borrowing:
  - a. the borrowing may be from the custodian or its associate on the best commercial terms;
  - b. the aggregate outstanding of borrowings whether in local or foreign currency at any time shall not exceed 15 per cent of the net value of the assets of the scheme;
  - c. 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;
  - d. for the purpose 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 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;
  - e. 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 Fund demanding repayment of the monies secured;
  - f. where borrowing is undertaken for the account of the scheme, assets that form part of the deposited property may be registered in the lender's name or 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 Fund and the lender had any interest in them.

3. Where the assets of the scheme or any part of the assets is registered in the name of 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's agent with respect to the property
4. Any cash raised by borrowing for the schemes shall constitute a part of the assets of the scheme.

### **1.11 Maintenance of Prudent Levels of Liquidity**

In the interest of prudence and efficient management of the scheme, the Manager will maintain prudent levels of liquidity.

### **1.12 Winding Up of Scheme**

Any business entity stands the risk of failure and as such if the Fund has to wind up it shall be done in accordance with the provisions of the Companies Act, 1963 (Act 179)

Where the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanctions, divide amongst the shareholders in specie or kind the whole or part of the company's assets, whether the assets consist of property of the same kind or not, and may for this purpose set a value that the liquidator considers is fair upon any property to be divided as mentioned and may determine how the division is to be carried out as between the members or different classes or members.

The liquidator may vest the whole assets or any part of the assets in trustees upon trust for the benefit of the shareholders on such conditions as the liquidator thinks fit. No member shall be compelled to accept any securities on which there is any liability.

### **1.13 Accounting Date**

The accounting period of the scheme or the fund shall begin from the first day of January and end on the last day of December in each calendar year, except for the year of establishment.

## **2. THE CHARACTERISTICS OF INTEREST IN THE FUND**

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### **2.1 Type of Interests**

Interest in the Fund will be in the form of shares.

### **2.2 Entitlement of Shares**

All shares are entitled to equal participation in the income and property of the scheme. A shareholder's right in respect of the scheme by his or her shares is that of a right as a shareholder in the company.

### **2.3 Evidence of shares**

Contract Note will be issued to shareholders for the purchase of shares and shall be dispatched by electronic means. The Contract Note will be evidence of ownership of shares.

### **2.4 Voting Rights**

Shareholders are entitled to vote on the election of new Directors and other matters submitted to shareholders' vote. The voting rights of shares are as follows:

- a. If there is a show of hands, every member present at the meeting in person or by proxy shall have one vote; and
- b. If there is a poll every member present at the meeting in person or by proxy shall have one vote for every share held.

### **3. VALUATION OF PROPERTY, CHARGES, DISTRIBUTION & FEES**

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#### **3.1 Determination of Net Asset Value**

The Manager of the Fund shall publish the Net Asset Value of the shares of the Fund at 4.00 pm on days that the Ghana Stock Exchange is open for trading and in a well circulated newspaper at least two working days in a week and on the kiddifund website (www.kiddifund.com).

The Net Asset Value (NAV) per share will be computed by dividing the net value of the Fund's assets (the value of its assets less its liabilities) by the total number of shares outstanding at such time.

*The following methods will be used in valuing the Fund's assets:*

- Shares and other investments listed or quoted on a recognized or designated Stock Exchange shall be valued at the last traded price before the close of business on the relevant Stock Exchange.
- Fixed Income instruments shall be valued at cost plus accrued interest as at date of valuation.
- All other investments shall be valued at market price using conventional valuation methodologies.

The Manager will continually assess the methods of valuation and recommend changes where necessary to ensure that the Fund's investments are valued at their fair value as determined in good faith by the board of directors.

#### **3.2 Manager's Remuneration**

The Manager shall be paid a management fee from the assets of the Fund. The Management fee of 2.5% flat per annum shall be computed and paid at the end of each month based on the number of days within the period.

The Board and the Manager by mutual agreement can authorize the Management fee to be calculated and paid at periods other than monthly intervals provided the interest of the shareholders is not jeopardized.

#### **3.3 Custodian Remuneration**

3.3.1 The Client agrees to pay the Fees to the Custodian in the manner herein set out

3.3.2 The Fees payable at the commencement of this Agreement shall be as follows:

Service	Fee
Safekeeping fees	0.25% basis points on the value of asset held in custody.
Trade Settlement	GHS10
Minimum monthly fee	GHS 100

Money transfer fees	Nil
Other fees	Negotiable
Credit Rate	Negotiable
Debit Rate	Negotiable

- 3.3.3 The parties may revise the Fees in writing at any time during the subsistence of this Agreement.
- 3.3.4 The Custodian shall send to the Client invoices detailing the Fees (inclusive of taxes and out of pocket expenses) for each month not later than the 5th Business Day of the following month. The client agrees to review the invoices for accuracy and report any discrepancies back to the Custodian within 10 Business Days of receipt.
- 3.3.5 The Client shall reimburse the Custodian for all taxes and out of pocket expenses (including internal calls, registration fees, taxes (including VAT) professional and accounting fees, charges for telex, facsimile transmission, airmail, fares and expenditure incurred in respect of appointments or engagements incurred in the performance of its duties under this Agreement, including upon its termination). Provided however that the Custodian must obtain the Client's written consent prior to incurring incidental expenses over USD 2,000 and the Client shall have 1 Business Day to approve or reject the request, which approval may not be unreasonably withheld.
- 3.3.6 Provided no discrepancies are reported or to the extent of any raised which the Custodian concedes to, the Custodian shall be entitled to debit the Cash Account with the amount of the Fees and all taxes and out of pocket expenses per clause 9.5 on or after the 13th Business Day of each month without prior notice to the Client.
- 3.3.7 In any case where the Custodian considers that it is likely to incur any taxes or expenses which it considers substantial it shall be entitled to require that the Client pays the amount of such taxes or expenses in advance.

### **3.4 Director's Remuneration**

The remuneration of Directors of the Fund will be determined from time to time by its Board of Directors and approved by shareholders. The remuneration and other expenses of directors shall be paid out of the assets of the scheme.

The Board of Directors of the Fund Manager shall not directly receive any remuneration and expenses from the fund.

### **3.5 Other Expenses**

All other expenses allowed by law, including fees payable to Auditors, Registrars and Regulators will be paid out of the assets of the scheme. Other expenses incurred by the Fund will relate to direct costs associated to its operation such as bank charges, publication of annual reports etc.

## **4 THE ISSUE AND REDEMPTION OF INTERESTS IN THE FUND**

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### **4.1 Initial Offer of Interests and Minimum Interest**

The Initial Offering of Interests in the scheme will be at GH¢ 0.10 per share and expected to raise a minimum amount of **GH¢100,000**. The initial offer will remain open for a period not exceeding thirty (30) days inclusive of the days on which the offer opens and closes. **The minimum initial purchase per investor shall be 100 shares and subsequently in multiples of 50 shares.**

### **4.2 Days and Times for Issues and Redemption**

The Manager will be available to receive requests by investors for the purchase and redemption of interests of the Fund on every business day from 8:00 am to 5:00 pm at the offices of the Manager.

### **4.3 Purchase of Shares**

The office of the Manager shall be opened from 8:00am GMT to 5:00 pm GMT from Mondays to Fridays except weekends and statutory public holidays to receive requests for purchase of shares.

The price at which shares of the Fund shall be purchased will reflect the Net Asset Value of the Fund at any time.

The Manager reserves the right to reject any order received for purchase of shares/interest in the Fund.

### **4.4 Procedure for Purchase**

Applicants shall complete standard application forms which shall then be sent to the office of the Manager. Telephone or electronic requests must be confirmed in writing. Application for shares shall be at the discretion of the Board of Directors. Cheques will be cleared first before the processing of applications by the Manager.

The base currency is the Ghana Cedi. However, applications making purchases with other currencies should allow for currency conversion which may result in a delay. Foreign currencies shall be converted using the prevailing Inter-Bank exchange rate. The fund will inform an applicant if possible, the total number of shares allotted and the total cost after the price at which the shares are to be issued has been established. Payments for shares shall be made in Ghana Cedis; however, applicants can settle their payments with easily convertible currencies but will bear the foreign exchange transaction cost.

Shares can only be issued after receipt of subscription monies by 4:00 pm GMT on valuation day. Application may lapse and be cancelled if settlement is not made.

After the subscription monies have been fully paid and the registration particulars submitted, contract notes shall be emailed to the applicant or his appointed agent if requested at the risk of the applicant. The Board of Directors has the right to reject any application. When an application is rejected the subscription monies (without interest) shall be returned to the applicant through the post or electronic transfer at the risk of the applicant.

#### **4.5 Payment by electronic payment platforms**

Kiddifund has as part of its design, a means allowing participation in deposits from children between the ages of 8 and 18 years on school premises in order to encourage the inculcation of the savings habit in a more practical way. These children will only be able to do that within the confines of a school premise where they are under strict supervision of school authorities. There will be strict rules and regulation governing deposits on school premises and these will be printed and pasted on the school notice boards and in all Kiddifund passbooks and the Kiddifund agent appointed by Orenza Ltd (the Promoter) will be trained to administer..

In order to ensure safety of deposits, instant crediting of account, convenience and to assure parents who consciously give monies to their children for that purpose, an electronic means of cash deposit is preferred on school premises and this will be done through Airtel money, Tigo cash, MTN mobile money and the e-zwich payment platforms. These payment platforms have the ability to send an instant text message to the parent informing him/her of the deposit and also serve as a check on their children.

Parents who are not able to go to the bank for one reason or the other, will also have the convenience of depositing into their Kiddifund accounts via the electronic payment platform.

#### **STEPWISE APPROACH TO USING ELECTRONIC PAYMENT PLATFORM TO MAKE DEPOSITS ON SCHOOL PREMISES**

- a. Upon agreement of the Parents Teachers Association (P.T.A). of the designated school to become a Kiddifund partner, forms will be sent to the school for parents to pick up and apply
- b. The forms can be filled on the school premise or taken home
- c. The completed form can be returned to any Ecobank branch with the start up cash for onward submission to EDC or can be submitted directly at the EDC office
- d. When EDC receives the completed form and the amount, a primary account number is generated for the applicant("the Kiddifund account").
- e. All children whose parents receive their Kiddifund account numbers will then receive a mobile number (SIM card) or an e-zwich number (Smart card) as a secondary account number depending on which electronic system is employed and a Kiddifund branded passbook from the promoter, at a token fee. The children will then be ready to start deposits electronically.

- f. The passbook is to ensure traceability and accountability .The mobile or smart card number will serve as a “piggy bank” for the children.
- g. The passbook will contain information such as date, Agent ID, Trans ID, amount & signature. The cover of the passbook will also have all instructions and information such as name of child, primary & secondary account numbers, name of school, parent’s reliable phone number.
- h. Each person or child who wants to save on the school premise will have to hold a passbook and physical cash before contacting the Kiddifund agent. The agent will then transfer E-value equivalent of the cash given him, into the secondary account number provided.
- i. The piggy bank system will ensure that any amount less than the minimum GHC5.00 + the transfer charge (e.g. 0.25GP per transfer, totaling GHC5.25) will hang on the electronic money system (mobile number or smart card piggy bank) and automatically transferred into the Kiddifund account as soon as deposits hit the GHC5.25 or more
- j. On the other hand, any deposit more than GHC5.25 will be transferred immediately into the Kiddifund account without hanging in the system.
- k. A text message received as a confirmation of the transfer must be shown to the depositor and the passbook will be filled and signed by the agent. At the same time, another text message will automatically be delivered to the parent whose telephone number was provided during the application as a confirmation.

#### OUTSIDE THE SCHOOL PREMISE

1. Kiddifund will be put onto the mobile phone money payment systems in the country to allow anyone who has access be able to make deposits into an already existing Kiddifund account.
2. This will be done by adults and parents who want to use the system as a form of convenience to avoid all the troubles of going to the bank to make deposits.

#### **4.6 Redemption of Shares**

- a) Shares can be redeemed by applying in person at the offices of the Manager or in writing to the Manager or duly authorized agents of the Manager, on every business day except on public and statutory holidays.
- b) The Manager shall on receipt by its duly authorized agent of a form from an investor to redeem all or any part of the interests comprised in the investor’s holding, proceed to do so at a price per interest as at the date of the request less any fee, levies and charges attached to the redemption.
- c) A request for redemption should be satisfied by the Manager on first come first serve basis.

- d) A request for redemption is not valid unless the investor has delivered to the Manager or its authorized agent the document evidencing ownership in interests in the scheme issued to the investor representing the interests to be redeemed, with an endorsement duly completed by the investor or in the case of joint investors, by both or all of them.
- e) An investor is not entitled to require the Manager to purchase only part of the investor's interests if, as a result of the purchase, the investor would remain an investor with less than a minimum number of interests where such a minimum has been specified.
- f) The maximum interval between the receipt of a properly documented request for the purchase of interests in a scheme by the Manager and the payment of the redemption money to the investor shall not exceed five working days except that if for any reason it is not possible to make payment of the redemption money within this time frame, the Commission shall be notified immediately of this with reasons.
- g) A receipt signed by the investor for the monies paid to the investor in respect of the interests held by the investor shall be a valid and sufficient discharge to the Manager and Board of Directors of the Fund, of all obligations on account of an application for redemption of receipt of interests, and in the case of several persons who are registered as joint investors, the receipt shall be signed by every one of the investors.

#### **4.7 Redemption Charge**

The Manager shall receive as fees a redemption charge. A sliding charge of 3% shall be placed on funds redeemed during the first year of investment and 2% during the second year, and no charge after the second year. The redemption charge which shall be paid to the Manager at the time of redemption shall be deducted from the price of the shares before redemption.

#### **4.8 Procedure for Redemption**

Notice of redemption shall be deposited with the Manager, and accompanied by the Contract Note relating to the shares to be redeemed together with such other evidence as may be required to prove the holder's title and the right to redeem. The notice will require among other things signatures of all persons, in whose names the shares are registered, signed exactly as their names appear on the purchase documents. In the event that no Contract Note is issued to a shareholder, evidence of his or her investment will be via the person's records in the register of the Fund.

The Manager shall redeem all the investments of a shareholder in the Fund if as a result of the redemption the investor would remain an investor with less than GH¢10. Cheques shall be issued for payment of shares and shall be drawn on an account lodged with the custodian. The payment of the redemption money for a properly documented request shall not exceed five (5) bank business working days from the date of receipt of redemption instruction, unless for any reason it is not possible to make payment of the redemption money within the time frame.

Under such situation payment will be effected as soon as practicable when the difficulty is resolved.

If constraints prevail in the financial markets of countries in which investment of the fund are made to such extent that it affects redemption, the Board of Directors, with the approval of the Securities and Exchange Commission shall extend the period for the payment of redemption proceeds to a period not exceeding thirty (30) working days. Any further extension of the payment period shall be approved by the SEC.

The Board of Directors may require that redemption requests be made 24 hours prior to when investors wish to withdraw their interests in the Fund.

#### **4.9 Suspension in Dealings**

1. The Manager may, with the approval of the Board of Directors of the Fund, suspend dealings during
  - (a) any period when the stock exchange on which any investments that form a part of assets of the scheme for the time being are listed, is closed or when dealings at that exchange are restricted or suspended;
  - (b) the existence of any state of affairs as a result of which disposal of investments of the scheme would not be reasonably practicable or might seriously prejudice the interests of the investors as a whole and of the assets of the scheme;
  - (c) any breakdown in the means of communication normally employed in determining the value of any investment of the scheme or the current price on any stock exchange or when, for any reason, the value of investments of the scheme cannot be promptly and accurately ascertained; or
  - (d) any period when remittance of money which will or may be involved in the realization of the investment of the scheme or in the payment for investments cannot be carried out.
  - (e) any other cause reasonable in the circumstances as the Board of Directors may deem fit in order to preserve the fund.
2. The Board of Directors of the Fund shall immediately notify the Commission of any suspension in dealings and shall provide the reasons for it.
3. A suspension in dealings may be permitted in exceptional circumstances having regard to the interests of investors and with the prior written consent of the Commission.
4. The suspension shall take effect immediately upon its declaration by the Manager and dealings shall resume on the first dealing day after the day on which the condition that caused the suspension ceased.

5. A notice to the effect that dealings have been suspended or resumed shall be published immediately in the newspaper in which the scheme's prices are normally published and shall be published at least a month after the first publication during the period of suspension.

#### **4.10 Publication of Share Price**

1. The Manager shall publish or cause to be published in a newspaper of national circulation and the kiddifund website, the issue, and redemption prices of interests in the scheme at least two working days a week except that with the prior approval of the Commission, the frequency of the publication may be reduced if the reduction is not prejudicial to the interests of investors.
2. The prices published in consequence of (1), shall be those calculated at the last valuation point prior to the publication of the prices.
3. The last valuation point shall be the close of business day immediately preceding the day on which prices of the scheme are published.

#### **4.11 Market for the Shares**

The shares of the Fund will not be listed on any stock exchange. All dealings in the shares will be at the registered office of the Manager.

## **5. RISK FACTORS AND SPECIAL CONSIDERATIONS**

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### **5.1 Cautionary Statements**

The investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investment will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they have invested in the Fund. There is no certainty that the investment objectives of the Fund will actually be achieved and no warranty or representation is given to that effect.

Investment advice may be sought by an investor before subscribing to the scheme.

### **5.2 Legal Risk**

Ghana's law regarding fiduciary duties of officers and directors of investment management firms, and the protection of investors are developing and laws may not exist to cover all contingencies. As a result, the administration of laws and regulations by government agencies may be subject to considerable discretion.

### **5.3 Market Risk- Availability and Liquidity of securities**

The Ghanaian securities market is small, illiquid and potentially volatile. The limited liquidity of the Ghanaian securities market may also affect the Fund's ability to acquire or dispose off securities at the price it so wishes to do.

### **5.4 No Rating Criteria For Debt Securities**

There is no credit rating agency in Ghana and therefore no rating criteria for the debt securities in which the Fund may invest. In purchasing such securities, the Fund will rely on the Manager's thorough due diligence, analysis of such investments, professional judgment, analysis and experience in evaluating the credit worthiness of an issuer. The Manager will take into consideration, among other things, the issuer's resources, and its sensitivity to economic regulatory matters.

### **5.5 Taxation**

Under Ghanaian tax laws, the interest, dividends, or any other income of a Mutual Fund is exempt from income tax. Capital gains on sale of securities listed on the Ghana Stock Exchange are exempted from tax.

### **5.6 Issue Risk-Effect of Redemption Charge**

With the imposition of a redemption charge, an investor who realizes his/her shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realize the amount originally invested. The purchase of Kiddifund shares therefore should be viewed as a medium to long-term investment.

### **5.7 Issuer Specific Risk**

Kiddifund is a new fund that may encounter start-up difficulties that impact its operations. These may include disruptions to the computer systems that drive the business, staff adherence to internal policy relating to executive client order etc. An internal system of checks and balances shall be put in place to identify and resolve these issues as they occur.

### **5.8 Target Market Risk**

Kiddifund has identified all parents who want to invest for their children's financial future as its primary target market. The Fund's first time investors constitute the secondary market. There is the risk that members of the primary market may either have insufficient funds or interest in the scheme to make it a success. The Board of Directors of the fund guarantees an initial minimum subscription of one hundred thousand Ghana Cedis (GH¢100, 000). In the event that after the closure of the Initial Public Offering the minimum subscription is not raised the directors guarantee to purchase from the Manager to make up for the short fall between the amount raised and the guarantee minimum subscription. This sufficiently ensures that the Offer would be a success.

## **6. GENERAL AND ADDITIONAL INFORMATION**

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### **6.1 Publication of Reports**

The annual and half-year accounts and reports will be published before the expiry of four months and two months respectively after the end of the accounting period for a full and half-year. Annual and half-yearly accounts and reports will be mailed electronically to shareholders at their registered addresses.

### **6.2 Inspection of Constitution and Reports of the Fund**

Copies of the constitution of the scheme, any amending instrument to the constitution and the recent annual and half-yearly reports may be inspected and obtained from the Manager's Head office which is

**EDC Investments Limited**  
**#5, 2<sup>nd</sup> Ridge Link,**  
**North Ridge,**  
**Accra**

### **6.3 Complaints Procedure**

1. The Manager 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.

### **6.4 Guaranteed Minimum Initial Subscription**

The Board of Directors of the fund guarantees an initial minimum subscription of one hundred thousand Ghana Cedis (GH¢100, 000). In the event that after the closure of the Initial Public Offering the minimum subscription is not raised the directors guarantee to purchase from the Manager to make up for the short fall between the amount raised and the guaranteed minimum subscription.

## **6.5 Regular Investment Plan**

This is a purchase plan that allows an investor to make payments to the Manager on periodic basis to purchase shares in the Fund. The minimum value of subscription to the Regular Purchase Plan shall be a minimum of GH¢5 and may be transferred automatically from a bank account on a periodic basis to the Manager for investment in the fund by the shareholder. The Fund may alter or terminate this arrangement at any time. Investors are to contact the Manager for further information about this service.

The Regular Purchase Plan may also be done by cash payment to the Manager or the designated Agents of the Manager.

## **6.6 Investment Account**

The Manager shall maintain an Investment Account for every shareholder and send a statement on the account to the shareholder at least once a year. The statement will show activities in the account since the preceding statement, if any. Shareholders will receive separate confirmations for each purchase or sale transactions other than automatic investment purchases and the reinvestment of income dividends.

## **6.7 Benefits of investing in the Fund**

Investment in shares of the Fund potentially offers several benefits. Many investors, particularly individuals, lack the information or capability to invest in a variety of high capital appreciating and income earning securities. This Fund could significantly address this by changing the characteristics of the investor's portfolio in terms of risk diversification, liquidity and high returns. The Fund offers investors the possibility of obtaining capital appreciation through strong portfolio of assets.

## **6.8 Material Contracts**

The contract entered into by the Fund which is considered material for the purpose of this issue is the Custodian Agreement dated 9<sup>th</sup> January 2012 between the Fund and Stanbic Bank Ghana Limited and the Fund Management Agreement dated 28<sup>th</sup> December 2011 between the Fund and the Fund Manager.

## **6.9 Claims and Pending Litigations**

There are no existing claims or pending litigations on the assets of the Fund.

## **6.10 Issue Costs**

All the expenses related to the making of this offer for subscription, including fees payable to the regulatory authorities, shall be paid from the assets of the scheme.

## **6.11 Meetings, attendance and voting**

- (1) The investors of the scheme 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 meetings 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 the Custodian made in writing, convene a meeting of the investors within thirty days of the date of request.
- (3) The Manager may attend any meeting of investors but the Manager is not entitled to vote or be counted for quorum in its capacity as the Manager.

#### **6.12 Shareholder Services**

The Fund may offer a number of shareholder services and plans designed to facilitate investment in shares of the Fund. Full details as to each of such services and plans may be obtained from the Manager. These services shall be free of charge.

#### **6.13 Documentation for Inspection**

Copies of the following documents may be inspected at the offices of the Manager

- i. Regulations of the Kiddifund Mutual Fund Limited
- ii. Certificate of Incorporation of the Kiddifund Mutual Fund Limited
- iii. Audited Statement of Affairs of the fund.
- iv. Custodian Agreement between Kiddifund Mutual Fund Limited and Stanbic Bank Ghana Limited.
- v. Fund Management Agreement between Kiddifund Mutual Fund Limited and EDC Investments Limited
- vi. Certificate to Commence Business

## **7. KIDDIFUND LIFE POLICY**

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Kiddifund has a Life Assurance Cover which is optional to shareholders.

Shareholders who opt for the life cover would be assured of adequate financial package for the child in case the parent or guardian passes away or becomes permanently disabled and does not cover the death of a child.

### **7.1 Cover Type**

The insurance pays out only when there is;

- i. Death or
- ii. Permanent Disability of the Principal Assured that is Parent or Guardian of a Child
- iii. Covers only one parent or guardian at a time

### **7.2 Sum Assured**

The Sum Assured on this cover is Four Thousand Two Hundred Ghana Cedis (GHC4,200) and is calculated on reducing balance basis. This means that as the contributions into the Kiddifund account increases, the risk cover decreases. The cover at any time is the difference between the sum assured and the total amount deposited in Kiddifund. E.g. If the Kiddifund deposit accumulated at the time of claim is GHC 1,200, Insurance will pay the difference between GHC 4,200 and GHC 1, 200 i.e. GHC 3,000.00.

### **7.3 Duration of Cover**

The life cover will have a maximum duration of Ten years (10 years). The account holder may decide to continue the life policy after the 10 year period especially when the funds in the KIDDIFUND account is not up to GHC 4,200.00.

### **7.4 Cash Value**

The life assurance package has no cash value and hence cannot be surrendered for cash.

### **7.5 Premium Rating (Death & Disability)**

An annual flat rate of 1.5% of the cover (difference between sum assured and total deposits) will be used to calculate premiums for ease of administration.

### **7.6 Premiums**

A monthly premium will be charged based on the flat rate provided in 7.5 above. The following calculation will therefore apply:

Monthly Premium = 1.5% \* (GHC 4,200 – total deposit)/12 months  
GHC 63.00/12 Months=GHC 5.25

For instance, for a monthly deposit of say, GHS100 the following calculation will apply for the first and second months:

**1<sup>st</sup> or initial month:**

$$1.5\% * (4,200 - 0)/12 = \text{GHS}5.25$$

**2<sup>nd</sup> month:**

$$1.5\% * (4,200 - 100)/12 = \text{GHS}5.13$$

### **7.7 Waiting Period**

In view of the fact that no medical underwriting is required, a Three (3) Months waiting period is required during which time a claim arising out of Natural Death would not be paid. However, claims would be paid if the death is as a result of an accident..

### **7.8 Lapse period**

This policy lapses if both contributions into the Kiddifund mutual fund and insurance premium are not paid for three consecutive months.

However, there is a grace period of three (3) months from the lapse month during which the client can reinstate the policy with an agreed interest rate on the outstanding premiums.

No claim would be paid during the lapsed period.

### **7.9 Eligibility criteria**

- I. Policy holder or parent should be between 18years and 65 years
- II. Applicant should also be a Kiddifund applicant and must have intension to contribute on regular monthly basis

### **7.10 Exclusions**

- i. Dormant accounts don't receive any benefit
- ii. From engaging in aviation other than as a fare-paying passenger on a regular recognized air route
- iii. From suicide within (2) years of the date of commencement of the policy or intentional Self-Injury
- iv. Alcohol/drugs except on prescription by registered doctor
- v. Engagement in riot/civil commotion or unlawful activities
- vi. Participation in military action
- vii. Elective/experimental/voluntary treatments
- viii. Abortion and childbirth complications
- ix. Hazardous pursuits

### **7.11 Termination of Cover**

This policy will automatically be terminated when the following happens:

- i. Kiddifund accumulated contribution reaches GHC4,200.00
- ii. The maximum duration of 10 years is attained
- iii. The maximum age of 65 years is attained.
- iv. The policy is allowed to lapse
- v. The insured dies
- vi. An investor withdraws all funds and closes Kiddifund investment account

### **7.12 Payment of Benefits**

Benefits will be paid into the beneficiary's Kiddifund account.

Benefits will be paid within 48 hours after all satisfactory documents are submitted and necessary checks are done.

### **7.13 Claims Procedure**

**The following documents should be submitted to the offices of StarLife Assurance Company Ltd for claims**

- I. Statement of account from EDC) Investments Ltd.
- II. Death Certificate in the event of natural or accidental death
- III. Medical Report indicating the cause of death
- IV. Police Report in the event of accidental death.

## 8. APPLICATION AND DISPATCH OF CONTRACT NOTE

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### 8.1 Application

Application must be made on the application form attached. Care must be taken to complete the form as wrongly completed form will be rejected.

Application for the shares now offered will open at GH¢0.10 per share. Application for the shares must be for a minimum of 100 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 spaces provided. An applicant should write his/her full name and address in the space provided. All other joint applications should provide their full names and addresses in the space provided. There must be a name of a child or children in whose name (s) the account is being held in trust

Each application should be forwarded together with cash or cheque for the full amount of the purchase price to any of the Receiving Agents listed below. Cheques and money orders must be crossed "**KIDDIFUNDMUTUAL FUND SHARE OFFER**" and made payable to the Receiving Agent with whom the application is lodged. All transfer charges if any, must be paid by the applicant by boldly endorsing and signing as commission to the drawer's account number. No application will be accepted unless this has been done. All cheques will be presented upon receipt and all applications in respect of which cheques returned unpaid will be rejected.

### 8.2 Dispatch of Contract Notes

The Directors of the Fund reserve the right to accept or reject any application. Application monies will be retained in a separate bank account by **Kiddifund MUTUAL FUND**, pending investment. Contract Notes for accepted applications will be sent by email or text 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 a designated bank account within 28 days of the offer, or after 28 days, interest will be paid at the prevailing Bank of Ghana Prime Rate.

### 8.3 Receiving Agents

Copies of the scheme particulars may be obtained free of charge from any Ecobank Branch and the office of the Fund Manager below:

**EDC Investments Limited**  
**#5, 2<sup>nd</sup> Ridge Link,**  
**North Ridge,**  
**Accra**

KIDDIFUND MUTUAL FUND

**APPLICATION FORM**

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Note: This form is required to apply for investments.

Please send the completed form to:

**EDC Investments Limited**

**#5, 2<sup>nd</sup> Ridge Link,**

**North Ridge,**

**Accra**

P.M.B., Accra, Ghana