

Stanbic Income Fund

PROSPECTUS

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PART I: SUMMARY OF THE OFFER

Name of Fund:	Stanbic Income Fund
Fund Manager:	The Stanbic Income Fund is managed and administered by Stanbic Investment Management Services Limited (SIMS), a company duly registered with the Securities and Exchange Commission to provide portfolio management and investment advisory services.
Trustee:	Merchant Bank (Ghana) Limited
Units on Offer:	200,000 units
Initial Offer Price:	GH¢1.00
Subscription:	During the IPO, investors can buy a minimum of 20 units and in multiples of 5 units thereafter.
Subscription Method:	Directly in person or banker's drafts or direct lodgements with receiving Agents as specified in the Offer document.
Payment Terms:	In full on application
Nature of Fund:	<p>The Stanbic Income Fund is a fixed income open-ended unit trust. After the offer period, additional units in the Trust will be created and purchased on demand by subscribers on an ongoing basis at a price computed in accordance with the terms of these scheme particulars.</p> <p>The Trust will re-invest all investment income earned or received. Investors in the Trust will benefit from the capital appreciation of the unit price.</p> <p>The Trust is authorised and registered in Ghana as a Unit Trust Scheme. The Trust is governed by a Trust Deed.</p> <p>The Trustee of the Trust shall be vested with all the assets of the Trust, as mandated by the Law and Regulations to protect the interest of investors.</p>
Investment Objectives:	The Stanbic Income Fund is a fixed income open-ended unit trust offered to investors who are seeking to maximize short-term income as well as long-term sustainable income and capital appreciation.

Investment options that the Trust will focus on are:

- i. Fixed income securities (including bonds, notes, treasury bills, fixed deposits, commercial paper, placement with financial institutions) listed and unlisted issued by governmental, quasi-governmental and corporate issuers across Africa.
- ii. Common or preferred shares (including convertible preferred shares); bonds, notes, or debentures convertible into common or preferred shares; share purchase warrants or rights; equity interests in trusts, joint ventures or, joint ventures or similar enterprises.

Target Investors:

The Trust is targeted at individuals, corporate bodies, associations, pension and provident Trusts. The Trust is tailored to meet the investment needs of the following types of investors:

- i. Ghanaian citizens and corporate bodies (including those based abroad)
- ii. Ghanaian financial institutions and insurance companies
- iii. Provident, Pension and Endowment Trusts
- iv. Religious organizations
- v. Educational institutions
- vi. Associations and Investment clubs
- vii. Foreigners

Valuation of Units:

The net asset value of the Trust will be determined by the Manager once daily, at 5:00 p.m Ghana time. This time currently represents a reasonable time after the close of business of the stock exchanges and money markets currently being contemplated by the Trust.

Any assets or liabilities that are initially not expressed in Ghanaian cedis will be translated into Ghanaian cedis before the Trust is valued. The Net Asset Value (NAV) will be computed by dividing the value of the securities held by the Trust plus any cash or other assets minus all liabilities (including accrued expenses) by the total number of units outstanding at such time. Expenses including fees payable to the Manager are accrued daily.

Mode of Redemption:

Investors seeking to redeem all or any part of their interests can do so by giving notice in writing to the Managers of the Trust. Investors' holdings will be

redeemed by the Trust at a unit price calculated in accordance with the terms of this scheme particulars.

Mandatory Subscription:

In accordance to the Unit Trusts and Mutual Trusts regulations 2001, L.I. 1695 sections 7 (2) and (4), the promoter and manager of the Trust will contribute a minimum of 5% of the minimum initial subscription as well as guarantee this initial subscription. The full amount to be raised is guaranteed by Stanbic Investment Management Services Limited.

PART II: THE STANBIC INCOME FUND

Scheme Particulars

Name of Scheme:	Stanbic Income Fund
Registered Office:	Valco Trust House, Castle Road, Ridge, Accra Ghana
Trustee:	Merchant Bank Ghana Limited 57, Examination Loop, North Ridge, Accra
Auditors:	PriceWaterHouseCoopers Chartered Accountants UNA Home PMB CT 42, Cantonments Accra

Fund Manager

Stanbic Investment Management Services Limited, (“the Manager”) will act as the Manager of the Trust and provide the Trust with management and investment advisory services. The Manager is owned and controlled by Stanbic Bank Ghana Limited (“SBG”) a Ghanaian licensed Universal bank and a subsidiary of the Standard Bank Group, the largest bank in Africa with presence in 18 African countries and over 21 worldwide; headquartered in Johannesburg, South Africa.

The Standard Bank Group is the largest asset manager in Africa with over USD60 billion under management. Leveraging on the group’s network and experience allows SIMS to tap onto a world class technological platform and gives it access to several frontier markets at low cost.

Purpose

The Stanbic Income Fund is a diversified fixed income unit trust under the management of SIMS.

The Stanbic Income Fund is tailored to investors seeking to maximize short term income and who seek long term sustainable income and capital appreciation. It is directed at investors seeking to build up a diversified but liquid investment portfolio with minimum amounts under the professional management of qualified investment advisors.

Subscription

There will be an initial offer period of twenty one (21) days during which a public offer of 200,000 units will be made by the Sponsors at GH¢1.00 per unit amounting to GH¢200,000.00 (Two hundred thousand Ghana cedis). Subscriptions must be for a

minimum of **20 (twenty) units**. The offer will open on December 15th 2010 and close on January 6th 2011.

Being an open-ended Trust, units of the Trust will be created, offered and redeemed on a continuing basis throughout the life of the Trust. The Trust will thus issue new units when investors put in money and redeem units when investors withdraw money. The price at which units will be offered and redeemed will be determined by the Net Asset Value of the Trust.

Authorised Business of the Fund

The authorized business of the Fund is:

- (1) to invest funds on behalf of the members and;
- (2) to hold and arrange for the management of securities and other property acquired with such funds.

Working Capital

The Fund is a start-up and therefore has no current working capital requirement. The Trustees confirm that in their opinion, proceeds realized from the sale of the Fund's units will be sufficient for the Fund's near term expected level of operations.

Property of the Fund

The Fund has not acquired any property outside the ordinary course of its business and there is no connection between any contract of acquisition and this invitation.

Promotion of the Fund

The promoter of the Fund is Stanbic Bank Ghana Limited. No cash or other benefit was paid to Stanbic as promoter. No abnormal or extraordinary expenses have been incurred in the promotion of the Fund.

The Fund will hold its annual general meeting on June 30th of each year and if not a business day then the next most convenient business day as the Trustee may determine.

Voting rights for Trustees are not cumulative. Each ordinary unit is entitled to participate equally in dividends declared by the Fund and in the net assets of the Fund upon liquidation or dissolution after satisfaction of outstanding liabilities.

Applications of Units

Applications received before the launch date will not be accepted.

PART III: INVESTMENT OBJECTIVE, POLICIES AND BENEFITS

Objective

The principal objective of the Fund is to optimize investors' total returns comprising interest income as well as capital appreciation on assets held. The Fund will seek to maximize short-term income and seek long-term sustainable income and capital appreciation by investing in listed and unlisted fixed income securities in any organised market locally and internationally. The Fund Manager will be responsible for determining the eligibility of assets to be held and will be expected to fully comply with the investment policy guidelines approved by the Trustee of the Fund.

Policies

Under normal market conditions, at least 80% of the Fund's total assets will be invested in fixed income of corporate and governmental issuers in Ghana or other regulated markets. A maximum of 20% of the fund will be invested in equities on any organised African exchange. The Manager may employ short-term tactical deviations from this policy asset mix of up to 20% of the Fund's total assets. This investment objective is a fundamental policy of the Fund and may not be changed without the authorisation of shareholders. The Fund would invest in securities of issuers in emerging markets that permit foreign investment and offer market accessibility and sub-custodial arrangements either inside or outside of such countries that satisfy the investment requirements of the Fund. In spite of the Fund's objectives the portfolio might change in the light of shifting market conditions.

The Fund believes that the quickening pace of political, social and economic change in emerging markets creates that potential for rapid economic growth which may be reflected in the prices of securities of issuers. The Manager also believes that growth may result from government policies directed toward market oriented economic reform. In addition, certain emerging market countries have been introducing deregulatory reforms to encourage the development of their securities markets and in varying degrees, to permit foreign investment. Nevertheless, investments in these countries are subject to international risks. (See "*Risk Factors and Special Considerations*".)

The Fund may invest in unrated or high yield securities issued by corporate entities including debt securities, preferred stocks and convertible securities if they are considered by the Manager to be of high quality. The Fund may also invest in debt securities issued or by governments ("Sovereign debt securities"), their provinces, municipal agencies and instruments (governmental entities), or by international or regional organisations that promote economic reconstruction or development in Africa.

Other Investment Policies and Practices

Portfolio Transaction: - Subject to policies established by the Trustee of the Fund, the Manager is primarily responsible for the execution of the Fund's portfolio transactions. In executing portfolio transactions, the Manager seeks to obtain the best net results for the Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. While the Manager generally seeks reasonably competitive fees, commissions or spreads, the Fund does not necessarily pay the lowest fee, commission or spread available.

Lending of Portfolio Securities: - The Fund, from time to time, may lend securities from its portfolio, up to an aggregate value not exceeding one fifteenth (1/15) of its total assets, to banks, brokers and other financial institutions and receive collateral in cash or securities issued or guaranteed by pre-approved sovereign entities which will be maintained at all times in an amount at least equal to 100% of the current market value of the loaned securities. This limitation is a fundamental policy, and it may not be changed without the approval of the majority of the Fund's shareholders.

Portfolio Turnover: - The Fund is expected to hold at least 25% of its portfolio in short-term government securities that it will trade from time to time as they mature. The Fund may however employ short-term tactical deviations from the policy asset mix of up to 20% of the total Fund size. The Fund may dispose of any of its securities without regard to the time they have been held when such actions, for defensive or other reasons, appear advisable to the Manager in the light of a change in circumstances in general market, economic or financial conditions, provided that the Fund's portfolio composition conforms to the parameters outlined under "Investment Objectives and Policy". As a result of its investment policies, the Fund may engage in a substantial number of portfolio transactions.

Repurchase Agreements: - The Fund may invest in securities pursuant to repurchase agreements. Repurchase agreements may be entered into only with banks that are duly licensed in the Republic of Ghana or that are duly licensed to operate in other African countries. Such banks may meet minimum financial criteria as determined by the Manager. Repurchase agreements may be construed to be collateralized loans by the purchaser to the seller secured by the securities transferred to the purchaser. As a purchaser, the Fund will require the seller to provide additional collateral if the market value of the securities fall below the repurchase price at any time during the term of the repurchase agreement. In the event of default by the seller, the underlying securities are not owned by the Fund but only constitute collateral for the seller's obligation to pay the repurchase price. Therefore, the Fund may suffer time delays and incur cost or possible losses in connection with the disposition of the collateral.

Benefits

Investing in the units of the Fund potentially offers several benefits. Many investors, particularly individual, lack the information or capability to invest in a number of different securities, particularly when some of those securities are issued in different countries. This could significantly change the characteristics of the investment portfolio in terms of risk diversification, liquidity and earnings. It also may not be permissible for such investors to invest directly in the capital markets of certain countries. The Fund offers investors the possibility of obtaining capital appreciation through a portfolio comprised of securities of international issuers while still maintaining a strong concentration of portfolio assets in Ghana.

In managing such a portfolio, the Manager will provide the Fund and its shareholders with professional analysis of investment opportunities, the use of professional investment management techniques, and the opportunity to participate in other high yielding markets. Unlike some of the existing intermediary vehicles, such as investment companies that are limited to investment in a single country, the Fund has the ability to diversify investment risk among the capital markets of a number of countries subject to the limitation that at least 80% of the total assets of the Fund must be invested in fixed income instruments. The allocation of the Fund's assets above this amount will be determined by the Manager.

Investment Types/Vehicles:

The Manager will invest the Fund's assets in the following:

- i. Variety of listed and unlisted Fixed Income Securities including bonds, notes, treasury bills, fixed deposits, commercial papers, certificate of deposits and syndicated loans of corporate or governmental or quasi-governmental issue.
- ii. Equity on organised stock exchanges in Africa

The optimal asset allocations will be as follows:

Fixed Income:	75%
Equity:	15%
Alternative assets:	5%
Cash:	5%

Other investments that may be considered are:

Warrants: - The Fund may invest in warrants, which are securities permitting, but not obliging, their holder to subscribe for other securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holders to purchase, and they do not represent any rights in the assets of the issuer.

Convertible Securities: - A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest generally paid on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged.

Illiquid Securities: - The Fund may invest part of its total assets in securities that lack an active secondary trading market or otherwise are considered illiquid. The Fund may invest in securities of issuers in emerging economies that are sold in private placement transactions between the issuers and their purchasers and that are neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities will be subject to contractual or legal restrictions on transfer. As a result of the absence of a public trading market, privately placed securities in turn may be less liquid and more difficult to value than publicly traded securities.

Investment in other Investment Companies and Venture Capital Funds

The Fund may invest in other investment companies whose investment objectives and policies are consistent with those of the Fund. If the Fund acquires units in investment companies or venture capital funds, shareholders would bear their proportionate share of expenses in the fund (including management and advisory fees) and indirectly, the expenses of such investment companies or venture capital funds.

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 Trustee. Within these limits, the Fund Manager will be responsible for all decisions as to

investment strategies, amounts and timing of the investments to be undertaken by the Fund.

Investment Strategies

The Fund's investment management philosophy is based upon the premise that preservation of capital and the generation of income is the key priority. It will therefore seek to add value to clients' portfolios through the use of modern investment disciplines and the development of appropriate benchmarks and reporting mechanisms.

The manager seeks to achieve the fundamental objective of the Fund by;

1. Establishing criteria for the level of risk that the Fund wishes to accept;
2. Establishing performance benchmarks.

The investment process will begin with fundamental research and market analysis to identify the impact of expected macro-economic trends on the value of each portfolio.

This "top-down" approach will be combined with rigorous analysis of the asset classes available, as well as the individual securities to be selected. Due consideration will be given to issues such as the liquidity of the instruments, credit risk, historical and projected financial performance, price and trading history and relative value analysis. Often, this will involve discussions with the management of issuers to gain insights into their businesses.

For fixed income investments, the Fund will evaluate the trade-offs between the various maturities available and determine the extent to which the pricing and liquidity of these securities adequately compensates investors for longer-term exposure. As a result of this evaluation process, the Fund will at all times, have a "universe" of potential investment avenues which will be updated on a regular basis and to which the Fund will be allocated. Investment decisions will be implemented primarily through banks and brokers with whom the Fund will negotiate significant price concessions to keep transaction costs to a minimum.

The strategies of the Fund will be periodically reviewed and modified as market conditions warrant and as the Fund Manager deems such modifications to be in the best interest of the Fund. Holding periods for the Fund's trading and investment positions will be principally dependent upon their anticipated short to long term income and capital appreciation potentials and the market conditions that may prevail over time.

Asset Allocation

The table below shows the Fund's asset allocation:

Asset Class	Asset Allocation Range, % (Min – Max)
Long Term Bonds & Medium Term Fixed Income Products	40 – 80
Money Market Instruments	10 – 40
Equity	0 – 15
Alternative Assets	0 – 5
Other / Cash/Near Cash	5 – 10

PART IV: INVESTMENT RISKS & RESTRICTIONS

Investing on an International Basis

Investing on an international basis involves certain risks not involved in domestic investments, including fluctuations in foreign exchange rates, future political and economic developments, and the possible imposition of exchange controls or other laws or restrictions.

Securities prices in different countries are subject to different economic, financial, political and social factors. Since the Fund's will invest in securities denominated or quoted in currencies other than the Ghanaian Cedi, changes in foreign currency exchange rates will affect the value of securities in the portfolio and the unrealised appreciation or depreciation of investments.

Moreover, individual foreign economies may differ favourably or unfavourably from the Ghanaian economy in such respect as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and Balance of Payments position. Certain foreign investments also may be subject to foreign withholding taxes. These risks often are heightened for investments in the smaller capital markets of other African countries.

Restriction on Foreign Investment

Some countries prohibit or impose restrictions on investments in their capital markets, particularly their equity markets, by foreign entities such as the Funds. As illustrations, certain countries may require governmental approval prior to investment by foreign persons in a particular issuer or limit the investment by foreign persons to only a specific class of securities of the issuer which may have less advantageous terms (including price) than securities of the issuer available for purchase by nationals.

There can be no assurance that the Fund will be able to obtain required governmental approval in a timely manner. In addition, changes to restrictions on foreign ownership subsequent to the Fund's purchase of such securities, may have an adverse effect on their value. Certain countries may restrict investment opportunities in issuers or industries deemed important to national security.

The manner in which foreign investors may invest in companies in certain countries, as well as limitation on such investments, may have an adverse impact on the operations of the Fund. For example, the Fund may be required in some countries to invest initially through a local broker or other entity and then have to re-register in its own name, the units so purchased. Re-registration in some instances may not be able to occur on a timely basis, resulting in a delay during which the Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions.

No Rating Criteria for Debt Securities

The Fund has not established any rating criteria for the debt securities in which it may invest and such securities will probably not be rated at all for creditworthiness by internationally recognised rating organizations, such a Standard & Poor Ratings Group ("S&P"). Securities from issuers in the emerging countries may generally be unrated and

may be referred to by foreign investors in some developed countries as “high yield” securities.

In purchasing such securities, the Fund will rely on the Manager’s judgment, analysis and experience in evaluating the creditworthiness of an issuer. The Manager will take into consideration, among other things, the issuer’s resources, its sensitivity to economic conditions and trends, its operating history, the quality of the issuers’ management, and regulatory matters.

See “Investment Objectives and Policies”.

Borrowing

The Fund may borrow up to 15% of its total assets, taken at market value, (but only from a reputable bank). Such borrowing will be a temporary measure for extraordinary or emergency purposes, such as meeting redemption (so as not to force the Fund to liquidate securities at a disadvantageous time) or to settle securities transactions. The Fund will not purchase securities while borrowings exceed 15% of its total assets, except (a) to honour prior commitments or (b) to exercise subscription rights when outstanding borrowing have been obtained exclusively for settlements of other securities transactions. The purchase of securities while borrowings are outstanding will have the effect of leveraging the Fund. Such leveraging increases the Fund’s exposure to capital risk, and borrowed funds are subject to interest costs, which will reduce net income.

Illiquid Securities

The Fund may invest up to 15% of its total assets in securities that are not actively traded due to a lack of liquidity or are otherwise considered illiquid even though listed on an established local or international stock exchange. Liquidity of a security relates to the ability to dispose easily of the security and the price to be obtained upon disposition of the security, which may be less than a comparable more liquid security. Investments of the Fund’s assets in illiquid securities may restrict the ability of the Fund to dispose of its investments in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities.

The risks associated with illiquidity will be particularly acute in situations in which the Fund’s operation require cash, such as when the Fund redeems units and could result in the Fund borrowing to meet short-term cash requirements or incurring capital losses on the sale of illiquid investments. Further, issuers whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that are applicable to publicly traded securities. In addition, the Fund may invest in privately placed securities which may or may not be freely transferable under the laws of the applicable jurisdiction or under the regulations or other contractual restrictions on transfer.

Other Risk Considerations

Although the primary goal of the Fund is to create value for the investor there are risk considerations that are beyond the control of the Manager. The value of the Fund is subject for example to the effects of interest rate and exchange rate fluctuations, inflation, and any other adverse changes in the economic environment. The trading results of the GSE and other stock markets so far show wide price fluctuations. The combined effects of all of these may adversely affect the value of the Fund.

Withholding and other Taxes

Income and capital gains on securities held by the Fund may be subject to withholding and other taxes, which would reduce the return to the Fund on those securities. The Fund intends, unless ineligible, to elect to “pass-through” to the Fund’s shareholders, as a deduction or credit, the amount of foreign taxes paid by the Fund.

Taxes

The Fund qualifies for the special tax treatment afforded authorized mutual funds under the Securities Industries Law, The Internal Revenue Act, 2000 (Act 592) and under the Unit Trust and Mutual Fund Regulations (LI 1695). Some of the tax incentives include:

- i. Capital Gains Tax exemption for capital gains on the sale of units listed on the Ghana Stock Exchange.
- ii. Interests, dividends or any income of a mutual Fund is exempt from tax
- iii. The exemption of dividends or interest income distributed by mutual Funds to its Unit holders

However since tax legislations are subject to changes, the Manager is not in a position to guarantee investor’s current or future after-tax incomes under the Fund.

Fund Restrictions

Under Section 39 of L.I. the Fund may not:

- (a) invest in any type of real estate other than the securities of real estate companies or companies engaged in real estate investment activities
- (b) invest more than 25% of the net asset value of the scheme in securities issued by a single issuer
- (c) invest more than 10% of the net asset value of the scheme in any particular class of securities issued by a single issuer
- (d) invest more than 10% of the net asset value of the scheme in other collective investment schemes
- (e) invest more than 15% of the total net asset value of the scheme in securities not listed or quoted on an authorized stock exchange
- (f) make any investments that will result in the manager, trustee or the scheme gaining management control of a company in which the investment has been made
- (g) make short sales of securities which are unpaid or partly paid for
- (h) 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
- (i) enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of any investment; or
- (j) 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.

Investment restrictions and policies that are non-fundamental policies may be changed by the Trustee without shareholder approval. As non-fundamental policy, the Fund may not borrow money or pledge its assets, except that the Fund:

(a) May borrow from a bank as a temporary measure for extraordinary or emergency purposes or to meet redemptions in amounts not exceeding 15% (taken at market value) of its total assets and pledge its assets to secure such borrowings,

(b) May obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities and

(c) May purchase securities on margin to the extent permitted by applicable law.

The purchase of securities while borrowings are outstanding will have the effect of leveraging the Fund. Such leveraging or borrowing increases the Fund's exposure to capital risk and borrowed funds are subject to interest costs which will reduce net income.

PART V: PURCHASE AND REDEMPTION OF UNITS

Determination of Net Asset Value

The net asset value per share of the Fund is determined once daily at 5.00 p. m. (1700hrs) GMT after the close of business on each business day.

Any assets or liabilities initially expressed in terms of currencies other than the Ghanaian Cedi are translated into Cedi on the day of the valuation at the prevailing market rates using the U.S. Dollar as a cross currency for translation purposes. The net asset value per share is 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) by the total number of units outstanding at such time.

Portfolio securities which are traded on stock exchanges are valued at the last sale price (regular way) on the exchange on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price prior. In cases where securities are traded on more than one exchange, the securities are valued on the exchange designated by or under the authority of the Trustee. Securities traded in the over-the-counter market are valued at the last available bid price prior to the time of valuation. Securities that are traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market. Securities and assets for which market quotations are not readily available are valued at fair market value as determined in good faith by or under the direction of the Trustee.

Purchase of Units

Units of the Fund may be purchased from the offices of the Fund Manager or other Stanbic Bank branches throughout the country or other designated affiliates of the Manager. The minimum initial purchase is GH¢20.00 (minimum of 20 units at GH¢1.00). After the IPO, new units may be purchased under a regular investment plan and or a lump sum investment.

Regular Investment - Investors may purchase units under a regular investment plan set at a minimum investment of GH¢10.00 per month and or *Lump Sum Investment* - Investors may do a one-time minimum investment of GH¢20.00 and do additional investments at their discretion.

The Fund offers its units at an offering price equal to the next determined net asset value per share. The applicable offering price for purchase orders is based upon the net asset value of the Fund next determined after receipt of the purchase order. The Fund may suspend the continuous offering of the Fund's units at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither the Fund Manager nor its affiliates are permitted to withhold placing orders to benefit themselves by price change. Any order may be rejected by the Fund.

Redemption of Units

The Fund is required to redeem for cash all units of the Fund on receipt of a written request. Shareholders liquidating their holding will receive upon redemption the value of

units at the time of redemption which may be more or less than the shareholder's cost, depending on the market value of the securities held by the Fund at such time.

Redemption fees will be applied as follows:

Investment period	Fee regime (% of AUM)
Investment for less than 1 year	2%
Investment for between 1 and 2 years	1%
Investment exceeding 2 years	0%

At the time of each redemption, a minimum number of 20 units must be retained in The Fund before a partial redemption can be made and a minimum amount of GHS10.00 may be withdrawn at each time.

PART VI: MANAGEMENT OF THE FUND

Stanbic Investment Management Services Limited (SIMS), a wholly owned subsidiary of Stanbic Bank Ghana Limited (SBG), will act as the Manager for the Fund and will provide the Fund with management services. SIMS was incorporated in April 2007 and has an issued and stated capital of GH¢160,000.00. SIMS is a licensed Investment Advisor under the Securities and Exchange Commission (SEC) The Company's principal business is to provide investment advisory services and fund's management to clients.

Management and Advisory Arrangement

The Fund has entered into a management agreement (the "Management Agreement") with the Manager. As described in the Management Agreement, the Manager receives for its services to the Fund monthly compensation at the annual rate of 2% of the average daily net assets of the Fund. The Management Agreement provides that, subject to the direction of the Trustee of the Fund, the Manager is responsible for;

- i. The actual management of the Fund's portfolio and constantly reviews the Fund's holdings in the light of its own research analysis and that from other relevant sources.
- ii. Making decisions to buy sell or hold a particular stock in accordance with the investment policy of the Fund.
- iii. Providing the portfolio managers for the Fund, who consider analysis from various sources (including banks and brokerage firms with which the Fund does business), make the necessary investment decisions and place orders for transactions accordingly.
- iv. Providing all of the office space, facilities, equipment and personnel necessary to perform its duties under the Management Agreement.

Code of Ethics

The Trustee of the Fund has adopted a Code of Ethics. The Code of Ethics significantly restrict the personal investing activities of all employees of the Manager and, as described below, impose additional, more onerous, restrictions on Fund investment personnel.

The Code requires that all employees of the Manager pre-clear any personal securities investment (with limited exceptions, such as government securities). The pre-clearance requirement and associated procedures are designed to identify any substantive prohibition or limitation applicable to the proposed investment. The substantive restrictions applicable to all employees of the Manager include a ban on acquiring any securities in a "hot" public offering and a prohibition from profiting on short-term trading in securities. In addition, no employee may purchase or sell any security, which at the time is being purchased or sold (as the case may be), or to the knowledge of the employee is being considered for purchase or sale, by any Fund advised by the Manager. Furthermore, the Code provides for trading "blackout periods" which prohibit trading by investment personnel of the Fund within periods of trading by the Fund in the same (or equivalent) security (15 or 30 days depending upon the transaction).

Trustee

Merchant Bank (Ghana) Limited will act as the Fund's Trustee pursuant to a Trust Deed. The responsibilities of the Trustee are outlined in the Trust Deed.

PART VII: ADMINISTRATION OF THE FUND

The Fund pays certain expenses incurred in its operations including among other things, the management fees; legal and audit fees; unaffiliated Director' fees and expenses; registration fees; Trustee fees, accounting and pricing costs; and certain of the costs of printing proxies, shareholder reports, prospectuses and statements of additional information.

Administration of the Fund

The fees and charges that will be incurred in setting up the Fund, including the Fund Manager's initial administrative charge, fees payable to Receiving agents, the Commission and Professional parties, and all other related expenses, are payable by the Fund and deductible from the Fund. These costs (charges and fees) of the public offer will not exceed 15% of the offer proceeds and are to be amortised over a period of 2 years by the Fund.

Operating Expenses

The Fund will bear the cost of acquiring, valuing and disposing of investments. All administrative, accounting charges, shareholder services, research and other related expenses incurred during the course of the day-to-day operation of the Fund, will also be payable by the Fund. This could entail payments to SIMS and other professionals in respect of specific services provided for the Fund as well as periodic payments of regulatory fees. The Fund will be subject to annual audits by its Auditors or such other Auditors, as the Trustee shall approve from time to time.

Management Fees

The Manager shall be entitled to receive the Management fees.

The Management Fee shall be calculated in respect of successive calendar monthly periods ("payment periods") and shall not exceed a maximum of 2.00% per annum of the average value of the property of the Fund divided by 365 (or in a leap year 366) and multiplied by the number of days comprised in the relevant payment period.

The management fee shall be accrued daily and paid at the end of the month out of the property of the Fund.

This fee serves as compensation for the Manager's efforts in the day-to-day management of the Fund's portfolio of investments and for financial planning and advice to the Fund.

Trustee Fees

The Trustees is entitled to receive remuneration for its service which, together with any indirect taxation, shall be paid out of the net asset value of the Fund. The remuneration shall consist of a periodic charge calculated in accordance with the paragraphs below:

- a. Pursuant to the Trust Deed, the Trustee will receive an annual flat fee of GH¢2,500.00 if total net asset value of the fund is less than GH¢1,000,000.00 or an annual rate of 0.25% of the total net asset value of the fund if the total net asset value of the fund equals or exceeds GH¢1,000,000.00.
- b. The periodic charge payable to the Trustee shall be calculated in respect of successive calendar month periods ("payment periods" except that no charge shall

be payable in respect of the initial offer period). The first payment period shall begin on the day after the end of the initial offer period and end on the last day of the month in which the offer period expires.

c. 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.

d. The amount of the periodic charge for each payment period shall be set out in the Trust Deed of the Fund as amended from time to time and shall be calculated as such a percentage of the value of the property of the Fund or flat amount as the manager and the Trustee may agree; 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. The percentage shall not in any event exceed what shall be determined by the Commission.

d. For the purposes of calculating the Trustee's periodic charge in respect of any payment period, the value of the property of the Fund shall be determined by the Net Asset Value at the relevant valuation period. The relevant valuation point shall be the most recent point to have occurred before the beginning of that payment period. The periodic charge payable will accrue daily or monthly and be paid at the end of the accounting period.

e. In the event of a winding up of the Fund, the final payment period for the purpose of calculating the Trustee's periodic charge shall end on the day on which the final distribution in the winding up is made; or in the case of a winding up following the passing of a special resolution at a meeting of shareholders pursuant to the regulations, such other day as may be specified by the resolution or the terms of the Fund or a proposal approved by the Trustee.

f. The Trustee is entitled to receive out of the property of the fund payment byway of reimbursement of expenses properly incurred by the Trustee in performing duties imposed upon it or exercising powers conferred upon it by the law.

Dealing and Brokerage Commission

The Manager will be responsible for the Fund's dealing activities. In selecting brokers for the purchase and sale of securities, the Manager will aim to optimize benefits to the Fund's in relation to cost. Issues such as counterparty risk will be fully considered, and whilst full cognizance will be taken of statutory maximum applicable brokerage commissions as provided by regulatory authorities from time to time, decisions will not be taken on the basis of cost factors alone.

Independent Auditors

PricewaterhouseCoopers, whose office is at UNA Home, Airport, Accra have been appointed as the auditors of the Fund and in such capacity will audit the books of accounts and other records relating to the activities of the Fund in each year or such period thereof ending December 31st.

Independent Recordkeeping

Independent bank accounts and records of activities will be maintained for the Fund. As far as is practicable, all matters relating to the Fund will be fully segregated in the books and records of SIMS.

Dividend Policy

It is the Fund's intention to reinvest all its net income if any. Dividends will therefore not be declared nor distributed. Unit holders will benefit from the growth in the net asset value of the fund as shown by the unit price movement.

Complaints Procedure

The Manager of the Fund shall maintain a register into which the date and details of all complaints regarding the operation of management of the Fund and interests of share holders will be recorded. Complaints may be made to SIMS, the Manager and also to the Commission.

Base Currency

The base currency of the Fund is the Ghanaian Cedi.

Annual Accounting Period

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

Winding up

If the company shall be wound up, the liquidator may with the sanction of a special resolution of the company, and any other sanction required by the Companies Code or by the Bodies Corporate, divide amongst the members in specie or kind the whole or part of the assets of the company, whether they shall consist of property of the same kind or not, and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

Termination Provisions

The occurrence of any of the following events will cause the termination of the Trust and will cause the suspension of redemption of units as provided in the ordinary course of business:

- i. When an event, date or state of affairs specified for the purpose in the Fund's constitution occurs;
- ii. When the Manager of the Fund in writing and with the approval of the Commission, terminates the Fund on the ground that the purpose of the Fund has been, or cannot be, accomplished;
- iii. When the court on an application by the Manager of the Fund or by the Commission, a shareholder in the Fund, or a director of the Manager, makes an order to terminate the Fund if and when the court considers it just and equitable to do so or if the Fund is insolvent;
- iv. A special resolution for termination is passed by the share holders.

When an event of termination occurs, the Manager shall, on a best effort basis, effect a market sale of all of the Fund's assets for the best prices available at such times. The share holders will subsequently be entitled to receive a distribution in proportion to their

respective interests in the Fund of the net cash proceeds derived from the realization the assets of the Fund and which are available for distribution.

Publication of Unit Price

Except when the determination of the sale and redemption prices have been suspended, the unit price will be published on every business day at the registered office of the manager and in widely circulated newspapers at least once a week.

Documents for Inspection

Copies of the following documents relating to the Fund may be inspected at the offices of the Manager:

- i. Particulars of the Scheme/Fund
- ii. Certificate of Incorporation of the Fund Manager
- iii. Certificate of Commencement of Business of the Fund Manager;
- iv. Trust Deed
- v. The prospectus issued in connection with the Offer.

PART VIII: SHAREHOLDER SERVICES

The Fund offers a number of shareholder services and investment plans designed to facilitate investment in units of the Fund.

Investment Account

Each shareholder will maintain an "Investment Account" with the Fund Manager and will receive semi-annually, statements from the Fund Manager.

The statements will show any other activity in the account since the preceding statement. Shareholders will receive separate transaction confirmations for each purchase or sale transaction other than automatic investment purchase and the reinvestment of income dividends.

Automatic Investment Plans

Regular additions of units may be made to an investor's account through the issuing of post-dated cheques to the Fund.

Shareholders' Voting Rights

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

The units confer on the shareholders exclusive participation in the returns on any assets of the Fund and a right to receive notices to attend and to vote at any general meeting of the Fund.

Shareholder Reports and Meetings

Only one copy of each shareholder report and certain shareholder communications will be mailed to each identified shareholder regardless of the number of accounts such shareholder has.

The annual general meeting of shareholders will be held each year. Notices of all meetings will be published in a widely circulated print media at least twenty-one (21) days prior to the meeting. In addition notices will be sent to registered shareholders by post at least twenty-one (21) days prior to the meeting at their addresses in the register of shareholders.

The Trustee shall prepare or cause to be prepared in accordance with the Unit Trusts and Mutual Fund Regulations 2001, LI 1695, a report referred to as and "Investors' Report" in respect of each annual and half-yearly accounting period in order to facilitate the review of the performance of the Fund by holders of interests.

Suspension of Issue, Redemption and Determination of Net Asset Value

In the event of any of the following, the Manager may, with the approval of the Trustee of the Fund, suspend the determination of net asset value of the Fund, the creation, issue and redemptions of units of the Fund:

- a. Where a breakdown occurs in the means ordinarily employed by the Manager in determining the value of the investments or if for any reason the

Manager is of the opinion that it cannot reasonably, promptly and accurately ascertain the value of assets of the Fund on the valuation date concerned;

- b. Where an event of termination has occurred (see termination provisions);
- c. Any period when the stock exchange on which any investments that forms part of assets of the scheme for the time being are listed, is closed or when dealings at that exchange are restricted or suspended;
- d. 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;
- e. Any period when remittance of money which will or may be involved in the realization of the investment of the Fund or in the payment for investments cannot be carried out

Assignment

Shareholders may assign all or part of their interest in the Fund whether as collateral for borrowings procured by them or for any other reason.

Shareholder Enquiries

Shareholder inquiries may be addressed to your Fund Manager or its affiliates.

APPENDIX: ADDRESSES OF SPONSOR, TRUSTEES, AUDITORS & LEGAL ADVISORS

SPONSOR: **Stanbic Bank Ghana Limited**
Valco Trust House
Castle Road, Ridge
P.O. Box C2344
Cantonments, Accra

TRUSTEES: **Merchant Bank (Ghana) Limited**
57 Examination Loop
North Ridge, P.O. Box 401,
Accra

AUDITORS: **PricewaterhouseCoopers**
Chartered Accountants
UNA Home
PMB CT 42, Cantonments
Accra

LEGAL ADVISORS: **Messrs Bentsi-Enchill, Letsa & Ankomah**
1st Floor Teachers Hall Annex
Education Loop, off Barnes Road, Adabraka
P. O. Box 1632, Accra.
Ghana.