

This prospectus (the “**Prospectus**”) contains important information about the African Domestic Bond Fund (the “**Fund**”) and the non-voting redeemable participating shares of the Fund (the “**Participating Shares**”) and should be read carefully before investing. You are advised to read and understand the contents of this Prospectus which sets forth information that an Investor (as defined below) should know and consider before an investment decision is taken. It should be read carefully and retained for future reference. If you have any questions about the contents of this Prospectus you should consult your professional advisers.

AFRICAN DOMESTIC BOND FUND

A public company with limited liability incorporated on 4 May 2017 under the laws of Mauritius and authorised as a “Collective Investment Scheme” pursuant to the Securities Act 2005 and further categorised as a “Global Scheme” under the Securities (Collective Investment Schemes and Closed End Funds) Regulations 2008 by the Financial Services Commission of Mauritius. The Fund is of an unlimited duration. The business registration number of the Fund is C17146994.

PROSPECTUS

Deemed to be Listing Particulars for the purpose of a listing of Participating Shares issued by the Fund on the Official Market of the Stock Exchange of Mauritius (“SEM”) with effect from the commencement of trading date being 18 September 2018.

An application was made to the SEM for the listing of up to 10,000,000 Participating Shares with an Initial Launch Price of USD 10 each on the Official Market of the SEM by means of an offer for subscription

Issued on

24 August 2018 and last amended on 7 February 2022

ISIN code: MU0607S00004

LEC/OS/02/2018

**Offering of
Non-voting Redeemable Participating Shares**

Manager

MCB Investment Management Co. Ltd.

The Prospectus has been registered with the FSC

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AFRICAN DOMESTIC BOND FUND

A Mauritius public company with limited liability authorised as a Collective Investment Scheme and further categorised as a Global Scheme by the Financial Services Commission of Mauritius

An application was made to the SEM for the listing of Participating Shares by means of an offer for subscription.

This document relates to the African Domestic Bond Fund (the “**Fund**”) which has been authorised to operate as a Collective Investment Scheme under the Securities Act 2005 and has further been categorised as a Global Scheme by the Financial Services Commission (the “**FSC**”) pursuant to the Securities (Collective Investment Schemes and Closed End Funds) Regulations 2008 on 22 May 2017. The Fund is a foreign debt securities collective investment scheme and invests its assets principally in the sovereign bonds of African countries. No change in the nature of the business is in contemplation. The base currency of the Fund is the United States Dollar.

In granting its authorisation, it must be clearly understood that the FSC does not vouch for the financial soundness of the Fund, for the correctness of any statements made herein or any opinions expressed with regards to them. Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund's failure.

Permission has been granted by the Listing Executive Committee on 24 August 2018 for the listing of up to 10,000,000 Participating Shares having the characteristics as described in paragraph 7.2.2 below with an Initial Launch Price of USD 10 each on the Official Market of the SEM on or about 18 September 2018. On the first day, the Market Maker made Participating Shares available on the market at a price determined taking into account, *inter alia*, the INAV as specified in Paragraph 7.7 below and market factors.

The SEM has given its approval for the listing of Participating Shares on the Official market. Neither the Listing Executive Committee (“**LEC**”) of the SEM, the SEM nor the FSC assume any responsibility for the content of this document, make any representation as to the accuracy and completeness of any of the statements made or opinions expressed therein and expressly disclaim any liability whatsoever for any loss arising from or in relation to the whole or any part of the contents of this document.

The Fund is registered as a reporting issuer in accordance with the Securities Act 2005.

This Prospectus, deemed to be Listing Particulars, includes particulars given in compliance with the Securities Act 2005, CIS Regulations and SEM Rules governing the official listing of securities for the purpose of giving information with regard to the Fund. The Directors, whose names appear in paragraph 5.1, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The Board of Directors has made provisions to ensure that the working capital available to the Fund is sufficient for the running of the business and for the Fund's present requirements, i.e. for at least the next twelve months from the date of issue of this Prospectus.

The Fund has been incorporated on 4 May 2017 and there are no legal or arbitration proceedings which may have had or have had any significant effect on the Fund's financial position. However this Prospectus is not intended to be a complete statement or summary of the securities, markets or developments referred to herein. The contents of this Prospectus do not constitute and are not to be construed as financial, legal, business or tax advice. Persons interested in acquiring Participating Shares in the Fund should inform themselves or seek professional advice as to the financial, legal and tax consequences of such investments. The Prospectus should in no circumstances be regarded by recipients as a substitute for the exercise of their own judgement. Please see Schedule I for information concerning certain risk factors which should be considered by Investors.

Prospective purchasers of any Participating Shares should ensure that they fully understand the nature of their investment and the extent of their exposure to risks, and that they consider the suitability of such Participating Shares as an investment in the light of their own circumstances and financial position. Specialist securities, which the Participating Shares are, involve a high degree of risk, including the risk of losing some or a significant part of their initial investment. Investors should be prepared to sustain a total loss of their investment in such securities. The Participating Shares represent general, unsecured, unsubordinated, contractual obligations of the Fund and rank *pari passu* in all respects with each other. Purchasers are reminded that the Participating Shares constitute obligations of the Fund only and of no other person. Therefore, potential purchasers should understand that they are relying on the creditworthiness of the Fund.

This Prospectus must be carefully read in full as all information contained in this document forms an integral part of the Fund.

However, the Prospectus has no regard to the specific investment objectives, financial situation or particular need of any specific recipient. Investors should appreciate that all investments carry inherent risks and no assurance or guarantee can be given that the objective(s) of the Fund will be fully met.

The Fund certifies that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Listing Particulars contain all information required by law and the listing rules made by the SEM ("**SEM Listing Rules**"). The Fund accepts full responsibility for the accuracy of the information contained in the Listing Particulars and annual financial reports.

The Fund has not authorised any person to give any information or to make any representation in respect of the Participating Shares other than those contained in this Prospectus and if given or made, such information or representation must not be relied upon as having been authorised.

The distribution of this Prospectus and the offering of Participating Shares in certain jurisdictions may be restricted and accordingly anyone wishing to subscribe for Participating Shares should satisfy itself/himself that it/he complies with the laws of the relevant territory and that it/he obtains any requisite governmental or other authorisations and/or observes any other formalities. This document does not constitute an offer to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer. The definitions used in this Prospectus are set out in Paragraph 2. The Participating Shares will be issued to Qualified Investor as defined below.

Restriction of sale to US Person - The Fund has not been registered under the United States Securities Act of 1933 ("**Securities Act**"), as amended, or the United States Investment Company Act of 1940 ("**Investment Company Act**"), as amended and may not be offered, sold or delivered in the United States, or to or for the account of a US Person. Each Investor must represent and warrant to the Fund that, inter alia, he is able to acquire and hold Participating Shares without violating applicable laws.

The Participating Shares will be offered and sold in reliance on the exemption provided by section 4(2) of the Securities Act and other exemptions of similar import under the laws of the US, the States of the US, and other jurisdiction where the offering will be made. Investors will not be afforded the protections of the Investment Company Act. The Fund has no obligation to register the Participating Shares under the Securities Act or any state securities laws or to assist any Investor in effecting any such registration. As a result, US Persons (as defined below) that invest in Participating Shares may have to bear the economic risk of an investment in the Participating Shares for an indefinite period of time. No public market is expected to develop for the Participating Shares of the Fund.

Subject to such applicable law and to such changes as may be notified by the Board to applicants for Participating Shares and transferees, a US Person (as defined below) shall have the same meaning as in Regulation S, as amended from time to time, of the Securities Act.

1 DIRECTORY

Manager:	MCB Investment Management Co. Ltd Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5515 E-mail: mcbim@mcbcm.mu Website: www.mcbcm.mu
Market Maker:	MCB Stockbrokers Ltd Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5522 E-mail: mcsb@mcbcm.mu Website: www.mcbcm.mu
Corporate Secretary:	Apex Fund & Corporate Services (Mauritius) Ltd (formerly known as GFin Corporate Services Ltd) Lot 15 A3 1 st Floor Cybercity Ebene 72201, Mauritius Tel: +230 404 3900 E-mail: mcb@gfingroup.com Website: www.theapexgroup.com
Registrar:	MCB Registry & Securities Ltd Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5398 E-mail: mcb@registry.mcbcm.mu Website: www.mcbcm.mu
Banker:	The Mauritius Commercial Bank Ltd 9-15 Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5000 E-mail: globalbusiness@mcb.mu Website: www.mcb.mu
Custodian:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6th Floor Raffles Tower Lot 19, Cybercity Ebene, Mauritius Tel: +230 403 6500 E-mail: info.scbm@sc.com Website: https://www.sc.com/mu

Auditors:	BDO & Co 10, Frère Félix de Valois Street Port Louis, Mauritius Tel: +230 202 3000 E-mail: ceo@bdo.mu Website: www.bdo.mu
Legal Counsel:	BRIDGES (a law firm registered under the Law Practitioners Act) 5 Unicorn House Royal Street, Port-Louis, Mauritius Tel: (230) 448 0776 Lead Partner: Vony Ramsamy E-mail: vony@bridges-llc.com Website: www.bridges-llc.com
Registered Office:	C/o Apex Fund & Corporate Services (Mauritius) Ltd Lot 15 A3 1 st Floor Cybercity Ebene 72201, Mauritius Tel: +230 404 3900 E-mail: mcb@gfingroup.com Website: www.theapexgroup.com
Principal Place of Business:	C/o MCB Investment Management Co. Ltd Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5515 E-mail: mcbim@mcbcm.mu Website: www.mcbcm.mu
Board Members:	Gilbert GNANY Ronald LAM YAN FOON Jean HOW HONG Lifa CHEUNG KAI SUET

2 PRODUCT KEY FACTS

Item	Description
Description of the Fund	The Fund is an exchange traded fund structured as a company incorporated under the laws of the Republic of Mauritius. The Fund has been authorised to operate as a Collective Investment Scheme under the Securities Act 2005 and has further been categorised as a Global Scheme by the Financial Services Commission (the "FSC") pursuant to the Securities (Collective Investment Schemes and Closed End Funds) Regulations 2008
The securities offered by the Fund	The Participating Shares (as defined in this Prospectus) are listed and traded on the Official Market of the Stock Exchange of Mauritius Ltd, like listed stock. The Initial Launch Price of the Participating Shares was USD 10. ISIN code: MU0607S00004
Fund Manager	MCB Investment Management Co. Ltd Sir William Newton Street Port Louis, Mauritius Tel: +230 202 5515 E-mail: mcbim@mcbcm.mu Website: www.mcbcm.mu
Base Currency	US Dollars
Dividend Policy	Dividends shall be declared usually twice a year, in accordance with Paragraph 6.10
Financial Year	The financial year of the Fund is 30 th of June every year.
Underlying Index	AfDB/AFMI SM Bloomberg [®] African Bond Index 25% Capped (ticker BADBC), having the features set out in paragraph 6.4.2
Investment Objective	The Fund will aim to track, subject to any investments in Non-Member Securities, the performance of the Index before fees and expenses. The Fund predominantly invests in bonds to replicate in a cost-efficient manner the Index.
Indexing Strategy	Most members of the Index have a large number of bonds in the market. As a result, the Index features over 200 bonds. Given liquidity considerations and transaction costs, the Fund cannot invest in all the bonds and will select securities based on liquidity. The Manager will seek to achieve this investment objective by employing a "stratified sampling" approach to match the Index's characteristics and returns through investing in a well-diversified portfolio that represents the Index. Unlike "actively managed" unit trusts and mutual funds, the Fund does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. Accordingly, a fall in the Index will result in a corresponding fall in the NAV of the Fund. For further details, please refer to Paragraph 6.3.
Key Risks	Investors are urged to consult their own financial advisors or accountant before making an investment in the Fund. Please refer to Schedule I for the detailed risk factors.
No Guarantees	An investment in the Fund will entail investment risks and there is no guarantee of specific or minimum investment performance or return on capital, and there is no assurance that the Fund will meet its investment objective. Moreover, an investment in the Fund could result in a complete loss of the investment proceeds.

Item	Description
Summary of fees and Charges payable by Investors	<ul style="list-style-type: none"> Fees payable on issues and redemptions on the Primary Market <p>Duties & Charges currently stand at 0.45%. This figure will be reviewed by the Manager in line with changes to investment/disinvestment costs incurred by the Fund and such amended figure will be communicated to all Authorised Participants.</p>
Summary of on-going fees payable by the Fund	<ul style="list-style-type: none"> Management fees <p>The Management Fee is calculated as a percentage per annum of the Fund's NAV. This percentage is currently 0.30% per annum and may from time to time be revised by the Manager after agreement with the Board.</p> <ul style="list-style-type: none"> Secretarial fees <p>The fees payable by the Fund to the Corporate Secretary have a fixed and variable component. These fees may be reviewed from time to time by the Corporate Secretary in accordance with the terms of the Corporate Services Agreement but shall in no case exceed market rate.</p> <ul style="list-style-type: none"> Registrar fees <p>The Fund shall pay a fee to the Registrar for keeping the register of shareholders (the "Registrar Fee"). The Registrar Fee will be calculated as a percentage per annum of the NAV of the Fund. The registrar fee shall accrue on a daily basis and be payable on the last Business Day of each month. This percentage may from time to time be revised by the Registrar in accordance with the terms of the registrar and transfer agent agreement.</p> <ul style="list-style-type: none"> Custodian fees <p>The Fund shall pay to the Custodian for the safe-keeping and dealing with the assets of the Fund a fee calculated as a percentage per annum of the NAV of the Fund. The custodian fee shall accrue on a daily basis and be payable on the last Business Day of each month. This percentage may from time to time be revised by the by the Custodian in accordance with the terms of the custody agreement. The Custodian shall in turn remit a portion of its fees to the sub custodian of the fund.</p> <ul style="list-style-type: none"> Other fees as specified in Paragraph 7.8.4.
Key Dates	<ul style="list-style-type: none"> Offer Start Date: 10 September 2018 Offer End Date: 17 September 2018 Date of Listing: 18 September 2018 First Trading Day: 18 September 2018
Total Expense Ratio	As at 31 st December 2021, the Total Expense Ratio is 0.73 % per annum.
Governing Law	The laws of the Republic of Mauritius
Dispute Resolution	As per the mediation and arbitration procedures under the rules of the Mauritius Chamber of Commerce and Industry's Arbitration and Mediation Center ("MARC"), which rules are deemed to be incorporated by reference into this Prospectus. In any arbitration commenced under this Prospectus, (i) the number of arbitrators shall be one, (ii) the seat, or legal place, shall be Mauritius and (iii) the award of the arbitrator shall be final, binding and shall not be subject to appeal. The language to be used shall be English.

3 DEFINITIONS AND INTERPRETATION

a. Definitions

In this Prospectus, the words in the first column of the following table shall bear the meanings set opposite them respectively in the second column, if not inconsistent with the subject or context:

Term	Definition
'Act'	The Companies Act No. 15 of 2001 as amended from time to time
'Accounting Period'	Means the period starting on the 1 st July and ending on the 30 th June of the following year (save for the first period)
'Additional Exchanges'	Means <i>inter alia</i> Johannesburg Stock Exchange, London Stock Exchange, Casablanca Stock Exchange, the Nigerian Stock Exchange, Botswana Stock Exchange or such other securities exchange as may from time to time be determined by the Fund
'Anchor Investor'	A Participating Shareholder that has sought to be locked in the Fund as may be specified in a side letter to be entered into by the Fund, the Fund Manager and that shareholder
'Auditors'	The auditors of the Fund for the time being
'Authorised Participant'	Any person who has been approved as an authorised participant by the Manager, for the purposes of directly subscribing and/or redeeming Participating Shares with the Fund (that is on the Primary Market)
'Base Currency'	United States Dollar
'Board'	The board of directors of the Fund, as may be amended from time to time
'Business Day'	Any day (except Saturday and Sunday and such other day as the Board may determine) on which banks are open for business in Mauritius
'CDS'	The Central Depository & Settlement Co. Ltd
'CIS Regulations'	The Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008
'Constitution'	The constitution of the Fund, as amended from time to time
'Corporate Secretary'	Apex Fund & Corporate Services (Mauritius) Ltd, or such other company secretary as may be appointed by the Fund
'Creation/ Redemption Unit'	Has the meaning ascribed to it in Paragraph 7.6
'Custodian'	Standard Chartered Bank (Mauritius) Limited, or such other custodian as may be appointed by the Fund
'Dealing Day'	The day on which subscription and/or redemption requests in respect of Participating Shares will be accepted by the Fund, such day being every Business Day.
'Dealing Deadline'	In respect of subscriptions means noon (Mauritian time) on each Dealing Day and in respect of redemptions means 9 am (Mauritian time) on each Dealing Day
'Directors'	The persons appointed for the time being as directors of the Fund and to form part of the Board

Term	Definition
'Distribution Date'	The effective date, communicated by the Fund, on which dividends relating to a specific dividend distribution shall be paid to Participating Shareholders
'Duties & Charges'	Has the meaning ascribed to it in Paragraph 7.8.1
'Election Form'	Has the meaning ascribed to it in paragraph 4.1 of Schedule III
'Exchange Traded Fund' or 'ETF'	Means a fully funded and unleveraged security listed on the SEM that tracks or seeks to outperform the performance of a specified security or other asset or group of assets, which include, but are not limited to, indices, commodities, currencies or any other asset acceptable to the SEM The underlying asset or security referred to above must: <ul style="list-style-type: none"> • Be sufficiently liquid to satisfy the SEM that there will be proper price formation in the ETF; and • Have a net asset value that is calculated in a transparent manner and published on the Website.
'FSC'	The Financial Services Commission which is in charge of regulating non-banking financial services in Mauritius
'Fund' or 'Company'	African Domestic Bond Fund
'INAV'	An indicative NAV per Share calculated and published on behalf of the Fund
'Index'	AfDB/AFMI SM Bloomberg [®] African Bond Index 25% Capped, which is a statistical indicator of change providing a representation of the value of the securities or assets which constitute such index
'Index Provider' or 'Index Sponsor'	Means the African Development Bank, the party granting authority to the Fund to use the Index
'Index Calculator'	Bloomberg Finance L.P., the party responsible for creating, calculating or administering the Index
'Initial Launch Period'	Commenced on 10 September 2018 and closed on 17 September 2018
'Initial Launch Price'	The price at which Participating Shares were issued by the Fund during the Initial Launch Period
'Investment Dealer'	Any entity holding an Investment Dealer licence issued by the FSC pursuant to the Securities Act 2005
'Investor'	Means a person, meeting the subscription requirements as set out in the Fund documentation, who may potentially subscribe for Participating Shares
'Issue Price per Creation/ Redemption Unit'	The price at which a Creation/ Redemption Unit is issued by the Fund after the Initial Launch Period, such price being determined pursuant to Paragraph 7.3.3
'Issue Price per Share'	The price at which Participating Shares are issued by the Fund after the Initial Launch Period, such price being determined pursuant to Paragraph 7.3.3
'Management Share'	A voting share in the capital of the Company designated as a management share and having the rights provided for in Paragraph 7.2.1 and under the Constitution
'Manager'	MCB Investment Management Co. Ltd
'Mauritius'	The Republic of Mauritius

Term	Definition
'NAV per Share'	Has the meaning ascribed to it in Paragraph 7.3.3
'Net Asset Value' or 'NAV'	The amount determined pursuant to the Constitution as being the Net Asset Value of the Fund
'New Share'	Has the meaning ascribed to it in paragraph 6.2 of Schedule III
'Participating Shares'	Non-voting redeemable participating shares having the rights provided for in Paragraph 7.2.2 and under the Constitution with respect to such class
'Participating Shareholder'	A holder of a Participating Share
'Primary Market'	The off-exchange market where Participating Shares may be subscribed for and redeemed directly with the Fund
'Prospectus'	The present document (which is deemed to be Listing Particulars) and any amendments thereto
'Qualified Investor'	Any applicant for Participating Shares approved by the Manager but does not include: <ol style="list-style-type: none"> 1. Persons which cannot acquire or hold Participating Shares in the Company without violating laws or regulations of the jurisdiction to which they are subject to or subject of, or otherwise applicable to them; 2. Persons which by reason of acquiring or holding such shares, may expose the Company or any of its shareholders or Directors to adverse tax or other pecuniary consequences; and 3. Persons/Entities which are custodians, nominees, or trustees for person described in 1. to 2. above
'Record date'	The cut-off date, communicated by the Fund prior to the payments of dividend, used to determine the Participating Shareholders who are entitled to such dividends
'Redemption Price'	The price at which Participating Shares will be redeemed, determined in accordance with Paragraph 7.3.3 hereunder and the Constitution
'Redemption Price per Creation/ Redemption Unit'	The price at which a Creation/ Redemption Unit is redeemed by the Fund, such price being determined pursuant to Paragraph 7.3.3
'Register'	The share registers to be kept pursuant to the Act
'Registrar'	MCB Registry & Securities Ltd
'Reinvestment'	Has the meaning ascribed to it in paragraph 6.10
'Secondary Market'	The exchanges(s) on which the Participating Shares have been admitted for listing and trading
'SEM'	The Stock Exchange of Mauritius Ltd
'Special Resolution'	A resolution proposed and passed as a special resolution by a majority consisting of three-fourths or more of the total number of votes of those shareholders present and entitled to vote in person or by proxy at a duly convened meeting, or a resolution in writing signed as a special resolution in accordance with the Act
'Total Expense Ratio'	In relation to the Fund, is the total fees and expenses paid by the Fund in a given period expressed as a percentage of the weighted average Net Asset Value of the Fund over that same period

Term	Definition
'U.S.' or 'United States'	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia
'U.S. Person'	<p>(a) any natural person resident in the United States, including any U.S. resident who is temporarily outside the United States;</p> <p>(b) any corporation, partnership, limited liability company or other entity organised or incorporated under the laws of the United States;</p> <p>(c) any estate of which any executor or administrator is a U.S. Person;</p> <p>(d) any trust of which any trustee is a U.S. Person;</p> <p>(e) any agency or branch of a foreign entity located in the United States;</p> <p>(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;</p> <p>(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident, in the United States; and</p> <p>(h) any corporation, partnership, limited liability company or other entity if (1) organised or incorporated under the laws of any non-U.S. jurisdiction and (2) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) promulgated under the U.S. Securities Act) which are not natural persons, estates or trusts.</p> <p>Notwithstanding the foregoing, the following persons do not constitute "U.S. Persons" for purposes of this Prospectus:</p> <p>(a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident, in the United States;</p> <p>(b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if (1) an executor or administrator of the estate which is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and (2) the estate is governed by non-U.S. law;</p> <p>(c) any trust of which any professional fiduciary acting as trustee is a U.S. Person shall not be deemed a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;</p> <p>(d) an employee benefit plan established and administered in accordance with the laws of a country other than the United States and customary practices and documentation of such country;</p> <p>(e) any agency or branch of a U.S. Person located outside the United States if (1) the agency or branch operates for valid business reasons and (2) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and</p> <p>(f) the International Monetary Fund, the International Bank for Reconstruction</p>

Term	Definition
	and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans
'USD'	The United States Dollar, being the lawful currency of the United States of America
'Valuation Day'	Such Business Day which the Board may declare for the carrying out of the Net Asset Value calculation of the Fund, such Valuation Day being every Business Day (or such other day as the Board or Manager may from time to time decide)
'Valuation Point'	6 p.m. Mauritian time on each Business Day (including a Dealing Day)
'Website'	Means the website of the Fund, https://www.mcbcm.mu/en/investment-products/exchange-traded-funds/african-domestic-bond-fund

b. Rules of Interpretation:

In this Prospectus, unless there is something in the subject or context inconsistent with such construction: -

- a) Words importing the singular number only shall include the plural number and vice versa;
- b) Words importing the masculine gender only shall include the feminine gender;
- c) Words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
- d) The word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- e) Reference to US dollars (or USD) and to US cents is reference to the currency of the United States of America;
- f) Reference to an Article is to an Article of the Constitution and any reference to a paragraph is to a paragraph of this Prospectus;
- g) Subject to the foregoing provisions, any words defined in the Act, shall, if not inconsistent with the subject or context, bear the same meaning in this Prospectus;
- h) References to enactments and to articles or sections of enactments shall include references to any modifications or re-enactments thereof for the time being in force;
- i) If any date referred to in this Prospectus would otherwise fall on a day that is not a Business Day, such date shall be postponed to the next day that is a Business Day;
- j) Any reference to Category 1 Global Business Licence in this Prospectus shall refer to a Global Business Licence under the Financial Services Act 2007 (as amended); and
- k) Where for the purposes of this Prospectus or for any other purpose any amount in one currency is required to be translated into another currency the Board may effect such translation using such rate of exchange as in their absolute discretion they think appropriate except where otherwise specifically provided.

4 PRESENTATION OF THE FUND

4.1 Name and registered office address of the Fund

African Domestic Bond Fund
 c/o Apex Fund & Corporate Services (Mauritius) Ltd
 Lot 15 A3 1st Floor Cybercity Ebene 72201, Mauritius
 Tel: +230 404 3900
 E-mail: mcb@gfingroup.com

4.2 Constitution

African Domestic Bond Fund is a Collective Investment Scheme incorporated under the laws of the Republic of Mauritius (“**Mauritian Law**”) on 4 May 2017, as a public company limited by shares, holding a category 1 Global Business Licence. The Fund is regulated under the Financial Services Act 2007 and is authorised to operate as a Global Scheme pursuant to the Securities Act 2005 and the CIS Regulations. The Fund will issue fully paid and unleveraged listed securities. The business registration number of the Fund is C17146994. The Fund is of an unlimited duration.

The main terms of the Constitution are summarised in Schedule II of this Prospectus.

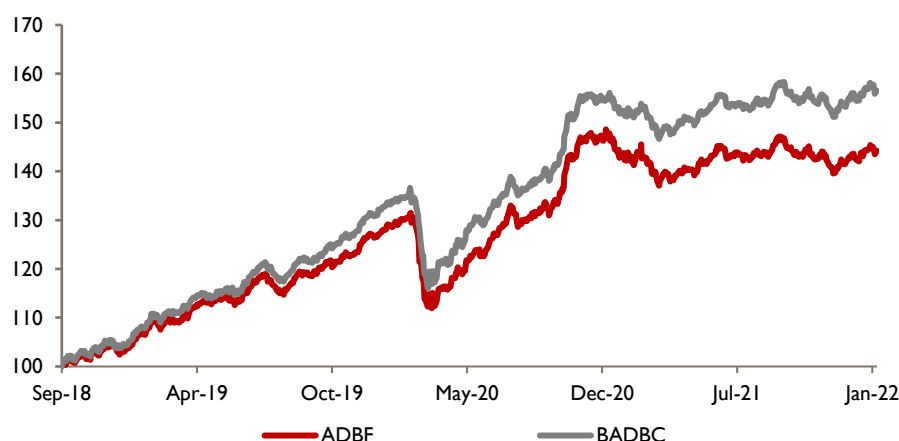
4.3 Listing on the Stock Exchange of Mauritius Ltd

The Participating Shares issued by the Fund is listed and traded on the Official Market of the Stock Exchange of Mauritius Ltd (“**SEM**”). This Prospectus, including all information required to be disclosed by the SEM Listing Rules, constitutes the Listing Particulars for the purpose of this listing. As at the date of writing of this Prospectus, the Fund is considering the listing of the Participating Shares on Bostwana Stock exchange and does not exclude listing on any of the Additional Exchanges in the future.

4.4 Track Record

The Fund was launched on September 18, 2018 and has close to 3.5 years of track record.

Performance of Fund since inception up to January 2022 is as follows:



Cumulative Performance (as at 31 January 2022)

	1 Year	Inception
NAV to NAV *	2.1%	44.2%

*Adjusted for dividend

4.5 Documents available for inspection

The following documents, which are in English, will be made available for inspection, free of charge, during normal business hours at the registered office of the Manager:

- copies of this Prospectus (including any supplement thereto);

- b) the Constitution; and
- c) the latest audited accounts of the Manager.

Copies of the latest Interim and Annual Reports will be available free of charge on written request at the office of the Manager. Annual statements summarising investments and holdings made during the last financial year will be sent to shareholders by September of each year.

5 ORGANISATION AND MANAGEMENT OF THE FUND

5.1 The Directors

The primary function of the Board is to direct and supervise the business and affairs of the Fund. The Board shall consist of a minimum of two (2) directors, whereby at least two (2) directors will at all times be resident in Mauritius. All decisions of the Fund are, and will at all times be, taken in Mauritius. The members of the Board are appointed by the holder of the Management Share.

The Board will meet as often as necessary, but at least quarterly to review the investments, operations, and administrative affairs of the Fund. There are no service contracts in existence between the Fund and any of its Directors in their personal capacity, nor are any such contracts proposed. The Board in its entirety will be responsible for the compliance functions of the Fund. The Board shall be entitled to create such committees of the Board in the manner set out in the Constitution.

5.1.1 Biography of Directors

The Board currently comprises of the following members:

Name	Biography	Nationality	Address
Gilbert GNANY (Non-Executive Director)	Mr. Gnany Holds a Master's degree in Econometrics from the University of Toulouse and a 'DESS' in Management/Micro-Economics from Paris-X. He is currently Chief Strategy Officer of MCB Group Limited. Previously, he worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist after having been the Economic Advisor to the Minister of Finance. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius, the Statistics Advisory Council and the Statistics Board as well as having been a director of the Board of Governors of the Mauritius Offshore Business Activities Authority and of the Board of Investment. Presently, alongside being a Director of MCB Group Ltd and a member of its Strategy Committee and Risk Monitoring Committee, he acts as Chairperson or as board member of several companies of the Group. Moreover, he is a member of the Financial Services Consultative Council and of the Managing Committee of the COVID-19 Solidarity Fund. He is also the Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue.	Mauritian	Port Chambly, Terre Rouge P.O Box No. 21416, Mauritius

Name	Biography	Nationality	Address
Ronald LAM YAN FOON (Non-Executive Director)	Rony Lam is the Chief Executive Officer of MCB Capital Markets Ltd, the corporate finance advisory, private equity and investment management arm of MCB Group Limited. He started his career with KPMG in Beijing and London, where he qualified as a Chartered Accountant. Since 2000, he has pursued a career in investment banking at HSBC Investment Bank and Barclays in London and Asia. From 2007 to 2012, he was a Partner at Fenchurch Advisory Partners, a leading UK investment banking firm focused exclusively on advising financial institutions and private equity firms on mergers and acquisitions and capital market transactions. Mr. Lam holds a B.A. and M.A (Cantab) in Economics from Cambridge University and he qualified as a Chartered Accountant in 1998.	Mauritian	La Preneuse, Riviere Noire, Mauritius
Jean HOW HONG (Independent Director)	Jean holds a Diploma in Sugar Technology (School of Agriculture, University of Mauritius). He has 40 years' management experience in the agro-industry, wholesale and distribution sector at Innodis Ltd. He was the Chief Operating Officer for 3 years and then Chief Executive Officer for 8 years prior to retiring in December 2016. He has assumed functions of Executive Director of Mauritius Farms Ltd, and General Manager (Commercial Division) Happy World Ltd. He is currently a director of Innodis Ltd, Poulet Arc en Ciel Ltee and Meaders Feeds Ltd where he also chairs the Corporate Governance Committee.	Mauritian	32 B Botanical Garden Street, Curepipe, Mauritius
Lifa CHEUNG KAI SUET (Independent Director)	Li Fa holds a Graduate Diploma in Statistics of the UK Institute of Statisticians, now Royal Statistical Society, and was appointed Chartered Statistician in 2004. She has extensive experience in official statistics. She was the Director/Chief Executive Officer of Statistics Mauritius, the national statistical agency of Mauritius, for 10 years where she was responsible for the development of official statistics and for the co-ordination of statistical activities in the country. Before that, she was Deputy Director of the agency for 5 years. During her terms of office, she took a 2-years' leave to work as Senior Economist for the International Monetary Fund mostly involved in capacity development activities. She is now retired and is currently working as a part-time international consultant in official statistical system	Mauritian	Residence Seleucia 6, Dr Lesur Street Beau Bassin, 71503, Mauritius

5.1.2 Emoluments and benefits

- a) The independent Directors on the Board shall be entitled to such remuneration as may be determined from time to time by the Board. No remuneration or benefits in kind have been or will be granted to the other Directors by any affiliate of the Fund or the Fund. However, all the Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund including travel and other reasonable costs incurred in connection with their services. The estimated annual remuneration to be paid to an independent director will be determined at market rates.
- b) Any Director may also act in a professional capacity as provided for by Mauritian Law and he will be entitled to be remunerated for such services at market rates.

5.1.3 Director's interests

No commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital.

Any interest in the equity or debt securities of the Fund held by a Director or its associate will be disclosed in the register of interest of the Fund.

5.1.4 Shareholding information

The Management Share are held by the Manager, as promoter of the Fund, and the Fund is not aware of any person who is directly or indirectly interested in 5 per cent or more of the number of shares of any class of share capital carrying rights to vote in all circumstances at a meeting of the holder of the Management Share.

5.1.5 Material contracts

There is no contract or arrangement subsisting at the date of this Prospectus in which any Director is materially interested.

Except as disclosed herein, the Fund has not entered into any agreement which is significant in relation to the business of the Fund.

5.2 The Advisory Committee

5.2.1 The Fund will have an Advisory Committee which shall be comprised of such number of representatives as may be appointed by (i) the Anchor Investors and (ii) any other Participating Shareholder subscribing to Participating Shares with a value of at least Ten Million United States Dollars (USD 10,000,000), or such other amount as may be determined by the Fund from time to time.

5.2.2 Principal duties and responsibilities

The matters which requires the consultation of the Advisory Committee by the Fund or the Fund Manager (as the case may be) shall be as specified in the Constitution.

The Advisory Committee shall only provide recommendations to the Fund and/or the Fund Manager (as applicable) and shall not give any directions or instructions that would result in the members of the Advisory Committee having fiduciary duties to the Fund pursuant to the Act.

5.2.3 None of the members of the Advisory Committee shall be entitled to receive any remuneration from the Fund in respect of their appointment as members of the Advisory Committee.

5.3 The Manager

5.3.1 Constitution and governing law

The Fund is being promoted by the Manager (MCB Investment Management Co. Ltd., a public company incorporated on 16th June 1998 in Mauritius and governed by the Act).

The Manager is duly licensed under the Securities Act 2005 to, *inter alia*, promote, manage and administer collective investment schemes and closed-ended funds. Investors should be aware that the Manager has, in addition to its CIS Manager licence, an Investment Adviser (unrestricted) licence issued by the FSC and is accordingly entitled to also provide advisory and portfolio management services to its other relevant clients. The Manager subscribed to the Management Share issued by the Fund.

5.3.2 About the MCB Group

The Manager is a wholly-owned subsidiary of MCB Capital Markets Ltd ("**MCBCM**") which is the capital markets and non-banking financial services arm of the MCB Group ("**MCB**").

MCB is one of the oldest banking group on the island having operated since 1838. MCB's long history, commitment to its clients and innovative culture underpin its solid franchise and track record of sustained profitability.

A summary of key features of the Group is highlighted in the table below:

Name	MCB Group Limited
SEM ticker	MCBG
Industry classification	Financial services
Market capitalisation	Mauritian Rupees 74.5 bn (USD 1.8 billion) as at September 2021
FY21 profits	Mauritian Rupees 8.0 bn
Shareholders	Over 22,000 local and foreign shareholders
Clients	More than 1 million individual and corporate customers
Geographical presence	Physical presence in 10 countries, operations in over 30 African countries
Employees	Around 3,700 employees
Current market share	40% in respect of domestic credit to the economy and local deposits and nearly 47% of local currency deposits

As at the date of this Prospectus, MCBCM does not have any material proportion of its assets situated outside of Mauritius.

5.3.3 Name and Address of Head Office

MCB Investment Management Co. Ltd

Sir William Newton Street
Port Louis
Mauritius

5.3.4 Principal functions of the Manager

The principal functions of the Manager are outlined below.

a) Managing the Fund

The Manager shall take all reasonable steps to ensure that the Fund's assets are being managed in accordance with prevailing legislation and its constitutive documents.

b) Pricing of Participating Shares and publication

Prices of the Participating Shares are calculated and published on a daily basis on the Website. The Manager will gather the latest prices of all underlying assets in the portfolio and calculate the issue and redemption prices of the Fund.

c) Preparation of interim and annual reports

The Manager will ensure that proper accounting records are kept for the Fund and is responsible for the preparation of interim and annual reports.

d) Liaison with third parties

The Manager will ensure the liaison with third party specialists such as the Registrar and the Auditors.

5.3.5 Names and profiles of board members of the Manager

The board of directors of the Manager consists of one executive, three independent and four non-executive directors, namely:

a) Gilbert Gnany – Non-Executive Director

Same as described above.

b) Ronald Lam Yan Foon – Non-Executive Director

Same as described above.

c) Ameenah Ibrahim - Managing Director

Ameenah heads MCB Investment Management. She has been actively involved in the development of MCBIM, both from the investment level as well as on the operation and administration level. Throughout her career, she has acquired extensive experience in devising investment strategies for institutional and individuals clients, launch and monitoring of collective investment schemes, dealing with fund distributors, liaising with third-party parties inclusive of regulatory bodies and governance. Prior to this role she was managing multi-asset portfolio, equities only portfolio, absolute return mandate, tracking strategies amongst others. She joined the Group after graduating from the University of Montpellier with a “Maîtrise-es-Sciences Économiques – Mention Monnaie et Finance”.

d) Michael Naameh – Non - Executive Director

Mr. Naameh is a specialist in international investment management, emerging markets and financial sector development. He has three decades of institutional investment and consultancy experience gained at Crown Agents for Oversea Governments and Administrations, where he served as director and chief investment officer until 2016, and prior to that as a senior consultant at an international firm of actuaries for six years. He is now managing partner and senior economic adviser at Palm. Consulting, a UK-based specialist public asset-liability management and financial sector development consultancy.

Mr. Naameh is a well-regarded adviser to governments, public sector organisations and development programmes. His work focuses on building best practice in the management of investment funds, external debt and sovereign risk and the deepening of capital markets. He has led, or contributed to, the management of funds and advisory assignments in more than 60 countries including 21 in Africa and played a role in the development of the first Mauritius closed-end SME investment fund in the early 1990s and thereafter supporting the growth of MCB Investment Management.

Between 1994 and 2005 he led an economic research team that advised the Japan Bank for International Cooperation (JBIC) on country and financial sector risks in many parts of Africa, India and Eastern Europe to support the Bank’s lending programmes. Since 1998, he has structured a wide range of specialist training and institutional capacity-building programmes for governments and financial institutions including ministries of finance, central banks, social security funds, sovereign wealth funds, regional development banks and commercial banks.

Mr. Naameh is co-author of two books on central bank reserves and sovereign risk management. He has also presented numerous policy papers and articles on the management of public assets and liabilities and financial sector development at international forums, including the World Bank & IMF Annual Meetings, World Bank Small States Forum, Commonwealth Finance Ministers Annual Meetings, Asian Development Bank, Caribbean Development Bank and Bank for International Settlements.

Mr. Naameh holds an MSc in International Monetary Economics and Econometrics from the University of London and a BA (Hons) in Business Studies. He is a member of the Institute of Chartered Financial Analysts (CFA).

e) Jeremy Paulson-Ellis – Non-Executive Director

Mr. Paulson-Ellis was one of the founding directors of the Genesis Group, a specialist institutional investment manager in Emerging Markets and was the Chairman since its formation in January 1989 until his retirement in June 2009. Prior to that he was Chairman of Vickers da Costa, an international London-based stockbroker, following its takeover by Citicorp in 1985. He was involved in the management of the first offshore fund formed to invest in Japan and was closely involved in the development and launch of the first country funds for South Korea and Taiwan, and the second for Thailand.

f) Couldip Basanta Lala - Independent Director

Couldip is a Fellow of the Institute of Chartered Accountants in England and Wales. Between 1985 to 1993, he has been a partner of one of the big accounting firms (DCDM) and was responsible for training, technical development & strategic coordination. He has been leading audit assignments of World Bank financed projects in countries of East and West Africa. In 1993 Couldip co-founded

International Financial Services Ltd (IFS) which for the past 25 years has been a leading Management Company specializing in international tax, business and corporate advisory services. In January 2017, IFS was acquired by SANNE Group PLC, a company quoted on the main market of the London Stock Exchange.

All along his career, Couldip has been a corporate affairs consultant and adviser and his area of focus has been the structuring of both private equity and open ended funds. He has the exceptional background of being the past chairman of the Stock Exchange Commission in 1994 and a past member of the Executive Committee of Bourse Africa, an international multi-class exchange. Couldip also has experience appearing for and advising administrative bodies. He has been called upon by the Government of Mauritius to be a member of high-powered fact-finding committees. He has also led and directed the production of the "IFS Guide to Mauritian Company Law".

Couldip sits on other boards of directors of private equity and open ended funds. He continues to contribute to shaping the global business sector through his practitioner's perspective.

g) Gilles Trancart - Independent Director

Mr Trancart is a senior advisor to ACCURACY since Sep 2018. Prior to this he was the Deputy CEO and managing partner of Lazard Frères Gestion (June 2011 to April 2018). Mr Trancart also acted as a Director of Lazard Freres Banque. Previously Mr Trancart was Chief Risk Officer for Newedge (Credit Agricole Group) from 2008 to 2011. From 2005 to 2008 Mr Trancart acted as Global head of Markets Risk at Credit Agricole Corporate & Investment Bank (CACIB). He also worked as a general partner of ODDO BHF together with Phillippe Oddo and has acted as an independent director and consultant for a number of stock markets and clearing houses in Europe. Mr Trancart began his career at the Banque of France as Inspecteur in charge of control of Banks for the Banking Commission, specialized in Retail Banking and Market Activities in 1983.

h) Mrs Catherine Swanepoel – Independent Director

Mrs Catherine Swanepoel holds a Masters of Commerce in Economics and a Bachelor of Commerce, both from the University of Cape Town. She is currently a Partner and the Chief Investment Officer of South Suez Capital, an African private equity fund manager with \$1bn under management. She is the chairperson of the Investment Committee and a Director of the Board. She also serves on the Advisory Boards of eight private equity funds. Prior to joining South Suez, Catherine was an Investment Manager at the CDC Group, which is a leading private equity investor in Emerging Markets. Before joining CDC, she worked in Investment Banking at Goldman Sachs in London.

5.3.6 Track record – fund setup and management

The Manager is one of the largest portfolio and CIS Managers in Mauritius with a wide platform of Collective Investment Schemes duly authorised by the FSC and with total assets under management of around USD 900 million as at 31 December 2021. Following its amalgamation with MCB Fund Managers Ltd in October 2012, the company has more than 20 years' experience in the development of new funds and their management and administration.

The company has, over the years, successfully launched the following collective investments:

- **MCB General Fund** (1994) – a balanced fund investing at least 60% in local equities and fixed income and up to 40% in overseas funds and fixed income securities.
- **MCB Tracker Fund** (1998) – a unique fund in Mauritius following a "Tilting Index" philosophy with the primary objective of tracking the SEM-10 Index.
- **MCB Domestic Equities Fund** (2001) – a local equity fund which aims at outperforming the local SEMDEX index.
- **MCB Yield Fund** (2003) – a local fixed income fund with an objective to endeavor to yield atleast 1.75% above the average savings rate offered by commercial banks in Mauritius, over any given financial year
- **MCB Overseas Fund** (2009) – a fund of foreign funds (70%) and up to 50% in overseas fixed income securities.

- **MCB USD Bond Fund (2011)** (formerly known as MCB Bond & Currency Fund) – a USD-denominated fund investing in overseas bonds and aiming at delivering a return through capital appreciation of bonds and currencies and coupon and interest income
- **MCB 2025/30/35/40 target date funds (2012)** – four target date funds seeking to balance the total return and stability over time by investing in a mix of asset classes with different risk profiles. As the Fund approaches and passes the target date, it will increasingly emphasize income and conservation of capital by investing a greater portion of its assets in bonds or other fixed income securities and high-yielding equities.
- **MCB Africa Bond Fund (2014)** – a USD-denominated fund established in order to enable investors to capture returns from investments in African local currency fixed income securities
- **MCB Africa Equity Fund (2015)** – a USD-denominated fund investing in listed African equities.
- **MCB India Sovereign Bond ETF (2016)** – A USD-denominated Exchange Traded Fund listed on the Official Market of the Stock Exchange of Mauritius Ltd. This fund tracks the performance of the ZyFin India Sovereign Bond Liquid Index, which is constituted of the most liquid fixed rate, local currency sovereign bond issued by the Central Government of India.
- **MCB Cash Management Fund (2016)** – A USD-denominated fund which invests in a diversified portfolio of shorter-term corporate and government fixed income securities.

5.3.7 Investment management team of the Manager

The Fixed Income team of the Manager has a wealth of experience which can be seen in the performance track record the company has generated within the various mandates it has secured. Key members of this team include:

a) **Abhimanyu Yadav – Head of Fixed Income & Currencies**

Mr. Yadav heads the development of fixed income and currency fund management at MCB Investment Management. Prior to joining the firm, he was a portfolio manager at MEAG New York (Munich Re), where he led fixed income strategy for the firm’s Canadian fixed income portfolios (US\$10bn AUM) and co-managed the credit portion for the US fixed income portfolios (US\$30bn AUM). Before joining MEAG New York, Mr. Yadav was a Risk Manager and then Credit Analyst at Genworth Financial for 4 years. He therefore has considerable experience investing in fixed income strategies covering sovereign bonds, investment grade and high yield corporates and ABS under both active and passive mandates versus customised publicly available fixed income benchmarks.

b) **Ameenah Ibrahim – Managing Director**

Please refer to paragraph 5.3.5(c) for biography.

5.3.8 Investment Management Agreement

The Fund has entered into an investment management agreement (the “**Investment Management Agreement**”) of unlimited duration with the Manager which gives the Manager full power to administer, supervise and direct the acquisition and/or disposal (by whatever means) of the Fund’s investments subject to and in compliance with the investment objectives (as described in Paragraph 6 below) and in light of any reasonable instructions that may be given by the Board.

The Manager in addition fulfils additional duties and reporting obligations including:

- To provide instructions with respect to the execution of purchases and sales of investments on behalf of the Fund as it deems to be in the best interests of the Fund;
- To make all material disclosure to the Fund regarding itself and its members, managers, partners, officers, directors, shareholders, employees, affiliates or any person who controls any of the foregoing, the investment performance and the investment performance of the Fund, but without revealing to the Fund the identities of its clients;

- c) To maintain a continuous record of all investments and securities acquired by the Fund and with respect to all transactions effected by it or on behalf of the Fund in accordance with such regulatory and reporting requirements of the FSC and such other relevant authorities;
- d) To maintain such books and records as are appropriate, check all periodical reports, transaction advices and/or statements received from time to time from the Custodian and shall render to the Fund such periodic and special reports as the Fund may reasonably request from time to time;
- e) To calculate the Net Asset Value;
- f) To ensure that relevant information pertaining to the trading and investment of the assets of the Fund are furnished to the Fund as may reasonably be requested from time to time;
- g) To perform (by itself or through other service providers) investment administration services required by the Fund and engage in any other lawful activities.

The Manager has the ability to delegate to agents or other persons, including portfolio managers, the performance of any or all of the services under the Investment Management Agreement and its duties and obligations. However the Manager remains responsible for (i) all the acts and omissions and (ii) costs of all such persons that it appoints except for transaction costs which shall be recharged to the Fund.

The Manager will be remunerated in the manner set out in Paragraph 7.8.2 below.

The Investment Management Agreement may be terminated by either party by giving at least three (3) months' written notice to the other party or, forthwith and as of right, upon the occurrence of any of the following events:

- a) If the other party goes into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation notice of which to be forthwith given in writing to the first party) or is proved to the satisfaction of the court to be unable to pay its debts or commits any act of bankruptcy under the laws of Mauritius or if a receiver is appointed in respect of any of the assets of that other party;
- b) If the other party commits any material breach of its obligations under the Investment Management Agreement and (if such breach shall be capable of remedy) fails, within fifteen (15) Business Days of receipt of written notice served by the first party requiring the other party, to make good such breach; or
- c) At any time if the other party ceases to be permitted to act as such under the applicable laws (including in the case of the Manager, its CIS Manager licence is revoked or suspended).

The Investment Management Agreement further provides that a) where the Manager resigns or where the Investment Management is otherwise terminated, no such resignation or termination will be effective unless (i) the Manager nominates, for appointment by the Fund, at least two other CIS managers of the same calibre and having the same expertise to act in the relevant capacity, and (ii) the Manager procures the consent of those persons to act in that capacity prior to such resignation or termination, and b) if within a period of three months from (i) the date on which the Manager gives the Fund a notice of resignation, or (ii) the date on which the Fund notifies the Manager of the termination of its appointment, or (iii) the date on which the Manager becomes disqualified to act as Manager of the Fund, no new manager has been appointed by the Fund, the Fund may be wound up pursuant to the Constitution.

The Investment Management Agreement contains provisions exempting the Manager from liability except where the Manager's actions constitute gross negligence, wilful misconduct, bad faith, dishonesty, fraud or breach of the Investment Management Agreement. The Fund has agreed to indemnify and hold harmless the Manager from and against any and all losses, claims, damages, liabilities, costs, expenses and demands (including, without limitation, costs and expenses arising therefrom or incidental thereto), (collectively "Losses"), to which the Manager may become subject arising out of the Investment Management Agreement, the transactions contemplated by it or the fact that the Manager is or was a Manager to the Fund, unless any such Losses are the direct result of the Manager's actions which constituted gross negligence, wilful misconduct, bad faith, dishonesty, fraud or breach of the Investment Management Agreement.

In addition, the Investment Management Agreement contains provisions indemnifying the Fund against any and all losses if such Losses are as a result of the Manager's gross negligence, wilful misconduct, bad faith, dishonesty, fraud or breach of the Investment Management Agreement.

5.4 Change of Manager by the Board

In accordance with the Constitution and the Investment Management Agreement, the prior consent of at least 75% of the holders of the Participating Shares will be required when the Board wishes to proceed with a change of the Manager.

5.5 Market making activities

MCB Stockbrokers Ltd (the "Market Maker") has been appointed as market maker by the Fund. The Market Maker has given an undertaking to the Fund that it will provide liquidity to the market during pre-determined windows on all trading days and will always, in normal market circumstances, endeavour to provide and maintain a reasonable bid and offer. In certain exceptional circumstances, the SEM may relieve the Market Maker from its responsibility to maintain a reasonable bid and offer until the issue is resolved. The Fund reserves its right to appoint other market makers in addition to or in replacement of the Market Maker and under such terms as may be approved by the relevant exchange.

5.6 The Registrar

The Fund has appointed MCB Registry and Services Ltd as registrar. The Registrar is incorporated under the laws of Mauritius and is licensed by the FSC as a Registrar and Transfer Agent. The duties of the Registrar include:

- a) Maintaining, in relation to each class of shares of the Fund, the register of shareholders of the Fund as required by Mauritian Law and generally performing all actions related to the issuance and transfer of such shares and the safe-keeping of certificates, if any;
- b) Performing all acts related to the redemption and/or purchase of shares of the Fund;
- c) Maintaining a record of dividends declared, if any, and dividends paid; on behalf of the Fund;
- d) Dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the replacement or transfer of shares of the Fund; and
- e) Performing all other incidental services necessary to its duties, which duties shall be set out in the registrar and transfer agent agreement.

5.7 The Corporate Secretary

Apex Fund & Corporate Services (Mauritius) Ltd is the current corporate secretary for the Fund. The Corporate Secretary is incorporated under the laws of Mauritius and is licensed by the FSC as a management company to, inter alia, provide company management services to global business companies. The duties of the Corporate Secretary include:

- a) Providing guidance to the Board relating to their duties, responsibilities and powers;
- b) Informing the Board of all legislation pertaining to meetings of the shareholders and the Board;
- c) Ensuring that the minutes of all meetings of shareholders and Board are properly recorded, and that all statutory registers are properly maintained; and
- d) Certifying in the annual financial statements, that the Fund has filed with the Registrar of Companies all such returns as are required under the Act as may be amended from time to time.

5.8 The Custodian

Standard Chartered Bank (Mauritius) Limited has been appointed as custodian of the Fund and is authorised by the FSC to 'safeguard and administer assets of clients' which it may carry out itself or through the appointment of various reputable sub-custodian institutions.

The Custodian shall be remunerated directly by the Fund according to the terms and conditions of the contract established between them, the main clauses being as follows:

- a) The Custodian shall be used to hold one or more cash and securities accounts;

- b) The Custodian shall be appointed as custodian in Mauritius and if necessary, sub-custodians will be appointed by the Custodian in all jurisdictions where the Fund is to invest;
- c) The Custodian shall use reasonable care in the selection of any sub custodian to ensure that the latter has the appropriate level of expertise and competence to discharge its responsibilities in accordance with the custody agreement and the relevant Mauritius laws.

5.8.1 Removal of Custodian

In accordance with the Constitution, any change in the Custodian by the Board requires the prior consent of at least 50% of the holders of the Participating Shares.

Pursuant to the Constitution, the Fund may not give notice to the Custodian terminating its appointment, where such termination will cause the Fund to have no Custodian, unless a new Custodian is appointed in its place. Similarly, In the event of the Custodian wishing to resign as custodian of the Fund, the Board shall, where such resignation will cause the Fund to have no Custodian, appoint a new Custodian prior to the effective date of the resignation.

6 INVESTMENT OBJECTIVE & PRACTICES AND FINANCIAL CHARACTERISTICS

6.1 Underlying Investments

The Manager will seek to achieve the Fund's investment objective by investing the Fund's assets in African currency denominated debt obligations issued or guaranteed by an African Government, by an agency or instrumentality of an African Government, by an African Government sponsored entity or a quasi-Government entity in each case as determined by the Fund Manager and which are for the time being securities of the Index's member countries ("**Member Securities**") but also in certain securities other than Index Securities being securities which qualify but are not part of the Index's member countries ("**Non-Member Securities**") by adopting a representative sampling strategy or similar strategy.

Together these eligible debt obligations are referred to as "Qualifying Bonds".

6.2 Investment objective

The African Domestic Bond Fund ("**ADBF**") is an Exchange Traded Fund that will aim to track, subject to any investments in Non-Member Securities, the performance of the Index before fees and expenses. The Fund predominantly invests in bonds to replicate in a cost-efficient manner the Index.

6.3 Indexing Strategy

Most members of the Index have a large number of bonds in the market. As a result, the Index features over 200 bonds. Given liquidity considerations and transaction costs, the Fund cannot invest in all the bonds. The Manager will seek to achieve this investment objective by employing a "stratified sampling" approach to match the Index's characteristics and returns through investing in a well-diversified portfolio that represents the Index. Accordingly, a fall in the Index will result in a corresponding fall in the NAV of the Fund.

The Fund Manager will endeavour to invest only in the most liquid maturities in each market whether these bonds are included in the Index or not. However, given liquidity constraints and in order to optimise the operation of redemption and creation of shares, the country-weighting of the portfolio can deviate by up to 5% from the Index. The Fund may also invest up to 20% in Non-Member Securities.

6.4 The Index

6.4.1 The Index Provider

The African Development Bank launched the African Financial Markets Initiative (AFMI) in 2008. AFMI's goal is to further develop debt markets in Africa, by strengthening the domestic bond market and by investing in local currency-denominated debt to improve capital markets' long-term resilience. Its specific objectives are: (i) to enable governments to improve the terms on which they borrow in domestic financial markets, thus reducing their dependence on foreign currency denominated debt; (ii) to increase financing options available to corporate sectors; (iii) to act as a catalyst for the development and stability of financial markets

as well as for regional financial market integration; and (iv) to improve the availability and transparency of African fixed income data.

The Fund has entered into an agreement with the African Development Bank whereby it has received the authority to use the Index.

6.4.2 Description and features of the Index

(a) The African Development Bank launched in December 2014 the AfDB/AFMISM Bloomberg[®] African Bond Index series, of which the “AfDB/AFMISM Bloomberg[®] African Bond Index 25% Capped” is one. The indices initially included 4 local sovereign indices namely South Africa, Egypt, Nigeria and Kenya. Namibia and Botswana were added in September 2015, with Ghana and Zambia in April 2017. The AfDB/AFMISM Bloomberg[®] African Bond Index 25% Capped is a rules-based market value weighted composite index of the Bloomberg South Africa, Bloomberg Egypt, Bloomberg Nigeria, Bloomberg Kenya, Bloomberg Namibia, Bloomberg Botswana, Bloomberg Ghana and Bloomberg Zambia Local Sovereign Indices. In January 2021, Mauritius and Morocco local sovereign indices were added. Country percentage contribution to the index is capped at 25%.

- The Bloomberg Kenya Local Sovereign Index (“**BKEN**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Kenya. To be included in the index a security must have a minimum par amount of KES 1 billion.
- The Bloomberg Botswana Local Sovereign Index (“**BBOTS**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Botswana. To be included in the index a security must have a minimum par amount of BWP 500 million.
- The Bloomberg Namibia Local Sovereign Index (“**BNAMI**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Namibia. To be included in the index, a security must have a minimum par amount of NAD 500 million.
- The Bloomberg Egypt Local Sovereign Index (“**BEGYP**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Egypt. To be included in the index, a security must have a minimum par amount of EGP 1 billion.
- The Bloomberg Nigeria Local Sovereign Index (“**BNGRI**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Nigeria. To be included in the index, a security must have a minimum par amount of NGN 50 billion.
- The Bloomberg South Africa Local Sovereign Index (“**BSAFR**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by South Africa. To be included in the index, a security must have a minimum par amount of ZAR 2 billion.
- The Bloomberg Ghana Local Sovereign Index (“**BGHA**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Ghana. To be included in the index, a security must have a minimum par amount of GHS 100 million.
- The Bloomberg Zambia Local Sovereign Index (“**BZMB**”) is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Zambia. To be included in the index, a security must have a minimum par amount of ZMW 50 million.
- The Bloomberg Morocco Local Sovereign Bond Index “**BMORO**” is a rules-based market-value weighted index engineered to measure the fixed-rate local currency securities publicly issued by Morocco. To be included in the index a security must have a minimum par amount of MAD 100 million. [BBGID BBG00WHNHK61]
- The Bloomberg Mauritius Local Sovereign Bond Index “**BMAUR**” is a rules-based market-value

weighted index engineered to measure the fixed-rate local currency securities publicly issued by Mauritius. Minimum par amount of MUR 1 billion for index inclusion. [BBGID BBG00WHNHK52]

- (b) The weighting of the constituent securities of the Index changes on a monthly basis. As at 31st January 2022, the composition of the Index (rounded to 2 d.p) was as follows:

<u>Constituent</u>	<u>Percentage (%)</u>
Kenya	8.41
Botswana	0.61
Namibia	1.20
Egypt	24.86
Nigeria	13.25
South Africa	25.77
Ghana	3.83
Zambia	2.38
Mauritius	1.77
Morocco	17.90

- (c) Information relating to the construction of the Index, including the treatment of various corporate actions (where applicable), is documented in the ground rule document which is available on Bloomberg's web page through https://data.bloomberglp.com/indices/sites/2/2017/07/AFMI-Bloomberg-African-Bond-Index-Methodology_FINAL.pdf.
- (d) Should there be any changes in the Index constituents or the investment objective of the Fund, the latter shall be communicated by means of a communiqué posted on the Website.
- (e) Information relating to the Index level for the preceding day will be published on the Website on a daily basis.
- (f) Key facts about the Index:
- Base Date: 3rd July 2012
 - Base Value: 100
 - Number of constituents: 485 as at 31st January 2022
 - Calculation Frequency: Daily (End of the day on each Business Day)
 - Rebalance Frequency: Monthly
 - Currency: USD
- (g) Information relating to the Index level for the preceding day and Index constituents, will be published on the Website on a daily basis.
- (h) The evolution of the Index since inception is provided below:

AfDB/AFMISM Bloomberg[®] African Bond index (as at January 2022)



Cumulative	Annualised Performance (as at 31 st January 2022)			
	YTD	1 YR	3 YR	Since Inception (July 2012)
	1.4%	3.6%	12.2%	14.2%

(i) Historical Highs and Lows of the Index

AfDB/AFMI SM Bloomberg [®] African Bond Index 25% Capped		
Year	High	Low
2012	112.256	100
2013	114.561	105.139
2014	121.701	108.883
2015	117.359	108.483
2016	118.557	94.402
2017	117.283	95.973
2018	127.865	114.287
2019	150.876	120.866
2020	179.109	133.168
2021	181.695	168.287

(j) Index Level as at 31st January 2022: 179.636

6.4.3 The Index Calculator

The Index Calculator will be Bloomberg Finance L.P.

Bloomberg Finance L.P., operating as a subsidiary of Bloomberg L.P., is a market index provider and also offers software upgrades on a monthly basis to the Bloomberg Professional service with no on-site maintenance. It was incorporated in 2007 and is based in New York.

Bloomberg Finance L.P.

C/o Bloomberg L.P., as agent
731 Lexington Avenue
New York, New York 10022

6.4.4 Details of the Index calculation system.

The Index uses Bloomberg's BVAL service, which provides transparent and defensible valuation prices of fixed income securities across the liquidity spectrum. If BVAL deems there are insufficient price contributors, a price will not be available and the bond will be excluded from index membership.

Bonds enter and exit the Index as determined by Bloomberg's index committee and are rebalanced monthly.

The Index' base reporting currency is USD. Conversion into USD is based on London 4pm BFIX rate. The BFIX prices are created by taking a short-term Time-Weighted Average Price (TWAP) of the geometric mid-rates of Bloomberg Generic (BGN) prices leading up to and following the fixing time. All issuers are sovereign issuers (BCIS classification 5010 – supreme law-making authority subject to no other issuer of national debt).

The countries in the composite will be reviewed on a quarterly basis for possible additions. Once stable and reliable access to terms, conditions and pricing have been guaranteed, Bloomberg will consider adding further countries. A limiting factor to the expansion of the Index is the scarce pricing information generated by low levels of secondary trading.

6.4.5 Continuity

In the event that the Index ceases to be available, the Manager will seek to procure the immediate use of an alternative index (if necessary customised by the Index Provider or the Manager) that, in the opinion of the Manager, is substantially similar to the Index and will manage the Fund's portfolio using this index, taking into account the interests of Investors. If no such index is immediately available, then the Manager will consider the possibility of seeking an index provider to create an index that is substantially similar to the Index. If necessary, the Manager will consider whether liquidating the Fund would be in the overall best interests of Participating Shareholders. During the period of transition to a new benchmark index, the Manager will continue to manage the Fund's portfolio in a manner consistent with the passive style of an index-tracking fund and in accordance with the methodology of the Index to the extent that the Manager is able to determine such methodology.

6.4.6 Changes to the Index

The Manager, subject to the approval of the Board, may decide, if it considers it to be in the interests of the Fund, to change or substitute the Index. The Manager may, for instance, decide to substitute the Index in the following circumstances:

- a) the Index constituents cease to be sufficiently liquid or otherwise be available for investment in a manner which is regarded as acceptable by the Manager;
- b) the quality, accuracy and availability of data of the Index has deteriorated;
- c) the components of the Index would cause the Fund to be in breach of the limits contained in the "Investment restrictions and practices" section of the Prospectus and/or materially affect the taxation or fiscal treatment of the Fund or any of its Participating Shareholders;
- d) the Index ceases to exist or, in the determination of the Manager, there is, or is expected to be, a material change in the formula for, or the method of, calculating the Index or a component of the Index

- or there is, or is expected to be, a material modification of the Index or a component of the Index;
- e) the Index Provider increases its licence fees to a level which the Manager considers excessive;
 - f) there is a change of ownership of the Index Provider to an entity not considered acceptable by the Directors and/or a change of name of the Index; or
 - g) a new index becomes available which is regarded as being of greater benefit to the Investors than the existing Index.

The above list is indicative only and cannot be understood as being exhaustive in respect of the ability of the Manager to change the Index in any other circumstances as it considers appropriate.

Any proposal by the Manager to change the Index shall be subject to the prior approval of the FSC, in accordance with the requirements of the CIS Regulations, and the SEM. Shareholders will be notified of the proposed change.

6.4.7 Disclaimer pertaining to the Index

The African Development BankSM, AfDBSM and AFMISM are trademarks and/or service marks of The African Development Bank (collectively with its affiliates, "AfDB"). Bloomberg[®] is a trademark and/or service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). AfDB and Bloomberg own all proprietary rights in the African Development Bank (AfDB/AFMISM) Bloomberg[®] African Bond Index 25% Capped (the "**AfDB Bloomberg Index**").

Neither AfDB nor Bloomberg is the issuer or producer of the Participating Shares and neither Bloomberg nor AfDB has any responsibilities, obligations or duties to investors in the Participating Shares. The AfDB Bloomberg Index is licensed for use by African Domestic Bond Fund as the issuer of the Participating Shares. The only relationship of Bloomberg and AfDB with the Fund in respect of the AfDB Bloomberg Index is the licensing of the AfDB Bloomberg Index, which is administered by AfDB and calculated by Bloomberg, or any successor thereto, without regard to the Fund or the Participating Shares.

Investors acquire Participating Shares from African Domestic Bond Fund and investors neither acquire any interest in the AfDB Bloomberg Index nor enter into any relationship of any kind whatsoever with Bloomberg or AfDB upon making an investment in the Participating Shares. The Participating Shares are not sponsored, endorsed, sold or promoted by Bloomberg or AfDB. Neither Bloomberg nor AfDB makes any representation or warranty, express or implied, regarding the advisability of investing in the Participating Shares or the advisability of investing in securities generally or the ability of the AfDB Bloomberg Index to track corresponding or relative market performance. Neither Bloomberg nor AfDB has passed on the legality or suitability of the Participating Shares with respect to any person or entity. Neither Bloomberg nor AfDB is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Participating Shares to be issued. Neither Bloomberg nor AfDB has any obligation to take the needs of the Fund or any other third party into consideration in determining, composing or calculating the AfDB Bloomberg Index. Neither Bloomberg nor AfDB has any obligation or liability in connection with administration, marketing or trading of the Participating Shares.

The calculation and branding agreement between Bloomberg and AfDB is solely for the benefit of Bloomberg and AfDB and not for the benefit of the African Domestic Bond Fund, investors or other third parties. In addition, the licensing agreement between Bloomberg and AfDB, on the one hand, and the African Domestic Bond Fund, on the other, is solely for the benefit of such parties and not for the benefit of the owners of the Participating Shares, investors or other third parties.

NEITHER BLOOMBERG NOR AFDB SHALL HAVE ANY LIABILITY TO THE FUND, INVESTORS OR OTHER THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR COMPLETENESS OF THE AFDB BLOOMBERG INDEX OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS OR DELAYS IN THE DELIVERY OF THE AFDB BLOOMBERG INDEX. NEITHER BLOOMBERG NOR AFDB MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE FUND, THE INVESTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE AFDB BLOOMBERG INDEX OR ANY DATA INCLUDED THEREIN. NEITHER BLOOMBERG NOR AFDB MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EACH HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE AFDB BLOOMBERG INDEX OR ANY DATA INCLUDED THEREIN. AFDB AND/OR BLOOMBERG RESERVE THE RIGHT TO CHANGE THE METHODS OF CALCULATION OR PUBLICATION, OR TO CEASE THE CALCULATION OR

PUBLICATION OF THE AFDB BLOOMBERG INDEX, AND NEITHER BLOOMBERG NOR AFDB SHALL BE LIABLE FOR ANY MISCALCULATION OF OR ANY INCORRECT, DELAYED OR INTERRUPTED PUBLICATION WITH RESPECT TO THE AFDB BLOOMBERG INDEX. NEITHER BLOOMBERG NOR AFDB SHALL BE LIABLE FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, OR ANY LOST PROFITS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH, RESULTING FROM THE USE OF THE AFDB BLOOMBERG INDEX OR ANY DATA INCLUDED THEREIN OR WITH RESPECT TO THE PARTICIPATING SHARES.

6.5 Currency universe

The Fund will hold investments and cash denominated in United States Dollars, local currencies of African countries and any other subscription currency.

6.6 Investment restrictions and practices

The Fund:

- a) will restrict its investments (other than cash and cash equivalents) to Qualifying Bonds (Member Securities and Non-Member Securities);
- b) will not purchase a security, other than a debt security issued by the government of any country, if immediately after the purchase, more than 5% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- c) shall not purchase a security of an issuer where, immediately after the purchase, the Fund would hold more than 10% of a class of securities of that issuer;
- d) shall not purchase real estate;
- e) shall not purchase a mortgage;
- f) shall not purchase or sell derivatives, except during instances when there are capital controls in place and the Fund needs to manage currency exposures. As such, the Fund has applied for and obtained a derogation from the FSC for the use of derivatives;
- g) shall not purchase an illiquid asset, if immediately after the purchase more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- h) shall not purchase a security for the purpose of exercising control or management of the issuer of the security; and
- i) shall not purchase or sell commodities, including precious metals.

In addition the Fund shall not:

- A. borrow money or provide for the creation of any encumbrance on its assets except in the two following situations;
 - i. the transaction is a temporary measure to accommodate requests for the redemption of securities of the Fund while the Fund effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the Fund does not exceed 5% of its net assets taken at market value at the time of the borrowing;
 - ii. the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity;
- B. subscribe to securities offered by a company under formation;
- C. engage in the business of underwriting or marketing securities of any other issuer;
- D. subject to the CIS Regulations, lend money, securities or other assets,
- E. guarantee securities or obligations of another person;
- F. purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;

- G. purchase a security from, or sell a security to, one of the following persons:
 - i. the Manager or the Custodian;
 - ii. an officer of the Manager or the Custodian;
 - iii. an affiliate of a person referred to in sub Paragraphs g) (i) and (ii), unless the purchase from or sale to the affiliate is carried out at arm's length;
- H. the Fund shall not invest in aggregate more than 5% of its net asset value in the shares of another collective investment schemes; and
- I. the Fund shall not acquire more than 10% of the shares of a single collective investment scheme.

6.7 Risk factors

An investment in the Fund involves significant risk and should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. The risks involved in investing into the Fund are laid down in Schedule I to this Prospectus.

6.8 Suitability

The Fund is suitable for Investors:

- a) Looking to access the sovereign bond markets within Africa, thereby diversifying their portfolio;
- b) Having an investment horizon of at least 3 years; and
- c) Looking for regular returns in USD from dividend distribution and potential long-term gains from capital appreciation of the underlying bonds and currencies.

6.9 Recommended minimum holding period

It is recommended that an investment in the Fund be held for a period of at least 3 years.

6.10 Dividends

The holder of the Management Share shall not be eligible to any dividend payment. The Fund will, subject to solvency requirements, distribute all surplus income by way of dividends to the holders of Participating Shares.

Dividends shall be declared usually twice a year, provided that the net income (after accounting for fees and expenses) of the Fund allows for a meaningful dividend to be paid to Participating Shareholders.

A Participating Shareholder shall have the option to elect to receive Participating Shares in lieu of a cash dividend (the "**Reinvestment**") in accordance with section 64 of the Act and the rules set out in Schedule III.

The process for payment of dividends shall be in accordance with the mechanics set by the SEM.

Save for the Reinvestment:

- a) dividends will be paid in USD to Participating Shareholders having provided a valid USD bank account in Mauritius associated with their CDS account. If bank accounts associated with the Participating Shareholders' CDS account are not USD accounts, the equivalent of the USD amount of the dividend will be paid instead and the currency conversion rate to be used will be that applied by the Participating Shareholders' respective banks on the date the dividends are credited to the accounts.
- b) given that the Fund is denominated in USD and that dividend payments are also initiated in USD, no cheques will be issued to Participating Shareholders. If the dividend disposal mode on a Participating Shareholder's CDS account is "By cheque" at the time a dividend is being paid or where an invalid bank account has been provided, the Participating Shareholder will be promptly notified that his share of the dividends is being held with the Registrar until the Participating Shareholder provides a valid bank account to which the dividends can be credited. No interest will be payable on such dividends held with the Registrar.

6.11 Tax considerations

The considerations herein are for informational purposes only and are not intended to be a complete account of all tax implications and should not be construed as tax advice. Each Investor should consult its professional tax adviser

and make its own inquiries with respect to the tax considerations of an investment in the Fund. Tax consequences may vary depending upon the particular status of an Investor. The contents of this Paragraph 6.11 are true at the time of writing and Investors are reminded to exercise caution when interpreting the following paragraphs since laws and regulations of countries are subject to change from time to time without notice whatsoever.

6.11.1 The Fund

As from the 1st January 2019 and following the amendments made to the Income Tax Act 1995, through The Finance (Miscellaneous Provisions) Act 2018, the deemed foreign tax credit has been abolished and the Fund will be entitled to an eighty percent (80%) income tax exemption on its foreign source income.

In order to avail itself of any double taxation avoidance agreement (“DTA”) to which Mauritius is a party, the Fund has to obtain a tax residence certificate from the MRA and such certification is determinative of its resident status for DTA purposes.

6.11.2 Shareholders

At the time of writing, prevailing law provides that shareholders who are either Mauritian individuals or non-residents of Mauritius will not be subject to any form of Mauritian tax on redemption of shares they hold in the Fund. Mauritian corporations disposing of their shares may be liable to tax on the profits realised on redemption if the shares purchased are disposed within six months of the purchase date. Dividend income received from the Fund is not subject to tax in Mauritius and there is currently no withholding tax on dividend payments made to local companies or foreign companies.

7 CONDITIONS OF OPERATIONS

7.1 Share capital

The share capital of the Fund is denominated in USD and made up of no par value shares. It is divided into two classes of shares namely:

- a) Management Share; and
- b) Participating Shares;

The Board may, at any time, decide to create additional classes of shares of the Fund subject to the provisions of the Act, the Securities Act 2005 and the CIS Regulations.

The Board may issue and redeem Participating Shares to/from any person and in any number it thinks fit without the requirement of any prior approval of the shareholders of the Fund. The Board is expressly permitted to issue further Participating Shares at any time ranking as to voting or distribution rights or both equally with shares of such classes already in issue without such issuance as amounting to a variation of rights under section 114 of the Act.

The Fund has one (1) Management Share in issue (owned by MCB Investment Management Co. Ltd at the time of issue). The Management Share shall confer upon the holders thereof the rights set out in the Constitution as highlighted below. The Board shall issue the Management Share only to the Manager.

There has been no alterations in the capital of the Fund prior to the issue of this Prospectus. The capital of the Fund is neither under option nor is agreed conditionally or unconditionally to be put under option.

7.2 Classes of shares of the Fund

7.2.1 Management Share

The terms of issue of the Management Share are as follows:

- Voting:
The holder of the Management Share shall have the right to receive notice of meeting of any meeting of the shareholders of the Fund and shall have all the voting rights of the Fund requiring shareholders' approval under the Act.
- Dividends:

The holder of the Management Share shall not have any rights to dividends.

- Distribution of surplus assets:

Upon winding up of the Fund, the holder of the Management Share shall have the right to receive an amount equal to the sums paid up on such Management Share but after payment to the holders Participating Shares in accordance with the Constitution.

- The Management Share shall be non-redeemable.

7.2.2 Participating Shares

The terms of issue of the Participating Shares are as follows:

- Voting:

Except where there is a variation of rights attached to the Participating Shares, the holders of Participating Shares shall not have the right to receive notice of shareholders' meeting and attend such meetings, and shall have no right to vote at any meeting of shareholders and/or to approve any resolution of the Fund. For the avoidance of doubt, the prior consent of the Participating Shareholders will be required pursuant to the terms of the Constitution where the Board wishes to proceed with a change of the Manager and the Custodian. Any variation attached to the Participating Shares must be approved by Special Resolution.

- Dividends:

The holders of Participating Shares shall have rights to dividends.

- Distribution of surplus assets:

Upon winding up of the Fund, the holders of Participating Shares shall have the right to a *pro-rata* share of any surplus assets of the Fund and shall rank in priority to the holder of Management Share in accordance with the Constitution.

Participating Shares shall be issued on the other terms set out hereinafter and in the Constitution.

7.2.3 Reporting obligations to holders of Participating Shares

- Annual report

The Manager shall, as soon as practicable (but not later than 90 days) after the end of each Accounting Period of the Fund, publish on the Website an annual report reviewing the operation of the Fund during the Accounting Period then ended. Written copies of the Annual Report will be available free of charge on written request at the Manager's office.

- Interim report

The Manager shall, as soon as practicable (but not later than 45 days) after the end of each calendar quarter (except where same coincides with the end of an Accounting Period), publish on the Website an interim report reviewing the operation of the Fund during the period then ended. Written copies of the Interim Report will be available free of charge on written request at the Manager's office.

- Annual statements of holdings

The Manager shall send to each holder of Participating Shares, an annual statement of account by September each year to allow each holder of Participating Shares to be fully aware of his overall investment in the Fund over the last financial year. The statement will also show an indicative value of the investments.

7.2.4 Summary of rights and terms of issue of shares in the Fund

Rights & other terms	Management Share	Participating Shares
<u>Voting</u>	Yes	No, save when there is a variation of rights under the Act
<u>Dividends</u>	No	Yes
<u>Distribution of surplus assets</u>	Yes, but after distributions to holders of Participating Shares	Yes
<u>Redemption</u>	No	Yes
<u>Annual Statements of holdings</u>	N/A	Yes

7.3 Net asset value, portfolio valuation and pricing

7.3.1 Net Asset Value

The Net Asset Value of the Fund is determined by the Manager (or any person retained by the Manager on behalf of the Fund to provide such services), under the overall supervision and direction of the Board, based on the latest available prices on each Valuation Day.

If the Manager is unable to carry out a valuation exercise as a result of any cause beyond its reasonable control ("**Force Majeure Event**"), the Fund shall be valued as soon as reasonably possible after the removal of the Force Majeure Event, it being understood that such valuation shall take place only on a Business Day.

The Net Asset Value of the Fund is calculated by taking the total assets of the Fund, including all cash, cash equivalents and other securities (each valued at fair market value and which are further described in subparagraph "**Portfolio valuation**" below), and subtracting the total liabilities of the Fund (valued at fair market value) determined in accordance with International Financial Reporting Standards ("**IFRS**") subject to the amortisation of the Fund's organisational and initial offering fees and expenses described in Paragraph 7.8 below.

All NAV publications pertaining to the Fund, will be published on the Website.

7.3.2 Portfolio valuation

Fixed income securities are normally valued on the basis of quotes obtained from brokers and dealers or pricing services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed delivery basis are marked to market daily until settlement at the forward settlement date.

Investments initially valued in currencies other than the USD are converted to the USD using exchange rates obtained from pricing services. As a result, the NAV of the Fund may be affected by changes in the value of currencies in relation to the USD. When forward currency contracts are involved, the Fund will use the spot rates as provided by data providers and adjust them for the market determined forward points to reflect the gain / loss from the forward currency contract.

Securities and other assets for which market quotes are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Manager will disclose to the

Board the pricing sources used for each Dealing Day.

The Fund will be valued with accrual on holdings up to and including the day of valuation. For the avoidance of doubt, this includes fund expenses and coupons.

In the event the Manager at any time considers that the above basis of valuation is inappropriate to reflect the correct values or, that the values determined in accordance with the foregoing principles are unfair, the Manager may, with the approval of the Board, make such allowance as it considers appropriate. In particular this may happen in case of market illiquidity.

7.3.3 Pricing per share

The "NAV per Share" in respect of Participating Shares shall be calculated by dividing the Net Asset Value of the Fund by the total number of Participating Shares in issue on the Valuation Day. Any changes in assets and liabilities and in the number of Participating Shares will be recorded in the books no later than the first Valuation Day following the date of transaction.

The Issue Price per Share and Redemption Price per Share shall be the NAV per Share.

The Issue Price per Creation/Redemption Unit and Redemption Price per Creation/Redemption Unit shall be the NAV per Share multiplied by the number of Participating Shares aggregated within that Creation/Redemption Unit.

The NAV per Share in respect of Participating Shares, showing the fair value based on the index level for the preceding day, will be available at the office of the Manager and published on the Website on a daily basis.

The NAV per Share, Issue Price per Share, Redemption Price per Share, Issue Price per Creation/Redemption Unit and Redemption Price per Creation/Redemption Unit will be rounded to two (2) decimal places.

7.4 Suspension of dealing

The Board is empowered, subject to the CIS Regulations and to the prior approval of the SEM, to suspend all dealings and the calculation of the Net Asset Value pertaining to the Fund or any class of shares of the Fund and may do so in any of the following events:

- a) when one or more stock exchanges or other markets which provide the basis for valuing any assets of the Fund are closed other than for or during holidays, or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a substantial part of the Fund's assets;
- b) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund is not reasonably practicable without this being seriously detrimental to the interests of shareholders, or if, in the opinion of the Board, a fair price cannot be calculated for the assets of the Fund;
- c) in the case of a breakdown of the means of communication normally used for the valuing of any assets or if for any reason the value of any asset which is material in relation to the Net Asset Value (as to which the Board shall have sole discretion) may not be determined as rapidly and accurately as required;
- d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable, or if purchases, sales, deposits and withdrawals of any assets of the Fund cannot be effected at the normal rates of exchange, as determined by the Board; and
- e) if, for reasons beyond the control of the Fund, a fair price for the assets of the Fund is not being bid by any party in spite of the fact that all reasonable efforts have been made to obtain such a bid.

The Board's power to suspend dealings and the calculation of the Net Asset Value in the circumstances described in the above paragraph shall apply as if references to "assets of the Fund" include references to any underlying investments or assets representing or attributable to the assets of the Fund, whether directly or indirectly.

The Board shall, in addition to the subject of suspension, have the right to postpone any Valuation Day to the next Business Day if, in the opinion of the Board a significant proportion of the assets of the Fund cannot be valued on an equitable basis and such difficulty is expected to be overcome within one Business Day.

No issue or redemption of shares of the Fund will take place during any period when the calculation of the Net Asset

Value is suspended. The Fund may withhold payment to shareholders of the Fund whose shares have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Board believe that the making such payment during the period of suspension would materially and adversely affect and prejudice the interests of continuing shareholders.

The Fund where possible shall take all reasonable steps to bring any period of suspension to an end as soon as possible in any event not later than thirty (30) days after the start of the suspension.

Any suspension of dealing shall be published in accordance with the provisions of applicable laws.

7.5 Indebtedness

At the time of issue of this Prospectus, the Fund has not:

- Engaged in activities to lever the Fund or issue any type of guaranteed and unguaranteed debt securities;
- Contracted any borrowings or indebtedness in the nature borrowings;
- Applied for any mortgages and charges to encumber the assets of the Fund;
- Assigned any contingent liabilities or guarantees to the Fund.

7.6 Subscriptions for and redemption of Participating Shares on the Primary Market

The provisions set out in this Paragraph 7.6 apply to subscriptions for and redemption of Participating Shares on the Primary Market and not to the purchase and sales of Participating Shares on the Secondary Market. Applications for subscriptions or redemptions of Participating Shares can only be made through an Authorised Participant on the Primary Market. All other Investors may purchase or sell Participating Shares on the Secondary Market through brokerage firms, as described in Paragraph 7.7 below.

Notwithstanding the above, the Manager reserves the right to accept subscriptions, on the Primary Market, from Investors other than Authorised Participants during the Initial Launch Period.

The Manager may also in exceptional circumstances, at its discretion and with the prior approval of the Board, accept a subscription or redemption (as the case may be) on the Primary Market from an Investor that is not an Authorised Participant provided such person making the subscription or redemption (as the case may be) has agreed to comply with equivalent terms governing subscriptions or redemptions (as the case may be) made through an Authorised Participant in all material respects save to the extent otherwise agreed by the Manager and the Board. The Manager shall only exercise its discretion to accept a subscription or redemption (as the case may be) from an Investor that is not an Authorised Participant if it considers:

- a) A more efficient subscription or redemption (as the case may be) mechanism can be established for such Investor than the process currently in place through an Authorised Participant;
- b) There are exceptional circumstances which cause subscriptions or redemptions (as the case may be) through an Authorised Participant to be less effective for such Investor; and
- c) It would not, in the opinion of the Board, materially prejudice the interests of the Participating Shareholders.

Participating Shares may only be issued and redeemed on the Primary Market in multiples of 20,000 Participating Shares or such other multiple as from time to time determined by the Manager (each a "Creation/Redemption Unit") and specified in any updated Prospectuses and prior notice of any change in the size of the Creation/Redemption Unit shall be given to Authorised Participants if so required by the Constitution, save that the Board may issue or redeem Participating Shares in aggregations smaller than Creation/Redemption Unit aggregations for a particular case or cases. Any issue and redemption of Participating Shares is usually effected in cash. Participating Shares will only be issued or redeemed in integral numbers.

The Manager will make available the most current Prospectus to Authorised Participants, but shall be under no obligation to deliver any updated Prospectuses to any Investor. Updated Prospectuses will be made available in accordance with the Paragraph 4.5 (*Documents available for inspection*) and will be posted on the Website.

7.6.1 Subscription for Participating Shares

To be eligible to subscribe for Participating Shares of the Fund on the Primary Market, an entity must be either an Investment Dealer or custodian who is admitted as a participant of CDS (a "CDS Participant") or is able to effect transactions through a CDS Participant, and, subject to completing an authorised participant adherence form, must have been approved by the Manager with respect to subscription and redemption of

Participating Shares. Such party is referred to as an "Authorised Participant". Investors may contact the Manager for the names of Authorised Participants. In addition, a list of the current Authorised Participants will be available on the Website.

Participating Shares shall be issued by the Fund in accordance with the applicable laws and in accordance with the procedures set out hereunder:

a) Subscription procedure

Orders from Investors to subscribe for Participating Shares on the Primary Market must be placed with an Authorised Participant in the form required by such Authorised Participant. Investors should be aware that their particular broker or dealer may not be an Authorised Participant and that, therefore, orders to subscribe for Participating Shares have to be placed by such broker or dealer through an Authorised Participant.

Applications for Participating Shares from Authorised Participants may be made to the Manager. An application form will also be made available on the Website.

Duly completed applications forms and required supporting documents (the "Application Documents") together with payment instructions (including all applicable Duties & Charges) must be submitted to the Manager. Applications will be processed when they are physically received at the office of the Manager.

Notwithstanding the above, subscription for Participating Shares may, at the discretion of the Fund, be processed and issued on receipt of scanned copies of the Application Documents PROVIDED that the original Application Documents are received by the Manager within one (1) month of the issue of such shares. Failure to send the original Application Documents within the prescribed delay may result in (i) the Fund and/or the Manager taking such actions as may be necessary or required under the anti-money laundering laws and/or (ii) the compulsory redemption of the applicable Participating Shares at the then NAV per Share less any applicable Duties & Charges, the proceeds of which will be sent back to the Investor without interest and net of bank charges.

Payments must be made by bank transfer to the account of the Fund specified in the application form.

Payments by cash will not be accepted.

Shares must be fully paid up. No credit will be given to Investors.

All documents sent by post should be addressed to:

<p>African Domestic Bond Fund C/o MCB Investment Management Co. Ltd Sir William Newton Street Port Louis, Mauritius</p>

Subscription monies must be received in full (including all applicable Duties & Charges) before the Manager can act on the Investor's application to purchase Participating Shares in the Fund.

The Fund may, after consultation with the Manager, reject, in all or in part, any application (without assigning any reason) at its sole and absolute discretion and the Investor would be required to hold the Fund and the Manager harmless in respect of any cost, loss or prejudice resulting from such rejection. Any amount paid on application will be returned to the Investor without interest and net of bank charges.

b) Initial Launch Price and Period

- Initial launch price per Share: USD 10.00
- Initial launch period opened on: 10 September 2018
- Initial launch period closed on: 17 September 2018

c) Minimum subscriptions

Participating Shares may only be subscribed for in Creation/Redemption Unit size of 20,000 Participating Shares or such other multiple as may from time to time be determined by the Manager save that the Manager may issue Participating Shares in aggregations smaller than Creation/Redemption Unit aggregations for a particular case or cases. Authorised Participants who are permitted market makers may subscribe for Participating Shares in any Creation/Redemption Unit aggregations on any Dealing Day.

Each Authorised Participant submitting an application to subscribe for Participating Shares in the Fund is required to deliver upfront (by the Dealing Deadline) a subscription amount estimated by the Manager as being sufficient to cover the value of Participating Shares or Creation/Redemption Units (as the case may be) subscribed for and any applicable Duties & Charges (the “**Subscription Amount**”).

Where the Subscription Amount paid by an Authorised Participant is subsequently determined to have been in excess of the actual amount required for the purchase of the number of Participating Shares or Creation/Redemption Units (as the case may be) subscribed for (inclusive of any Duties & Charges), the excess cash amount will be held in custody on a temporary basis and will be reimbursed to the relevant Authorised Participant as soon as practicable, net of any foreign exchange transaction costs and any other related costs. The relevant Authorised Participant shall remain an unsecured creditor of the Fund in respect of the amount to be reimbursed (“**Reimbursement Amount**”) until such time as the amount is paid to it. Authorised Participants should note that no interest will accrue on the relevant Reimbursement Amount and interest shall therefore not be payable by the Fund to the relevant Authorised Participant in respect of any such amount.

In the event that the Subscription Amount is insufficient to purchase all the Participating Shares or Creation/Redemption Units (as the case may be) subscribed for (inclusive of any Duties & Charges), the Authorised Participant will be required to deliver additional sums to make up any funding shortfall and such additional sums will be required to be delivered to the Fund by such reasonable timeframe as shall be notified to the Authorised Participant at the time of any such shortfall occurring. No Participating Shares will be issued until the funding shortfall has been settled by the Authorised Participant.

d) Subscriptions Dealing Deadline

The Manager intends to procure for the issue of Participating Shares on each Dealing Day. The dealing deadline for subscriptions is noon Mauritian time on each Dealing Day. Shares in respect of applications received and accepted by the Manager before the applicable Dealing Deadline on a Dealing Day will be issued at the Issue Price per Share or Issue Price per Creation/Redemption Unit (as the case may be) prevailing on that Dealing Day (see below for calculation basis).

Applications received after the applicable Dealing Deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day, provided always that the Manager may decide, in exceptional circumstances, to accept subscriptions after the relevant Dealing Deadline provided that they are received before the relevant Valuation Point.

In the event of a suspension of dealing (see above for details) subscriptions for Participating Shares will be processed on the Dealing Day immediately following the cessation of such suspension. A temporary suspension of subscription may be permitted by the Manager in exceptional circumstances where it is in the interest of the investors.

e) Basis of pricing

Participating Shares are issued on a forward pricing basis and as such the Issue Price per Share or Issue Price per Creation/Redemption Unit (as the case may be) in respect of a subscription request shall not be ascertainable at the time of application. The Issue Price per Share or Issue Price per Creation/Redemption Unit (as the case may be) applicable on any Dealing Day shall be the Issue Price per Share or Issue Price per Creation/Redemption Unit (as the case may be) calculated at the Valuation Point for that Dealing Day.

f) Confirmation of purchase, delivery and settlement

Upon admission to listing of the Official Market of the SEM, the Participating Shares will be credited directly to CDS accounts of Participating Shareholders where those Participating Shareholders have CDS

accounts. Investors/Participating Shareholders who do not hold a CDS account, will be required to open a CDS account with an Investment Dealer of their choice.

Prior to the delivery of the Participating Shares in the CDS accounts of the Participating Shareholders, legal ownership of shares will be reflected in book entries recorded by the Registrar on the register of members as required to be kept under Mauritian Law. Once delivered in the CDS accounts, legal ownership of the Participating Shares will be reflected in book entries recorded by the CDS and such records shall constitute the definitive evidence of the title of the holder of the Participating Shares to the number of Participating Shares shown in their respective CDS account.

A confirmation note detailing the amount invested and the number and class of shares of the Fund allocated to the Participating Shareholder in the Fund will be sent (by email where same has been provided or otherwise by post) to the Participating Shareholder within five (5) Business Days from the relevant Dealing Day. The Fund will be responsible for settlement and not the SEM or any exchange.

g) In-kind Payment for Subscriptions

The Manager has the absolute discretion, but shall not be obliged to, accept in-kind payment for subscriptions on a case-by-case basis in accordance with the terms of the Constitution. If the Manager, in its discretion, agrees to accept an in-kind subscription at the request of an Authorised Participant then the Manager and the Authorised Participant will have to agree the detailed procedures therefor, including the basket of securities, any cash component and the number of shares to be created at all times in accordance with the Constitution. Investors should note that the Manager does not intend generally to accept in-kind payment for subscriptions.

7.6.2 Redemption of Participating Shares

Participating Shares shall be redeemed by the Fund in respect of the Primary Market in accordance with applicable laws and in accordance with the procedures set out hereunder.

a) Redemption procedure

Generally, only Authorised Participants are able to place redemption requests directly with the Fund. A holder of Participating Shares (the "**Applicant**"), acting through an Authorised Participant, may on any Dealing Day request the Fund to, subject to Paragraph 7.6.2 (c), redeem all or any portion of its Participating Shares at the applicable Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) subject to an appropriate provision for Duties and Charges. Any request for redemption (the "**Redemption Request**") made by the Applicant shall:

- be in writing in such form and containing such information as may from time to time, or in particular cases, or for particular purposes, be prescribed by the Board or the Manager. The Redemption Request form can be obtained from the Manager or downloaded from the Website;
- be served and delivered at the registered office of the Manager or such other place as may from time to time be agreed upon by the Board or the Manager; and
- be made in accordance with such other procedures as the Board or the Manager may determine either generally or in any specific case or cases.

b) Redemption Limits

If, on any Dealing Day, the aggregate of all Redemption Requests (net of any valid subscription requests received on the same Dealing Day) represents more than ten percent (10%) of the total value of all Participating Shares in issue on that Dealing Day, the Fund shall have the right to redeem the shares to which the Redemption Requests relate at a price determined by a successful sale of the requisite assets of the Fund and unless and until the sale is successfully effected, the Redemption Requests shall be deemed suspended in accordance with the Constitution. In selling the requisite assets, the Fund shall give due consideration to the interests of the holders of shares of the Fund as a whole.

c) Minimum Redemption Amount

Participating Shares may only be redeemed in Creation/Redemption Unit size of 20,000 Participating Shares or such other multiple as from time to time determined by the Manager save that the Manager

may redeem Participating Shares in aggregations smaller than Creation/Redemption Unit aggregations for a particular case or cases. Authorised Participants who are permitted market makers may redeem Participating Shares in any Creation/Redemption Unit aggregations on any Dealing Day.

d) Redemptions Dealing Deadline

The Manager intends to procure for the redemption of Participating Shares on each Dealing Day. The dealing deadline is 9 am Mauritian time on each Dealing Day. Shares in respect of Redemption Requests received and accepted by the Manager before the applicable Dealing Deadline on a Dealing Day will be redeemed at the Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) prevailing on that Dealing Day (see below for calculation basis).

Redemption Requests received after the applicable Dealing Deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day, provided always that the Manager may decide, in exceptional circumstances, to accept Redemption Requests after the relevant Dealing Deadline provided that they are received before the relevant Valuation Point.

In the event of a suspension of dealing (see above for details) Redemption Request forms will be processed on the Dealing Day immediately following the cessation of such suspension.

e) Calculation Basis for Redemption Proceeds

As shares of the Fund are redeemed on a forward pricing basis, the applicable Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) shall not be ascertainable at the time of the request. In their Redemption Request form, Authorised Participants must specify the total number of Participating Shares or Creation/Redemption Units (as the case may be) that they wish to redeem. The redemption proceeds are calculated by multiplying the number of Participating Shares or Creation/Redemption Units (as the case may be) specified in the relevant Redemption Request by the applicable Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) subject to an appropriate provision for Duties and Charges (the resultant amount being hereinafter referred to as the "Redemption Proceeds").

The Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) applicable on any Dealing Day shall be the Redemption Price per Share or Redemption Price per Creation/Redemption Unit (as the case may be) calculated at the Valuation Point for that Dealing Day.

f) Confirmation of Redemption

Upon the redemption of shares being effected, the Applicant shall cease to be entitled to any rights in respect thereof. A confirmation note will be sent (by email where same has been provided or otherwise by post) to the Applicant within 5 Business Days after the applicable Dealing Day.

g) Payment of Redemption Proceeds

Redemption Proceeds (net of any bank charges) will be paid to the relevant redeemers' accounts within 5 Business Days of the applicable Dealing Day.

h) Redemption In-kind

The Manager has the absolute discretion, but shall not be obliged to, pay out redemptions in-kind on a case-by-case basis in accordance with the terms of the Constitution. If the Manager, in its discretion, wishes to effect in-kind redemption of Participating Shares at the request of an Authorised Participant then the Manager and the Authorised Participant will have to agree the detailed procedures therefor, including the basket of redemption securities, any cash redemption component and the number of shares to be redeemed at all times in accordance with the Constitution. Investors should note that the Manager does not intend generally to pay out redemptions in-kind.

7.6.3 Transfer of shares

Upon listing onto the Official Market of the SEM, the Participating Shares shall be freely transferable with all records of transfers directed through the CDS.

7.7 Sales and purchases on the secondary market

The Participating Shares are listed for secondary trading on the Secondary Market by means of an offer for subscription and individual Participating Shares may be purchased and sold by Investors and Participating

Shareholders (as applicable) thereon through any Investment Dealer. If an Investor and Participating Shareholder (as applicable) buys or sells Participating Shares on the secondary market, such Investor and Participating Shareholder (as applicable) will pay the secondary market price for Participating Shares. In addition, an Investor and Participating Shareholder (as applicable) will incur customary brokerage commissions and charges.

Participating Shares may only be purchased on the secondary market for in multiples of 1 Participating Share or such other amount as from time to time determined by the relevant exchange.

The trading prices of Participating Shares will fluctuate continuously throughout trading hours based on market supply and demand rather than the NAV per Share, which is only calculated at the end of each business day. The Participating Shares will trade on the market at prices that may be above (i.e. at a premium) or below (i.e. at a discount), to varying degrees, the NAV per Share. The trading prices of Participating Shares may deviate significantly from the NAV per Share during periods of market volatility and may be subject to brokerage commissions and/or transfer taxes associated with the trading and settlement through the stock exchange. There can be no guarantee that once the Shares are listed on a stock exchange they will remain listed. Investors should also refer to the paragraph on risk factors for more information.

An "INAV", which is an estimate of the Net Asset Value per Share calculated using market data, will be disseminated at regular intervals throughout the day. The INAV is based on quotes and last sale prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the INAV and the market price may occur and the INAV should not be viewed as a "real-time" update of the Net Asset Value per Share, which is calculated only once a day. None of the Fund, the Manager, any of its affiliates or any third party calculation agents involved in, or responsible for, the calculation or publication of such INAVs makes any warranty as to their accuracy. Details of the INAV for the Fund is available on the Website.

7.8 Summary of fees and charges payable by Investors/Participating Shareholders

7.8.1 Fees payable on issues and redemptions – Duties & Charges

The value of the assets of the Fund could be reduced as a result of costs incurred in investing cash subscriptions received on an application for Participating Shares, in paying cash redemption proceeds on a redemption of Participating Shares, or incurred in respect of dealing in portfolio securities, stamp duties, taxes or other normal costs of the Fund. In addition, there may be dilution costs due to the difference between the buying and selling prices of such securities and the market value of these securities. In order to prevent any potential adverse effect on shareholders and to avoid a dilution of the Fund's assets due to such duties and charges and/or dilution costs, the Manager has the discretion to charge the Investors/Participating Shareholders (as applicable) a fee comprising normal charges and dilution charges to compensate for any decrease in the Fund's NAV when Creation/Redemption Units are issued or redeemed (as applicable). Any such fee paid to the Fund, will become part of the property of the Fund. Such fee (if any) will be determined by the Manager as the Manager may consider represents the appropriate provision for duties and charges. If the actual duties and charges incurred by the Fund are less than the Manager's provision therefor, such difference will be for the benefit of the Fund and to the extent such duties and charges incurred by the Fund are more than the provision therefor then any such deficiency will be borne by the Fund.

Duties & Charges currently stand at 0.45%. This figure will be reviewed by the Manager in line with changes to investment/disinvestment costs incurred by the Fund and such amended figure will be communicated to all Authorised Participants.

7.8.2 Management Fees and other fees payable to functionaries

a) Management fees

The Fund shall pay to the Manager a fee (the "Management Fee") calculated, as a percentage per annum of the Fund's NAV. The Management Fee shall accrue on a daily basis and be payable on the last Business Day of each month. This percentage is currently 0.30% per annum and may from time to time be revised by the Manager after agreement with the Board.

b) Secretarial fees

The fees payable by the Fund to the Corporate Secretary have a fixed and variable component. These fees may be reviewed from time to time by the Corporate Secretary in accordance with the terms of

the Corporate Services Agreement but shall in no case exceed market rate.

c) Registrar fees

The Fund shall pay a fee to the Registrar for keeping the register of shareholders (the “**Registrar Fee**”). The Registrar Fee will be calculated as a percentage per annum of the NAV of the Fund. The registrar fee shall accrue on a daily basis and be payable on the last Business Day of each month. This percentage may from time to time be revised by the Registrar in accordance with the terms of the registrar and transfer agent agreement.

d) Custodian fees

The Fund shall pay to the Custodian for the safe-keeping and dealing with the assets of the Fund a fee calculated as a percentage per annum of the NAV of the Fund. The custodian fee shall accrue on a daily basis and be payable on the last Business Day of each month. This percentage may from time to time be revised by the by the Custodian in accordance with the terms of the custody agreement. The Custodian shall in turn remit a portion of its fees to the sub custodian of the fund.

e) Management Expense Ratio

Category	In bps of AUM per annum
Manager & distribution fees for MCBIM	30 bps
MCB Registry	7 bps
Custodian	16 bps
Management Expense Ratio (MER)	53 bps

7.8.3 Organisational expenses

The expenses incurred in establishing the Fund or devising its structure or preparing its Constitution from time to time (including without limitation: obtaining of authorisations for the Fund, the determination of its tax status and in the preparation of its initial agreements with (inter alia) any administrator, custodian, investment manager, registrar or secretary and in connection with the initial issue of shares) are, except and to the extent that it may be otherwise agreed by the Board, to be paid by the Fund and be recognized when incurred. The total organisational expenses is estimated to be USD 35,000.

Where the Manager pays or has paid the expenses on behalf of the Fund, the Manager may charge the expenses incurred to the Fund. For the purpose of Net Asset Value calculation, expenses will be allocated to the different shares or classes of shares (as applicable) and may be amortized or written off over a period of five (5) years commencing on the first Business Day of the month during which the Fund commences investment activities or as the Board may determine from time to time. A note reconciling the Net Asset Value calculation at year end shall be included in the statutory accounts of the Fund.

7.8.4 Other fees and charges

The following expenses shall be borne by the Fund together with any tax in the nature of value added tax or otherwise payable in respect of any such fees and expenses. Such expenses shall, where applicable, be apportioned on a class by class basis:

- a) In addition to the periodic fee referred to above, the Manager is entitled to be reimbursed the following expenses reasonably incurred by it in the performance of its duties including without limitation:
 - (i) Legal costs, stamp duties, valuation, search and enquiry fees;
 - (ii) Expenses in connection with the appointment and engagement of any approved valuer, accountant, stockbroker and such other person as may be necessary for the purpose of exercising the powers of the Manager or Board and performing their obligations under the constitutive documents of the Fund (which person or persons may be a related corporation of the Manager);
 - (iii) All taxes or any amount in bona fide reimbursement of any such taxes properly charged to the Manager (whether by any taxing authority or any other person) in connection with the Fund on account of the Manager, any shareholder or otherwise;

- (iv) Any other expenditure properly and reasonably incurred in connection with carrying out the duties of Manager under the constitutive documents of the Fund and/or any other applicable legislation or regulation.
- (v) all usual bank charges and fees incurred or charged in relation to the maintenance and operation of banking accounts and incurred in money transmission on behalf of the Fund;
- (vi) all legal costs and liabilities in relation to any legal action taken on behalf of the Fund;
- b) the cost of dealing in the assets of the Fund (including inter alia the cost and expenses of buying and selling securities and financial instruments, brokerage fees and commissions, interest or taxes payable, and all other transaction related expenses);
- c) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies;
- d) the cost and expenses incurred in obtaining a listing of the Fund on any licensed securities exchange, if such listing is deemed desirable by the shareholders;
- e) the costs incurred in modifying the constitutive documents of the Fund;
- f) any expenses incurred in respect of meetings of shareholders;
- g) the fees and expenses of the auditor of the Fund as fixed by the Board;
- h) the fees payable to regulatory bodies;
- i) the costs incurred in respect of the distribution of income (or capital) to shareholders;
- j) the costs incurred in respect of printing and posting of confirmation notes and interim and annual statements;
- k) costs incurred in respect of the publication of prices of the Fund;
- l) the fees and expenses of any consultants or advisers to the Fund appointed with the approval of the Board;
- m) the costs, charges and expenses incurred in relation to the preparation, registration and distribution of any Prospectus issued by the Manager in respect of shares in the Fund and the preparation, registration (if requisite) and distribution of any periodical or other report or document required by law to be prepared in respect of the Fund; and
- n) any other costs, incidental to the operation of the Fund that may be charged to the Fund.

The Manager is responsible for providing all office personnel, space and facilities required for the performance of its services to the Fund.

Audited and abridged financial statements will be published onto the Website on an annual and quarterly basis respectively.

7.9 Total Expense Ratio (TER)

As at 31st December 2021, the Total Expense Ratio is 0.73% per annum. The breakdown of the expected Total Expense Ratio is illustrated in the table below based on an assumption of fund assets under management (AUM) of USD 100,000,000:

Category	In bps of AUM per annum
Setup Costs*	1 bps
MER	53 bps
Benchmark – Bloomberg	3 bps
Other Annual Costs	5 bps
Total Expense Ratio (TER)	62 bps

Note: Calculations are based on an USDMUR FX rate at 43.30.

**Setup costs are amortized over 5 years.*

8 GENERAL INFORMATION

8.1 Financial year end

The financial year of the Fund is 30th of June every year.

8.2 Duration and termination of the Fund

The Fund has an indefinite life. The Fund may be wound up in accordance with the applicable insolvency and securities laws of the Republic of Mauritius or upon exercise by the FSC of its powers under the applicable legislation. On a winding up, whether as a solvent or an insolvent company, the liquidator will distribute the assets of the Company in accordance with Mauritian Laws and the Constitution.

The Fund may pass the appropriate resolution to wind up or cause for the winding up of the Fund where the size of the Fund is too small and/or that it becomes uneconomical and/or investment in these assets are no longer, appropriate for or does not provide value to, Participating Shareholders.

8.3 Anti-Money Laundering Provisions

The Financial Intelligence and Anti-Money Laundering Act 2002, as amended (the “FIAMLA”) provides for the offences of money laundering, the reporting of suspicious transactions and the measures to combat money laundering. A money laundering offence is committed when a person engages in a transaction that involves property which is or represents the proceeds of any crime or receives, is in possession of, conceals, disguises, transfers, converts, disposes of, removes from or brings into Mauritius any property which is or represents the proceeds of any crime.

The FIAMLA also lays down the obligation on “every bank, financial institution, cash dealer or member of a relevant profession or occupation” to report forthwith to the Financial Intelligence Unit any “suspicious transaction”. To satisfy the requirements under the FIAMLA, the Manager may require additional evidence of identification from an Investor prior to issuing shares. Besides existing legislation, the Fund shall adhere to any code, handbook and/or guidelines on the prevention of money laundering and combatting of terrorism financing that may be issued by the FSC from time to time.

8.4 Tax Residency Self Certification

The Mauritian government has and may be agreeing a number of inter-governmental agreements, including inter alia the Foreign Account Tax Compliance Act (FATCA) and the Standard for Automatic Exchange of Information - Common Reporting Standard (CRS), pursuant to which the Mauritian Government is required to share tax information, where applicable, with tax authorities in foreign jurisdictions. Accordingly, the requirement to collect certain information about each Participating Shareholder’s tax arrangement is part of the Mauritian legislation and the Manager, as a financial services company, is legally bound to collect it. The Manager will be asking for Participating Shareholders’ details pertaining to tax residency and tax reference numbers (where applicable) to update its records, but will only disclose this information to the relevant tax authorities if and when it is required to do so under the prevailing laws.

9 DATA PROTECTION

The Manager shall, for the performance of its obligations, collect and, where necessary or required, process, information hereby voluntarily communicated by any prospective investor in accordance with the Subscription Documents (the “Personal Data”) for the purposes of its investment in the Fund. The consent may at any time be withdrawn, but, notwithstanding the foregoing, any Personal Data processed by the Manager (or such other Person to whom the Personal Data has been disclosed in compliance with this Paragraph 9) prior to the consent being withdrawn shall at all times be authorised and be lawful. The Manager undertakes to treat the Personal Data confidentially and securely in line with the provisions of the Data Protection Act 2017, as amended from time to time. Upon its disclosure by the prospective investor, the Personal Data shall be kept and updated as and when by the Manager. Such Personal Data shall be stored for a maximum period of seven (7) years (or such period as may be imposed by law) from the date of the exit of the said investor from the Fund, after which the Manager shall destroy the Personal Data, unless destroyed earlier by the Manager at the request of the investor.

Any prospective investor has the right of access to, the possibility of correction of and destruction of, the Personal Data which is in the custody or control of the Manager.

Save as otherwise herein provided, the Manager warrants not to reveal or otherwise disclose the Personal Data to any external body, unless (i) the Manager has obtained the express consent of the relevant prospective investor, (ii) it is under

a legal obligation or under the obligation of a court order to do so, or (iii) where the Personal Data is disclosed to any agent, third party service provider, professional adviser or any other person under a duty of confidentiality to the Manager's group (its affiliates and parent company), as well as to certain service providers within the Manager's group. It is drawn to the attention of prospective investors that the foregoing disclosures may require that the Personal Data, subject to the applicable laws, be transferred to parties located in countries which do not offer the same level of data protection as the Republic of Mauritius.

Where personal information relating to the officers, employees and directors of any prospective investor is, or is required to be, collected by the Manager, the prospective investor expressly shall procure to do all such things that may be required by the Manager to ensure that its officers, employees and directors are made aware of the data protection provisions herein and that such officers, employees and directors give their consent with regards to the collection, processing and transfer of such personal information by the Manager.

Any prospective investor has the right to lodge a complaint with the Data Protection Commissioner for breach of the Data Protection Act 2017 by the Manager.

10 BOARD APPROVAL

This Prospectus has been approved for issue by the Board on 7 February 2022.



Director



Director

SCHEDULE I – RISK FACTORS

Investors are urged to consult their own financial advisors or accountant before making an investment in the Fund.

An investment in the Fund will entail investment risks and there is no guarantee of specific or minimum investment performance or return on capital, and there is no assurance that the Fund will meet its investment objective. Moreover, an investment in the Fund could result in a complete loss of the investment proceeds.

The purchase of shares involves substantial risk and is suitable only for persons who understand the possible consequences of an investment in the Fund and who are able to bear the risk of loss of their entire investment. Investors should consider the risks described below in addition to risks set forth elsewhere in this Prospectus.

Investors should remember that the price of the Participating Shares of the Fund and any income from them may fall as well as rise and that Investors may not get back the full amount invested. Past performance is not a guide to future performance and the Fund should be regarded as medium to long-term investment. Where a purchase involves a foreign exchange transaction, it may be subject to the fluctuations of currency values. Exchange rates may also cause the value of underlying overseas investments to go down or up. Investors should be aware that the following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

Investment in the Fund may be considered as speculative and should be made only by Investors who are able to bear the risk of loss of an investment in the Fund. Investors should be aware of the risks associated with the Fund's investment policy and are advised to consult their professional advisors, such as lawyers, financial advisors, accountants or tax advisors when determining whether an investment in the Fund is suitable for them.

The Fund is a new entity and has no track record or operating history. There can be no assurance that any rate of return will be realised or that significant capital losses will not occur. The Fund's returns may be unpredictable and, accordingly, it is not suitable as the sole investment vehicle for an Investor. An Investor should only invest in the Fund as part of an overall investment strategy, and only if the Investor is able to withstand a total loss of its investment. Investors should carefully consider each and every risk involved herein, and all other information contained in this Prospectus.

The following disclosure cannot address every risk that may be associated with an investment in the Fund due to the uncertainty of future events. Accordingly, the following list of risks does not purport to be a complete explanation of the risks involved in an investment in the Fund. Investors should read the entire Prospectus and consult with their own advisors before deciding to subscribe.

I. Investment Risks

The Fund's portfolio is subject to normal market fluctuations as well as the risks inherent in the investment techniques described in the Prospectus and there can be no assurance that appreciation will occur or that losses will not be realised. Consequently the value of shares may be subject to volatile movements. The value of the shares and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment.

Investments in Debt Securities

Among the principal risks of investing in debt securities are the following:

- interest rate risk (the risk that the value of the fund's investments will fall, if interest rates rise); interest rate risk generally is greater for the funds that invest in fixed income securities with relatively long maturities than for the fund that invest in fixed income securities with shorter maturities;
- credit risk (the risk of the Fund defaulting on its obligations, and be unwilling or unable to meet their obligations to the fund).

Sensitivity to Interest Rates

A rise in interest rates may cause a decline in the market value of the fixed income debt securities held by the Fund, thereby having a negative effect on the value of the Fund. Investors will therefore be exposed to the risk that the NAV per Share or the market price of the Participating Shares being negatively affected by interest rate fluctuations. When the Fund invests in or is otherwise exposed to interest bearing securities, it is exposed to the risk of interest rate changes and fluctuations.

Pricing of the securities in the Fund

There may be no exchange on which fixed income securities in which the Fund will invest are listed. As a result, pricing of the fixed income securities comprising the fund may be dependent on input from fixed income trading desks or price providers, reducing the transparency of pricing. Generally, the value of any fixed income security is calculated as the average of mid prices from investment dealers who provide such prices subject to exclusions of outliers and other sources based on best judgment. In addition, some of the fixed income securities held by the Fund may not be rated and accordingly it may be more difficult to determine pricing.

Reinvestment risk

Cash flows on a government security includes a fixed coupon every half year and repayment of principal at maturity. These cash flows, if not paid to investors as dividends, need to be reinvested whenever they are paid. Hence there is a risk that the Fund may not be able to reinvest these proceeds at profitable rates due to changes in interest rate scenario.

Liquidity risk

Liquidity risk refers to the inability of an Investor to liquidate (sell) his holdings due to non-availability of buyers for the security, i.e. no trading activity in that particular security. Usually, when a liquid bond of fixed maturity is bought, its tenor gets reduced due to time decay. For example, a 10 year security will become an 8 year security after 2 years due to which it may become illiquid. Due to illiquidity, the Investor may need to sell at adverse prices in case of urgent funds requirement. However, in such cases, eligible Investors can participate in market repo and borrow the money against the collateral of the securities.

Currency Risk

If the Fund invests directly in non-USD denominated securities or currencies or in securities that trade in, and receive revenues in, non-USD denominated currencies, or in derivatives that provide exposure to non-USD denominated currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, the investments of the Fund in non-USD-denominated securities may reduce the returns of the Fund.

Custody Risks

A Custodian has been appointed to provide cash and security custody services to the Fund. Bankruptcy or fraud of the Custodian may impair the operational capabilities or the capital position of the Fund and result in losses and the Net Asset Value of the Fund to suffer. The Custodian may not be required to segregate the Fund's assets deposited with them, in which case the assets of the Fund may be subject to the claims of the general creditors of the Custodian if it becomes insolvent.

Mauritius Related Risks

The Fund is required to comply with the provisions of the Financial Services Act 2007, the Securities Act 2005, and the regulations made under those laws, and the SEM Listing Rules. Consequently, the Fund will have to disclose to the relevant authorities any information which they may require pursuant to aforementioned laws, regulations and the rules and further the Fund will have to comply with and report any suspicious transactions under the FIAMLA.

Pursuant to the Act, the Fund may only make a distribution to the shareholders if it satisfies the solvency test prescribed by the Act. The Fund will satisfy the solvency test when it is able to pay its debts as they become due in the normal course of business and the value of the assets of the Fund is greater than the value of its liabilities. These limitations may adversely affect the ability of the Fund to make distributions to its shareholders.

Redemption Risks

Shareholders may apply to have their Participating Shares redeemed on any Dealing Day. However, the ability of Fund to meet redemption requests will depend on the availability of liquidity to the Fund. This in turn will be affected by the liquidity of the underlying securities in which the Fund may invest. Although investments in certain types of securities may in normal market circumstances be liquid; at times and particularly during periods of market turmoil, previously liquid investments may become illiquid. Accordingly, in certain circumstances the Board may decide to

utilize its power to defer redemption requests above a certain amount, seek to give effect to redemptions in specie or from time to time suspend the subscription and redemption of such Participating Shares.

II. Concentration Risk

The Fund will invest substantially all of its assets in issuers located in Africa, with the result that the Fund's performance will be closely tied to the market, currency, economic, political, or regulatory conditions and developments in Africa and could be more volatile than the performance of more geographically-diversified funds. Further, Investors may buy or sell substantial amounts of the Fund's shares in response to factors affecting or expected to affect Africa, resulting in abnormal inflows or outflows of cash into or out of the Fund. These abnormal inflows or outflows may cause the Fund's cash position or cash requirements to exceed normal levels and consequently, adversely affect the management of the Fund and the Fund's performance. The Fund's liquidity may also be affected by such concentration of investment.

III. Force Majeure Event

The risk that the Manager, Custodian or any sub custodian is not able to perform its duties or suspends its obligations due to a Force Majeure Event. "Force Majeure Event" means any event due to any cause beyond the reasonable, such as restrictions on convertibility or transferability, requisitions, involuntary transfers, unavailability of communications system, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war or acts of government.

IV. Regulatory Risks

Future developments in governmental, central bank and other regulations and supervision in Mauritius and other African countries may adversely affect securities markets in the region, by imposing restrictions on trading or transferring securities. Restrictions may also be imposed by the securities regulators and the relevant stock exchanges in various countries including those where Investors are located. Additionally, despite legislation to encourage foreign investment, the legal systems in Africa are undergoing rapid change and in others remains underdeveloped, leading to significant risks for Investors, including risks relating to the ownership and transferability of assets and the enforcement of proprietary rights.

V. Risks specific to investing in index-tracking exchange traded funds (ETFs)

Index Tracking Risks

While the Fund seeks to track or outperform the performance of its benchmark Index, whether through a replication or optimising strategy, there is no guarantee that it will achieve perfect tracking and the Fund may potentially be subject to tracking error risk, which is the risk that its returns may not track exactly those of its benchmark Index, from time to time. This tracking error may result from an inability to hold the exact constituents of the benchmark Index, for example where there are local market trading restrictions, small illiquid components, a temporary unavailability or interruption in trading of certain securities comprising the benchmark Index and/or where regulations limit exposure to the constituents of the benchmark Index.

In addition, the Fund may rely on index licences granted by third party index providers to use and track the benchmark Index. In the event that the index provider terminates or varies the index licence, it will affect the ability of the Fund to continue to use and track the benchmark Index and to meet its investment objectives. Regardless of market conditions, the Fund aims to track the performance of its benchmark Index and does not seek to outperform its benchmark Index.

Index related Risks and Disclaimers

The Index Provider does not guarantee the accuracy and/or the completeness of the Index or any data included therein, and the Manager or the Fund shall have no liability for any errors, omissions, or interruptions therein. The Index Provider makes no warranty, express or implied, as to results to be obtained by the Fund, owners of the Participating Shares of the Fund or any other person or entity from the use of the Index or any data included therein. Without limiting any of the foregoing, in no event shall the Index Provider, the Manager or the fund have any liability for any special, exemplary, punitive, direct, indirect or consequential damages (including lost profits), however caused and on any theory of liability, whether in contract, strict liability or tort (including negligence or otherwise), resulting from the use of the Index or any data included therein, even if notified of the possibility of such damages.

Tracking Error Management

The objective of passive funds / ETFs is to closely track the underlying index, whilst keeping the tracking error as low as possible. Tracking error reflects the efficiency of the Manager in replicating the performance of the underlying index. Tracking error in respect of the Fund could occur due to many reasons, including higher cash held by the fund for expenses, local trading and settlement constraints, local regulatory issues, rebalancing costs of the portfolio, etc. Though some of the factors contributing to the tracking error would not be in the control of the Manager, the Manager will endeavour to keep the tracking error at reasonably lower levels by deploying effective tracking error minimising strategies.

Index-Related Risks

As prescribed by this Prospectus, in order to meet its investment objective, the Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the benchmark Index as published by the Index Provider. There is no assurance that the Index Provider will compile the benchmark Index accurately, or that the benchmark Index will be determined, composed or calculated accurately. While the Index Provider does provide descriptions of what the benchmark Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the benchmark Index, and does not guarantee that the benchmark Index will be in line with the described index methodology.

The Manager's mandate as described in this Prospectus is to manage the Fund consistently with the relevant benchmark Index provided to the Manager. Consequently, the Manager does not provide any warranty or guarantee for Index Provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with index provider errors will be borne by the Fund and their shareholders. For example, during a period where the benchmark Index contains incorrect constituents, a fund tracking such published benchmark Index would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the benchmark Index.

As such, errors may result in a negative or positive performance impact to the Fund and its shareholders. Shareholders should understand that any gains from index provider errors will be kept by the Fund and its shareholders and any losses resulting from Index Provider errors will be borne by the Fund and its shareholders.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to the benchmark Index in order, for example, to correct an error in the selection of index constituents. Where the benchmark Index of the Fund is rebalanced and the Fund in turn rebalances its portfolio to bring it in line with its benchmark Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its shareholders.

Unscheduled rebalances to the benchmark Index may also expose the Fund to tracking error risk, which is the risk that its returns may not track exactly those of the benchmark Index. Therefore, errors and additional ad hoc rebalances carried out by the index provider to a benchmark Index may increase the costs and market exposure risk of the Fund.

Where the Fund's benchmark Index aims to identify securities that meet criteria which have an element of being forward looking (for example, securities that are expected to provide a high yield), there is no guarantee that the benchmark Index will meet its objective. Many factors can affect the performance of a security and the impact of these factors on a security or its price can be difficult to predict.

VI. Secondary Trading Risk

The Participating Shares will generally be traded on the Official Market of the Stock Exchange of Mauritius and may be listed or traded on one or more other stock exchanges. There can be no certainty that there will be liquidity in the Participating Shares on any one or more of the stock exchanges or that the market price at which Participating Shares may be traded on a stock exchange will be the same as the Net Asset Value per Share.

Suspension risk on local markets

In certain markets, trading on the local exchange may be carried out by one or a small number of local market account holders. If such account holder(s) fail(s) to deliver securities or monies in relation to a trade, there is a risk of suspension in relation to all funds which effect their trading on the local market through such account holder(s). This risk may be increased where a fund participates in a securities lending programme. Suspension in either case may increase the costs of the Fund. Moreover, trading of Participating Shares on the SEM may be suspended if the Fund

fails to comply with the SEM Listing Rules.

VII. Unhedged Exposure Risk

The assets of the Fund will generally be invested in securities denominated in local African currencies and any income or capital received by the Fund from these investments will, likewise, be received in those same currencies. As Participating Shares in the Fund are denominated in US Dollars (USD), changes in currency exchange rates between the those currencies and USD may affect the value of the Participating Shares. As the currency exchange rates of emerging/frontier market countries tend to be more volatile than those of more developed economies, the effect of changes in exchange rates on the value of Participating Shares in the fund may be more pronounced than it would be for funds which invest in more developed markets.

Furthermore, the Fund will accept subscriptions and pay distributions and redemption proceeds, in USD, while it invests in local African Currencies and will therefore incur costs in connection with conversions between these currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they buy and sell various currencies. Thus, a dealer normally will offer to sell currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund wish immediately to resell that currency to the dealer. Due to the relatively high volatility of local African currencies, the spread between a dealer's sell and offer prices for such currencies may be greater than that for the currencies of more developed economies, which may result in relatively high currency exchange costs for the Fund. The Fund will conduct its currency exchange transactions on a spot (i.e. cash) basis at the spot rate prevailing in the currency exchange market. It is anticipated that most of the Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Fund.

VIII. Transactions in Options, Futures and Swaps

For the purpose of hedging, efficient portfolio management, duration management and risk management of the portfolio, the Fund may seek to protect or enhance the returns from their underlying assets by using options, futures and swap contracts and by using special investment and hedging techniques and instruments. The ability to use these techniques and instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the Fund would not be subject if they did not use these techniques and instruments. If the Investment Manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Fund may leave the Fund in a less favourable position than if such techniques and instruments were not used.

SCHEDULE II – SUMMARY OF CONSTITUTION

As regards transfer and registration

The Participating Shares shall be admitted to listing on the Official Market of the SEM. Once listed, the Participating Shares shall be freely transferable with all records of transfers directed through the CDS and shall be free of all lien.

As regards definitive certificates

Participating Shares and the Management Share shall, subject to the Act, be issued in inscribed form and no certificate shall be issued in respect of shares of the Company.

As regards dividends

The holders of Participating Shares shall have the right to receive dividends declared by the Company.

The holder of the Management Share shall not have any rights to dividends

As regards directors

The members of the Board are appointed by the holder of the Management Share. Unless otherwise determined by the Company by Ordinary Resolution, the number of the Directors shall not be less than two and the board of the Company shall at all times consist of two Mauritius resident directors.

Appointment and Removal of Directors

The office of a Director shall be vacated in any of the following events namely:-

- a. If he resigns his office by notice in writing signed by him and left at the Office;
- b. If he becomes insolvent or makes any arrangements or composition with his creditors generally;
- c. If he is absent from three consecutive meetings of the Board without leave expressed by a resolution of the Board, and the Board resolves that his office be vacated;
- d. If he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- e. Upon attaining the age of 70; and
- f. If he is removed from office by an Ordinary Resolution of the Company.

A Director shall be capable of being appointed or re-elected a Director until the next Annual Meeting, by way of an Ordinary Resolution, despite having attained the age of 70.

The Company shall at any meeting of shareholders at which a Director retires or is removed fill up the vacated office by electing a Director unless the Company shall determine to reduce the number of Directors

Powers and Duties of the Board of Directors

The business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not by the Act or by this Constitution required to be exercised by shareholders, subject nevertheless to any provision of the Constitution, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in a meeting of shareholders, but no resolution made by the Company in a meeting of shareholders shall invalidate any prior act of the Board which would have been valid if no regulations had been made.

The Fund shall not borrow money or provide for the creation of any encumbrance on its assets except in the two following situations:

- the transaction is a temporary measure to accommodate requests for the redemption of securities of the Fund while the Fund effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the Fund does not exceed five percent (5%) of its net assets taken at market value at the time of the borrowing; or
- the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity.

Remuneration and Other Interests of Directors

The independent Directors shall be entitled to such remuneration as may be determined from time to time by the Board. No remuneration or benefits in kind have been or will be granted to the other Directors by any affiliate of the Fund or the Fund. However, all the Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund including travel and other reasonable costs incurred in connection with their services.

Any Director may also act in a professional capacity as provided for by Mauritian Law and he will be entitled to be remunerated for such services at market rates.

Subject to the disclosure requirements and formality requirements of the Act in relation to transactions with Directors and transactions in which Directors have an interest, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Board may determine. Subject to the disclosure requirements and formality requirements of the Act in relation to transactions with Directors and transactions in which Directors have an interest, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Board may determine.

Save as may otherwise be permitted under section 152 of the Act and/or the SEM Listing Rules, a Director shall not be counted in the quorum and shall not be entitled to vote in respect of:

- (a) his appointment to hold any office or place of profit under the Company;
- (b) the arrangement of the terms of any such appointment; or
- (c) in respect of any contract or arrangement in which he is materially interested.

Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, PROVIDED THAT nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

As regards proceedings at Board meetings

The provisions of the Eighth Schedule to the Act shall not apply to the Fund and are replaced by Article 27 of the Constitution.

Details pertaining to the proceedings at Board meetings are as laid down in the Constitution.

As regards accounts

The Board shall cause proper books of account to be kept with respect to all the transactions, assets and liabilities of the Company in accordance with the Act.

The books of account shall be kept at the Office, or at such other place or places as the Board shall think fit, and shall at all times be open to the inspection of the Board, but no person, other than a Director or Auditor or an officer, clerk, accountant, or other person whose duty requires and entitles him to do so, shall be entitled to inspect the books, accounts, documents or writings of the Company, except as provided by the Act or authorised by the Board or by the Company in a meeting of shareholders.

A balance sheet shall be made out as at each Balance Sheet Date and laid before the Company at its Annual Meeting in each year, and such balance sheet shall contain a general summary of the assets and liabilities of the Company.

As regards Rights

The pre-emptive rights on the issue of shares contained in section 55 of the Act are hereby negated. No shareholder shall have any pre-emptive rights whatsoever to subscribe for any additional shares issued by the Company.

The rights attached to any class of shares may be varied with the consent in writing of the holders of three-quarter (3/4) of the issued shares of that class.

The special rights attached to any class of shares shall be deemed not to be varied by:-

- (a) the creation or issue of further shares ranking *pari passu* therewith;
- (b) by the creation, issue or redemption of Participating Shares; or
- (c) by the winding up of the Company and the exercise by the liquidator of his power.

As regards notices

Any notice or document may be served by the Company on any shareholder either personally or by sending it through the post in a prepaid letter addressed to such shareholder at his address as appearing in the Register. In the case of joint holders

of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders. Any shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened. A notice may be given by advertisement and notice so given shall be published in at least one international/local newspaper and shall be deemed to have been served at noon on the day on which the advertisement appears.

As regards redeemable shares

The holders of Participating Shares shall not have the right to receive notice of meeting of shareholders of the Company and shall have no right to vote at any such meetings and/or to approve any resolution of the Company, save where applicable under the Act. The holders of Participating Shares shall have rights to dividends.

As regards capital structure

The share capital of the Company is made up of no par value shares and is divided into the Management Share and Participating Shares. The Board may, at any time, decide to create additional classes of shares of the Company subject to the provisions of the Act, the Securities Act 2005 and the CIS Regulations. Subject to the other provisions of the Constitution, the Board may issue shares at any time, to any person (save for the Management Share which can be held only by the Manager) and in any number it thinks fit without the requirement of any prior approval of the shareholders. Shares of the Company shall be issued fully paid-up.

As regards meetings of shareholders

The Company shall in each year hold a meeting of shareholders as its Annual Meeting in addition to any other meeting in that year. Annual Meetings shall be held at such time and place in Mauritius or elsewhere as may be determined by the Board.

The Board may call a Special Meeting whenever it thinks fit and Special Meetings shall be convened on such requisition, or in default may be convened by such requisitionists, and in such manner as provided by the Act.

No business shall be transacted at any Meeting of shareholders unless a quorum of shareholders is present at the time when the meeting proceeds to business and a quorum shall be deemed to be constituted by the presence of one (1) shareholder present in person or by proxy entitled to vote on resolutions of shareholders to be considered at the meeting.

Other details pertaining to the proceedings at meetings of shareholders are as laid down in the Constitution. Save as otherwise provided in the Constitution, the meeting of shareholders shall be governed by the Fifth Schedule to the Act.

As regards proxies

A meeting of shareholder may be held by a number of shareholders who constitute a quorum, being assembled in person or by proxy. A quorum shall be deemed to be constituted by the presence of one shareholder present in person or by proxy entitled to vote on resolutions of shareholders to be considered at the meeting.

As regards untraceable members

The Company shall have no right to sell Participating Shares registered in the name of a shareholder who is untraceable.

As regards the alteration of the Constitution

The Company may by Special Resolution alter or modify the Constitution as originally drafted or as amended from time to time, subject to the prior written approval of the Stock Exchange of Mauritius and the Financial Services Commission, as the case may be, for such alteration, modification or amendment.

SCHEDULE III – RULES FOR REINVESTMENT

- 1 The Fund generally declares dividend at least twice a year.
- 2 The Participating Shareholders, who are in the Fund's share register on the relevant Record Date, will be those Participating Shareholders entitled to receive a dividend distribution.
- 3 Unless otherwise decided by its Board and whenever it is declaring a dividend distribution, the Fund has decided to offer its Participating Shareholders the option of having their respective dividends payments be made either in cash (as described in paragraph 6.10 of the Prospectus) or in Participating Shares in lieu of cash, i.e. a Reinvestment, as morefully described in this Schedule III.
- 4 **Application for and cancelation of Reinvestment**
 - 4.1 Participating Shareholders wishing to opt for Reinvestment must do so by forwarding to the Fund a duly completed election form in the form from time to time prescribed by the Fund or Manager (the "**Election Form**"). The Election Form is available on the website of the Fund or can be obtained from MCB Stockbrokers Ltd or the Registrar at their respective addresses (see paragraph 1 of this Prospectus).
 - 4.2 Reinvestment in respect of a Distribution Date will only apply for a Participating Shareholder if the Fund holds a valid Election Form from that Participating Shareholder at least ten (10) Business Days prior to that Distribution Date. The Fund shall have the right (but not the obligation) to act on an Election Form in respect of a Distribution Date notwithstanding the fact that such Election Form has been received by the Fund less than ten (10) Business Days prior to that Distribution Date.
 - 4.3 A Participating Shareholder may, by written notice (in the form from time to time prescribed by the Fund or Manager) sent to the Fund (the "**Cancellation Notice**") cancel any Election Form given pursuant to Paragraph 4.1 of this Schedule III. Such Cancellation Notice shall apply to a Distribution Date if received at least ten (10) Business Days prior to that Distribution Date. The Fund shall have the right (but not the obligation) to act on a Cancellation Form in respect of a Distribution Date notwithstanding the fact that such Cancellation Form has been received by the Fund less than ten (10) Business Days prior to that Distribution Date.
 - 4.4 Any duly completed Election Form shall remain in full force in respect of all relevant Distribution Dates until cancelled pursuant to Paragraph 4.3 of this Schedule III.
- 5 **Eligibility for the Reinvestment**
 - 5.1 The Participating Shareholders:
 - (a) who are on the share register of the Fund at the Record Date; and
 - (b) who have already elected in favour of the Reinvestment prior to the relevant Distribution Date as described aboveshall be eligible for the Reinvestment.
 - 5.2 For the avoidance of doubt, with regards to a specific dividend distribution:
 - (a) a new Participating Shareholder, i.e. after the Record Date, shall not be entitled to receive dividend with respect to that distribution and therefore shall not be entitled to any Reinvestment;
 - (b) Election for Reinvestment is not transferable i.e. the transferee will receive his dividends in cash, unless he has opted for Reinvestment pursuant to Paragraph 4.1 of this Schedule III, even if the Fund held a valid Election Form from the transferor;
 - (c) a Participating Shareholder, who did not elect for the Reinvestment, shall continue to receive his dividend payments

in cash.

6 **Terms and Conditions**

- 6.1 Subject to paragraph 6.2 of Schedule III below and unless otherwise approved and communicated by the Board, the Reinvestment with respect to a Participating Shareholder at a dividend distribution shall comprise of hundred percent (100%) of his portion of dividend distribution.
- 6.2 The Participating Shareholders who elect for the Reinvestment will not be allocated a fraction of a new Participating Share ("**New Share**"). Where such any entitlement to receive a fraction of a New Share arises, the New Share will be rounded down to the nearest integer and any such fraction will be paid in cash to the bank account linked to his CDS account.

7 **Calculation of the Reinvestment**

- 7.1 The Participating Shares will be issued on the Dealing Day preceding the Distribution Day, but will only be credited to CDS accounts on the Distribution Date.
- 7.2 The price of a Participating Share for the purposes of the calculation of the Reinvestment shall be the NAV per Share applicable on the Dealing Day immediately preceding the Distribution Date.
- 7.3 The Reinvestment in respect of an eligible Participating Shareholder shall be calculated, subject to paragraph 7.2 of this Schedule III, by multiplying the applicable dividends per Participating Share by the number of Participating Shares held by that Participating Shareholder on the relevant Record Date and dividing the resulting figure by the relevant NAV per Share.
- 7.4 Any fraction will be treated in the manner described in paragraph 6.2 of Schedule III above.

8 **Dividends and voting rights**

Participating Shares issued pursuant to the Reinvestment will rank *pari passu* as to dividends, capital, voting rights and in all other respects with existing Participating Shares and will be available for trading on the Business Day following the Distribution Date.

9 **Taxation**

Those Participating Shareholders who elected for the Reinvestment shall consult their respective tax advisers in relation to any tax liability that may arise from such Reinvestment under the applicable laws.

African Domestic Bond Fund

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