

**Prospectus**

**For**

**ACM HIGH YIELD FUND LTD**

# ***ACM HIGH YIELD FUND LTD***

**the “Fund”**

## **Directors of the Fund**

Lina How Ah Chong  
Jean Daniel Denis Etienne  
Michaël Kwet Voon Ng Thow Hing, CFA  
Muhammad Bilal Adam  
Robin Bryan Smither  
Maxwell James Fulton

## **CIS Manager**

AfrAsia Capital Management Ltd  
Bowen Square, 10 Dr. Ferrier Street, Port Louis  
Mauritius

## **Company Secretary**

DTOS Ltd  
10<sup>th</sup> Floor,  
Standard Chartered Tower,  
19, Cybercity, Ebene, Mauritius

## **Auditors**

Ernst & Young  
9th Floor, NexTeracom-Tower 1,  
Cybercity Ebene, Mauritius



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## IMPORTANT NOTICE

You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

No action has been taken in any jurisdiction, other than the Republic of Mauritius, to allow an offer of securities to the public, in particular, nothing in this Prospectus constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the U.S. or other jurisdiction and the securities may not be offered or sold within the U.S. or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act "Regulation S") or in any jurisdiction other than the Republic of Mauritius.

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Confirmation of your representation: This Prospectus is being sent at your request and by accepting the e-mail or hard copy and accessing this Prospectus, you shall be deemed to have represented to us that you consent to delivery of such Prospectus by electronic transmission.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the securities being offered, in any jurisdiction where it would be illegal to offer to sell or offer to buy securities. Recipients of this Prospectus who intend to subscribe for or purchase the Participating Shares are reminded that any subscription or purchase may only be made on the basis of the information contained in this Prospectus. The final copy of the Prospectus will be available from the registered office of ACM High Yield Fund Ltd

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered and you may not, nor are you authorised to, deliver this Prospectus to any other person.

This Prospectus may have been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Fund, AfrAsia Capital Management Ltd or any person appointed by it to distribute the Prospectus nor any person who controls any of them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from AfrAsia Capital Management Ltd or its appointed representatives.

The objective of the fund is to provide investors regular income and to outperform the average saving rate by taking a minimum risk. By investing in the fund the investor will be taking certain risk characteristics. See section on "section on "risk factors" for more information.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- the Fund's business and operating strategies;
- the Fund's capital expenditure and investment plans;
- the amount and nature of, and potential for, future development of the Fund's business;
- the Fund's operations and business prospects;
- various business opportunities that the Fund may pursue;
- the financial information regarding the Fund;
- the regulatory environment relating to the Fund;
- changes in political, economic, legal and social conditions in Mauritius and internationally.
- changes in currency exchange rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as "may," "will," "should," "could," "would," "expect," "intend," "plan," "anticipate," "going forward," "ought to," "seek," "project," "forecast," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of the Fund with respect to future events, operations, results, liquidity and capital resources and are not guarantees of future performance and some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled "Risk Factors" in this Prospectus. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Prospectus, whether as a result of new information, future events or otherwise after the date of this Prospectus. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set forth in this section.

## EXECUTIVE SUMMARY AND PRINCIPAL TERMS

The ACM HIGH YIELD FUND LTD has been set up to give local and regional investors with an investment that provides regular income and achieves the maximum performance return comparable to the average saving rate by taking a minimum risk. It will invest in markets in accordance with a clearly specified investment strategy as laid down by this Prospectus.

<b><u>PRINCIPAL TERMS</u></b>	
<b>Name of Fund</b>	ACM HIGH YIELD FUND LTD
<b>Type of Fund</b>	High Yield Debt Securities Collective Investment Scheme (retail open-ended fund)
<b>Legal Form</b>	A public limited liability company
<b>Currency</b>	MUR
<b>Investment Objective</b>	The Investment Objective of the Fund is to provide regular income and to outperform the average saving rate by taking the minimum risk.
<b>Benchmark</b>	Average savings rate plus 1.5%.
<b>Dividend Policy</b>	Dividends will be paid twice a Year to the holders of Participating Shares.
<b>Valuation</b>	Last business day of each week
<b>Liquidity</b>	Participating Shares may be purchased or redeemed on every Dealing Day at the issue price and redemption respectively. The issue and redemption prices are based on Net Asset Value per share, subject to provisions of an initial charge and a redemption charge.
<b>Dealing Day</b>	Last business day of each week
<b>Minimum Initial Investment</b>	MUR 50,000
<b>Minimum Subsequent Investment</b>	MUR 10,000
<b>Regular Saving Plan</b>	MUR 1,000 on a monthly basis
<b>Initial Charge</b>	Currently 0.75% of the amount subscribed with a maximum of 1.25%
<b>Redemption Charge</b>	Currently 0.25%, with a maximum 1% of the redemption amount
<b>Management Fee</b>	Currently 0.75% of the Net Asset Value of the Fund per annum, with a maximum 1.5% per annum
<b>Fund Administration Fee</b>	Currently 0.15% of the Net Asset Value of the Fund per annum, with a maximum of 0.25% per annum
<b>Custodian Fee</b>	Currently 0.10% of the Net Asset Value of the Fund per annum, with maximum of 0.20% per annum

# ***ACM HIGH YIELD FUND LTD***

## **PROSPECTUS**

**Disclaimer:** Industry data and other statistical information used throughout this Prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources we believe are reliable. Although we believe such information is accurate and reliable, we have not independently verified any of the data from third-party sources cited or used for our management's industry estimates, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our position relative to our competitors or as to market share refer to the most recent data available to us.

This document is for information purposes only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell the fund. Prospective investors should not construe the contents of this document as containing legal, tax, or financial advice. To be clear on the contents and obligations contained within the document, prospective investors should consult their stockbroker, bank manager, lawyer, accountant or other professional advisor.

This document does not have regard to the specific investment objectives and financial situation of any specific person who may receive it. Investors should seek financial advice regarding the appropriateness of investing in any investment product described in this document and should understand that future expectations may not be realized. Past performance is not a guide to future performance. Both the CIS Manager and the Adviser of the Fund neither undertake any responsibility nor guarantee any kind of returns to the investors of the Fund.

Investing in International markets may involve additional risk, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, single- country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic region.

## B: Presentation of the Fund

### 1. Definitions

- 1.1 **“Auditors”** means an accounting firm or corporation described in the Companies Act, of Mauritius and for the time being appointed as the auditors of the Fund.
- 1.2 **“Authorised Investment”** means (a) any Quoted Investment; (b) any Investment in respect of which an application for listing for permission to deal has been made to a Recognised Market and the subscription for or purchase of which is either conditional upon such listing or permission to deal being granted within a specified period not exceeding twelve weeks (or such other period as may be agreed by the CIS Manager) or in respect of which the CIS Manager is satisfied that the subscriptions or other transactions will be cancelled if the application is refused; (c) any Unquoted Investment; (d) the currency of any country or any contract for the spot purchase or sale of any such currency or any forward contract of such currency; and (e) any Investment which is not covered by paragraphs (a) to (d) of this definition but is selected by the CIS Manager.
- 1.3 **“Business Day”** means any day (other than Saturday or Sunday or public holiday) on which banks and other financial institutions in Mauritius are generally open for business or any other day as the CIS Manager may agree in writing to be a Dealing Day or Valuation Day in connection with the issuance, cancellation and realization of Participating Shares is every Business Day in Mauritius.
- 1.4 **“Constitution”** means the constitution of the Fund dated January 18, 2012 as amended from time to time.
- 1.5 **“Dealing Day”** means the last Business Day of each week or any such day as may be determined from time to time by the CIS Manager in order to implement a transaction; issuance, redemption or transfer of Participating shares in accordance with the Constitution and this Prospectus.
- 1.6 **“Illiquid asset”** means an asset that may not be readily disposed of through market facilities on which public quotations are widely available, at an amount at least equal to the amount at which the asset is valued in calculating the net asset value, or a restricted security, the resale of which is prohibited for any reason.
- 1.7 **“Initial Charge”** means a charge upon the issue of Participating Shares of such amount as the CIS Manager may from time to time determine generally or in relation to any specific transaction or class of transactions, but not exceeding the maximum stipulated in this Prospectus.
- 1.8 **“Investment”** means any share, stock, bond, note, debenture, debenture stock and any other tradable securities.

- 1.9 **“Investor or Investors”** means any person acquiring the Participating Shares and registered in the register of shareholders of the Company as being the holder of one or more Participating Shares.
- 1.10 **“Issue Price”** means the price per Participating share on any Dealing Day ascertained by the CIS Manager by:-
- (i) determining the Net Asset Value at the latest Valuation Day preceding or on the Dealing Day of the Fund;
  - (ii) adding thereto:-
    - (a) any Transactions Adjustment; and
    - (b) any Initial Charge.
- 1.11 **“Key Persons”** means any person responsible for the management of the fund, including the persons employed as portfolio managers by the CIS Manager.
- 1.12 **“Management Fee”** means the remuneration of the CIS Manager which shall not exceed the maximum fee stipulated in this Prospectus, payable out of the capital or income of the Fund as the CIS Manager in its discretion may decide on each calendar month of the year.
- 1.13 **“Net Asset Value”** has the meaning ascribed to that term in section 14 of this Prospectus.
- 1.14 **“OTC Market”** means any “over-the-counter” market in any part of the world.
- 1.15 **“Participating Share”** means a redeemable participating share of the Fund, which shall be redeemable at the sole option of the holder thereof, and includes a fraction of a Participating Share (truncated to two decimal points).
- 1.16 **“Quoted Investment”** means any Investment which is for the time being quoted, listed or dealt in on a Recognised Market or on an OTC Market established by any such Recognised Market.
- 1.17 **“Redemption Charge”** is the charge upon the redemption of a Participating Share, of such amount as may from time to time be fixed by the CIS Manager generally or in relation to any specific transaction or class of transaction, but not exceeding the maximum stipulated in this Prospectus.
- 1.18 **“Redemption Price”** is the price per Participating Share ascertained by the CIS Manager by:-
- (i) determining the Net Asset Value, as at the latest Valuation Day preceding or on the Dealing Day on which a redemption request is received, of the Fund;
  - (ii) deducting there from:-
    - (a) the Redemption Charge; and

(b) the Transactions Adjustment.

1.19 **“Securities Act”** means the Securities Act 2005 of Mauritius as the same may be modified, amended, supplemented, re-enacted or reconstituted from time to time.

1.20 **“SEM”** means the Stock Exchange of Mauritius Ltd.

1.21 **“Transactions Adjustment”** means:

(a) in relation to the issue of a Participating Share, an adjustment of up to such amount (if any) as the CIS Manager determine represents the duties and charges which would have been payable in purchasing the Investments for the account of the Fund divided by the number of Participating Shares issued and deemed to be in issue as at that time and such amount shall not exceed such percentage as the CIS Manager may from time to time agree; and

(b) in relation to the cancellation and redemption of a Participating Share, an adjustment of up to such amount (if any) as the CIS Manager determine represents the duties and charges which would have been payable in selling the Investments for the account of the Fund divided by the number of Participating Shares in issue and deemed to be in issue as at that time which amount shall not exceed such percentage as the CIS Manager may from time to time agree.

Such expression when used in the context of a given date shall refer to the amount or amounts so determined by the CIS Manager and applicable on that date.

1.22 **“Valuation Day”** means the last Business Day of each week or any such day as may be determined from time to time by the CIS Manager to compute the Net Asset value of the Fund.

1.23 **“Year”** means a calendar year.

## **2. Basic Information**

### **2.1 Name and structure of the Fund**

The collective investment scheme offered in this prospectus is known as the ACM HIGH YIELD FUND LTD (the “Fund”).

The Fund is an open-ended - high yield Mauritius Debt Securities Collective Investment Scheme denominated in Mauritian Rupees and established under the laws of Mauritius as a public limited liability company.

## 2.2 Authorisation of the Fund

All consents, approvals, authorizations or other permissions of the Fund as well as of all regulatory authorities required by the Fund under the laws of Mauritius have been obtained for the establishment of this Prospectus and the issue of Shares and for the Fund to undertake and perform its obligations under the Prospectus.

A copy of this Prospectus was submitted to the FSC on 21 February 2012 and the FSC has on 19 April 2012 authorized the Fund to offer the Participating Shares to the public pursuant to the Prospectus.

## 2.3 Investment objective

The investment objective of the Fund is to generate regular income to investors and to achieve maximum performance through capital appreciation. The CIS Manager seeks to achieve the Fund's objective by selecting a focused portfolio of high yield debt securities.

## 3. Disclaimers and Other Important Information

(a) The Fund is an authorized collective investment scheme under the Securities Act. The FSC assumes no responsibility for the contents of this Prospectus. Authorisation of this Prospectus by the FSC does not imply that the FSC or any other relevant legal or regulatory requirements have been complied with. The FSC has not, in any way, considered the investment merit of the Fund.

(b) The CIS Manager accepts full responsibility for the accuracy of the information set out in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

(c) This Prospectus does not constitute an offer or solicitation for the purchase of shares to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and may be used only in connection with this offering of Participating Shares by the Fund or its approved distributors.

(d) Investment in the Fund requires consideration of the normal risks involved in investment and participation in securities. Details of the risks involved are set out *in* section 11 of this Prospectus. Investors should consider these risks carefully before making an investment decision.

(e) Investors should seek independent professional advice to ascertain

- i. The possible tax consequences,
- ii. The legal requirements and

- iii. Any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, and which may be relevant to the subscription, holding or disposal of Shares.

(f) No application has been made for the Fund to be listed on any stock exchange. Investors may purchase or sell the Participating Shares through the CIS Manager or their approved distributors in accordance with the provisions of this prospectus and the Constitution.

## **C: Organisation and Management of the Fund**

### **4. The CIS Manager**

#### 4.1 Name and address

The CIS Manager of the Fund is AfrAsia Capital Management Ltd, incorporated on 25 April 2003 under the laws of Mauritius, with registered office at 4<sup>th</sup> Floor, IBL House, Caudan Waterfront, Port-Louis and place of business at Bowen Square, Dr. Ferriere Street, Port Louis (“ACM”). ACM is a team of professionals with an extended experience in wealth and financial management. ACM provides investment management services to both institutional clients such as pension funds, insurance companies, investment companies and high net worth individuals. It has built its reputation over the years on delivering performance to its clients throughout all major asset classes. ACM holds a CIS Manager licence.

#### 4.2 Main functions of the CIS Manager

The Fund has appointed ACM as CIS Manager to manage the Fund under the terms and conditions of an investment management agreement between the CIS Manager and the Fund. Under the said agreement, the CIS Manager shall manage the investment and re-investment of the Fund’s moneys with a view to achieving the investment objectives of the Fund.

### **5. The Custodian**

#### 5.1 Name and address

The custodian for the Fund is AfrAsia Bank Limited (“AfrAsia” or the “Custodian”), Bowen Square, Dr Ferriere Street, Port Louis, Mauritius.

#### 5.2 Main functions of the Custodian

The Custodian will hold the properties of the Fund on its account for safekeeping purposes. The Custodian will upon receipt of instructions, receive and hold securities delivered to it. It will further under receipt of appropriate instructions and pursuant to steps and procedures required by local settlement and market practice or otherwise effect such Instructions, transfer, exchange or deliver the properties in the required form and manner.

## **6. The Company Secretary**

### 6.1 Name and address

The Company Secretary for the Fund is DTOS Ltd.

### 6.2 Main functions of the Company Secretary

The Fund has appointed DTOS Ltd. as Company Secretary to carry out the general secretarial services of the Fund in Mauritius under the terms and conditions of an agreement between the Company Secretary and the Fund. Under the said agreement, the Company Secretary will monitor the anti-money laundering and regulatory compliance programs of the Fund; monitor the Fund's compliance with international standards of good corporate governance; carry out the general administration of the Fund.

## **Other Parties**

### 6.3 Distributor of the Fund

The principal distributor of the Fund is AfrAsia Capital Management Ltd, with registered office at Bowen Square, 10 Dr Ferriere Street, Port-Louis and place of business at Bowen Square, Dr Ferriere Street, Port Louis. ACM holds both a CIS Manager license and a distribution of financial products license. It has broad network of private and institutional clients and has been in the sector over the last 25 years.

### 6.4 The Auditors

The Auditors for the Fund are Ernst & Young, 9<sup>th</sup> Floor, NexTeracom-Tower 1, Cybercity, Ebene, Mauritius.

### 6.5 Termination of agreement - CIS Manager, Custodian and Administrator

The Board of Directors has the power to terminate and replace the fund's agreement with its CIS Manager, Custodian or Administrator if they find it to be in the interest of Investors.

## **7. The Board of Directors**

## 7.1 List of directors and profile

The board of directors of the Fund consists of six (6) members, namely:

<b>Name</b>	<b>Function</b>	<b>Date of appointment</b>	<b>Occupation</b>	<b>Other directorship</b>
Lina How Ah Chong	Director	16.04.2015	Head of Fund Services-DTOS	ACM European Ltd, ACM Aussie Growth Fund Ltd, ACM Equity Fund Ltd, ACM Global Equity Fund Ltd, ACM Global Bond Fund Ltd, AfrAsia Partners Fund Ltd, ACM India Focus Fund Ltd
Jean Daniel Denis Etienne	Director	31.05.2015	Manager	ACM European Ltd, ACM Aussie Growth Fund Ltd, ACM Equity Fund Ltd, ACM Global Equity Fund Ltd, ACM Global Bond Fund Ltd, ACM India Focus Fund Ltd
Michaël Kwet Voon Ng Thow Hing	Director	27.12.2016	Deputy CEO	ACM European Ltd, ACM Aussie Growth Fund Ltd, ACM Equity Fund Ltd, ACM Global Equity Fund Ltd, ACM Global Bond Fund Ltd, AfrAsia Partners Fund Ltd, ACM India Focus Fund Ltd
Muhammad Bilal Adam	Director	04.04.2017	CEO	ACM European Ltd, ACM Aussie Growth Fund Ltd, ACM Equity Fund Ltd, ACM Global Equity Fund Ltd, ACM Global Bond Fund Ltd, AfrAsia Partners Fund Ltd, ACM India Focus Fund Ltd
Robin Bryan Smither	Director		Senior Executive-Head Corporate & Personal Banking	
Maxwell James Fulton	Director		Consultant	ACM European Ltd, ACM Aussie Growth Fund Ltd, ACM Equity Fund Ltd, ACM Global Equity Fund Ltd, ACM Global Bond Fund Ltd, AfrAsia Partners Fund Ltd, ACM India Focus Fund Ltd

Lina How Ah Chong

Lina joined DTOS in 2000 and was appointed Senior Manager in 2010. She holds a Bachelor of Commerce and an MBA from Australian universities, and was admitted member of Golden Key Honour Society. Lina is also a member of the Society of Trust and Estate Practitioners and has 14 years of experience in structuring, managing and administering global business companies in Mauritius. Lina currently heads the Fund Services division of DTOS and serves on the board of several companies.

Jean Daniel Denis Etienne

Mr. Etienne is a Fellow of the Association of Chartered and Certified Accountants in the UK. He joined DTOS Ltd in 2007 and is currently responsible for a team of administrators and accountants for the setting up, management and administration of GBL 1 entities (especially fund entities) and also participates in the client development of the company. Denis started his career as an auditor. He has over ten years' experience in the finance industry. Before joining DTOS Ltd, Denis was a senior accountant in an accounting firm in London.

Michaël Kwet Voon Ng Thow Hing

Michael is a CFA Charterholder with more than 18 years of experience, out of which 14 of them are in the field of investment. Before joining AfrAsia Capital Management Ltd, he has spent 5 years among the top management team of SBM Group whilst heading its asset management company, the investment arm of the Group. He has also managed several multinational companies in the global business sector and served on the Board of a number of them. Michael has also been working as a part-time senior lecturer in the MBA/MSC program at the University of Mauritius and managed a SA-based hedge fund. Michael currently assists the CEO in the day-to-day management of the Company.

Muhammad Bilal Adam

Bilal reinforces the robust AfrAsia Group leadership team with his financial services experience across London, Sandton, Durban and Mauritius. His previous roles focused on capital markets and investment management with Investec for the past 11 years where he looked after ultra-high net worth clients and top tier institutions. Bilal serves on several boards including that of the South African Chamber of Commerce Mauritius. He is a Chartered Accountant accredited by the South African Institute of Chartered Accountants (SAICA) and holds a Bachelor of Commerce Honors degree, amongst other financial qualifications.

Robin Bryan Smither

Mr Smither (a South African national) has over 14 years' experience in Corporate & Investment banking with an extensive knowledge covering global markets, transactional banking and lending products. He joins us from Standard Bank where he held various positions in South Africa and Mauritius in both the

Corporate & Investment Banking areas since 2001. Robin was with Standard Bank for more than 11 years, spent 3 years in Mauritius as Head of Corporate Banking, followed by some time in South Africa as a senior banker to Standard Bank's large multinational clients wherein he developed an extensive knowledge of Africa related banking and business. He holds an MBA & Post Graduate Diploma in Business Management from the University of Witwatersrand South Africa & a degree in Social Science (PPE) from the University of Cape Town.

Maxwell James Fulton

Maxwell is an international consultant and project manager with solid experience in legal, regulatory, corporate and compliance counseling. Maxwell held various positions in the United Kingdom as Company Secretary and Group General Counsel, in Singapore as Consultant and Company Secretary and in Mauritius as Director of Surveillance at the Financial Services Commission. Maxwell holds an MBA from Monash University, Melbourne, Australia and an LLM from University of Sydney, Sydney, New South Wales. Maxwell has also been admitted to the Supreme Courts of New South Wales and Victoria and the High Court of Australia.

## 7.2 Change of Directors

The board has the power at any time and from time to time to replace any director as it deems necessary.

## 7.3 The Compliance Committee

The Compliance Committee consists of the following persons a group of professionals responsible for ensuring compliance with all applicable laws and regulations in relation to the Fund:

<b>Name</b>	<b>Function</b>
FULTON, Maxwell James	Director (Independent)
LEONIDE, Pascale	ACM Senior Legal and Compliance Officer
MUNGUR, Murvyn Kumar	ACM Senior Fund Manager

## D: The CIS Manager

### 8. Name, Address and Credentials

#### 8.1 Name, address and profile

The CIS Manager of the Fund is AfrAsia Capital Management Ltd, with registered office at 4<sup>th</sup> Floor, IBL House, Caudan, Waterfront, Port Louis and place of business at Bowen Square, 10 Ferriere Street, Port Louis.

AfrAsia Capital Management Ltd consists of a team of professionals with an extended experience in asset, wealth and financial management. The company provides an investment and fund management service to both corporates such as pension funds, insurance companies, investment companies and High Net Worth individuals. ACM has built a solid reputation for delivering performance across major asset classes and investment regions.

ACM is licensed by the Financial Services Commission as Investment Adviser (Unrestricted), CIS Manager and Distributor of Financial Products.

## 8.2 Board of directors

The board of directors of ACM consists of nine 9 members, namely Messrs Muhammad Bilal ADAM, Sanjiv BHASIN, Thierry Paul Robert Rene VALLET, Francois Laurent DE LA HOGUE, Marie Philomene Gerard Jean-Claude BÉGA, Nicolas Alexandre WEISS, Yves Raymond JACQUOT, Graeme Lance ROBERTSON and Dominic Joseph Pierre JACQUES.

Name	Address
ADAM, Muhammad Bilal	Villa 5, Port Chambly, Le Goulet, Tombeau Bay, Mauritius
BHASIN, Sanjiv	MQ 51, La Balise Marina, Black River, Mauritius
VALLET, Thierry Paul Robert Rene	Route Cotiere, Calodyne, Mauritius
DE LA HOGUE, Francois Laurent	L'Oree du Bois, Riviere Noire, Mauritius
BEGA, Marie Philomene Gerard Jean-Claude	Calodyne, Grand Gaube, Mauritius
WEISS, Nicolas Alexandre	Poste Lafayette, Mauritius
JACQUOT, Yves Raymond	10, rue de Belleford, RC, Paris, France
ROBERTSON, Graeme Lance	88 Cairnhill Rd, #01-00, Singapore, Singapore
JACQUES, Dominic Joseph Pierre	Condo 601, 1625 rue Clark, Montreal, Canada

## 8.3 Team of portfolio managers

ACM has a dynamic team of investment professionals to assist them in delivering quality service to their clients. The investment specialist who will be dedicated to the Fund is:

Murvyn Kumar Mungur

SENIOR FUND MANAGER

Murvyn holds an undergraduate degree with a major in Economics from the University of Cape Town, with more than 10 years' experience in the local financial services industry and has joined Afrasia Capital Management Ltd as a Senior Fund Manager. Murvyn started his professional career, initially as an analyst and later on as part of the fund management team looking after the numerous clients including high net worth individuals, pension funds, and collective investment schemes at SBMMAM, the asset

management arm of the SBM Group. After almost 5 years there, he switched to Bank One Ltd as Portfolio Manager in the Private Banking team. Halfway through his 6 years at Bank One Ltd, he took on the challenge of becoming a Relationship Manager in the Private Banking & Wealth Management Department and enhanced his knowledge of the Bank of Mauritius credit requirements/guidelines along with assisting in the setting up of the company's global custody business.

Michaël Kwet Voon Ng Thow Hing

DEPUTY CHIEF EXECUTIVE OFFICER

Michael is a CFA Charterholder with more than 18 years of experience, out of which 14 of them are in the field of investment. Before joining AfrAsia Capital Management Ltd, he has spent 5 years among the top management team of SBM Group whilst heading its asset management company, the investment arm of the Group. He has also managed several multinational companies in the global business sector and served on the Board of a number of them. Michael has also been working as a part-time senior lecturer in the MBA/MSC program at the University of Mauritius and managed a SA-based hedge fund. Michael currently assists the CEO in the day-to-day management of the Company.

Patricia Yu

FUND ADMINISTRATION OFFICER

Patricia started her career as Marketing Assistant in the Market Research Dept of De Chazal du Mée where she was responsible for the organisation of market surveys and focus groups in Mauritius and some African countries. In September 2006, she joined MCB Investment Management Co. Ltd, the investment arm of the MCB Group. As a Fund Administration Officer, she gained extensive experience in the local and foreign investment sector, mainly the middle and back office duties which consist of relationship with Custodians, Brokers, Banks, Fund Managers, Compliance and Auditors among others. She joined Afrasia Capital Management in Jan 2017 and ensure the smooth running of fund administration duties in the CIS team.

The CIS Manager also benefits from the wider AfrAsia Capital Management Ltd support research team comprised of a team of professionals who are involved in the wider activities of AfrAsia Capital Management Ltd and regrouped in an in-house investment committee.

The support research team consists of the following persons:

Muhammad Bilal Adam

CHIEF EXECUTIVE OFFICER

Bilal reinforces the robust AfrAsia Group leadership team with his financial services experience across London, Sandton, Durban and Mauritius. His previous roles focused on capital markets and investment management with Investec for the past 11 years where he looked after ultra-high net worth clients and

top tier institutions. Bilal serves on several boards including that of the South African Chamber of Commerce Mauritius. He is a Chartered Accountant accredited by the South African Institute of Chartered Accountants (SAICA) and holds a Bachelor of Commerce Honors degree, amongst other financial qualifications.

Stephen R Coombes

#### SENIOR PORTFOLIO MANAGER

Stephen holds a BCom (Hons) Economics and Finance from the University of Cape Town. He has over 12 years of experience in the financial services sector and over 10 years in the asset management business. Prior to joining AfrAsia Capital Management Ltd, he spent 3 years working as a Fund Manager at MCB Investment Management Ltd and a further 4 years as a Portfolio Manager at MCB Private Banking where he was responsible for setting up the portfolio management activity from scratch and contributed to the major rise in AUM on both local and foreign markets.

Michael Yap San Min

#### SENIOR INVESTMENT ANALYST

Michael holds a Master of Commerce degree (Finance major) from the University of New South Wales in Australia, a PhD in Automatic System and Microelectronics from the University of Montpellier II and a Master of Engineering from Ecole Polytechnique Universitaire of Montpellier in France. Michael joined AfrAsia Capital Management Ltd in January 2014 as a Senior Investment Analyst and has passed the CFA level III exam. Prior to that, he worked as a research engineer for 3 years at Infineon Technologies France, a German Semiconductor company, and 1 year at the Atomic Energy and Alternative Energies Commission in France. Michael also worked for 4 months as an Investment Analyst at Plurigestion Ltd, a wealth management company.

Ishrat Cheeroo

#### SENIOR FUND MANAGER

Ishrat holds a BSc (Honours) in Economics and Finance from the University of Mauritius and an MSc in Investment and Finance from Middlesex University (UK). She previously worked at the Financial Services Commission in the Research & Development department for 3 years, and, at Anglo-Mauritius Investment Managers Ltd (now known as Swan Wealth Managers) for more than 6 years where she was a Fund Manager leading a team of financial analysts and was responsible for foreign investment portfolios. She joined AfrAsia Capital Management Ltd in November 2013 as a Fund Manager.

Jonathan Ah Kiow

INVESTMENT AND RISK ANALYST

Jonathan joined AfrAsia Capital Management Ltd in October 2016. He holds a BA First Class (Hons) in Finance, Accounting and Management from the University of Nottingham, UK and is currently a CFA level III candidate. He previously worked as a Credit Underwriting and Risk Analyst at ABC Banking Corp Ltd for nearly 3 years.

Varun D. Ramdhean

INVESTMENT ANALYST

Varun holds a Bsc (Hons) Mathematics and an MBA in Financial Management from the University of Mauritius. Prior to joining AfrAsia Capital Management Ltd, he spent more than 2 years working as Management Support Officer at the Ministry of Civil Service and Administrative Reforms. He has joined the team as Investment Analyst since September 2016.

Jaypal Neeraj Singh

PORTFOLIO OFFICER

Neeraj holds a BSc (Hons) in Actuarial Science from the University of East-Anglia (UK) and is currently doing an MSc Finance as a part-time course from the University of Mauritius. He is also a registered student of the Institute and Faculty of Actuaries and is in his first year of the CFA Programme. He started his career with an internship at MCB Capital Markets and followed that with an internship at Mauritian Eagle Insurance before joining AfrAsia Capital Management Ltd as an Investment Trainee.

#### 8.4 Termination of agreement

Under the terms and conditions of the investment management agreement between the CIS Manager and the Fund, the Fund may terminate the appointment of the CIS Manager under the following conditions:

- (i) with the approval of the board of directors of the Fund provided the required notice period as expressed in the investment management agreement is given;
- (ii) with the approval of the board of directors of the Fund in the event of breach of its obligations provided the required notice period as expressed in the investment management agreement is given;

- (iii) at any time without any notice period if the CIS Manager goes into liquidation (as per conditions in the investment management agreement) or if the operation of the Fund becomes illegal or in the event of fraud or gross negligence by the CIS Manager.

## **E: Investment Objectives, Practices and Financial Characteristics**

### **9. Investment Objectives and Practices**

#### 9.1 Investment objective

The investment objective is to generate regular income to investors and to achieve maximum performance through capital appreciation. The CIS Manager seeks to achieve the Fund’s objective by selecting a focused portfolio of high yield debt securities.

#### 9.2 Investment approach and allocation

The CIS Manager seeks to achieve the Fund’s investment objective by selecting a focused portfolio of high yield debt securities, which include treasury bill, treasury notes, govt bond, MDLS, corporate debt obligations (such as bonds, debentures, notes and commercial paper). The Fund does not have any portfolio maturity limitation and may invest its assets in instruments with short-term, medium-term or long-term maturities. The Fund also may invest to a lesser extent in equity securities that the CIS Manager believes will yield high dividends or are otherwise consistent with the Fund’s investment objective.

In selecting securities for the Fund’s portfolio, the CIS Manager, performs an independent investment analysis of each issuer to determine its creditworthiness. The CIS Manager takes a deep value contrarian approach to the credit markets, foregoing relative value and new issue participation in favor of absolute returns. The portfolio will be constructed of securities that provide exposure to industries believed to offer the most value to the Fund.

#### 9.3 Asset Allocation Pattern

Instruments	Indicative Allocations (% of total assets)	
	Minimum	Maximum
Local Fixed Income	60%	95%
Equity Securities	0	25%
Foreign Investment	0	15%

(Equity/Debt)		
Cash	5%	10%

#### 9.4 Investment Restrictions.

The fund shall not:

- (a) purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than ten percent (10%) of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- (b) Purchase a security of an issuer where, immediately after the purchase, the collective investment scheme would hold more than 10% of a class of securities of that issuer;
- (c) purchase real estate;
- (d) purchase a mortgage;
- (e) purchase a security for the purpose of exercising control or management of the issuer of the security;
- (f) purchase an Illiquid Asset if, immediately after the purchase more than 10% of the net assets of the collective investment scheme, taken at market value at the time of the purchase, would consist of Illiquid Assets;
- (g) except within the limits established by the FSC purchase or sell derivatives;
- (h) purchase or sell a physical commodity, including precious metals.
- (i) subscribe securities offered by a company under formation;
- (j) engage in the business of underwriting or marketing securities of any other issuer;
- (k) lend money, securities or other assets;
- (l) guarantee securities or obligation of another person;
- (j) purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;
- (k) borrow money or provide for the creation of any encumbrance on its assets except in the two following situations –
  - (a) the transaction is a temporary measure to accommodate requests for the redemption of securities of the collective investment scheme while the collective investment scheme effects

an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the collective investment scheme does not exceed 5% of the net assets of the collective investment scheme taken at market value at the time of the borrowing;

(b) the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity;

(l) purchase a security from, or sell a security to, one of the following persons-

(a) the CIS Manager or the custodian;

(b) an officer of the CIS Manager or the custodian;

(c) an affiliate of a person referred to in subparagraphs l(a) and l(b), unless the purchase from or sale to the affiliate is carried out at arm's length.

#### 9.5 Minimum Funding

(i) The scheme must receive a minimum subscription of Rs 10,000,000 from investors so as to begin operating the scheme.

(ii) When the minimum amount of subscriptions referred in (i) is not reached during the first six (6) months of offering period, the funds shall be returned to the investors together with any interest earned thereon, unless the Fund can justify a request for extension and the Commission agrees to such an extension, which shall not exceed a further six (6) months.

(iii) All funds collected from investors will be kept in the custody account with Afrasia Bank Limited and will be returned with all interest earned to investors if necessary.

### **10. Benchmark**

The Benchmark for the Fund is the Average savings rate plus 1.5%.

The CIS Manager may from time to time change the benchmark with the approval of the board of directors of the Fund.

### **11. Investment Horizon and Risk Profile**

The Fund's investment strategy has an investment horizon of 3 to 5 years and is targeted towards investors with low risk profile.

### **12. Dividend Policy**

The Fund retains the right to declare and pay dividends to holders of Participating Shares in accordance with this Prospectus, the Constitution and with the terms of issue of, and rights attached to, shares of the Fund in issue. The Fund intends to pay dividends half yearly based on income received.

## **F: Conditions of Operations**

### **13. Share Capital**

#### 13.1 Allotment and issue of shares

The board of directors of the Fund will issue Participating Shares and Management Shares as it may determine from time to time in accordance with the Constitution of the Fund.

#### 13.2 Participating Shares

The Participating Shares shall be issued at Issue Price and shall confer upon the Investors in such Participating Shares the rights set out in section 13.3 of this Prospectus and the rights of Participating Shares shall otherwise be in accordance with the provisions of this Constitution. No Shares shall be issued unless they are fully paid up.

The holders of Participating Shares shall not have day to day control over the management of the assets or property of the Fund.

#### 13.3 Rights of holders of Participating Shares

A Participating Share issued by the Fund shall confer on the holder thereof the right to:

- (i) request the Fund to (and the Fund shall, subject to this Prospectus or the Constitution, be obliged to) redeem the Participating Shares at the Redemption Price in accordance with this Prospectus and the Constitution;
- (ii) receive notices, reports and accounts and to attend general meetings of the Company;
- (iii) vote on a proposal to wind up the Company; and
- (iv) receive dividends declared by the Fund from time to time in accordance with this Prospectus, the Constitution and the Companies Act.

#### 13.4 Management Shares

Management Shares shall be issued to the CIS Manager and shall have the rights set out in the Constitution. No Management Shares shall at any time be held otherwise than by the CIS Manager or such other person nominated by the CIS Manager and approved by the board of directors of the Fund.

#### 14. Calculation of Net Asset Value

- (a) The net asset value of the Fund (the “Net Asset Value”) shall be determined on every Valuation Day and, in any case, not less than once every week. The NAV is calculated weekly as we do not expect regular entry and exit in and from the fund (this will be used for dealing). However the CIS team will keep track the fund evolution on a daily basis. The Net Asset Value shall be based on the gross asset value as defined in section 15(c) (the “Gross Asset Value”) less gross liabilities as defined in section 15(e) (the “Gross Liabilities”) less expenses which would consist of charges or claims of any and every kind and nature, fixed, accrued, unmatured or contingent, including without limitation, the estimated accrued expenses of the CIS Manager, the Fund Administrator and the Custodian and any provisions or charges for any or all of the foregoing, whether for taxes, expenses, contingencies or otherwise.
- (b) The assets of the Company shall be deemed to include:
- i. all cash in hand, on loan or on deposit, or on call including any interest accrued thereon;
  - ii. all bills, demand notes, promissory notes and accounts receivable;
  - iii. all bonds, time notes, shares, stocks, debentures, debenture stock, subscription rights, warrants, options and other investments and securities owned or contracted for by the Fund other than rights and securities issued by it;
  - iv. all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared payable to stockholders of record on a date on or before the day as of which the Net Asset Value is being determined;
  - v. all interest accrued on any interest-bearing securities owned by the Fund except to the extent that the same is included or reflected in the principal value of such security;
  - vi. all other Investments;
  - vii. all expenses relating to the Fund in so far as the same have not been written off, except for management and performance fees; and
  - viii. all other assets of every kind and nature including prepaid expenses as valued and defined from time to time by the board of directors of the Fund.
- (c) The Gross Asset Value shall be valued as follows:
- i. securities traded on a stock exchange or other regulated market are to be valued generally at the latest closing price quoted on the relevant exchange or market on or before the day preceding the relevant Valuation Day;
  - ii. unlisted equity securities will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the board of directors of the Fund shall in its absolute discretion deem appropriate in the light of the circumstances;
  - iii. unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known price dealt on the market on which the securities are traded on or before the day preceding the relevant Valuation Day;

- iv. unlisted securities (other than equities) for which there is no ascertainable market value will be valued at cost plus interest (if any) accrued from purchase to (but excluding) the relevant Valuation Day plus or minus the premium or discount (if any) from par value written off over the life of the security;
- v. any value otherwise than in MUR shall be converted into MUR at the market rate ;
- vi. the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Board may consider appropriate to reflect the true value thereof;
- vii. the value of preference shares or other security in any preference share trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the **managers** thereof on or before the day preceding the relevant Valuation Day;

Notwithstanding the foregoing, the board of directors of the Fund may, in its absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value, and for the purpose of valuing the Fund's assets as aforesaid the board of directors of the Fund may rely upon the opinions of any persons who appear to them to be competent to value assets of the Fund by reason of any appropriate professional qualification or of experience of any relevant market.

- (d) Notwithstanding the foregoing, where at the time of any valuation any asset of the Fund has been realised or contracted to be realised there shall be included in the assets of the Fund in place of such asset the net amount receivable by the Fund in respect hereof PROVIDED THAT if such amount receivable is not payable until some future time after the time of any valuation the Board may make such allowance as it considers appropriate.
- (e) The gross liabilities of the Fund shall be deemed to include all its liabilities and such provisions and allowances for contingencies (including tax) payable by the Fund but not liabilities represented by Participating Shares in the Fund. In determining the amount of such liabilities the board of directors of the Fund may calculate any liabilities of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.
- (f) The Net Asset Value per Participating Share shall be calculated by dividing the Net Asset Value by the number of Participating Shares in issue.
- (g) Any calculations made pursuant to this Prospectus shall be made by or on behalf of the board of directors and shall (except in the case of manifest error) be binding on all persons.

## 15. Fees and Charges

15.1 The following are the fees and charges payable in relation to the Fund:

### Fees payable by Investors

Initial Charge: Currently 0.75% of [the amount subscribed] with a of maximum of 1.25%

Redemption Charge: Currently 0.25%, with a maximum of 1% of [the redemption amount]

### Fees payable by the Fund

Fund Management Fee as a % of the Net Asset Value: Currently 0.75% p.a., Maximum 1.5%p.a.

Fund Administration Fees as a % of the Net Asset Value: Currently 0.15% p.a., Maximum 0.25% p.a.

Custodian's Fee as a % of the Net Asset Value: Currently 0.10% p.a., Maximum 0.20% p.a.

15.2 The Initial Charge and the Redemption Charge (if any) will be retained by the CIS Manager for their own benefit. Any rounding adjustments arising from calculating the price of Participating Shares will be credited to the Fund. Any commission, remuneration or other sum payable to agents in respect of the issue or sale of any Participating Shares will not be added to the price of such Participating Shares but will be paid by the CIS Manager.

15.3 The CIS Manager may at any time differentiate between investors as to the amount of the Initial Charge and the Redemption Charge payable or allow discounts on such basis or on such scale as the CIS Manager may deem fit.

15.4 All marketing, promotional and advertising expenses in relation to the Fund will be borne by the CIS Manager and will not be charged to the Fund.

15.5 The CIS Manager may charge for any additional expenses incurred where investors are resident outside Mauritius and to deduct such additional amounts from the subscription moneys paid by such investors or the realization proceeds due to them, as the case may be.

15.6 Expense ratio

The following expenses are excluded from the calculation of the expense ratio:

(a) brokerage and other transaction costs associated with the purchase and sales of investments;

- (b) foreign exchange gains and losses, whether realised or unrealised;
- (c) front or back-end loads arising from the purchase or sale of a foreign preference share trust or a mutual fund of underlying investments;
- (d) tax deducted at source or arising from Income received, including withholding tax;
- (e) interest expense; and
- (f) dividends and other distributions paid to shareholders (where applicable).

## **16. Trading Cycle**

Participating Shares in the Fund may be purchased or redeemed on every Dealing Day at the Issue Price and Redemption Price respectively as defined in this Prospectus.

## **17. Subscription and Issue of Shares**

### **17.1 Application for Shares**

Investors may apply for Participating Shares by completing an application form obtainable from the CIS Manager or their authorized distributors and submitting the completed application form to the CIS Manager at their address stated at paragraph 2.1 or through their distributors. The application for Participating Shares must be accompanied by such documents as may be required by the CIS Manager set out in the notes to the application form, and the subscription monies in full. Investors may pay for Participating Shares by cheque, cashier's order, TT, Swift transfer or bank draft.

### **17.2 The Minimum Initial Investment Sum and Minimum Subsequent Investment Sum**

The minimum initial investment sum and minimum subsequent investment sum of the Fund are MUR 50,000 and MUR 10,000 respectively (or such other amount as the CIS Manager may determine).

### **17.3 Dealing Deadline and Basis for Pricing**

The dealing deadline is 4.00 p.m. Mauritian time on the business day, One (1) business days prior to each Dealing Day.

### **17.4 Allotment of Participating Shares to an Investor**

The number of Participating Shares allotted to an Investor will be calculated once the Issue Price has been ascertained.

The CIS Manager may from time to time give a discount or discounts on the Issue Price payable by an investor by varying the amount of the Initial Charge. The CIS Manager reserves the right to differentiate between investors as to the quantum of discount or discounts given to them provided that no such discount shall exceed the Initial Charge.

#### 17.5 Confirmation of purchase

A subscription confirmation note will be sent to investors within 7 Business Days of the receipt of the application by the CIS Manager.

#### 17.6 Minimum Fund Size

If on any date the Net Asset Value of the Fund is less than MUR 5,000,000, the board of directors of the Fund may terminate the Fund by giving at least 6 months' written notice to Investors.

#### 17.7 Discretion of the Board of Directors

The board of directors of the Fund shall have the exclusive right to effect the creation and issue of shares of the Fund as provided in this Prospectus and the acceptance and non-acceptance of applications for shares shall be at the absolute discretion of the board of directors of the Fund acting in consultation with the CIS Manager and in the best interest of the Fund. If any application is rejected by the board of directors of the Fund, the subscription monies will be refunded (without interest) to the applicant within a reasonable period of time and in such manner as the CIS Manager in their absolute discretion may determine.

### **18. Regular Investment Plan**

#### 18.1 Minimum Contribution

An investor may apply to the CIS Manager to participate in a regular investment plan ("RIP") with a minimum contribution of MUR 1,000 on a monthly basis or at periodic intervals as the CIS Manager may from time to time determine.

#### 18.2 Direct Debit Authorisation for RIP

Investors who wish to participate in the RIP must complete a direct debit authorisation ("DDA") form authorising the payment for the RIP and submit the DDA form together with the application form.

The monthly contribution for the RIP will be deducted from the Investor's relevant bank account as authorised in the DDA. The debit date will be on the dealing deadline pertaining to each Dealing Day and the investment will be made on the corresponding Dealing Day.

### 18.3 Termination of RIP Arrangements

An Investor may cease his/her/its participation in the RIP without penalty by giving not less than one month's prior written notice to the CIS Manager. The investor may choose to leave his/her/its existing investment and redeem at a later period at that market NAV or redeem his/her/its investment at the time of termination of RIP at the prevailing NAV.

## 19. Redemption of Shares

### 19.1 Redemption Procedure

Subject to the minimum holding requirement set forth in section 19.3 hereof, any holder of Participating Shares may in writing request the Fund to (and the Fund shall, subject to this Prospectus or the Constitution, be obliged to) redeem all or any of the Participating Shares which he/she/it holds by completing and submitting to the CIS Manager a redemption notice form (the "Redemption Notice") to that effect.

With a view to protecting the interest of Investors, the Fund or the CIS Manager may, in certain instances stipulated in the Constitution, limit the total number of Participating Shares which Investors may redeem on any Dealing Day to ten (10) per cent of the total number of Participating Shares then in issue. If so, requests for redemption of Participating Shares on such Dealing Day will be reduced ratably and be treated as if made in respect of each subsequent Dealing Day until all Participating Shares to which the original request related have been redeemed.

### 19.2 Effective Dealing Day and Redemption Notice

The redemption of Participating Shares shall be made in accordance with such procedures as the board of directors of the Fund may determine PROVIDED that the Company shall not in any event be required to redeem any Participating Shares on any Dealing Day unless the Redemption Notice has been received by the Company or its duly authorised agent one (1) Business Day prior the Dealing Day or by such time and day as the Board shall specify PROVIDED ALWAYS that the Fund shall not give effect to a Redemption Notice where the redemption of Participating Shares has been suspended in accordance with section 23 of this Prospectus or with the Constitution.

### 19.3 Minimum Holding

The minimum holding (the “minimum Holding”) is the number of Shares which may be purchased for MUR 50,000 at then applicable Issue Price. An Investor will not be entitled to redeem his/her/its Participating Shares without the approval of the CIS Manager if due to such redemption his/her/its holding will be reduced to less than the Minimum Holding. There is no minimum redemption amount.

### 19.4 Basis for Pricing

As Participating Shares are priced on a forward pricing basis, the Redemption Price of Participating Shares will not be available at the time of submission of the Redemption Notice. The Redemption Price as at the date of the Redemption Notice shall apply.

### 19.5 Redemption Proceeds

Redemption proceeds (the “Redemption Proceeds”) will be calculated to be the product of the number of Participating Shares redeemed and the Redemption Price.

### 19.6 Payment of Redemption Proceeds

- (a) The CIS Manager shall within 10 Business Days of the relevant Dealing Day on which the request for redemption has been effected pay to Investors the Redemption Proceeds.
- (b) Redemption Proceeds will be paid by telegraphic transfer to a nominated bank account, or by crossed cheque sent by ordinary post.
- (c) If an Investor is resident outside Mauritius, the CIS Manager may deduct an amount equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if the Investor had been resident in Mauritius.
- (d) The Fund strategy of keeping five percent (5%) of the Fund in cash together with its RIP will ensure liquidity to meet its redemption request and its exit option. In case this does not meet its redemption request the Fund may decide to redeem part of its investment from its diversified portfolio.

## 20. Transfer of Shares

All transfer of shares of the Fund shall be effected in accordance with the provisions of the Constitution. According to these provisions, no shares may be transferred without the prior written consent of the board of directors of the Fund. The transfer form should be sent to the Fund and should contain all necessary information concerning the transferor and transferee. The transferee should abide by the rules and conditions of subscription in the Fund and any other conditions as the Fund may impose.

## **21. Pledging of Shares**

No shares may be pledged without the prior written consent of the board of directors of the Fund. An Investor shall inform the Fund of its intention to pledge its shares and seek approval accordingly. Upon approval, the Fund Administrator shall inform the registrar of such pledge.

## **22. Obtaining Prices of Participating Shares**

The Net Asset Value of a Participating Share, the Issue Price and the Redemption Price will be published within 5 business days after the relevant Valuation Day on the website of the CIS Manager which is [www.afrasiacm.com](http://www.afrasiacm.com) and are also obtainable from the CIS Manager.

## **23. Suspension of Valuation/Dealings**

23.1 The CIS Manager may at any time, suspend the calculation of the Net Asset Value of the Fund, the issue of any shares, or the right of Investors to require the redemption of Participating Shares:

(i) during any period when any market in which a material proportion of the investments for the time being constituting the Fund are listed or dealt in is closed otherwise than for ordinary holidays;

(ii) during any period when dealings on any such market are restricted or suspended;

(iii) during any period when, in the opinion of the CIS Manager, there exists any state of affairs as a result of which withdrawal of deposits held for the account of the Fund or the realisation of any material proportion of the Investments for the time being held for the account of the Fund cannot be effected normally or without seriously prejudicing the interests of Investors as a whole;

(iv) during any period where there is, in the opinion of the CIS Manager, any breakdown in the means of communication normally employed in determining the value of any of the Investments or the amount of any cash for the time being held for the account of the Fund, or the amount of any liability of the Custodian for the account of the Fund or when for any other reason the value of any such Investment or the amount of any such cash or liability cannot be promptly and accurately ascertained;

(v) during any period when, in the opinion of the CIS Manager, the transfer of funds which will or may be involved in the redemption of any material proportion of the Investments for the time being held for the account of the Fund cannot be effected promptly at normal rates of exchange;

(vi) for 48 hours (or such longer period as the CIS Manager may agree) prior to the date of any annual or special meeting of Investors, as shareholders of the Fund, (or any adjourned meeting thereof) convened in accordance with the Constitution; or

(vii) for any period pursuant to an order or direction by the FSC.

For the purposes of this paragraph, “material proportion” means such proportion of the Investments which when sold would in the opinion of the CIS Manager cause the Net Asset Value of the Fund to be significantly reduced.

23.2 Any payment for any Participating Shares redeemed before the commencement of any suspension but for which payment has not been made before its commencement may, if the CIS Manager agrees, be deferred until immediately after the end of the suspension. A suspension will take effect immediately upon the declaration in writing to the Fund Administrator by the CIS Manager and shall terminate on the first Business Day following the day on which the CIS Manager have by a declaration in writing confirmed that the condition giving rise to the suspension has ceased to exist.

## **G: Risk Factors**

### **24. General**

24.1 The Fund and the CIS Manager cannot, and does not, guarantee the accuracy of facts, forecasts and other statistics with respect to Mauritius, the Mauritian economy, the Mauritian securities industry and the selected regional and international data contained in this Prospectus.

Facts, forecasts and other statistics in this Prospectus relating to Mauritius, the Mauritian economy, Mauritian Security industry and the selected regional and international data have been derived from various official or other publications available in Mauritius and may not be consistent with other information compiled within or outside Mauritius. We cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the CIS Manager or any of our or their affiliates or advisors (including legal advisors), or other participants in this offering and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. We have, however, taken reasonable care in the reproduction and/or extraction of the official and other publications for the purpose of disclosure in this Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this Prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to Mauritius, the Mauritian economy, the Mauritian securities industry and the selected regional and international data contained in this Prospectus.

24.2 This Investment may not be a suitable for all investors

Each potential investor in the Participating Shares must determine the suitability of that investment in the light of his/her/its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and expertise to make a meaningful evaluation of the Participating Shares, the merit and risks of investing in the Participating Shares and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Participating Shares and the impact the Participating Shares will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Participating Shares, including Participating Shares with principal or return payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Participating Shares and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### 24.3 The Fund may not be able to redeem the Participating Shares.

Investors have the right to redeem the Participating Shares under the Prospectus. The source of funds for any such redemption would be the Fund's available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any request for redemption to make such redemptions.

#### 24.4 Investing Risk

The type of investments that the Fund anticipates making involves a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Fund will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early, while successes often require a long maturation. Investments in fast growing companies involve substantial risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a substantial amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities. Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper may be small.

#### 24.5 General Economic Risks

General macro-economic conditions, such as interest rates, the availability of alternate sources of financing and participation by other categories of investors may impact the Fund's level of success, including the value and the number of investments made by the Fund. The securities of a portfolio company may be affected by uncertainties such as changes in governmental policies, taxation, restrictions on foreign investment, other laws and regulations and currency fluctuations.

#### 24.6 Difficulty of Locating Suitable Investments

The Fund has not committed to specific investment opportunities, and prospective investors will not have an opportunity to review the Fund's proposed investments before deciding whether to invest in the Fund. A purchaser of Participating Shares in the Fund must rely upon the ability of the CIS Manager to identify structure and implement investments consistent with the Fund's investment objectives and strategies. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its committed capital in opportunities that satisfy the Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Fund. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The Fund will compete for the acquisition of investments with many other investors, some of which will have greater resources than the Fund. Such competitors may include other investment funds, as well as individuals, financial institutions and other institutional and strategic investors. As a result of this competition, there may be fewer attractively-priced investment opportunities than anticipated and the CIS Manager might not be able to identify and successfully close a sufficient number of high-quality investments to utilize all of the Fund's capital. Such competition may adversely impact the length of time required to fully invest the Fund's capital. No assurance can be given that the Fund will be successful in identifying or consummating economically attractive investments.

#### 24.7 Expedited Transactions

Investment analyses and decisions by the CIS Manager may be undertaken on an expedited basis in order for the Fund to take advantage of available investment opportunities. In such cases, the information available to the CIS Manager at the time of an investment decision may be limited, and the CIS Manager may not have access to the detailed information necessary for a full evaluation of the investment opportunity. Further, the Fund may conduct its due diligence activities in a very brief period and may assume the risks of obtaining certain consents or waivers under contractual obligations. While the Fund expects to negotiate purchase price adjustments, termination rights and other protections, such rights may not be available or, if available, the Fund may elect not to exercise them.

#### 24.8 Political, Legal, Social and Economic Considerations

The value of Fund investments may be adversely affected by potential political and social uncertainties in Mauritius and internationally. Certain developments, beyond the control of the Fund, such as the possibility of nationalization, expropriations, confiscatory taxation, political changes, government regulation, economic or social instability, economic depression, downgrading in the rating of certain investments or countries, diplomatic disputes or other similar developments, could adversely affect Fund investments.

#### 24.9 Accounting, Disclosure and Regulatory Standards

Accounting, financial and other reporting standards in Mauritius are not equivalent to those in more developed countries. Differences may arise in areas such as valuation of shares and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent liabilities and foreign exchange transactions. Accordingly, less information may be available to investors.

#### 24.10 Governmental action

Governmental actions to control inflation and other regulations and policies have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls, limits on imports, import duties and other actions. The Fund's business, financial condition and results of operations may be adversely affected by changes in governmental policies or regulations involving or affecting:

- interest rates;
- monetary policy;
- exchange controls and restrictions on remittances of payments outside of the countries of operation;
- foreign direct investment;
- currency exchange rate fluctuations;
- inflation;
- social and political stability;
- price stability;
- liquidity of capital and financial markets;
- energy shortages;
- insurance and healthcare entitlement programs;

- environmental matters;
- fiscal and tax policies; and
- other political, social and economic developments.

Uncertainty over whether the government in any jurisdiction will implement changes in policies or regulations affecting the above or other factors in the future may adversely affect the Fund's business and results of operations.

## **25. Potential Conflicts of Interest**

The Fund will be subject to various potential conflicts of interest arising from its relationship with the CIS Manager, the Key Persons and their respective affiliates, which may result in decisions that do not fully reflect the Investors' best interests, including the following:

### **(i) Other Activities**

Although the Key Persons will commit a significant amount of their business efforts to the CIS Manager, the Key Persons are not required to devote all of their time to the Fund's affairs.

### **(ii) Allocation of Investment Opportunities**

Any investment opportunity suitable for the Fund that is presented to the CIS Manager or the Key Persons will be offered to the Fund, except for: (i) investment opportunities related to current holdings of the CIS Manager or the Key Persons; (ii) investment opportunities required to be presented to any other investment fund promoted, managed or organised by the CIS Manager, the Key Persons or their affiliates; (iii) investment opportunities presented to the Key Persons in their capacity as directors of public or private companies and in similar circumstances where pre-existing duties apply; and (iv) investments intended to protect or enhance the value of investments included in clauses (i) through (iii) above.

### **(iii) Other Similar Funds**

The CIS Manager or the Key Persons may act as the manager or the primary source of transactions on behalf of another pooled investment fund with overall objectives substantially similar to those of the Fund, provided that such pooled investment fund does not invest a substantial part of its funds in the same geographical region as that of the Fund.

(iv) Lack of Separate Representation

The CIS Manager or the Key Persons may be represented from time to time by the same legal counsel as the Fund, and may retain the same accountants and other experts. Legal counsel for the Fund does not represent the Investors. Should a dispute arise between the Fund and the CIS Manager or the Key Persons, the CIS Manager anticipates that it will retain separate counsel for the Fund in such a matter.

**26. Standard risk factors**

- (i) Investment in the Fund or by the Fund in collective investment schemes involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of capital;
- (ii) As price/value/interest rates of the securities in which the Fund or collective investment schemes invest fluctuates, the value of your investment in the Fund may go up or down;
- (iii) Past performance of the CIS Manager or the Key persons or sponsors/investment manager of a particular collective investment scheme does not guarantee future performance of the Fund or that scheme;
- (iv) Neither the Fund or a collective investment scheme in which the Fund invests will be a guaranteed or assured return scheme;
- (v) The Net Asset Value of the Fund or of a collective investment scheme in which the Fund invests may be affected by changes in the general market conditions, factors and forces affecting capital markets, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures. Such Net Asset Value may go up as well as down.

**27. Liquidity Risk**

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of equity and equity related investments made by Fund. This would cause the Fund to miss certain investments and in some cases suffer losses while disposing some of its assets.

## **28. Reliance on the Investment Manager**

The Fund will be advised as to its investments and divestments, exclusively by the CIS Manager, and the investors will not be able to make investment or other decisions regarding the business of the Fund. The performance of the Fund will be dependent on the business and financial skills of the CIS Manager and certain advisors that the CIS Manager may appoint from time to time to solicit, originate and recommend appropriate investment opportunities. Although the CIS Manager's personnel may enter into employment arrangements with it, these employment arrangements or contracts do not ensure that these people will continue to work for the CIS Manager, and consequent loss of their services might adversely affect the business/activities of the Fund. Thus, each Investor must consider in making an investment decision that personnel associated with the CIS Manager or its affiliates may leave at anytime, or, in the case of personnel associated with the CIS Manager, may be terminated at anytime, with or without cause, thus potentially adversely affecting the business/ activities of the Fund. In addition, under the terms of the investment management agreement, both the Fund and the Investment Manager have the right to terminate the investment management agreement.

**29. Interest rate risk:** is the risk that fixed income securities and other instruments in a Fund's portfolio 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 ("TIPS"), 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.

**30. Credit Risk:** A 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 honor 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 an issuer's ability to make payments of principal and/or interest.

**31. 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 issuer's continuing ability 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 Fund's ability 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.

**32. 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.

**33. 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 issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

**34. Derivatives Risk:** Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate or index. The Fund may 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 section, 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.

**35. 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.

**36. Currency Risk:** If the Fund invests directly in non-Rupee denominated securities or currencies or in securities that trade in, and receive revenues in, non-Rupee denominated currencies, or in derivatives that provide exposure to non-Rupee denominated currencies, it will be subject to the risk that those currencies will decline in value relative to the Rupee, or, in the case of hedging positions, that the Rupee 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 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 Fund's investments in non-Rupee denominated securities may reduce the returns of the Fund

**37. 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.

**38. Management Risk:** The Fund is subject to management risk because it is an actively managed investment portfolio. The Fund 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 Fund Manager in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment objectives.

**39. Capital risk:** Expenses of the Fund will be paid out in full from its capital account and this may constrain future capital growth.

**40. Operational Risks:** 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 Fund's business, including the risk of loss resulting from inadequate or failed internal and external processes, documentation, people and systems or from external events. The Fund's business 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 Fund's systems and processes 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 Fund's business, financial condition, results of operations and prospects.

**41. The Fund's business is subject to competition:** The Fund's business is subject to competition from local investment houses as well as international financial institutions, including competitors that may have greater financial and other resources. Many of the international and local investment houses operating in the Fund's markets compete for substantially the same customers as the Fund. Competition may increase in some or all of the Fund's principal markets and may have an adverse effect on its financial condition and results of operations.

**42. The Fund may be adversely affected by litigation:** From time to time the Fund may be 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 Fund's business, results, operations, reputation and financial condition.

**43. The Fund may be unable to attract and retain highly qualified professional personnel:** The success of the Fund's operations relies on it, and its Functionaries, ability to attract and retain highly qualified professional personnel. The Fund's, or the Functionaries', ability 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 Fund's, the relevant Functionary's, business and could result in a material adverse effect on the Fund's business, results, operations, reputation or financial condition.

**44. The Fund is subject to the risk of failure of contingency plans:** Various external events beyond the Fund's control and the control of its management could have a major impact on the Fund's business, results, operations, reputation or financial condition. 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 Fund's capacity to maintain operations. However, the Fund's, and the Functionaries', contingency plans may fail, which could result in a material adverse effect on the Fund's business, results, operations, reputation and financial condition.

**45. There is no active trading market for the Participating Shares:** Participating 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 Participating 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 the Participating Shares.

**46. Shares may be subject to compulsory acquisition by the Fund:** A compulsory acquisition feature in the Participating Shares may negatively affect their market value. During any period when the Fund may elect to compulsorily acquire Participating Shares, the market value of those Participating Shares generally will not rise substantially above the price at which they can be acquired.

**47. Change of Law:** The conditions of the Participating 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.

**48. 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. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Participating Shares are legal investments for it, (2) Participating Shares can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Participating Shares. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Participating Shares under any applicable risk-based capital or similar rules.

**49. 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.

**50. 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 Fund's investments.

**51. 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.

**52. 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 Fund's investments. Furthermore, enforcement of existing laws may be uncertain, and implementation and interpretation of laws inconsistent.

**53. Regulatory risk:** The value of the Fund's assets may be affected by changes in the legal and regulatory climate. Any such changes or developments may affect the value and marketability of the Fund's investments.

#### **54. Default by Investors**

A default by any Investor in respect of its obligations to pay any commitment to subscribe for Participating Shares may result in the Fund lacking the capital necessary to make planned investments in portfolio companies (and, potentially, the ability to meet redemption requests by Investors). Loss of such investment opportunities could result in a material adverse effect on the performance of the Fund. In addition, the lack of the availability of the capital necessary to make the planned investments in the portfolio company could cause the Fund to breach its agreements with the portfolio company, causing the Fund to owe damages to such Portfolio Company.

#### **55. Inflation**

Inflation may have an adverse effect on the ability of the Fund to make investments and to dispose of investments on attractive economic terms within the term of the Fund. To that extent, the Fund may not be able to generate any returns and the Investors, consequently, may not receive any return on their capital.

#### **56. Contingent Liabilities**

In connection with any disposition of its portfolio investments, the Fund expects to make customary representations to prospective purchasers. The Fund may also be required to indemnify the purchasers of such investments to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Fund may establish reserves or escrow accounts. In addition, the Fund may sell investments in public offerings. Such offerings can give rise to liabilities if the disclosure relating to such sales proves to be inaccurate or incomplete. The Investors may also be required to return amounts distributed to them to fund indemnity and other liability obligations incurred by the Fund.

#### **57. Illiquidity of Portfolio Investments due to corporate actions**

The profitability of the Fund is largely dependent upon the liquidity of its portfolio investments. The Fund may face potential risks on account of the illiquidity of any of its portfolio investments, which may arise from time to time, on account of various statutory or regulatory restrictions or restrictions pursuant to corporate actions undertaken by the portfolio companies which may include restrictions on transferability of the securities of such portfolio companies pursuant to applicable law. Any such restrictions on the disposition of the portfolio investments may disrupt the profitability and have an adverse effect on the Net Asset Value of the Fund.

#### **58. Tax Risks**

Investors of the Fund are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Fund are subject to change, and tax liabilities could be incurred by investors as a result of such changes. Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the tax consequences of an investment in the Fund.

## **H: TAXATION**

### **59. Taxation**

#### Republic of Mauritius Taxation

The Fund is set up as a public company registered in Mauritius and is liable to tax at the rate of 15% on its net income. However, the Fund will be entitled to a tax credit for interest income and dividend.

No tax on capital gains will be payable in Mauritius on disposals (including redemptions) by the Fund of its portfolio investment. There is no withholding tax payable in Mauritius in respect of payments of dividends to Investors or on repayment of capital contributions. However, the recipient may be subject to taxation in the jurisdiction in which he is resident or domiciled for tax purposes.

## **I: General Conditions and Good Governance**

### **60. Conflicts of Interest**

60.1 The CIS Manager or the Custodian may own, dispose or otherwise deal with Participating Shares. In the event of any conflict of interest arising as a result of such dealing, the CIS Manager and the Custodian, following prior consultation with each other, will resolve any such conflict in a just and equitable manner as they deem fit.

60.2 The CIS Manager and the Custodian will conduct all transactions for the Fund on an arm's length basis.

60.3 Associates of the Custodian may be engaged to offer financial, banking and brokerage services to the Fund, but these services will be provided on an arm's length basis.

### **61. Reports**

#### Annual Reports, Annual Accounts, and Auditor's Report on the Annual Accounts

The financial year-end of the Fund is 30 June. The annual report, annual accounts, and auditor's report on the annual accounts will be prepared and sent to the Investors within 3 months of the financial year-end (or such other period as may be permitted by the FSC).

#### The Semi-annual Reports and Semi-annual Accounts

The semi-annual reports and semi-annual accounts will be prepared and published on the CIS Manager's website – [www.afrasiacm.com](http://www.afrasiacm.com)

## **62. Listing**

Initially, the shares of the Fund will not be listed on the SEM or on any other exchange. The Fund may, at a later date, with the approval of the FSC apply to the SEM or its successor or other exchanges to list the shares issued by the Fund.

## **63. Queries and Complaints**

For all enquiries and any complaints about the Fund, please contact the CIS Manager at:

AfrAsia Capital Management Ltd

Bowen Square

Dr Ferriere Street

Port Louis.

## **64. Documents Incorporated by Reference**

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) all supplements to this Prospectus circulated by the Fund from time to time;
- (b) the constitution of the Fund dated 18 January 2012; and
- (c) all application forms in connection with the subscription of shares of the Fund.

The above documents shall, where appropriate, modify and supersede the contents of this Prospectus. The Fund will provide copies of the documents incorporated by reference, without any charge.

In the event of a material adverse change in the condition (financial or otherwise) of the Fund which is not reflected in this Prospectus, the Fund will prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Shares. If the terms of the present offering are modified or amended in a manner which would make this Prospectus, as supplemented, inaccurate or misleading, the Fund will prepare a new Prospectus.

Any such new Prospectus or Prospectus as supplemented shall be deemed to have been substituted for the previous Prospectus from the date of its issue.

Copies of all documentation incorporated in this Prospectus by reference are available at:

AfrAsia Capital Management Ltd

Bowen Square

Dr Ferriere Street  
Port Louis.

#### **65. 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 FSC's exercise 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 Fund 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.

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**Director**

**Director**