

**MCB AFRICA BOND FUND**

A Mauritius public company with limited liability authorised as a “Collective Investment Scheme” and further categorised as an “Expert Fund” by the Financial Services Commission of Mauritius

**OFFERING MEMORANDUM**

*Last amended:*  
13 June 2023

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**Offering of**  
**Redeemable Class A Participating Shares (“Class A Shares”) and**  
**Redeemable Class B Participating Shares (“Class B Shares”)**

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**Manager**

MCB Investment Management Co. Ltd.

## NOTICES

This offering memorandum (“Offering Memorandum”) should be read in its entirety. This Offering Memorandum is submitted in connection with an offering of shares of the MCB Africa Bond Fund (the “Fund”) to a limited number of Qualified Investors (as defined hereunder). The Fund is incorporated as a public company limited by shares. Shares of the Fund, available for purchase by prospective shareholders are offered on the basis of the information contained in this Offering Memorandum.

The circulation and distribution of this Offering Memorandum in certain jurisdictions may be restricted by law. Persons who may come into possession of this Offering Memorandum are required to inform themselves of and to observe any such restrictions. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, a security in any jurisdiction in which it is unlawful to make such an offer or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Presently, no application has been made for the shares of the Fund to be listed on any stock exchange.

No person is authorised to give any information or make any representations not contained herein, and, if given or made, such information or representations must not be relied upon as having been authorised.

Investment in Class A Shares or Class B Shares (as the case may be) involves some degree of risk and is suitable only for a sophisticated or expert investor for which such investment does not constitute a complete investment program and which fully understands and is willing to assume the risks involved and has sufficient resources to bear any loss which might result from such investment. As is true of any investment, there is a risk that an investment in Class A Shares or Class B Shares (as the case may be) may be lost entirely or in part. The Fund is not subject to any restrictions of any regulatory body which impose prudential requirements to limit risk.

A prospective purchaser of Class A Shares or Class B Shares (as the case may be) should not construe the contents of this Offering Memorandum as investment, legal, tax, accounting or other advice. This Offering Memorandum should be reviewed by the prospective purchaser and its investment, legal, tax, accounting and other advisors.

Representatives of the Fund are available to answer questions concerning the terms and conditions of the offering of Class A Shares or Class B Shares (as the case may be) and to furnish any additional information necessary to enable a prospective purchaser to evaluate the merits and risks of a purchase of Class A Shares or Class B Shares (as the case may be) to the extent that they possess or can acquire it without unreasonable effort or expense.

This Offering Memorandum includes “forward-looking statements”. All statements other than statements of historical facts included in this Offering Memorandum may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “project,” “forecast,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although the Board of the Fund believes that the expectations and the underlying assumptions reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations or underlying assumptions ultimately will prove to have been correct. Important factors that could cause actual results to differ materially from projected or forecasted results or stated expectations are disclosed in this Offering Memorandum, including under the heading “Risk Factors.” In light of the uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Fund or any other person that the objectives and expectations of the Fund will be achieved. These forward-looking statements speak only as of the

date of this Offering Memorandum. The Fund will not update these statements.

The Board of the Fund accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Board (who have taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Unless otherwise indicated herein, the opinions expressed in this document are those of the Board. Certain information herein concerning economic trends and performance is based upon or derived from information obtained from industry sources and other third parties. The Board have not independently verified and cannot assure the accuracy of any data obtained from such sources.

The initial offering memorandum was approved by the Board and issued on the 13 November 2013. This Offering Memorandum amends, restates and supersedes the initial offering memorandum and any amendments thereto. The statements and information contained in this Offering Memorandum have been compiled as of June 2019 unless otherwise stated herein, from sources believed to be reliable. Neither the delivery of this Offering Memorandum nor any offer or issue of any shares shall under any circumstances create an implication or constitute a representation that the information given in this Offering Memorandum is correct as at any time subsequent to the date thereof.

In this Offering Memorandum, unless stated otherwise, all references to “USD,” “dollars,” “\$” and “cents” are to the lawful currency of the United States of America.

The information in this Offering Memorandum is qualified in its entirety by the agreements and documents referred to herein and by the Constitution of the Fund. Copies of such documents and the current Offering Memorandum together with a copy of the authorisation and licence granted by the Financial Services Commission of the Republic of Mauritius (the “FSC”) are available for inspection at the registered office of the Fund situated at c/o Apex Fund & Corporate Services (Mauritius) Ltd , Lot 15 A3 1<sup>st</sup> Floor, Cybercity Ebene, 72201, Republic of Mauritius.

THE FUND HOLDS A GLOBAL BUSINESS LICENCE ISSUED BY THE FSC. IT HAS BEEN AUTHORISED TO OPERATE AS A COLLECTIVE INVESTMENT SCHEME AND HAS FURTHER BEEN CATEGORISED AS AN EXPERT FUND. IT MUST BE UNDERSTOOD THAT IN GIVING THIS AUTHORISATION, THE FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THE FUND.

IT IS STRESSED THAT INVESTORS SUBSCRIBING FOR SHARES OF THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FAILURE OF THE FUND.

THE FUND IS REGULATED BY THE FSC AS AN EXPERT FUND FOR THE PURPOSES OF THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED-END FUNDS) REGULATIONS 2008. INVESTMENT IN AN EXPERT FUND IS ONLY AVAILABLE TO PERSONS MEETING THE CRITERIA OF AN ‘EXPERT INVESTOR’. AN EXPERT INVESTOR IS DEFINED UNDER THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED-END FUNDS) REGULATIONS 2008 AS:

- i. AN INVESTOR WHO MAKES AN INITIAL INVESTMENT, FOR HIS OWN ACCOUNT, OF NO LESS THAN USD 100,000;  
OR
- ii. A SOPHISTICATED INVESTOR AS DEFINED IN THE SECURITIES ACT 2005, OR ANY SIMILARLY DEFINED INVESTOR IN ANY OTHER SECURITIES LEGISLATION.

FOR THE PURPOSES OF THE SECURITIES ACT 2005, A SOPHISTICATED INVESTOR MEANS (a) THE GOVERNMENT OF MAURITIUS; (b) A STATUTORY AUTHORITY OR AN AGENCY ESTABLISHED BY AN ENACTMENT FOR A PUBLIC

PURPOSE; (c) A COMPANY, ALL THE SHARES IN WHICH ARE OWNED BY THE GOVERNMENT OF MAURITIUS OR A BODY SPECIFIED IN PARAGRAPH (b); (d) THE GOVERNMENT OF A FOREIGN COUNTRY, OR AN AGENCY OF SUCH GOVERNMENT; (e) A BANK; (f) A FUND MANAGER; (g) AN INSURER; (h) AN INVESTMENT ADVISER; (i) AN INVESTMENT DEALER; OR (j) A PERSON DECLARED BY THE FSC TO BE A SOPHISTICATED INVESTOR.

THE FUND IS A SUITABLE INVESTMENT ONLY FOR QUALIFIED INVESTORS FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND HAVE THE FINANCIAL RESOURCES NECESSARY TO ASSUME THE RISKS INVOLVED IN THE FUND'S INVESTMENT PROGRAM INCLUDING BUT NOT LIMITED TO THOSE RISKS SPECIFIED IN PARAGRAPH 6.7 BELOW. AN INVESTMENT IN THE FUND IS SUITABLE ONLY FOR FINANCIALLY QUALIFIED INVESTORS WHO ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BEAR ANY LOSS, WHICH MIGHT RESULT FROM SUCH INVESTMENT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, INVESTMENT ADVISER, LEGAL ADVISER OR OTHER PROFESSIONAL ADVISER.

THE FUND RESERVES THE RIGHT TO WITHDRAW OR MODIFY THIS OFFERING MEMORANDUM AT ANY TIME PRIOR TO THE ACCEPTANCE OF SUBSCRIPTIONS FROM INVESTORS.

ANY INFORMATION ON TAXATION CONTAINED IN THIS OFFERING MEMORANDUM IS A SUMMARY OF CERTAIN TAX CONSIDERATIONS BUT IS NOT INTENDED TO BE A COMPLETE DISCUSSION OF ALL TAX CONSIDERATIONS. THE CONTENTS OF THIS OFFERING MEMORANDUM ARE NOT TO BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN COUNSEL, ACCOUNTANT, OR INVESTMENT ADVISOR AS TO LEGAL, TAX, AND RELATED MATTERS CONCERNING THEIR INVESTMENT. THIS OFFERING MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY THE PROVISIONS OF THE CONSTITUTION OF THE FUND, AND ANY CONFLICT BETWEEN ANY STATEMENT MADE HEREIN AND ANY PROVISION OF THE CONSTITUTION OF THE FUND SHALL BE RESOLVED IN FAVOUR OF THE LATTER DOCUMENT.

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**1. DIRECTORY**

**Manager:**

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**Corporate Secretary:**

Apex Fund & Corporate Services (Mauritius)  
Ltd  
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Mauritius  
Tel: +230 404 3900  
E-mail: [mcb-MU@apexgroup.com](mailto:mcb-MU@apexgroup.com)  
Website: [www.theapexgroup.com](http://www.theapexgroup.com)

<b>The Registrar:</b>	MCB Registry & Securities Ltd Sir William Newton Street Port Louis Republic of Mauritius Tel: +230 202 5398 E-mail: <a href="mailto:mcbrc@mcbcm.mu">mcbrc@mcbcm.mu</a> Website: <a href="http://www.mcbcm.mu">www.mcbcm.mu</a>
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<b>Benchmark Provider:</b>	Standard Bank, South Africa
<b>Auditors:</b>	BDO & Co 10, Frère Félix de Valois Street Port Louis Republic of Mauritius Tel: +230 202 3000 E-mail: <a href="mailto:ceo@bdo.mu">ceo@bdo.mu</a> Website: <a href="http://www.bdo.mu">www.bdo.mu</a>
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**Principal Place of Business:**

**c/o MCB Investment Management Co Ltd.**  
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**Board Members:**

Li Fa Cheung Kai Suet  
Jean How Hong  
Ronald Lam Yan Foon

**ISIN in respect of Class A Shares:** MU0411S00001  
**ISIN in respect of Class B Shares:** MU0411S00019

## 2. GLOSSARY OF TERMS USED IN THIS OFFERING MEMORANDUM

<b>Term</b>	<b>Definition</b>
‘Act’	The Companies Act 2001 as amended.
‘Annual Meeting’	A meeting of the shareholders of the Fund held in accordance with the Constitution.
‘Auditors’	The auditors of Fund for the time being.
‘Base Currency’	The United States Dollar.
‘Benchmark Provider’ or ‘SBABI’	Standard Bank, South Africa.
‘Board’	The board of directors of the Fund.
‘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.
‘CIS Regulations’	The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, as amended.
‘Class A Shares’	Redeemable Class A Participating Shares, issued by the Fund under the Constitution and carrying such rights as are provided hereunder.
‘Class B Shares’	Redeemable Class B Participating Shares, issued by the Fund under the Constitution and carrying such rights as are provided hereunder.
‘Constitution’	The Constitution of the Fund.
‘Corporate Secretary’	Apex Fund & Corporate Services (Mauritius) Ltd.
‘Custodian’	MCB.
‘Dealing Day’	The day on which Class A Shares or Class B Shares (as the case may be) are issued and/or redeemed by the Fund, such day being every Monday of the week. Where any Monday is not a Business Day, the Dealing Day shall be the Business Day falling immediately after that Monday.
‘Dilution Levy’	A charge, expressed as a percentage of the Subscription Amount or Redemption Proceeds (as the case may be), payable to the Fund by investors on both subscriptions and redemptions and representing the

	costs, including, without being limited to, brokerage, if any, of investing in or disinvesting from (as the case may be) the Fund.
‘Directors’	The persons appointed for the time being as directors of the Fund.
‘FSC’	The Financial Services Commission which is in charge of regulating non-banking financial services in Mauritius.
‘Fund or Company’	MCB Africa Bond Fund.
‘Gross Redemption Proceeds’	Equivalent to the number of Class A Shares or Class B Shares (as the case may be) being redeemed multiplied by the applicable Redemption Price.
‘Initial Launch Period’	Commenced on the 10 <sup>th</sup> January 2014 and closed on the 28 <sup>th</sup> February 2014.
‘Initial Launch Price’	The price at which Class A Shares or Class B Shares (as the case may be) were issued during the Initial Launch Period.
‘Issue Price’	The price at which Class A Shares or Class B Shares (as the case may be) are issued by the Company after the Initial Launch Period, such price being calculated, on a class by class basis, in accordance with the Constitution.
‘Management Share’	A class of share designated as management share that shall not be redeemable, issued in accordance with the Constitution and carrying such rights as are provided hereunder.
‘Manager’	MCB Investment Management Co. Ltd.
‘Mauritius’	The Republic of Mauritius.
‘MCB’	The Mauritius Commercial Bank Ltd.
‘Net Asset Value or NAV’	The amount determined pursuant to the Constitution as being the Net Asset Value of Class A Shares or Class B Shares.
‘NAV per Share’	With respect to Class A Shares or Class B Shares (as the case may be), the Net Asset Value in respect of each Class A Share or Class B Share (as the case may be) calculated in accordance with the Constitution.
‘Offering Memorandum’	The present document and any amendments thereto.
‘Qualified Investor’	Has the meaning ascribed to it as per paragraph 7.6.1.
‘Redemption Price’	The price at which Class A Shares or Class B Shares (as the case may be)

	are redeemed by the Company such price being calculated, on a class by class basis, in accordance with paragraph 7.3 .
‘Redemption Proceeds’	The Gross Redemption Proceeds adjusted by the amount of the Dilution Levy (if applicable).
‘Register’	The share registers to be kept pursuant to the Act.
‘Registrar’	MCB Registry & Securities Ltd.
‘Sophisticated Investor’	For the purposes of the Securities Act 2005, means (a) the government of Mauritius; (b) a statutory authority or an agency established by an enactment for a public purpose; (c) a company, all the shares in which are owned by the Government of Mauritius or a body specified in paragraph (b); (d) the government of a foreign country, or an agency of such government; (e) a bank; (f) a fund manager; (g) an insurer; (h) an investment adviser; (i) an investment dealer; or (j) a person declared by the FSC to be a sophisticated investor.
‘Subscription Amount’	In respect of subscription for Class A Shares or Class B Shares, means the amount specified in Schedule 1 of the subscription agreement forming part of the Subscription Documents.
‘Subscription Documents’	The documents pursuant to which an investor may subscribe for shares of the Fund.
“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 who is a citizen or resident of resident of 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 as defined in paragraphs (a) and (b) above;</p> <p>(d) any trust of which any trustee is a U.S. Person as defined in paragraphs (a) and (b) above;</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</p>

account of a U.S. Person;

(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

(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.

Notwithstanding the foregoing, the following persons do not constitute “U.S. Persons” for purposes of this Offering Memorandum:

(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;

(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;

(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;

(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;

(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

(f) the International Monetary Fund, the International Bank for Reconstruction 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.

‘Valuation Day’

Such a Business Day which the Board may declare for the carrying out of the Net Asset Value calculation of Class A Shares or Class B Shares (as the case may be), such Valuation Day being every Business Day (or such other day as the Fund or Manager may from time to time decide).

**Rules of Interpretation:**

In this Offering Memorandum, unless there be 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 US\$) and to US cents is reference to the currency of the United States;
- (f) Reference to an Article is to an Article of the Constitution and any reference to a paragraph is to a paragraph of this Offering Memorandum;
- (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 Constitution.
- (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) Where for the purposes of this Offering Memorandum 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.

**3. OVERVIEW OF THE OFFERING**

The Fund has been established in order to enable investors to capture returns from investments in African fixed income securities. The performance benchmark (the ‘**Benchmark**’) for this Fund has been proposed by the Manager and its creation and maintenance will be outsourced to an independent third party specialising in producing fixed income benchmarks. The Benchmark will be the Standard Bank Africa Sovereign Bond Total Return Index (Ticker: SBAFSO) calculated in USD. The constituents of this index will be USD denominated sovereign bonds issued by African countries meeting certain criteria. The Fund does not seek to mirror the returns of the Benchmark and may deviate meaningfully from it in pursuit of

superior returns or to reduce overall portfolio risk.

The Fund will invest in a diversified portfolio of securities issued by Sovereigns, Supranational Agencies, or Corporates and denominated in USD, EUR, GBP and/or local African currencies.

The Manager will seek returns for investors by structuring a diversified portfolio of income-generating securities. It is expected that returns will be generated mainly from the exposure of the Fund to interest rate risk, credit risk, and currency risk. The Fund will invest in accordance with a clearly specified investment strategy as laid down in this Offering Memorandum. The following is qualified in its entirety by the remainder of this Offering Memorandum.

MCB Investment Management Co. Ltd is the Manager of the Fund. The Manager is a subsidiary of MCB Capital Markets, part of the MCB Group. The Fund capitalises on the investment research conducted within or accessible by the MCB Group.

The Fund is suitable for investors seeking exposure to African fixed income and currency markets. The returns of the Fund will be sensitive to the trends affecting the African macro-economic situation and the relative valuations of African currencies.

### 3.1 Principal terms

Name of Fund	MCB Africa Bond Fund
Place of Incorporation	Republic of Mauritius
Type of Fund	Collective Investment Scheme (open-ended fund) authorised as an Expert Fund
Legal Form	A public limited liability company with a Global Business Licence issued by the Financial Services Commission
Currency	US\$
Investment Objective and Strategy	The objective of the Fund is to outperform the return on the benchmark by utilising the risk parameters available to the Manager such as (and not limited to) currency risk, interest rate risk, and credit risk. The Manager aims to do this by creating a diversified portfolio of fixed and floating rate instruments that are expected to appreciate in the long term.
Share Capital	Consists of three classes of shares, namely the Management Share, Class A Shares and Class B Shares issued in accordance with the Constitution
Issue of Class A Shares or Class B Shares	By the Board after receipt of the signed Subscription Documents (together with all documents therein required) and subscription monies on each Dealing Day. Issues are effected during the Initial Issue Period at a price per Class A Share or Class B Share (as the case may be) of US\$ 10 each and thereafter at the Issue Price of Class A Shares or Class B Shares (as the case may be) on the relevant Dealing Day after payment of the amount of the Dilution Levy and the amount of the Entry Fee (if applicable) described

	below
Redemption of Class A Shares or Class B Shares	By the holders thereof on any Dealing Day, by way of service of a Redemption Request. Redemptions are effected, in respect of each Class A Share or Class B Share (as the case may be), at the Redemption Price of such share on the relevant Dealing Day after payment of the amount of the Dilution Levy (if applicable) described below.
Dividend Policy	Class A Share and Class B Shares offered pursuant to this Offering Memorandum do not carry rights to dividend
Net Asset Value	The “Net Asset Value” of the Fund, calculated on a class by class basis, means the total assets of the Fund, including all cash, cash equivalents and other securities (each valued at fair market value), less the total liabilities of the Fund (valued at fair market value) determined in accordance with International Financial Reporting Standards (“IFRS”) subject to the amortization of the organisational and initial offering fees and expenses of the Fund
Dealing Day	The day on which Class A Share or Class B Share (as the case may be) are issued and/or redeemed by the Fund, such day being every Monday of the week for the time being. Where any Monday is not a Business Day, the Dealing Day shall be the Business Day falling immediately after that Monday
Minimum Subscription	In respect of Class A Shares: US\$ 30,000 for investors qualifying as Sophisticated Investors and US\$ 100,000 for all other investors;  In respect of Class B Shares: US\$ 1 million
Minimum Additional Subscription	In respect of Class A Shares: US\$ 1,000  In respect of Class B Shares: US\$ 1,000
Dilution Levy	In relation to any class, 1.00% of the Subscription Amount or Redemption Proceeds (as the case may be) payable on both subscriptions and redemptions. The Manager may waive this Dilution Levy at its discretion, such as in the case of significant offsetting between subscriptions and redemptions on any Dealing Day. In providing for this offsetting, it is the intention of the Manager to reduce the costs faced by investors investing into and divesting from this Fund.
Management Fee	Class A Shares: 1.00%  Class B Shares: 0.70%
Entry Fee	Class A Shares: up to 1.00% of the Subscription Amount  Class B Shares: No entry fee
Exit Fee	No exit fees on any share class.
Total Expense Ratio (“TER”)	The TER, being the total fees and expenses paid by the Fund expressed as a percentage of the Net Asset Value of the Fund, as at 30 <sup>th</sup> June were as



follows:

In respect of Class A Shares – c. 1.70%

In respect of Class B Shares – c. 1.38%

#### **4. PRESENTATION OF THE COLLECTIVE INVESTMENT SCHEME (CIS)**

##### **4.1 Name and registered office address of the Fund**

MCB Africa Bond Fund

Apex Fund & Corporate Services (Mauritius) Ltd  
Lot 15 A3 1st Floor Cybercity Ebene 72201 Mauritius  
Tel: +230 404 3900  
E-mail: [mcb-MU@apexgroup.com](mailto:mcb-MU@apexgroup.com)

Website: <http://www.mcbcapitalmarkets.mu/en/investment-products/mutual-funds/africa-bond-fund>

##### **4.2 Constitution**

MCB Africa Bond Fund is a company incorporated under the laws of the Republic of Mauritius (“**Mauritian Law**”) on 27<sup>th</sup> September 2013, as a public company limited by shares, holding a Global Business License. The Fund is regulated under the Financial Services Act 2007 and is authorised to operate as a collective investment scheme pursuant to the Securities Act 2005. FSC has further authorised the Fund to operate as an expert fund under the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008.

The Fund is being promoted by MCB Investment Management Co. Ltd (the “**Manager**”), which is a company duly licensed by the FSC to promote funds and offer management, administration, distribution and other services to collective investment schemes and closed-end funds. The Manager will subscribe to all of the Management Shares issued by the Fund from time to time.

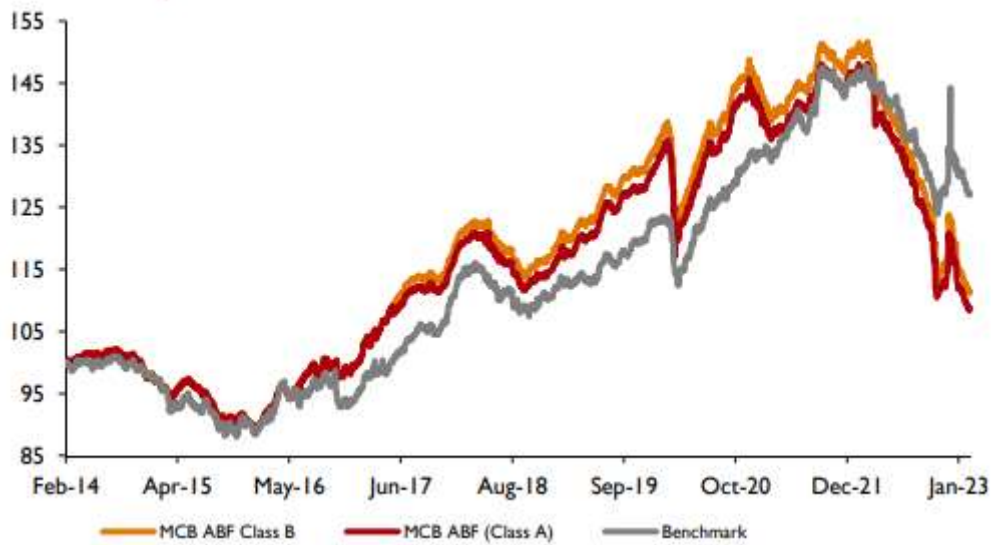
##### **4.3 Documents available for inspection**

The Constitution and this Offering Memorandum are available for inspection, free of charge, at the office of the Manager, during office hours.

##### **4.4 Track Record**

The Fund was launched on 28 February 2014 and has close to 9 years of track record.

The performance of the Fund since its inception up to February 2023 is illustrated below.



Cumulative Performance to Feb 2023

	1 Year	5 Years	Inception
MCB ABF Class A	-25.8%	-9.1%	8.8%
MCB ABF Class B	-25.7%	-8.2%	11.5%
Benchmark	-13.2%	10.8%	27.0%

Note: Fund performance is net of fees, while the benchmark has no fees

**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 consists of 3 directors, at least two (2) of whom shall at all times be resident in Mauritius. As such, all board meetings of the Fund shall be chaired and decisions taken in Mauritius. The members of the Board are appointed and removed by the holders of the Management Share.

The Board will meet as often as necessary, but not less than twice a year, 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. A director may vote at, or be counted in the quorum of any meeting of the Board to consider any contract in which the director is interested, provided that such director declares the interest prior to the taking the vote at the meeting, and causes such interest to be recorded in the register of interests.

A brief biographical description of each of the Board members follows:

a) 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.

b) Ronald LAM YAN FOON – Non-Executive Director

Rony Lam is the Chief Executive Officer of MCB Capital Markets, the Corporate Finance Advisory, Private Equity and Investment Management arm of MCB, the largest bank in Mauritius. 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.

c) 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.

## 5.2 The Manager

### 5.2.1 Name and address of head office

MCB Investment Management Co. Ltd  
 Sir William Newton Street  
 Port Louis  
 Mauritius

### 5.2.2 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 assets of the Fund are being managed in accordance with prevailing legislation and the constitutive documents.

b) **Pricing calculation and publication for the Fund**

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

5.2.3 **Constitution and Governing Law**

The Manager is a public company incorporated in 1998 in Mauritius and is governed by the Companies Act 2001. The Manager is a wholly owned subsidiary of MCB Capital Markets Ltd.

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, in addition to its CIS Manager licence for the purposes of managing the Fund, amongst others, also is the holder of an investment adviser (unrestricted) licence issued by the FSC and accordingly, is also entitled to provide advisory and portfolio management services to its other clients.

5.2.4 **Names and profiles of board members of the Manager**

The board of directors of the Manager consists of 1 executive and six non-executive directors, namely:

a) **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.

b) **Ronald LAM YAN FOON – Non-Executive Director**

Please refer to paragraph 5.1(b) for bio data.

c) **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.

d) Ameenah Ibrahim – Managing Director

Ms. Ibrahim heads MCB Investment Management Co. Ltd. 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”.

e) Michael Naameh – Independent 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 the Manager.

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).

f) Couldip Basanta Lala - Independent Non-Executive 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 Non-Executive 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) 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

### 5.2.5 Track record – fund setup and management

The Manager is one of the largest fund management companies in Mauritius. It offers portfolio management and fund management services. As a CIS manager in Mauritius, it currently has the largest number of collective investment schemes duly authorised by the FSC under its management. The Manager has around 800 million USD worth of assets under management as at 31<sup>st</sup> March 2023

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

- 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 aiming at replicating the performance of the local SEM-10 index (blue-chip stocks).
- 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 of delivering a higher yield than commercial banks’ savings rate over a given year.
- MCB Overseas Fund (2009) – a fund of foreign funds (70%) and up to 50% in overseas fixed income securities.
- MCB USD Bond Fund (formerly MCB Bond & Currency Fund )(2011) – 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 India Sovereign Bond ETF (2016) – A USD-denominated Exchange Traded Fund listed on the Official Market of the Stock Exchange of Mauritius and which invests in Government of India Bonds denominated in INR.
- MCB Cash Management Fund (2016) – A USD-denominated fund which invests in a diversified portfolio of shorter-term corporate and government fixed income securities.
- African Domestic Bond Fund (2018) – a USD denominated Exchange Traded Fund listed on the Official Exchange of Mauritius and which invests in African local currency fixed income securities.

### 5.2.6 Investment Management Agreement

The Fund has entered into an investment management agreement (the “**Investment Management Agreement**”) with the Manager which gives the latter full power to administer, supervise and direct the

acquisition and/or disposal (by whatever means) of the investments of the Fund subject to and in compliance with the Investment Objectives 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:

- a) 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;
- b) To advise the Fund and any administrator (if any) as to the making of distributions by the Fund;
- c) 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, their investment performance and general investment methods, the investment performance of their customer accounts (but not the identities of customers);
- d) 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;
- e) To maintain such books and records as are appropriate, check all periodical reports, transaction advice 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;
- f) To deal with applications for shares of the Fund and cause for the issue of shares duly subscribed for;
- g) To deal with redemption requests and payment of proceeds thereof;
- h) To calculate the NAV of Class A Shares and Class B Shares;
- i) 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;
- j) To perform (by itself or through other service providers) all administrative 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 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 Investment Management Agreement may be terminated by either party by giving at least three (3) months written notice to the other party or 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 contains provisions exempting the Manager from liability except where the actions of the Manager 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 actions of the Manager 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 gross negligence, wilful misconduct, bad faith, dishonesty fraud or breach of the Investment Management Agreement on the part of the Manager.

### 5.3 The Registrar

The Registrar, MCB Registry and Services Ltd, 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, the register of shareholders of the Fund and generally performing all actions related to the issuance and transfer of Class A Shares and Class B Shares and the safe-keeping of certificates, if any;
- b) Performing all acts related to the redemption and/or purchase of Class A Shares and Class B Shares;
- 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 Class A Shares and Class B Shares; and
- e) Performing all other incidental services necessary to its duties, which duties shall be set out in the registrar and transfer agent agreement.

### 5.4 The Corporate Secretary

Apex Fund & Corporate Services (Mauritius) Ltd has been appointed corporate secretary (the “**Corporate Secretary**”). 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 the 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.

### 5.5 The Custodian

MCB has been appointed as custodian of the Fund and is authorised by the FSC to ‘safeguard and administer asset of clients’ which it may carry out itself or through the appointment of various reputable sub-custodian institutions.

## 6. INVESTMENT OBJECTIVE & PRACTICES AND FINANCIAL CHARACTERISTICS

### 6.1 Investment objective

The investment objective of the Fund is to achieve medium to long-term capital growth by investing primarily in African fixed income securities issued by governments, supra nationals entities, and corporates.

The Company will pursue the above objective by investing in fixed income securities issued by African governments, Supra Nationals, or corporations that are either domiciled in an African country or who do a substantial portion of their business in Africa (meaning not less than 51%). The Fund may invest no more than 10% of its Net Asset Value in collective investment schemes, where such investment is consistent with the investment policy of the Fund or for efficient portfolio management purposes.

The Fund may also hold ancillary liquid assets (meaning cash, deposits, securities evidencing deposits issued by an African institution or by an institution who does a substantial portion of their business in Africa (meaning not less than 51%)).

The Fund will primarily invest in USD denominated African fixed income securities, using the benchmark as a guide. The Fund may invest in local currency denominated bonds as out-of-benchmark positions with a view to generating alpha (excess returns versus the benchmark). Non-USD denominated securities cannot be more than 20% of the Fund’s assets. Such Investments may be made on a hedged or unhedged basis at the discretion of the Manager. Given that the fund is focusing its investments on African fixed income securities and potentially to African currencies, investors should be aware that the Manager intends to earn the risk premium associated with being exposed to African currencies, African credit ratings, African interest rates, African political risk and, illiquid African financial markets

### 6.2 Benchmark

The benchmark for this Fund is the Standard Bank Africa Sovereign Bond Total Return Index (Ticker: SBAFSO) (the “**Benchmark**”). Investors should use the Benchmark to help frame their expectations of the risks and returns associated with investing in the Fund.

#### 6.2.1 Rationale for the proposed strategic asset allocation

The Fund has been structured to address certain beliefs held by the Manager that are expected to contribute to a more efficient fund:

- African fixed income markets are inefficient.
- Fixed income benchmarks based on total government debt issuance are inappropriate;
- There are significant opportunities for Investors in local currency African fixed income securities to harvest an illiquidity premium; and

A more detailed explanation on these views is provided below.

a) African fixed income market inefficiency and the associated investment opportunities

African fixed income markets tend to be inefficient due to the lack of financial literacy in African countries and the fact that most of these markets (excluding South Africa, Nigeria, Kenya, Egypt, etc) have never had an active secondary bond market. Most African bond market transactions have historically been done with a hold to maturity perspective and an assessment based on comparing yields to an assumed inflation rate / previous auction / recent issuance by a corporate. As a result, there is a lack of knowledge with regards to the accurate valuation of fixed income securities for trading purposes. The initiatives being taken by developmental institutions such as the African Development Bank are attracting new functionaries and participants to this asset class, increasing the knowledge base and helping to create opportunities for investors utilising their research and analytical skills to benefit from this inefficient market.

b) Fixed income benchmark inefficiency

Fixed income benchmarks based on total debt issuance are inefficient as they allocate more money to the heavily indebted countries, and less money to the less indebted countries. This approach to allocating capital over exposes investors to certain country specific risk such as credit risk and currency risk. In emerging market debt funds, currency appreciation and bond price appreciation are highly correlated. Therefore, when a country has its credit rating downgraded or there is increased political uncertainty, investors using this type of benchmark would tend to see a bigger loss in value in their investment through a fall in bond prices and a depreciating currency. The approach of the Manager to benchmarking for this fund is therefore to limit the allocations to each country and to reset these allocations every quarter. The benefits of this approach are two fold, firstly it provides the investor with a more diversified “African investment”, but it also limits the positive and negative effects on the portfolio to any one specific event.

### 6.3 Investment process

#### 6.3.1 Active management

The Fund will not track the Benchmark, but rather seeks to outperform the Benchmark through active management via the use of a range of strategies that add value to the investment process, namely duration management, yield curve positioning and credit enhancement and currency.

#### 6.3.2 Portfolio construction

The Manager combines selected fixed income investments (currency hedged and unhedged) to create a portfolio that aims to outperform the benchmark over the medium term. The portfolio construction will be carried out iteratively within the risk management system to create a portfolio that enables the Fund to be positioned in a way that fits with the investment outlook of the Manager and ensures that the resulting portfolio conforms to the investment guidelines.

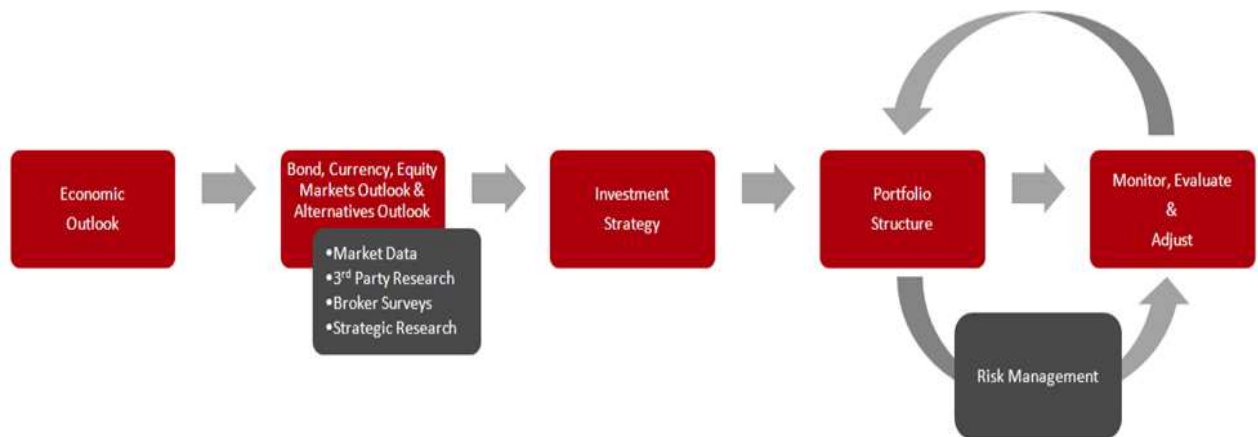
#### 6.3.3 Risk management

. Duration is the most common measure for assessing interest rate risk in liquid bond markets. In less liquid bond markets, knowledge of the illiquidity premium (transaction costs) will also be a valuable measure of risk to investors as there may not be a regular mark to market for bonds in these countries. The Manager will utilise its dedicated risk management software to ensure that the fund is managed in line with restrictions documented in paragraph 6.5.

### 6.3.4 Currency hedging

It will be up to the discretion of the Manager whether it will want to implement a currency hedge when investing in African local currency debt. Investors should be aware that in these less developed financial markets, currency hedging may not be available, or in some cases may be available but at a prohibitive cost. The manager will use its experience to decide how best to deal with this dilemma on a case by case basis.

The diagram below shows the investment process used by the Manager:



### 6.4 Portfolio management strategy

The Fund may invest in forwards or derivatives denominated in any African currency. The Fund may, but is not required to, hedge its non-benchmark currency exposure.

The Fund primarily invests in fixed income instruments that are denominated in USD, in line with its chosen benchmark “Fixed income instruments” include bonds, debt securities and other similar instruments issued by governments, government related institutions, supra nationals, and corporate entities. Government related institutions are defined as having an implicit or explicit guarantee from the government or where the government has a significant ownership. The Manager has broad discretion to identify securities that it considers will qualify as having implicit government guarantees. The country and currency composition of the Fund will be structured based on the evaluation of relative interest rates, credit rating, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments, liquidity considerations and other specific factors that the Fund believes to be relevant. The Fund will mostly concentrate its investments in the countries defined in the benchmark. The Fund may invest in instruments whose return is based on the return of a security linked to African countries such as a derivative instrument, rather than investing directly in emerging market securities.

The average duration of the portfolio of the Fund normally varies within two years of the duration of the customized benchmark with a minimum of zero years. Duration is a measure used to determine the sensitivity of the price of a security to changes in interest rates. The longer the duration of a security, the more sensitive it will be to changes in interest rates. Duration is proportional to the time to maturity of a security and inversely proportional to the magnitude of the coupon.. A regular update of the duration of the Fund and benchmark will be found on the factsheet of the Fund. The investment guidelines of the fund allow an asymmetric risk profile to be implemented. This means the Manager is able to decrease

interest rate risk as much as it wishes, but is only allowed to increase interest rate risk within set guidelines. In the context of this fund, the Manager is able to liquidate all fixed income holdings and remain 100% in cash (no interest rate exposure), but is only allowed to increase interest rate exposure to a maximum of benchmark duration plus two years.

Given most African countries are either unrated or have a below investment grade credit rating, the Fund may invest in investment grade, non-investment grade, and unrated securities subject to the limits stated in the investment guidelines. The Fund may at times be deemed to be non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts, and structured products for efficient portfolio management, subject to applicable law and any other restrictions described in the Offering Memorandum of the Fund. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis. The “total return” sought by the Fund consists of income and capital appreciation, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

## 6.5 Investment information

### 6.5.1 Benchmark

The benchmark for this Fund is the Standard Bank Africa Sovereign Bond Total Return Index (Ticker: SBAFSO) (the “**Benchmark**”).

### 6.5.2 Fixed income universe

The Fund is permitted to invest in local and hard currency denominated fixed income securities of African governments, quasi-governments and corporates..

### 6.5.3 Guidelines on management of portfolio risk

- a) Interest rate or duration risk – The overall duration of the Fund’s portfolio may not exceed the benchmarks duration by more than 2 years at any time
- b) Credit risk – Due to the lack of sovereign credit ratings in Africa, there is no restriction relating to the credit rating of investments. The Manager is expected to take due care and protect investors against an overly concentrated portfolio to a specific corporate sector or institution.
- c) Corporate Issuer concentration – Maximum 20% of NAV across all issuers of corporate bonds and maximum of 5% per issuer of corporate bonds.
- d) Geographic concentration - Maximum 25% of NAV per country.
- e) Derivatives – Uncovered option writing is not authorised and leveraged positions may not be established, i.e. derivative positions must be covered by underlying cash or securities.

- f) Currency risk – Maximum 20% of NAV across unhedged non-USD currencies and maximum 5% of NAV in any one unhedged non-USD currency.
- g) The above guidelines will only apply at the time of investment/dis-investment (as the case may be).

#### 6.5.4 Derivatives

The Fund may consider forward currency contracts, structured products and options (including over-the-counter, or OTC, options) for managing currency risk and to facilitate asset allocation, and bond futures and options for the purpose of asset allocation, yield enhancement and protection against downside risk.

The purchase or sale of futures, options or contracts for differences will be effected on recognised exchanges or over the counter with counterparties that the Manager has identified as a suitable trading partner. These derivatives must be based on an underlying investment approved elsewhere in this Offering Memorandum, or an index containing such approved investments.

Such transactions may only be undertaken to compensate for possible fluctuations in the value of the portfolio of the Fund, establish a position in an approved underlying investment, to vary the asset allocation within the investment guidelines, or efficient portfolio management.

Leveraged positions may not be established, i.e. derivative positions must be covered by underlying cash or securities.

Uncovered option writing is not authorised.

#### 6.6 Authorised investments

The following investments are authorised:

- a) Cash, deposits with banks, and money market instruments;
- b) Treasury Bills, fixed rate, floating rate, inflation index linked, callable bonds, convertible bonds and zero coupon bonds issued by, or guaranteed by entities issued in a currency listed as a Tier 1,2 or 3;
- c) If the Fund holds convertible bonds that are then converted into equity, the Manager will have 3 months to sell the newly converted equity holdings.
- d) Derivative products structured to replicate an instrument approved in the investment universe;
- e) Forward currency derivatives (including futures, forwards, swaps and options) for managing currency risk and to facilitate asset allocation; and
- f) Bond futures and options for the purpose of asset allocation, yield enhancement and protection against downside risk.

#### 6.7 Risk Factors

An investment in the Fund involves some degree of risk and should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. Among the risks of investing in the Fund are the following:

##### 6.7.1 Specific Risks

- Interest Rate Risk

This is the risk that fixed income securities and other instruments in the portfolio of the Fund will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of

certain fixed income securities held by a Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Inflation-indexed bonds, including Treasury Inflation-Protected Securities, decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed bonds may experience greater losses than other fixed income securities with similar durations.

- Credit Risk

The Fund could lose money if the issuer or guarantor of a fixed income security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honour its obligations. The downgrade of the credit of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Municipal Bonds are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on the ability of an issuer to make payments of principal and/or interest.

- High Yield Risk

Funds that invest in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) may be subject to greater levels of credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the continuing ability of an issuer to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the ability of the Fund to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a Fund may lose its entire investment. Because of the risks involved in investing in high yield securities, an investment in a Fund that invests in such securities should be considered speculative.

- Market Risk

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities.

- Issuer Risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as

management performance, financial leverage and reduced demand for the goods or services of the issuer, as well as the historical and prospective earnings of the issuer and the value of its assets.

- **Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, the Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector.

- **Derivatives Risk**

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. The various derivative instruments that the Fund may use are referenced under paragraph 3 of this Offering Memorandum. The Fund typically use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Derivatives are subject to a number of risks described elsewhere in this paragraph, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

- **Emerging Markets Risk**

Investment risk may be particularly high to the extent the Fund invests in emerging market securities. Emerging market securities may present market, credit, currency, liquidity, legal, political and other risks different from, and potentially greater than, the risks of investing in securities and instruments economically tied to developed foreign countries. To the extent the Fund invests in emerging market securities that are economically tied to a particular region, country or group of countries, the Fund may be more sensitive to adverse political or social events affecting that region, country or group of countries. Economic, business, political, or social instability may affect emerging market securities differently. Accordingly, a fund that invests in a wide range of emerging market securities (e.g., different regions or countries, asset classes, issuers, sectors or credit qualities) may perform differently in response to such instability than a fund investing in a more limited range of emerging market securities. For example, a fund that focuses its investments in multiple asset classes of emerging market securities may have a limited ability to mitigate losses in an environment that is adverse to emerging market securities in general. Emerging market securities may also be more volatile, less liquid and more difficult to value than securities economically tied to developed foreign countries. The systems and procedures for trading and settlement of securities in emerging markets are less developed and less transparent and transactions may take longer to settle. The Fund may not know the identity of trading counterparties, which may increase the possibility of the Fund not receiving payment or delivery of securities in a transaction.



- **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

- **Issuer Non-Diversification Risk**

Focusing investments in a small number of issuers increases risk. Funds that are “non-diversified” may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular state) than funds that are “diversified.” Funds that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.

- **Political Risk**

Africa is in the process of democratizing but political risks in Africa are recognized to be greater than those in other parts of the world. To a greater degree than in other continents, African countries can be subject to sudden changes of political regime, which can be potentially destabilizing for capital markets.

- **Country Specific Risk**

A number of African countries are economically well diversified but others are highly dependent on individual economic sectors, such as agriculture, which can be subject to sudden and unpredictable developments. This can make investment in African capital markets more volatile than investment in markets which represent more diversified economies and which are therefore less susceptible to unexpected developments in specific sectors of their economy.

- **Exchange Rate Volatility**

Political instability in Africa and its relative lack of economic diversification could impact foreign exchange markets adversely as well as capital markets. Because many Africa currencies are thinly traded, this could make investment in Africa potentially more volatile than investment in countries with more widely traded currencies.

- **Liquidity and Tradability**

The greatest practical problem when investing in Africa is liquidity of securities and the ability to trade in them. Many African equity markets are relatively illiquid in comparison to more developed markets. This can lead to significant volatility. Derivative and Hedging Mechanisms

The capital markets of Africa are relatively unsophisticated and derivative and hedging structures are

virtually non-existent. This means that generally it may not be possible to hedge the portfolio against falling capital markets and this potentially could add to short term volatility and expose investors to short-term capital losses.

- Research Risk

African capital markets are not widely researched by international stock broking and investment banking institutions. The Manager employs its own research analysts to make up for this deficiency but it remains the case that the 'consensus' forecasts that apply to securities in more thoroughly researched markets are largely absent in Africa and investors are therefore advised that they will be relying on the proprietary research of a single manager to a greater degree than would be the case with investments in more mainstream markets.

- Transparency of Financial Information Risk

While it is the case that companies listed on regulated African exchanges are required to produce audited accounts, the provision of this information can be less timely than would be the case in more developed capital markets and the commentary surrounding audited accounts might be less transparent than would be acceptable in more developed markets. Once again, investors should be aware that they are therefore required to place greater reliance on the analysis of the accounts undertaken by the Manager than would be the case in more developed investment markets.

- Registration and Tax

There may be no obligation on the part of registration and tax authorities to make official copies of records available to third parties. In addition, there may be no reliable commercial firms who at present could undertake a comprehensive credit analysis or who could search the records of notary publics to determine whether the assets of an enterprise have been pledged or are otherwise subject to a pledge or other security interest. Accordingly, the extent of due diligence of prospective companies in which a Fund may invest must in some cases be significantly limited as compared with the standards for due diligence in more developed markets.

- Settlement Risk

The organisation of settlement systems in African markets may be less secure than in developed markets. Consequently there is a risk that the assets of the fund may be in jeopardy because of defects in the settlement system. While the Fund will seek to use counterparties whose financial status is such that the settlement risk is reduced, there can be no certainty that such risks can be completely eliminated. Furthermore, compensation schemes may be non-existent, limited or inadequate to meet the claims of the Fund in the event of loss due to failures in the settlement system. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by a Fund (including in relation to dividends) can be realised. However, none of the Fund, the Custodian, the Manager, the administrator (if any) or any of their agents makes any representation or warranty about, or any guarantee of the operation, performance or settlement, clearing and registration of transactions dealing in emerging markets.

- Exchange Rate Risks and Exchange Controls

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, the Fund may receive less interest or principal than expected, or

no interest or principal.

- Repatriation Restrictions

The Fund might be subject to foreign exchange controls which may adversely affect the ability to repatriate the income or proceeds of sale arising from the Fund's investments. Repatriation of income, capital and the proceeds of sale by the Fund could require governmental consents. Delays in or a refusal to grant any such approval or a revocation or variation of consents granted prior to investments being made in any particular country or the imposition of new restrictions may adversely affect the investments of the Fund.

- Foreign Investment and Ownership Restrictions

Governments sometimes restrict foreign investment in certain sectors. These restrictions have generally been progressively eased to permit foreign investments. There is no guarantee however that this policy of liberalization will continue. Any reversal could have a retrospective effect and affect existing investments.

- Legal Considerations

Certain countries may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated laws and regulations. Furthermore, it may be more difficult for the Fund to obtain effective enforcement of its rights by legal or arbitral proceedings in certain countries than in countries with more mature legal systems. The changes to existing laws and the pre-emption of local regulations by national laws could have an adverse effect on the investments of the Fund. Furthermore, enforcement of existing laws may be uncertain, and implementation and interpretation of laws inconsistent.

- Regulatory Risk

The value of the assets of the Fund may be affected by changes in the legal and regulatory climate. Any such changes or developments may affect the value and marketability of the investments of the Fund.

- Tax Considerations

The Fund intends to structure its investments such as to mitigate or reduce taxes or duties, taking into account the tax laws, administrative practices, applicable double tax treaties and other rules which should be relevant (hereinafter collectively referred to as "tax laws"). Tax laws are complex and quite often not completely clear, and the tax consequences of a particular structure chosen might be questioned or might be subject to challenge by the relevant tax authority in the country concerned. Furthermore, tax laws might change, and therefore tax consequences in connection with a particular investment by the Fund might change after it has been implemented, due to such changes in tax laws.

- Regulatory and Accounting Practices

Accounting, auditing, disclosure and regulatory standards applicable to certain countries may differ in some respects and may be less stringent or less stringently enforced than in more developed equity markets and there may be less information available to investors.

- Valuation and Realizations

Investments by the Fund in securities may be difficult to realize, and in the absence of an available market, it may not be possible to establish their current value at any particular time, or indeed to

realize what the Fund believes to be their full value on a disposal. The value of any investments can go down as well as up.

#### 6.7.2 General Risks

- Any investment carries a level of risk that generally reflects its potential for reward. Neither the Fund, the Board, the Manager nor any other functionary guarantees the performance of the Fund, the attainment of the stated objectives, or the repayment of capital.
- Investors are not certain to make a profit and in certain circumstances may lose money. Any income is not fixed. The value of investments and any income derived from them can go up as well as down.
- Any tax treatment detailed in this Offering Memorandum may change and any implied tax benefits will vary between investors and may change in the future.
- Losses may be made due to adverse movements in bond prices, currency exchange rates and to changes in the volatility of any of these.
- The Fund is subject to management risk because it is an actively managed investment portfolio. The Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to the Manager in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment objectives.
- The Fund may be unable to attract and retain highly qualified professional personnel. The success of the operations of the Fund relies on its, and its Functionaries, ability to attract and retain highly qualified professional personnel. The ability of the Fund or of its functionaries to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. The loss of the services of key members of its senior management or inability to attract and retain qualified professional staff generally may significantly interfere with the business of the Fund or of its functionaries and could result in a material adverse effect on the business of the Fund, results, operations, reputation or financial condition.
- The Fund may be adversely affected by litigation. From time to time the Fund is involved in litigation, receives claims from tax authorities or claims arising from the conduct of its business. The occurrence of potential proceedings, or other claims leading to a substantial legal liability could have a material adverse effect on the business, results, operations, reputation and financial condition of the Fund.
- The Fund is subject to the risk of failure of contingency plans. Various external events beyond the control of the Fund and the control of its management could have a major impact on the business, results, operations, reputation or financial condition of the Fund. Examples of such events are natural catastrophes, war, riots, political unrest, vandalism and terrorist attacks. The Fund and its Functionaries have contingency plans, intended to ensure the capacity of the Fund to maintain operations. However, the contingency plans of the Fund or of its functionaries may fail, which could result in a material adverse effect on the business, results, operations, reputation and financial condition of the Fund.
- There is no active trading market for Class A Shares and Class B Shares: Class A Shares and Class B

Shares issued under this Offering Memorandum will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Class A Shares and Class B Shares are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Fund. There is no assurance that any application for any listing of the Fund will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for Class A Shares and Class B Shares.

- **Change of Law:** The conditions of Class A Shares and Class B Shares are based on the laws of Mauritius in effect as at the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Mauritius or administrative practice after the date of this Offering Memorandum.
- **Legal investment considerations may restrict certain investments.** The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Potential investors should consult their legal advisors to determine whether and to what extent (i) Class A Shares and Class B Shares are legal investments for them, (ii) Class A Shares and Class B Shares can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Class A Shares and Class B Shares. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Class A Shares and Class B Shares under any applicable risk-based capital or similar rules.
- **The Fund may face increased operational risks as a result of the growth of its business.** Operational risk is the risk of direct and indirect loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risks are inherent in the business of the Fund, including the risk of loss resulting from inadequate or failed internal and external processes, documentation, people and systems or from external events. The business of the Fund is dependent on its ability to process accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. The systems and processes of the Fund are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any weakness in these systems could result in a negative impact on the business, financial condition, results of operations and prospects of the Fund.
- **Potential Conflict of Interest:** The Fund will be subject to various potential conflicts of interest arising from its relationship with the Manager and its affiliates, which may result in decisions that do not fully reflect the best interests of investors, including the following:
  - a) **Other Activities**  
Although the Manager and other Functionaries will commit a significant amount of their business efforts to the Fund, they are not required to devote all of their time to the affairs of the Fund.
  - b) **Allocation of Investment Opportunities**  
Any investment opportunity suitable for the Fund that is presented to the Manager will be offered to the Fund, except for:
    - (i) investment opportunities related to current holdings of the Manager or of its affiliates;

- (ii) investment opportunities required to be presented to any other investment fund organized by or under the management of the Manager or its affiliates;
- (iii) investment opportunities presented to the directors of the Manager (or its affiliates), in their capacity as directors of public or private companies and in similar circumstances where pre-existing fiduciary duties apply; and
- (iv) investments intended to protect or enhance the value of investments included in clauses (i) through (iii) above.

c) Other Similar Funds

The Manager or the other Functionaries may act for another pooled investment fund with overall objectives substantially similar to those of the Fund.

d) Management Fees

The management fees payable by the Fund to the Manager have not been established on the basis of an arm's-length negotiation between the Fund and the Manager. However, the Fund believes that the agreed management fees generally reflect prevailing market terms.

e) Diverse Investors

The investors in the Fund are expected to include diverse investors that may have conflicting tax and other interests with respect to their investment in the Fund. In addition, the Manager, its affiliates, its officers, employees or agents may invest directly in the Fund. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of investor. In making decisions, the Manager intends to consider the investment objectives of the Fund as a whole, and not the investment objectives of any Shareholder individually.

f) Lack of Separate Representation

The Manager, the Banker, the Registrar or the Corporate Secretary may be represented from time to time by the same legal counsel as the Fund, and may retain the same accountants and other experts. Counsel for the Fund does not represent the investors. Should a dispute arise between the Fund and any of its functionaries, the Fund anticipates that it will retain separate counsel for the Fund in such a matter.

The Manager shall not, and procure that the Fund shall not, pursue the interests of particular firms or investors at the expense of the interests of others. In addition the Manager shall at all time (a) act in the best interests of the participants in the Fund and where there is a conflict between the interests of the participants and its own interests, give priority to the interests of participants, and (b) treat the participants who hold interests of the same class equally and participants who hold interests of different classes fairly.

## 6.8 Distributions

Neither the holder of the Management Shares nor the holders Class A Shares or Class B Shares shall be eligible for any dividend payment as per the Constitution.

## 6.9 Mauritius tax considerations

The discussion herein is for informational purposes only and is not intended to be a complete discussion of all tax implications and is not to be construed as tax advice. Each prospective investor should consult

its professional tax advisor 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.

#### 6.9.1 The Fund

The Fund holds a Global Business Licence under the Financial Services Act 2007. As from the 1<sup>st</sup> 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.

Currently, Mauritius has DTA with the following African countries: - Congo, Egypt, Zimbabwe, Zambia, Swaziland, Madagascar, Botswana, Namibia, South Africa, Mozambique, Rwanda, Senegal, Lesotho, Uganda, Seychelles, Ghana, Cabo Verde and Tunisia, while treaties with Gabon, Morocco, Kenya, Comoros Islands and Nigeria await ratification and those with Malawi, Ivory Coast and The Gambia await signature.

#### 6.9.2 Shareholders

Shareholders who are either Mauritian individuals or non-residents of Mauritius will not be subject to any form of Mauritian tax on redemption of Class A Shares and Class B Shares. There is no capital gains tax in Mauritius.

## 7. CONDITIONS OF OPERATIONS

### 7.1 Share capital

The share capital of the Fund is made up of no par value shares and is divided into:-

- a) Management Shares;
- b) Class A Shares; and
- c) Class B Shares.

The Board may, at any time, decide to create additional classes of shares of the Fund subject to the provisions of the Companies Act 2001, the Securities Act 2005 and the CIS Regulations.

The Board may issue shares at any time, to any person and in any number it thinks fit without the requirement of any prior approval of the shareholders. The Board may issue Management Shares, Class A Shares and Class B Shares having the rights set out in the Constitution as highlighted hereinafter. The share capital is denominated in US Dollars and varies in quantum upon the issue and redemption of Class A Shares and/or Class B Shares.

The Fund has one (1) Management Share in issue. The Management Share shall confer upon the holders thereof the rights set out in the Constitution as highlighted below.

The Fund may issue an unspecified number of Class A Shares and Class B Shares of no par value and shall confer upon the holders thereof the rights set out in the Constitution as highlighted below. The price per share at the initial issue in respect of each of Class A Shares or Class B Shares shall be USD 10.00.

Any subsequent issue of Class A Shares and Class B Shares shall be made as from the first Dealing Day

following the closing of the Initial Launch Period. The price per share, in respect of Class A Shares or Class B Shares, at any subsequent issue of such shares shall be made at a price corresponding to the Net Asset Value in respect of that class of shares on the relevant Valuation Day. Such price shall be available from the Manager or posted on the website of the Fund once available. As Class A Shares and Class B Shares are issued on a forward pricing basis, the issue price of such shares shall not be ascertainable at the time of application.

On purchase and redemption of Class A Shares or Class B Shares (as the case may be) in the Fund, the Manager will make an entry in the Register, which is the definitive evidence of a holding in the Fund.

## 7.2 Rights attached to shares

### 7.2.1 Rights of Management Share

The rights attached to the Management Share are as follows:

- Voting rights:  
The holder of the Management Share shall have the right to receive notice of meeting and the right to vote at any meeting of shareholders of the Fund and/or to approve any resolution of the Fund.
- 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 of Class A Shares and Class B Shares in accordance with the Constitution.

### 7.2.2 Rights of Class A Shares

- As regards voting rights  
The holders of Class A Shares shall not have the right to receive notice of meeting of shareholders and attend such meetings, and shall have no right to vote at any meeting of shareholders, other than class meetings, of the Fund and/or to approve any resolution of the Fund.
- As regards dividends  
The holders of Class A Shares shall not have any rights to dividends.
- As regards distribution of surplus assets  
Upon winding up of the Fund, the holders of Class A Shares shall have the right to a pro-rata share of any surplus assets of the Fund and shall rank on a *pari passu* basis with the holders of Class B Shares but in priority to the holder of Management Shares in accordance with the Constitution.

### 7.2.3 Rights of Class B Shares

- As regards voting rights  
The holders of Class B Shares shall not have the right to receive notice of meeting of shareholders and attend such meetings, and shall have no right to vote at any meeting of shareholders, other than class meetings, of the Fund and/or to approve any resolution of the Fund.
- As regards dividends



The holders of Class B Shares shall not have any rights to dividends.

- As regards distribution of surplus assets

Upon winding up of the Fund, the holders of Class B Shares shall have the right to a pro-rata share of any surplus assets of the Fund and shall rank on a *pari passu* basis with the holders of Class A Shares but in priority to the holder of Management Shares in accordance with the Constitution.

### 7.3 Net asset value, portfolio valuation and pricing

#### 7.3.1 Net Asset Value

Under the overall supervision and direction of the Board, the Net Asset Value of the Fund and the price in respect of each class of shares are determined by the Manager (or any person retained by the Manager on behalf of the Fund to provide such services) based on latest available prices on each Valuation Day.

Should the Manager be 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 means 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 sub-paragraph “Portfolio Valuation” below), less the total liabilities of the Fund (valued at fair market value) determined in accordance with IFRS subject to the amortization of the organisational and initial offering fees and expenses of the Fund described in paragraph 7.7 below.

#### 7.3.2 Portfolio valuation

Foreign fixed income securities and non-exchange traded derivatives 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. Short-term investments having a maturity of 90 days or less are generally valued at amortized cost. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange.

Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the NAV of the shares of the Fund may be affected by changes in the value of currencies in relation to the U.S. dollar. 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.

The primary pricing source for NAV calculation will be the benchmark provider. For any non-benchmark securities, the Manager will obtain a price from trading counterparties, the custodian, or any suitable alternative pricing source and use an average from all available sources. The Manager believes that an average based on three pricing sources will be best practice, but achieving this may not be possible given the illiquidity of these markets. 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 whilst the fund is only open for weekly dealing.

The Fund will be priced with accrual on holdings up to and including the day of valuation.

### 7.3.3 NAV per Share, Issue Price and Redemption Price

The NAV per Share in respect of a class of shares shall be calculated by dividing the Net Asset Value of the Fund attributable to that class by the total number of shares in respect of that class outstanding on the Valuation Day. Any changes in assets and liabilities and in the number of Class A Shares or Class B Shares (as the case may be) will be recorded in the books not later than the first Valuation Day following the date of transaction.

The Issue Price and Redemption Price of Class A Shares or Class B Shares (as the case may be) shall be the NAV per Share of the relevant class.

The NAV per Share in respect of Class A Shares and Class B Shares will be available at the office of the Manager and published on the website of the Fund at <http://www.mcbscm.mu/en/Client-Offerings/mcb-funds/abf>.

## 7.4 Dealing Days

The Fund will be open for dealing on a Dealing Day. Depending on the underlying market, the Manager may make a proposal to the Board to change the weekly dealing days to daily dealing days.

## 7.5 Suspension of dealing

The Fund shall be empowered to suspend the calculation of all dealings pertaining to or to any Class A Shares or Class B Shares 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 Class A Shares or Class B Shares (as the case may be) 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 power of the Board 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" shall

be deemed to 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.

Each declaration by the Board pursuant to the Constitution shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund as shall be in effect at the time.

To the extent not inconsistent with such official rules and regulations the determination of the Board shall be conclusive.

No issue or redemption of Class A Shares or Class B Shares (as the case may be) will take place during any period when the calculation of the Net Asset Value is suspended. The Fund may withhold payment to persons 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 to make 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.

## **7.6 Subscriptions, redemptions and transfer of Shares**

### **7.6.1 Subscriptions of Shares**

Class A Shares and Class B Shares shall be issued in accordance with the applicable laws and in accordance with the procedures set out in the Constitution as highlighted below.

#### **a) Subscription procedure**

Subscription to Class A Shares and/or Class B Shares shall be effected as per the Subscription Documents. Subscriptions for Class A Shares and/or Class B Shares may be made on each Dealing Day. In order to subscribe for Class A Shares and/or Class B Shares, an investor must complete the Subscription Documents, which can be downloaded from the website of the Fund, and must make the representations, warranties and agreements contained in the relevant Subscription Document.

Completed Subscription Documents (along with all related documents) and the subscription monies, by wire transfer, should reach the Manager before 16.00 hrs (Mauritian Time) on any day prior to a Dealing Day in order to be processed at the Issue Price prevailing on that Dealing Day. Applications received after the dealing deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day and will be processed at the Issue Price prevailing on that Dealing Day. Dealing Days for the Fund are every Monday of the week. Where any Monday is not a Business Day, the Dealing Day shall be the Business Day falling immediately after that Monday.

Neither the Fund nor the Manager accepts any responsibility for any loss arising from the non-receipt by the Manager of any Subscription Documents sent by facsimile transmission.

Subscription monies must be paid by wire transfer. Subscription monies paid by wire transfer should

be remitted net of bank charges in accordance with the wire transfer instructions of the Fund described in the Subscription Documents. Failure to remit the full amount due may be treated as a subscription for the amount remitted, as determined by the Board in their sole and absolute discretion. In addition, the name of the remitter of the subscription monies must be the same as the name of the applicant on the Subscription Document submitted to the Fund.

A subscription for Class A Shares and/or Class B Shares will not be processed and Class A Shares and/or Class B Shares will not be issued until receipt of notification that the funds of a prospective shareholder have been cleared in the full amount of the subscription. No escrow account is used in the processing of subscriptions.

Subscription for Class A Shares and/or Class B Shares may, at the discretion of the Fund, be processed and Class A Shares and/or Class B Shares issued on receipt of scanned copies of the Subscription Documents PROVIDED that the original Subscription Documents are received by the Manager within one (1) month of the issue of such shares. Failure to send the original Subscription 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 or (ii) the compulsory redemption of the Class A Shares and/or Class B Shares at the then Net Asset Value of Class A Shares or Class B Shares, (as the case may be) the proceeds of which will be sent back to the investor without interest and net of bank charges.

The Fund may, after consultation with the Manager, reject any subscription (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.

Legal ownership of shares will be reflected in book entries recorded by the Registrar on the register of members. A contract note detailing the amount invested and the number and class of shares allocated to the investor in the Fund will be sent (by email where same has been provided or otherwise by post) to the latter within 10 Business Days from the date of the applicable Dealing Day.

b) Initial Launch Price and Period in respect of Class A Shares and Class B Shares

- Initial Launch Price in respect of each of Class A Shares or Class B Shares: USD 10.00
- Initial Launch Period in respect of each of Class A Shares or Class B Shares opens on: 10<sup>th</sup> January 2014
- Initial launch Period in respect of each of Class A Shares or Class B Shares closes on: 28<sup>th</sup> February 2014

c) Minimum subscriptions

	<b>Class A Shares</b>	<b>Class B Shares</b>
Initial investments	USD 30,000 for investors qualifying as Sophisticated Investors under the Securities Act 2005 and USD 100,000 for all other investors.	USD 1 million
Subsequent investments	USD 1,000	USD 1,000

d) Subscriptions in Specie

Subject to the approval of the Board, an investor may purchase shares of the Fund with liquid

securities that are eligible for purchase by the Fund (consistent with the investment policies and restrictions of the Fund) and that have a value that is readily ascertainable in accordance with the valuation policies of the Fund. These transactions will be effected only if the Fund intends to retain the securities in the Fund as an investment. Assets purchased by the Fund in such a transaction will be valued generally in the same manner as they would be valued for purposes of pricing the shares of the Fund, if such assets were included in the assets of the Fund at the time of purchase. The Board reserves its right to amend or terminate this practice at any time. Any application for subscription in specie shall be made by way of a special written request to the Fund to that effect and such request shall specify exhaustively the particulars of the securities proposed to be transferred to the Fund as a non-cash consideration for the subscription of Class A Shares or Class B Shares. If the Fund elects to entertain any application for subscription in specie, the Fund will communicate to the prospective investor the specific procedure pertaining to such subscription in specie.

e) Qualified Investors

Class A Shares and Class B Shares in the Fund may only be subscribed for by Qualified Investors. For the purposes of this Offering Memorandum, a Qualified Investor means an Expert Investor but does not include:

- i. U.S. Persons;
- ii. Persons which cannot acquire or hold shares in the Fund without violating laws or regulations of the jurisdiction to which they are subject to or subject of, or otherwise applicable to them; or
- iii. Persons which by reason of acquiring or holding such shares, may expose the Fund or any of its shareholders or the Board to adverse tax or other pecuniary consequences; or
- iv. Persons/Entities which are custodians, nominees, or trustees for any entity described in (ii) or (iii) above.

7.6.2 Redemption of Shares

Class A Shares and Class B Shares shall be redeemed in accordance with the applicable laws and in accordance with the procedures set out in the Constitution as highlighted below.

a) Redemption procedure

A holder of Class A Shares or Class B Shares (as the case may be) (the “**Applicant**”) may by himself, or acting through an authorised agent, on any Dealing Day and subject to any applicable notice period, request the Fund to redeem all or any portion of its shares held at the applicable Redemption Price. 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 Fund Manager including fax instructions provided that the fax indemnity form communicated by the Fund Manager has been duly executed by the Applicant;
- be served and delivered at the registered office of the Fund Manager or such other place as may from time to time be agreed upon by the Board or the Fund Manager;
- relate to Class A Shares or Class B Shares (as the case may be) which have been fully paid at time of the Redemption Request;
- be without prejudice to any lock-up period as may be applicable to the Class A Shares or Class B

Shares (as the case may be) intended to be redeemed; 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.

The Redemption Request will be processed on the Dealing Day immediately following date of receipt and acceptance of the Redemption Request by the Manager and at the Redemption Price applicable on such Dealing Day.

In the event of a suspension of dealing, Redemption Requests will be processed on the Dealing Day immediately following the cessation of such suspension.

When a holder or holders of Class A Shares or Class B Shares (as the case may be) request(s) the redemption in aggregate of a number of Class A Shares or Class B Shares (as the case may be) the value of which represents more than ten percent (10%) of the total value of all Class A Shares and Class B Shares in issue on a given Dealing Day, the Company shall have the right to redeem the Class A Shares or Class B Shares (as the case may be) at a price determined by a successful sale of the requisite assets of the Company and unless and until the sale is successfully effected, the Redemption Request shall be deemed suspended. In selling the requisite assets, the Company shall give due consideration to the interests of the holders of Class A Shares and Class B Shares collectively.

Upon the redemption of shares being effected, the Applicant shall cease to be entitled to any rights in respect thereof. A contract note will be sent (by email where same has been provided or otherwise by post) to the Applicant within 10 Business Days after the applicable Dealing Day.

b) Minimum holding by investors (the “**Minimum Holding**”)

- In respect of Class A Shares

Where a Redemption Request relates to a portion only of the Class A Shares held by the Applicant and if the redemption of such shares would have the effect of causing that Applicant to hold Class A Shares, the value of which is less than US\$ 30,000, the Fund shall have the right to redeem the total number of shares held by that Applicant as at the date of the Redemption Request.

- In respect of Class B Shares

Where a Redemption Request relates to a portion only of the Class B Shares held by Applicant and if the redemption of such shares would have the effect of causing that Applicant to hold Class B Shares, the value of which is less than US\$ 1 million, the Fund shall have the right to redeem the total number of shares held by the Applicant as at the date of the Redemption Request.

c) Minimum redemption amount

The minimum amount which investors may request to be redeemed at any time is specified below:

- In respect of Class A Shares – US\$ 1,000
- In respect of Class B Shares – US\$ 1,000

d) Payment of redemption proceeds

Upon the redemption of shares, the Manager shall, within ten (10) Business Days of the applicable Dealing Day, direct the paying agent to cause to be paid to the Applicant the Redemption Proceeds and the Manager shall use its best endeavours to ensure that a sufficient amount of the assets of the Fund

are available in cash to enable such payment to be made. Payment of the Redemption Proceeds shall be made in the Base Currency of the Fund and net of any fees or other applicable charges.

### 7.6.3 Compulsory Acquisition

Pursuant the Constitution, the Fund has the right to cause the compulsory acquisition of Class A Shares or Class B Shares (as the case may be) where a holder of such shares is not, or ceases to be, a Qualified Investor, or where it is in breach of any law or requirement of any country or governmental authority or for any other reasons by virtue of which the holder of Class A Shares or Class B Shares (as the case may be) is not otherwise qualified to hold such shares.

### 7.6.4 Transfer of Shares

All transfers of shares shall be effected by a transfer in writing in a form approved by the Board but need not be under seal, and every form of transfer shall state the full name and address of the transferor and transferee. No transfer of Management Shares may be effected without the prior written consent of the Board.

The Board may, in their absolute discretion but subject to the Companies Act 2001, decline to register any transfer of shares.

The instrument of transfer of a Class A Share or Class B Share (as the case may be) shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

Where the Fund refuses to register a transfer of any Class A Share or Class B Share, it shall, within 28 days of the date on which the transfer was delivered to it, send to the transferor and to the transferee notice and reason of the refusal.

The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, PROVIDED ALWAYS THAT such registration of transfers shall not be suspended for more than sixty (60) days in any year.

## 7.7 Summary of fees and charges payable by investors

### 7.7.1 Fees payable on issues and redemptions

#### a) Dilution Levy

To ensure fairness to existing Shareholders of the Fund, investors who subscribe for or redeem shares after the Initial Launch Period may be required to pay a Dilution Levy equivalent, in relation to each class, to 1.00% of the applicable Subscription Amount or Redemption Proceeds (as the case may be). This Dilution Levy is paid into the Fund and represents the costs, including, without being limited to, brokerage, if any, of investing in or disinvesting from (as the case may be) the Fund. The Manager may waive or reduce the Dilution Levy, at its discretion, such as in the case of significant offsetting between subscriptions and redemptions on any Dealing Day. In providing for this offsetting, it is the intention of the Manager to reduce the costs faced by investors investing into and divesting from this fund.

#### b) Entry Fee

Class A Shares: Up to 1.00% of the Subscription Amount.

Class B Shares: No entry fee.

### 7.7.2 Management Fees and other fees payable to functionaries

#### a) Management fees

The Fund shall pay to the Manager a management fee calculated, on a class by class basis, as a percentage per annum of the NAV of the Fund. The management 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 Manager after agreement with the Board. Management fees currently stand at 1.00% and 0.70% in respect of Class A Shares and Class B Shares respectively.

#### b) Fees of the Company Secretary

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. This 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 Manager after agreement with the Board.

#### 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 Manager after agreement with the Board.

### 7.7.3 Organisational and initial offering fees and expenses

The expenses incurred in forming the Fund or revising its structure or Constitution from time to time (including without limitation the 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, be paid by the Fund and be recognized when incurred. Where the Manager pays or has paid the expenses on behalf of the Fund, the Manager shall 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 and may be amortized or written off over a period of five years commencing on the first Business Day of the month during which the Fund commences investment activities, as the Board may determine from time to time. A note reconciling the Net Asset Value calculation at the year end shall be included in the statutory accounts of the Fund.

### 7.7.4 Board Fees and Expenses

The Board are entitled to the following fees and expenses:

- a) The Board is entitled to remuneration at a market rate. The Board 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.
- 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.



### 7.7.5 Other Fees & 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 them in the performance of their 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 contract 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 Offering Memorandum 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.

### **7.8 Total Expense Ratio (TER)**

The Total Expense Ratio (TER), being the total fees and expenses paid by the Fund expressed as a percentage of the Net Asset Value of the Fund, as at 30<sup>th</sup> June 2022 were as follows :

- a) In respect of Class A Shares – c. 1.70%
- b) In respect of Class B Shares – c. 1.38%

## **8. GENERAL**

### **8.1 Information**

This Offering Memorandum is not intended to provide a complete description of the Constitution of the Fund or the agreements with the Manager, Corporate Secretary and other functionaries appointed by the Fund herein. Copies of the following documents are available for inspection by shareholders and prospective investors during normal business hours at the office of the Corporate Secretary:

- a) The Companies Act, 2001 of Mauritius (as amended);
- b) The Constitution and Certificate of Incorporation of the Fund;
- c) All material contracts ; and
- d) The Global Business Licence and the authorization issued to the Fund by the FSC.

Investors may obtain copies of the Constitution, the Investment Management Agreement and the Registrar Agreement by contacting the Fund at its principal office.

### **8.2 Listing**

The shares of the fund are not listed on any Stock Exchange.

### **8.3 Financial year end, reports and notices**

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

The Annual Meeting of shareholders of the Fund entitled to receive notice of meeting will be held every year at the registered office of the Fund or at any other place in Mauritius or elsewhere as may be specified by the notice of the meeting. Special Meetings of shareholders shall be in accordance with the Constitution at such time and place in Mauritius or elsewhere as may be specified by the notice of the meeting. Notice of any meeting of shareholders shall be mailed by registered letter to each registered Shareholder at least 14 Business Days prior to the meeting or sent by electronic means and would be taken to have been received by the Shareholder on the date that it is transmitted.

The audited financial statements will be available on the following website <https://www.mbcapitalmarkets.mu/en/investment-products/mutual-funds/africa-bond-fund>

All reports, notices and other communications to shareholders will be sent to the postal or email address specified in the Subscription Documents.

The Manager will send to the investors by email, fact sheets and other information which the Manager in its discretion determines to be necessary or appropriate.

#### **8.4 Duration and winding-up of the Fund**

The Fund will have an indefinite life. The Fund may be wound up in accordance with the applicable insolvency 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, investors.

#### **8.5 Joint holders**

The Fund may in its absolute discretion decide to accept subscriptions in joint names on such terms as it deems appropriate.

#### **8.6 Anti-Money Laundering Provisions**

The Financial Intelligence and Anti-Money Laundering Act 2002 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 Act 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 (FIU) any “suspicious transaction”. To satisfy the requirements under this Act, the Manager may require additional evidence of identification from a prospective investor prior to issuing shares. Besides existing legislation, the Fund has also adhered to the requirements of the Code on Prevention of Money Laundering and Terrorist Financing issued by the FSC.

#### **8.7 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 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 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 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.

**MCB Africa Bond Fund**

c/o MCB Investment Management Co Ltd

Sir William Newton Street

Port Louis

Telephone: (230) 202 5515

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