



**Merban  
Fund**

## PROSPECTUS

Initial Public Offer  
2,000,000 shares  
valued at GHC 0.10 per share

Offer opens: 24 September 2013  
Offer ends: 22 October 2013

**MANAGER** : Merban Investment Holdings Limited  
**CUSTODIAN** : Stanbic Bank Ghana Limited  
**RECEIVING AGENT** : Merchant Bank Ghana Limited  
**DISTRIBUTION AGENT** : Merban Stockbrokers Limited



**MERBAN  
INVESTMENT  
HOLDINGS LIMITED**



**MERCHANT**

*My Bank, My Way.*

# MERBAN INVESTMENT HOLDINGS LIMITED

(A wholly-owned Subsidiary of Merchant Bank (Ghana) Limited)

## PROSPECTUS

OFFER FOR SUBSCRIPTION OF SHARES

IN

MERBAN FUND LIMITED

(A Licensed Mutual Fund)

At

GH¢0.10 per share  
Payable in full on Application

## DISCLAIMER

This Prospectus has been seen and approved by us the Directors of the Issuer and we collectively and individually accept full responsibility for the accuracy of the information given and that after making all reasonable inquiries and to the best of our knowledge and belief there are no facts; the omission of which would make any statement in the document referred to above misleading.

A copy of this Prospectus has been delivered to the Registrar of Companies, Ghana, for filing. The Registrar has not checked and will not check the accuracy of any statements made and accepts no responsibility therefore or for the financial soundness of the issuer or the value of the securities concerned.

This Prospectus has been reviewed and approved by the Securities and Exchange Commission in accordance with Section 9 of the Securities Industry Law, 1993 (PNDCL 333) as amended. In its review, the Commission examined the contents of the prospectus to ensure that adequate disclosures have been made. To ascertain the financial soundness or value of the securities on offer, investors are advised to consult a dealer, investment advisor or other professional for appropriate advice.

Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objective of the Scheme will be achieved. As with any investment in securities, the NAV of the shares issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor/Mutual Fund is not indicative of the future performance of the Scheme.

The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution towards the setting up of the Mutual Fund and such other accretions and additions to the corpus.

The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The Mutual Fund is not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend distributions are subject to the availability of distributable surplus in the Scheme.

For details of scheme features and for scheme specific risk factors, please refer to the Scheme Information Document.

## IMPORTANT INFORMATION

If you are in doubt as to what action you should take, it is recommended that you review this Prospectus thoroughly and seek independent financial advice, where appropriate, from your accountant, solicitor or other independent financial advisor, in order to reach a balanced judgement in respect of this Offer.

The distribution of this document and the offering of the Shares in certain jurisdictions outside of Ghana may be restricted by law; persons into whose possession this document comes are required by the Manager to inform themselves about, or observe any such restrictions. This document does not constitute an offer, and may not be used for the purpose of an offer to, or solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The shares are offered on the basis of the information and representations contained in this Offer document and other documents referred to herein. Any further information given or representations made by any person may not be relied upon as having been authorised by the Promoters, the Custodian or the Manager.

Persons interested in acquiring shares should inform themselves as to:

- (1) Any foreign exchange restrictions or exchange control requirements, which they might encounter on the acquisition of shares.*
- (2) The income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of shares.*
- (3) The details of the Custodian Agreement and the supplemental deed governing the MERBAN FUND can be inspected at the company's registered office.*

**N/B: THE VALUE OF SHARES AND INCOME FROM THE FUND CAN FALL AS WELL AS RISE.**

Merban Investment Holdings Limited  
(A wholly-owned subsidiary of Merchant Bank Ghana Ltd.)

Offers for Subscription and are authorised to receive applications for Unlimited number of Shares at GH¢0.10 per share in the

Merban Fund  
(Authorised and Registered in Ghana as a Mutual Fund)

Payable in full on Application

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## 3. Definition of Terms

### **Application Form**

The application form attached hereto.

### **BOG**

Bank of Ghana.

### **Bid Price**

The price an investor will receive for one share on redemption.

### **Business Day**

Monday to Friday excluding any day designated by the Government of Ghana as a public holiday.

### **Closing Date**

The date that the Application for the Offer closes and this is October 22, 2013.

### **Code**

Companies Act of 1963, (Act 179).

### **Continuous Offer**

Offer of the Merban Fund shares after closing of the initial offer.

### **Custodian**

Stanbic Bank Ghana Ltd.

### **The Directors**

Board of Directors of Merban Fund Limited.

### **The Fund Manager or The Manager**

Merban Investment Holdings Limited (MIHL).

### **GSE**

Ghana Stock Exchange.

### **GOG**

The Government of Ghana.

### **Merban Fund or The Fund**

The Merban Fund.

### **The Offer**

The Offer of shares of the Merban Fund to the general public within the Offer Period.

**Offer Period**

The period between the opening and the closing dates of Application as approved by the Securities and Exchange Commission. The Initial offer will last for 21 working days.

**Offer Price**

The price an investor will pay for one share when subscribing to the Fund after the initial subscription period.

**Opening Date**

The date that the Application for the Offer opens and this is September 24, 2013.

**Payment Date**

The date on which distributable income from the Fund shall be paid into the accounts of Shareholders.

**Receiving Agents**

All branches, agencies and offices of Merchant Bank (Ghana) Limited.

**Receiving Bank**

The Bank designated to receive subscription monies, which is Merchant Bank (Ghana) Limited.

**Registrars**

Merchant Bank (Ghana) Limited Registrar Services.

**The Scheme**

Merban Fund.

**SEC or The Commission**

Securities and Exchange Commission of Ghana.

**Shareholder or Investor**

Any holder of the shares of the Merban Fund.

**Sponsor & Administrator**

Merban Investment Holdings Limited.

**Subscription Period**

The period within which the Application for the Offer will remain open to the public.

**Subscription Price**

The price at which a share of the Fund will be offered to the public during the Offer Period.

**Valuation Day**

The Assets of the Fund shall be valued at the close of business on every trading day on the Ghana Stock Exchange.



## 4. Offer Timetable

<b>EVENT</b>	<b>DATE</b>
Offer Opens	September 24, 2013
Offer closes	October 22, 2013
Receiving Agents make returns to the Registrars	October 29, 2013
Reporting of Offer results to the 'SEC'	November 5, 2013
Registrar to submit allotment schedules	November 12, 2013
Pay net proceeds of Offer to the Fund Manager	November 19, 2013
Issue and Distribution of Share Certificates Commence	November 26, 2013
Final Dispatch of Share Certificates	December 3, 2013
Continuous Offer Period Begins	December 10, 2013

## 5. Advisors to the Offer

### **Lead Advisor**

Merban Investment Holdings Limited  
57 Examination Loop  
North Ridge  
P. O. Box GP 401  
Accra

Mr. Manfred Kafui Bressey (Project Lead Advisor)  
Mr. Patrick Buckor (Project Advisor)  
Mr. Kojo Nkwantabisa (Project Advisor)  
Mr. Kwadwo Gyeni Sampong (Project Advisor)

### **Legal Advisor**

Mrs. Naa Shormeh Gyang  
Merchant Bank (Ghana) Limited  
P. O. Box GP 401  
Accra

### **Fund Managers**

Mr. Patrick Buckor  
Mr. Kojo Nkwantabisa

### **Distribution Agents**

Merban Investment Holdings Limited  
57 Examination Loop  
North Ridge  
P.O. Box GP401  
Accra.

Merban Stockbrokers Limited

### **Receiving Bank**

Merchant Bank (Ghana) Limited  
P.O. Box GP 401  
Accra

## 6. Summary of the Offer

The following information should be read with the full text to this Prospectus, from which it was derived.

### **Managing Sponsors:**

The Fund is sponsored, managed and administered by Merban Investment Holdings Limited ("MIHL"). MIHL is licensed by the Securities and Exchange Commission, with over 37 years experience in Fund management.

### **Custodian to the Fund:**

Stanbic Bank Ghana Limited.

### **Initial Offer Price:**

GH¢0.10 per Share.

### **Minimum Subscription:**

100 Shares and in multiples of 50 shares thereafter.

### **Subscription Method:**

Directly in person or banker's drafts or direct cash lodgements with receiving agents as specified in the Offer document.

### **Payment Terms:**

In full on application.

### **Nature of the Fund:**

The Merban Fund is an open-ended mutual fund scheme. After the Offer period, which will last for a period of 21 working days, additional shares in the Fund will be created and purchased on demand by subscribers on an on-going basis at a price computed in accordance with the SEC approved basis of offer price computation. The Fund is a legal entity incorporated as a public company limited by shares under the Companies Act, 1963, (Act 179). The Fund is managed under the control and supervision of a Board of Directors. The Board of Directors has appointed a fund manager through the execution of a fund management agreement. The Custodian, who shall be vested with all the assets of the Fund, is mandated by the Law and the Regulations to protect the interest of investors.

### **Investment Objective:**

The Merban Fund is an open-ended mutual fund which is aimed at mobilising funds for investment in money market instruments, listed equities, and other regulated financial instruments.

**Target Investors:**

The Fund is targeted at individuals, companies, societies, pension funds and provident funds, churches, educational institutions, irrespective of nationality.

**Valuation of Shares:**

The assets of the Fund shall be valued at the close of business on every trading day on the Ghana stock Exchange. The price per share shall be computed by dividing the value of the securities held by the Fund plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses) divided by the total number of outstanding shares at such time. Expenses including the fees payable to the Manager are accrued daily.

**Redemption Method:**

Investors seeking to redeem all or any part of their interest can do so by giving notice in writing to the Managers of the Fund. Investors' holdings will be redeemed by the Fund at the prevailing share price at the time of redemption.

**Mandatory Subscription:**

As required under the Unit Trusts and Mutual Funds Regulations, 2001, (L.I 1695) the Sponsor of The Fund shall subscribe a minimum of five percent (5%) of the minimum initial subscription as required by regulation 7(4) of L.I. 1695.

## 7. The Manager, Custodian and other Parties

Name of Manager:	Merban Investment Holdings Limited
Country of Incorporation:	Ghana
Registration Number:	8448
Nature of Corporation :	Limited Liability Company
Principal Place of Business:	57 Examination Loop, North Ridge, Accra
Cessation of Corporate Status:	When the company is liquidated
Name of Ultimate Holding Co.:	Merchant Bank (Ghana) Limited
Country of Incorporation:	Ghana

### 7.1 DIRECTORS OF THE MANAGER

Mrs. Mona Quartey  
Director-Merban Investment Holdings Limited  
P. O. Box 401  
Accra

Mr. Samuel A.K. Acquaye  
Director-Merban Investment Holdings Limited  
P. O. Box 401  
Accra.

Mr. Joseph Tetteh  
Director – Merban Investment Holdings Limited  
P. O. Box 401  
Accra.

### 7.2 DIRECTORS OF THE FUND:

Mr. Kwame Afriyie Poku  
Merchant Bank (Ghana) Limited.  
P. O. Box 401  
Accra.

Mr. Emmanuel Afari  
Merchant Bank (Ghana) Limited  
P. O. Box 401  
Accra

Mr. Felix Anyinsah  
Merchant Bank (Ghana) Limited  
P. O. Box 401  
Accra.

### **7.3 OTHER PROFESSIONAL PARTIES**

#### **Issuing House:**

Merban Investment Holdings Limited  
57 Examination Loop  
North Ridge, Accra.  
P. O. Box 401  
Accra.

#### **Custodian to the Fund:**

Stanbic Bank Ghana Limited  
Valco Trust House, Castle Road, Ridge, Accra  
P. O. Box CT 2344  
Cantonments, Accra.

#### **Solicitor to the Fund:**

Mrs. Naa Shormeh Gyang  
Merchant Bank Ghana Limited  
P. O. Box 401  
Accra

#### **Auditors to the Fund:**

Pannell Kerr Forster  
P. O. Box 1219  
Accra

#### **Transfer Agent to the Fund**

Merban Investment Holdings Limited  
57 Examination Loop  
North Ridge, Accra

## 8. The Merban Fund

### 8.1 THE FUND

Merban Fund is an authorised open-ended Mutual Fund sponsored by Merban Investment Holdings Limited.

Merban Fund is an investment vehicle established in Ghana, which has as its objective to mobilise funds for investment in well selected money market instruments, equities listed on the Ghana Stock Exchange, and other instruments by way of a collective investment scheme. The strength of this vehicle lies in the large number of individual investors who together can provide the necessary funds to enable investment in money market instruments, listed and unlisted equities as well as other ventures, which typically involve high capital outlay, with the possibility of high earnings.

The investment capital of the Fund is to be made up of the subscriptions of shares of the Fund by investors. Being an open-ended fund, shares therein shall be created, offered and redeemed, on an on-going basis throughout the life of the Fund. The price at which the shares will be offered and redeemed will be determined by the Net Asset Value of the Fund and, specifically will reflect such proportion of the Net Asset Value of the Fund as is attributable to each existing share in the Fund as at the time of each creation or redemption. The determination of Net Asset Value, creation, valuation and redemption of shares are detailed in the sections that follow.

There will be an Offer period during which shares will be purchased at GH¢0.10 (Ten Ghana Pesewas) per share by investors. The minimum subscription for success is GH¢200,000.00 (Two hundred thousand Ghana cedis). The initial Offer period lasts for 21 working days. The Offer opens on September 24, 2013 and will close on October 22, 2013.

The Fund is a legal entity constituted under the Companies Act of 1963, (Act 179). Subject to such powers and provisions in favour of investors in the Fund as is contained in the Regulations of the Company, the interest of investors shall be protected by the Custodian, who shall be vested with, and stand possessed of, the assets of the Fund and any income thereon.

The Fund's principal place of business is at, 57 Examination Loop, North Ridge, Accra. Merban Investment Holdings Limited being duly licensed with the Securities and Exchange Commission as Fund Managers and Investment Advisors with over 37 years experience in fund management will provide Fund Management and Administration Services and will provide all investment advisory services required.

The Merban Fund consists of an unlimited number of shares of beneficial interest at an initial cost of Ten Ghana Pesewas (GH¢0.10) per share.

## 8.2 INVESTMENT OBJECTIVES

The primary investment objective of the Fund is to seek growth and create value for shareholders by investing in the following areas:

### (i) Investment in Listed Securities

Investment in well selected equities on the Ghana stock market and on international stock exchanges in emerging markets with approval from the Securities and Exchange Commission.

### (ii) Investment in Unlisted Securities

A small proportion of the fund will also be invested in unlisted shares of companies with promising returns.

### (iii) Investment in Fixed Income Securities

Investments in fixed income securities such as Government of Ghana Treasury bills, fixed deposits, commercial papers, debenture stock and bonds issued by blue-chip companies as well as Government of Ghana bonds. The fund will also invest in well selected mutual fund and unit trust schemes.

### (iv) Viable Projects

Investments in shares issued by real estate companies and registered companies engaged in viable projects, which promise high returns. The Fund will invest in shares of companies engaged in the construction of offices, shopping malls, hotels etc.

The investment advisor will be responsible for determining the eligibility of assets to be held and will be expected to fully comply with investment policy guidelines approved by the Board of Directors of the Fund.

## 8.3 INVESTMENT POLICY

The Fund shall invest a minimum of 30% of its total assets in equity and equity-linked securities of public companies traded on the Ghana Stock Exchange and other regulated stock exchanges in emerging markets if the Directors and the Custodian deem it right and in the interest of the Fund and with the approval of the Securities and Exchange Commission. However, the investment shall not exceed 10% of the Net Assets in a single company at the time that such investment is made. The Fund shall also invest a minimum of 30% of its total assets in money market instruments and shall keep a minimum of 5% of its Fund value in cash or such other liquid security, as the Manager shall determine. This is to ensure that there is adequate liquidity to meet redemption requests at any point in time.



The portfolio of the Fund shall be composed of the following:

*Table 1: Asset Allocation*

<b>Asset Class</b>	<b>Min</b>	<b>Max</b>
Equities	30%	70%
Money Market Instruments	30%	70%
Cash/Near Cash	5%	10%

It is worth mentioning that the Manager's fee shall not exceed 2.5% of the total value of the Fund.

#### **8.4 BASE CURRENCY**

The base currency of the Fund is the Ghana cedi.

#### **8.5 MANAGEMENT OF THE FUND**

Merban Investment Holdings Limited (MIHL) will act as the Manager of the Fund and will provide investment management and advisory services to the Fund. MIHL is a wholly-owned subsidiary of Merchant Bank (Ghana) Limited, a leading Universal Bank in Ghana. MIHL has over 37 years experience in fund management and is licensed by the Securities and Exchange Commission as a Fund Managers. Currently MIHL manages funds in excess of GH¢180 million on behalf of provident and pension funds, foundations, churches, individuals etc.

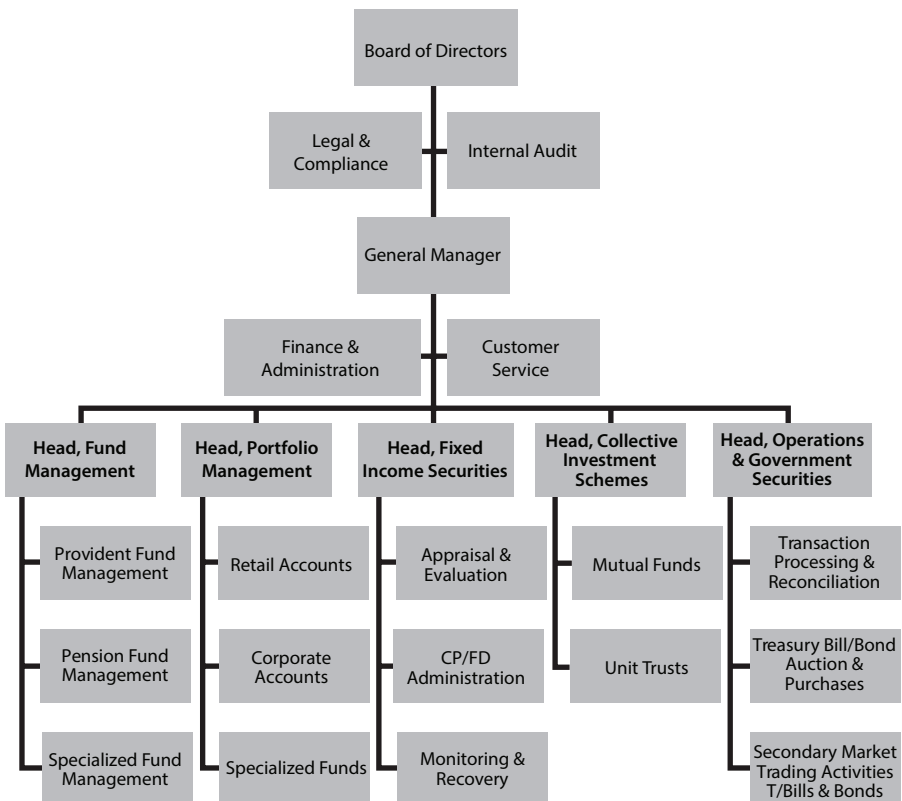
The Fund has entered into an investment advisory and management agreement with the Manager (MIHL). Under this agreement the Manager is obligated to provide management and administrative services. The Manager will receive for its services, management fee of 1.5% and administration fee of 1% of the value of the Fund.

The management of the Fund will be based on sound research analysis of both the capital and money markets as well as other sectors of the economy where the Fund is mandated to invest. The Fund Manager will have a 7-member investment committee who will provide broad investment framework for the fund and also offer guidance to the fund manager at all times. The buying, selling or holding of a particular security will rest with the Manager subject to the review and approval of the Investment Committee.

### Directors of the manager

Name	Position	Other Affiliations	Occupation
Mrs. Mona Quartey	Non-Executive Director	Partner - BVM Advisory Services	Consultant
Mr Joseph Tetteh	Managing Director	Merchant Bank (Gh) Ltd	Chartered Banker
Mr. Samuel A.K. Acquaye	Executive Director	Merchant Bank (Gh) Ltd	Chartered Accountant

### MIHL ORGANISATIONAL CHART



## 8.6 INVESTMENT STRATEGY

- Invest in high earning and carefully selected money market instruments
- Invest in shares of high growth and strategic sectors of the economy and equity linked projects.
- Seek growth in periods of rising markets and to preserve capital in periods of market decline and uncertainty.
- Offer a well diversified blend of securities to the Fund in such a way that the Fund's portfolio will be well cushioned to withstand any market volatility.
- Periodically review and modify investments and investment strategies as market conditions change.

## 8.7 TARGET INVESTORS

The Merban Fund is open to individuals, companies, societies, pension funds, and provident funds, irrespective of nationality. The Fund is targeted at the following classes of investors:

- (i) Ghanaian citizens and institutions (including those based abroad).
- (ii) Foreigners and foreign institutions (including those based in Ghana)
- (iii) Associations, companies and investment clubs
- (iv) Religious organisations and educational institutions
- (v) Pension Funds

In the case of foreigners and non- resident shareholders, the Fund Manager through the parent company, Merchant Bank (Ghana) Limited, will facilitate the ease of remittance, as well as repatriation of funds according to shareholders' instructions. All charges incurred during remittances shall be borne by the shareholder.

## 8.8 TAX INCENTIVE

The Merban Fund is designed and structured to take full advantage of the tax incentives provided by the Internal Revenue Act 2000 (Act 592) as amended to Mutual Funds and Unit Trusts which offers investors an opportunity to maximise their returns in the Fund.

These include:

- I. Capital gains tax exemption for capital gains on the sale of shares listed on the Ghana Stock Exchange.
- II. Exemption from taxation of interest/dividends or any income of mutual funds.
- III. The exemption from taxation of dividends or interest income distributed by mutual funds to its share holders

However, since tax laws are subject to change, it is impossible for the Manager to guarantee investor's current or future income after tax under the Fund.

## 8.9 INVESTMENT DISCRETION

Investments of the Fund will be undertaken at the discretion of the Fund Manager acting in accordance with the Fund's stated objectives, policies and restrictions as approved by the Board of Directors.

Within these limits, the Fund Manager will be responsible for all decisions regarding investment strategies, types, amounts and timing of investments to be undertaken by the Fund.

## 8.10 INVESTMENT RESTRICTIONS

The Fund Manager shall observe the following restrictions in accordance with the Fund's policies and in line with market condition;

- The Fund shall not invest in commodities, futures or options,
- The Fund shall not invest more than 10% of its total net assets in any type of real estate other than the securities of real estate companies or companies that have engaged in real estate investment activities,
- The Fund shall not invest more than 25% of the net asset value of the scheme in securities issued by a single issuer,
- The Fund shall not invest more than 10% of the net asset value of the scheme in any particular class of securities,
- The Fund shall not invest more than 10% of the net asset value of the scheme in any other collective investment schemes,
- The Fund shall not invest more than 15% of the total net asset value of the scheme in securities not listed or quoted on an authorised stock exchange,
- The Fund shall not 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,
- The Fund shall not make any investment that will result in the Manager, Custodian or the scheme gaining management control of a company in which the investment has been made,
- The Fund shall not make short sales of securities or maintain a short position,
- The Fund shall not acquire any securities which are unpaid or partly-paid for
- The Fund shall not 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,
- The Fund shall not enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of any investment or
- Invest in any securities of a class in a company or other body if any officer or collectively, officers of the Manager of the scheme own more than 5% of the total nominal amount of the securities of that class issued by the company or body.

However, changes in prices of securities or properties may result in the above restrictions being affected. The fund manager will take immediate steps to correct any breaches to the investment restrictions brought about by changes in prices of securities.

### **8.11 HEDGING TRANSACTION OF THE FUND**

The Fund Manager shall not engage in any hedging transactions or borrowing on behalf of the Fund for the purpose of acquiring securities or properties unless approved by the Board of Directors of the Fund. However, borrowing may be done for the purpose of ensuring liquidity, if the need arises. This may not be more than 10% of the total net assets of the Fund.

### **8.12 LIQUIDITY OF THE FUND**

- The Manager of the Merban Fund will at all times maintain prudent levels of liquidity.
- The Fund, for liquidity purposes, will invest a maximum of 10% of its Net Assets in short term securities or near cash investments.

### **8.13 WINDING UP OF THE FUND**

The Fund will be wound up in accordance with the Companies Act of Ghana, 1963 (Act 179).

### **8.14 ACCOUNTING DATE**

The interim and annual accounting dates of the Fund shall be the 30th day of June and 31st day of December in every year.

## 9. The Characteristics Of Interest In The Scheme

Investors' interest in the Fund will be shares which will have same and equal rights. Shareholders are entitled to participate in the properties of the Fund in proportion of their respective holdings, that is, shares.

### 9.1 SHARE CERTIFICATE

Certificates of interest shall be issued to investors within 5 working days after payment of interest. However, receipt issued for cash/cheque payment can be used as evidence of title should the delivery of the certificate delay.

### 9.2 VOTING RIGHTS

Each share is entitled to one voting right at a meeting of investors.

### 9.3 DIVIDEND

A shareholder will be entitled to dividends if the financial performance of the Fund supports the payment of such dividend. This will be recommended by the Board of Directors and approved by shareholders at a general meeting.

### 9.4 MINIMUM INVESTMENT

The minimum number of shares an investor may hold is 100 initially priced at GH¢0.10 per share (valued at GH¢10) and thereafter in multiple of 50 shares. If a shareholder reduces his or her total investment in the Fund to less than GH¢10, the investment will be subject to mandatory redemption.

## 10. Valuation Of Properties, Charges, Distribution And Fees

### 10.1 DETERMINATION OF NET ASSETS VALUE (PRICE)

The Assets of the Fund shall be valued at the close of business on every trading day on the Ghana Stock Exchange.

The price per share shall be the Net Asset Value per share (Fund's Assets less Liabilities divided by the shares outstanding).

In valuing the assets, the following shall be considered:-

1. Listed or quoted securities shall be valued at the most recent closing pricing on the Stock Exchange.
2. Over the counter (OTC) securities shall be valued at the average of current bid and offer prices.
3. Unquoted fixed income securities shall be valued at historical cost plus accrued interest to date.
4. Private companies' shares shall be valued at historical cost or fair market value as will be determined by the analyst advising the Manager at a rate not above or below 10% of the book value.

The first valuation of the Fund's assets shall be done on the last working day of the week following the ending of the Initial Public Offer (IPO).

Shares purchased during the IPO shall be at a fixed price and no fee will be charged for the purchase.

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.

### 10.2 REMUNERATION CHARGEABLE TO THE FUND

Remuneration payable to the Manager and the Custodian shall be based on the net value of the Fund's assets.

### 10.3 MANAGER'S FEES

The Manager shall be entitled to receive annual Management fee of 1.5% and Administration Fee of 1% of the value of the property of the Fund. This fee is payable annually in arrears.

The fee structure shall be valid for a period of 24 months and shall be subject to review after every period of 24 months.

The Management Fee shall be payable out of the value of the property of the Fund. In the event that the Fund's income is insufficient, the balance will be carried forward as a cumulative charge against subsequent income.

Any indirect tax chargeable in respect of services provided by the Manager in consideration of the periodic charge shall be paid out of the property of the Fund.

### 10.4 CUSTODIAN'S FEE

The Custodian is entitled to receive annual custodian fee of 0.38% of the value of the property for its services, which together with any indirect taxation, shall be paid out of the net assets value of the Fund. Such remuneration shall consist of a periodic charge calculated in accordance with sub-clauses (b) and (c) below

- (a) Subject as stated herein, the period charge payable to the Custodian shall be calculated in respect of successive calendar quarterly periods ("Payment Periods") EXCEPT 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 month 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.
- (b) The amount of the periodic charge for each such Payment Period shall be calculated as such percentage (as the Directors of the Fund and the Custodian shall, in their discretion, from time-to-time agree) of the value of the property of the Fund divided by 365 (or, in a leap year, 366) and multiplied by the number of days (including fractions of a day) comprised in the relevant Payment Period;
- (c) For the purposes of calculating the Custodian's periodic charge in respect of any Payment Period, the value of the property of the Fund shall be determined by striking an arithmetic average of the bid basis and the offer basis of the valuation point. The relevant point shall be the most recent point to have occurred; and
- (d) The calculation of the remuneration to which the Custodian is entitled shall be made without taking into account any indirect taxation in respect thereof.



- (e) Any amount of remuneration payable to the Custodian calculated under sub-Regulation (c) above in respect of any month 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 month ends;
- (f) The custodian shall be entitled to receive out of the property of the fund annual fees as set forth above which fees shall be deemed all-inclusive and in lieu of any compensation, payment or reimbursement of the custodian in performing its obligations.

## **10.5 OTHER REMUNERATION**

- (a) The Manager shall make payment to the Directors as well as Auditors, Registrars and other Professionals by way of remuneration for their services out of the property of the Fund. The Manager is also entitled to make payment by way of contributions to the expenses of any other regulatory bodies.
- (b) The Manager is entitled to meet costs incurred in connection with the production of certificates of title, distribution of clients' statements, financial statements and other materials, and the mailing of these items out of the Fund.
- (b) The Manager is entitled to meet the costs incurred in organising Annual General Meetings, cost of furnishing annual financial statements to shareholders, legal and accounting expenses, etc out of the Fund.

# 11. The Issuing And Redemption Of Shares In The Scheme

All shares shall be issued or redeemed at the last published price on the date of receipt of the request.

Investors may purchase shares on any business day by filling an application form accompanying this Prospectus at Merchant Bank Ghana offices and branches or any authorised agent mentioned in the prospectus.

## 11.1 REDEMPTION OF SHARES

Investors seeking to redeem all or part of their shares can do so by filling a standard form and subsequently handing over their certificate(s) to the Manager.

The redemption price will be the last published price on the date of receipt of the request except that redemptions on any trading day of any organised stock market on which any of the securities held by the Fund is traded shall be at the next published price. Such a request will be satisfied on a first come first serve basis.

A shareholder cannot redeem shares in an amount that will leave the shareholder with less than 100 shares or a lesser number prescribed by the Manager.

The table below specifies the graduated incentives the Fund will put in place for investors who keep their investment in the Fund beyond 1 year.

*Table 2: Redemption Fees*

Years	Redemption Fees
1	3%
2	2%
3	1.50%
4	1%
5 and beyond	0%

## 11.2 PUBLICATION OF PRICES

The Manager shall publish the Fund's share price on every business day at the registered office of the Manager, on the Manager's website, other websites and regularly in the Daily Graphic or any other newspaper of national circulation.

## 11.3 INVESTMENT RISK

The objective of the Fund is to seek growth and to create value for its shareholders (Investors); however there are factors beyond the control of the Manager that can influence the achievement of the above objective.

### a) **Macro Economic Factors**

The value of the Fund shall be subjected to the effect of interest rate changes, exchange rate fluctuations, inflation and all adverse changes in the economic environment.

### b) **Stock Market Volatility/Liquidity**

Stock markets all over the world have bear/bull runs. Changes in the economy may either impact positively or negatively on stock market performance and hence price changes, which affects portfolio values.

Investors also need to know that lack of liquidity on the market may have adverse effect on the securities pricing and which would impact the Fund's portfolio.

### c) **Performance of Listed Company**

A combination effect of inflation and depreciation of the Ghana cedi may affect the profitability of companies making them less attractive and hence impacting on their share prices.

## 11.4 SUSPENSION OF DEALINGS

The Manager may, with the approval of the Board of Directors of the Fund suspend all dealings in the Fund during:

- (i) Any period when the stock exchange on which any investments that forms a part of the assets of the Fund at that period are listed, is closed or when dealings on the exchange is restricted or suspended.
- (ii) The existence of 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.

- (iii) Any breakdown in communication normally employed in determining the value of any investment of the scheme or the current price on the GSE or when, for any reason, the value of investments of the scheme cannot be promptly and accurately ascertained.
- (iv) Any period when remittance of money, which shall or may be involved in the realisation of the investment of the scheme or in the payment for investments cannot be carried out.

Any such suspension shall be published by the Fund in such a manner, as it may deem appropriate to the persons likely to be affected thereby and shall be notified immediately to the Securities and Exchange Commission.

## 12. GENERAL INFORMATION

### 12.1 REPORTS

The Fund shall publish unaudited half year reports within two month after the end of that period each year (i.e. August) and an annual report within three months after the end of each year, i.e. by the end of March of the following year. Shareholders can also request personal valuation statements at the office of the Manager upon giving sufficient notice to the Manager.

Daily valuations of the Fund will be put in the public domain on daily basis using the Daily Graphic, Ghanaian Times or any other newspaper of national circulation. Half yearly reports on the performance of the Fund will be made available to shareholders by post or email to their addresses in the register of shareholders.

### 12.2 ANNUAL GENERAL MEETING

Annual General Meetings of shareholders will be held each year. The date for the meeting shall be determined by the Board of Directors and published in the newspapers. Copies of the notice for annual meetings will be sent to shareholders by post to their addresses as indicated in the register of shareholders.

### 12.3 INSPECTION OF DOCUMENTS

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

- i. The Regulations of Merban Investment Holdings Limited (the Managers)
- ii. The Custodian Agreement
- iii. The Regulations of the Fund
- iv. The Prospectus of the Fund
- v. Most recent annual report to the Fund

### 12.4 COMPLAINTS

Complaints regarding the operation of the Fund may be contained in a formal letter addressed to the Manager of the Fund. The complainant(s) may subsequently proceed to the Securities and Exchange Commission if the issues raised are not addressed to the satisfaction of the complainant within 30 days of making the complaint.

## 13. ADDITIONAL INFORMATION

### 13.1 CLAIMS AND PENDING LITIGATION

There are no penalties, claims or litigation now or within the knowledge of the Promoters, Manager and Custodian pending against the Fund.

### 13.2 EXCHANGE CONTROL AND OTHER GOVERNMENTAL APPROVALS

The Merban Fund Ltd does not have any exchange control or other governmental approvals outstanding.

### 13.3 CONSENTS

The following have given and not withdrawn their written consents to the mention of their names in the form and context in which they appear in this Scheme Document

- (1) Stanbic Bank Ghana Limited - Custodian of the Fund
- (2) Pannell Kerr Forster - Auditors of the Fund
- (3) Merban Stockbrokers Limited - Distribution Agent

### 13.4 ISSUE COSTS

All the expenses of making this offer for sale including fees payable to the regulatory authorities will be settled by the Manager.

## 14. PROCEDURE FOR APPLICATION

### 14.1 APPLICATION

Application must be made in accordance with the instructions set out below. Care must be taken to follow these instructions because applications which do not comply will be rejected.

Application for the shares now offered will open at GH¢0.10 per share on September 24, 2013 and close on October 22, 2013. Application for the shares must be for a minimum of 100 shares or an equivalent of GH¢10 minimum.

The number of shares for which the application is made and the amount of the cheque, payment order or cash attached should be entered in Part B (under Subscription Details) of the application form.

After completing Part A of the Individual Application Form, a single applicant should sign the Declaration in Part B of the application form and write his/her full name. For joint applications and applications In Trust For other individuals, the relevant boxes should be ticked as appropriate.

Corporate or institutional applicants should complete the Institutional Investor Application Form and stamp or affix seal, as appropriate, after signing the Declaration in Part B of the application form.

Each application should be forwarded together with a cheque, payment order or cash for the full amount for shares subscribed in the fund to any Merchant Bank branch.

Cheques and payment orders must be written in the name of Merban Fund; payable at all Merchant Bank branches.

Direct transfers may be made to the following account details net of all charges:

Account Name:	Merban Fund Collection Account
Account Number:	00001/01/012899/39
Bank:	Merchant Bank (Ghana) Limited
Branch:	Accra Main Branch

Kindly notify the Fund Manager on telephone numbers: +233 (0)302251132-4/ (0)289779801 or email: merban\_fund@merbangh.com with details of all direct transfers into the above account.

Applications in respect of which cheques are returned unpaid will be rejected.

## 14.2 RECEIVING BANK

Copies of the Prospectus and the official Application Forms may be obtained free of charge from the offices of the manager and branches of Merchant Bank (Ghana) Ltd.



## 15. FREQUENTLY ASKED QUESTIONS

### What is a Mutual Fund?

- A mutual fund in Ghana is a collective investment scheme registered as a company and licensed by the Securities and Exchanges and regulated by the Unit Trusts and Mutual Funds Regulations, 2001 (L.I. 1695). A mutual fund pools the subscription payments of its shareholders and invests the money on behalf of those investors through professional fund management services.

### What is an open-ended mutual fund?

- An open-ended mutual fund is a fund with no limits on the number of shares it can issue and therefore is able to issue and redeem as many shares as possible. Therefore investors can invest any amounts of money and as many times as possible in an open-ended mutual fund and be able to redeem them at any time desired.

### What is the Merban Fund?

- The Merban Fund is an open-ended mutual fund which has as its main objective; seeking growth and creating value for its shareholders by mobilising funds for investment in fixed income securities and shares of listed companies on the Ghana Stock Exchange as well as other stock exchanges in emerging markets.
- The Fund is sponsored and managed by the Merban Investment Holdings Limited (MIHL).

### How does the Merban Fund Operate?

- The Fund puts together savings from individuals, corporate organisations (including MIHL), religious groups, charities educational institutions etc. into a pool and invests such funds in line with the laid down investment policies and procedures.
- The minimum initial subscription is 100 shares or Ghana cedi equivalent of GH¢10 only and thereafter in multiples of 50 shares.

### How can I invest in the Fund?

- Cash, cheque payments, payment orders or direct transfers into the following Merban Fund account at all Merchant Bank branches nationwide.

Account Name :	Merban Fund Collection Account
Account Number :	00001/01/012899/39
Bank :	Merchant Bank (Ghana) Limited
Branch :	Accra Main Branch

- Standing orders (or Standing Instructions) from investor's bank accounts for monthly (or periodic) payments to the above Merban Fund account at all Merchant Bank branches nationwide.

### **Who will manage the fund?**

- The fund will be managed by Merban Investment Holdings Limited (MIHL). MIHL has over 37 years experience in fund management.

### **How are the funds invested?**

- The funds are invested mainly in a careful selection of fixed income securities and shares of companies listed on the Ghana Stock Exchange and other regulated financial markets with the approval of the Securities and Exchange Commission.
- Investments will be based on sound research analysis of the stock market to ensure that the Fund invests only in stocks that meet the investment criteria set out in the investment policies and procedures as approved by the Board of Directors.

### **Who decides where my money should be invested?**

- Investments of the Fund will be undertaken at the discretion of the Fund Manager acting in accordance with the fund's stated objectives, policies and restrictions as approved by the Board of Directors.
- The Fund Manager also acts in consultation with its Investment Committee

### **What type of returns can I make from my investment?**

- Investors will receive both capital gains and income as total return from investing in the Fund.
- All realised income earned on the Fund is accrued and declared for distribution (after deduction of expenses) at the end of each trading day.
- Much as capital gains and income increases shareholder value also increases; losses made by the fund will have an opposite effect.

### **How can I get out of the Fund completely or redeem all or part of my money?**

- Investors seeking to redeem all or part of their shares can do so by filling a standard withdrawal form, attach their certificate/advice slip and hand these over to the Manager for processing.
- Shares to the tune of the amount being withdrawn will be redeemed at the prevailing price as determined by the net asset value of the fund.
- Payment shall be made to investors who have requested redemption of their shares normally within a maximum of 5 working days.

- Where an investor wishes to redeem shares amounting to 3% or more of the net assets value of the Fund, the manager will have 10 working days to satisfy the request.

## **Why invest in the Merban Fund?**

There are several benefits to be derived from investing in the Merban Fund.

These include:

### **Experienced Fund Managers**

- Merban Investment Holdings Limited is the Manager of the Merban Fund. MIHL has over 37 years experience in fund management and currently manages assets in excess of GH¢180 million on behalf of provident funds, foundations, churches, individuals as well as MIHL's proprietary funds..
- The staff of MIHL are experienced, highly trained and proficient in their field of work. The team is well resourced to effectively manage the fund.
- MIHL is therefore able to provide advanced portfolio management services to shareholders at a relatively small price.

### **Efficient Fund Administration Processes**

- MIHL has a modern fund administration software that will maintain a register of all shareholders and also hold an account for every shareholder in the fund.
- The account with records of all transactions – additional investments or withdrawals – will be made available to shareholders regularly.

### **Diversification**

- The Fund will invest in a wide range of listed and unlisted companies and fixed income securities across all spectrums of the economy. This spread will reduce the risk of the portfolio, whilst maximising returns. Diversifications of investments leads to cross-cancellation of risks i.e. risk reduction, an optimally balanced portfolio and the achievement of optimum returns.

### **Liquidity**

- The Merban Fund will keep a minimum of 5% of its fund value in cash or on such other liquid security. The Manager of the Fund is obliged to buy-back shares on demand of a shareholder, consequently providing substantial liquidity to investors.
- It is therefore easy to invest in the fund and there are no restrictions on exits
- Returns made by the fund are tax-exempt and therefore providing additional funds to shareholders i.e. the enjoyment of full return on their investment.

### **Independent Custodian**

- The shareholders will have the protection of the Custodian who keeps the assets the Fund separate from the Fund Manager and exercises supervisory duties as

required by law and stated in the Custodian agreement.

### **Low Operating Costs**

- As the fund is expected to be a large pool of funds with professional management, costs incurred (e.g. trade commissions and other charges) are proportionately lower compared to individuals/institutions who deal on their own. Lower transactions costs can translate into significantly better investment performance.

### **What are the risks associated with the Fund?**

Specific factors can adversely affect the growth and value creation objective of the Fund. These include:

#### **Stock Market Volatility**

- Changes in the economy can impact positively or negatively on share prices and stock market performance. Generally, investment in equity securities carries greater risk compared to investment in money market instruments such as treasury bills. While returns on equity investments can be very rewarding, the risks associated with it is equally high.

#### **Foreign Exchange Risk**

- Shareholders who purchase shares using foreign currency may be subject to fluctuations in the base currency of the Fund – the Ghana Cedi.

#### **Interest rate risk**

- This directly affects fixed income securities in general i.e. the value of fixed income securities generally falls when interest rates rise.

#### **Liquidity risk**

- While the Fund Manager will take adequate steps to ensure that the fund remains highly liquid, there remains the possibility that the fund cannot sell an investment that is declining in value because there are no buyers.

### **How can I get information on my investment?**

- Periodic statements on the performance of the Fund and individual holdings will be made available to all shareholders via email and post. Shareholders can also contact the Manager of the fund for such information.
- Statements regarding the specific investment of the property of the fund will be made available to shareholders prior to each annual general meeting.
- Daily share prices would be published on the Manager's website ([www.mihl.com.gh](http://www.mihl.com.gh)) and in the Daily Graphic or any other daily newspaper of nationwide coverage.

### **What are the charges on the Fund?**

- The Fund charges an annual management fee of 1.5% and an administration fee of 1% of the value of the property of the Fund.
- All other expenses shall be directly charged to the Fund.

