

# Offer Document: UMANDE Unit Trust

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## Fund Manager:

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**This Offer Document is dated 18 May 2015**

# OFFER DOCUMENT OF THE UMANDE UNIT TRUST

## EXECUTIVE SUMMARY

This Offer Documents sets forth concisely the information about a collective investment scheme to be called the **UMANDE Unit Trust** (hereinafter referred to as “**UMANDE**”).

Prospective investors should read the Offer Documents carefully before investing, retaining it for future reference. Updates will be made at least by 3 years. Special attention is drawn to the Caution Statement below and to the Risk Factors contained in the body of this Offer Document.

Three Funds are being offered under this Offer Documents:

- the Capitalisation Fund,
- the Income Fund and
- the Balanced Fund.

The Income Fund has got a choice between a Dividend Reinvestment Plan and a Growth Plan. Each of the other two Funds has an option for a Growth Plan and a Dividend Plan.

It is possible in certain conditions to switch between and within Funds. It is also possible for the investor to enter into a commitment for a Regular Savings Plan and/or a Regular Withdrawal Plan.

Prospective Investors have the right to inspect all the documents listed under “Documents Available for Inspection”, particularly the Trust Deed whose salient provisions are summarised in Part 11 of this Offer Document.

**CAUTION**

A COPY OF THIS OFFER DOCUMENTS HAS BEEN DELIVERED TO THE CAPITAL MARKETS AND SECURITIES AUTHORITY FOR APPROVAL THE SECURITIES OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE AUTHORITY.

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE MATTERS SET FORTH UNDER THE CAPTION "RISK FACTORS" ON PAGE (ix).

THIS OFFER DOCUMENTS HAS BEEN DRAWN UP IN ACCORDANCE WITH THE REGULATIONS AND REQUIREMENTS OF THE CAPITAL MARKETS AND SECURITIES AUTHORITY.

THE DIRECTORS, WHOSE NAMES APPEAR ON PAGE 6-8, ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

This Document is not for sale

## **IMPORTANT INFORMATION**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS OFFER DOCUMENTS, OR WHAT ACTION TO TAKE, PLEASE YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ADVOCATE, ACCOUNTANT, LICENSED INVESTMENT ADVISOR OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY.

### **WARNING:**

INVESTORS SHOULD NOTE THAT INVESTMENTS IN THE SCHEME ARE SUBJECT TO MARKET RISKS AND THE NET ASSET VALUE (NAV) OF THE SCHEME MAY GO UP OR DOWN DEPENDING UPON THE FACTORS AND FORCES AFFECTING THE SECURITIES MARKET. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE.

For an offer by the CORE Capital Limited for subscription in the UMANDE Unit Trust, comprising:

Up to 100,000,000 units each of 100 shillings in the UMANDE Capitalisation Fund  
Up to 150,000,000 units each of 100 shillings in the UMANDE Income Fund  
Up to 200,000,000 units each of 100 shillings in the UMANDE Balanced Fund

**Offer opens: Monday, 1 June 2015**  
**Offer closes: Friday, 24 July 2015**  
**Expected first dealing date: Monday, 27 July 2015**

## UNIT TRUST CORPORATE INFORMATION

Fund Sponsor and Manager  
**CORE Capital Limited**

Suite, 4th Floor Elite City Building, Corner of  
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Website: [www.coresecurities.co.tz](http://www.coresecurities.co.tz)

### Other Transaction Principals

<p><b>Scheme and Sponsor's Attorney:</b> Abenry &amp; Company, Advocates 3rd Floor, Golden Jubilee Towers, Ohio Street/Kibo Street P.O.Box 3167 Dar es Salaam Tanzania Tel. +25522 2129461/2129462 Fax +255 22 2129463</p>	<p><b>Scheme's Auditor:</b> <a href="#">TAC ASSOCIATES</a> (CERTIFIED PUBLIC ACCOUNTANTS 114 Malik Street, Upanga P.O.BOX 580 Dar es Salaam. Tel.+255 22 2137721/4 Fax. +255 22 2113142 Email: <a href="mailto:tac@cats-net.com">tac@cats-net.com</a></p>
<p><b>Trustee/Custodian and Principal Banker:</b> STANBIC BANK TANZANIA LIMITED 99A Kinondoni Road P O Box 72647 Dar es Salaam Tel: (255-222) 666-430 Fax: (255-222) 666-301 S.W.I.F.T. - SBICTZTX Email: <a href="mailto:infotz@stanbic.com">infotz@stanbic.com</a></p>	<p><b>Investment Advisor</b> OMEGA Capital Limited P. O Box CT 8818 Cantonment, Accra Tel. +233 30 273 4744 Mobile phone No. +233 54 414 1114 Fax: No. +233 30 273 47444</p>
<p><b>Investor Relations:</b> Ms Sandra Felician Consultants for Resources Evaluation Ltd. Suite, 4th Floor Elite City Building, Samora Avenue/Morogoro Road P O BOX 23227 Dar es Salaam, Tanzania Tel.: +255222123103 Fax: +255222122562 Email: <a href="mailto:core@coresecurities.co.tz">core@coresecurities.co.tz</a> <a href="mailto:info@coresecurities.co.tz">info@coresecurities.co.tz</a> Website: <a href="http://www.coresecurities.co.tz">http://www.coresecurities.co.tz</a></p>	<p><b>Compliance Officer:</b> Mrs. Nkunde Shoo CORE Securities Limited Suite, 4th Floor Elite City Building, Samora Avenue/Morogoro Road P O BOX 23227 Dar es Salaam, Tanzania Tel.: +255222123103 Fax: +255222122562 Email: <a href="mailto:core@coresecurities.co.tz">core@coresecurities.co.tz</a> <a href="mailto:info@coresecurities.co.tz">info@coresecurities.co.tz</a> Website: <a href="http://www.coresecurities.co.tz">http://www.coresecurities.co.tz</a></p>

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## HIGHLIGHTS

**The Sponsor and Fund Manager** of this Collective Investment Scheme (CIS) is CORE Capital Limited a company incorporated in the United Republic of Tanzania under the Companies Act (Cap 212). CORE is a licensed dealing member of the Dar es Salaam Stock Exchange whose founding directors and principal officers have considerable expertise in finance, banking, accounting, taxation and general business management.

**Investment Advisors** – in sponsoring and managing this CIS, Consultants for Resources Evaluation Ltd will be working with Omega Capital Limited, an experienced asset management company licensed by Ghana’s Securities and Exchange Commission (SEC, the primary Regulator) as Investment Advisor and by Tanzania’s CMSA as Investment Advisor.

**Trustee/Custodian Services** – Stanbic Bank Tanzania Limited is the Trustee for the Unit Trust and will thereby provide all custodian services. This role is crucial because the Trustee sits between the Sponsor and the individual holders to ensure that the scheme is managed in accordance with its stated objectives. Stanbic Bank Tanzania Limited is one of the largest banks in Tanzania.

**Registrar Services** – these will be handled by the Fund Manager, with registrar and IPO software tailor-made for the purpose.

**Lawyers** – Abenry & Company Advocates, advocates of the High Court of Tanzania and courts subordinate thereto; the Tanzania Court of Appeal and the Court of Appeal of East Africa.

**High Liquidity** – Being of open-ended fund Units may be purchased or redeemed on every Business Day at NAV-based prices. The Fund will, under normal circumstances, endeavor to dispatch redemption cheques within 5 Business Days.

The investor is free to choose between 3 Schemes: one for capital appreciation, another for income primarily, and a third one balanced for both income and some capital growth. Under the Capitalisation Scheme and the Balanced Scheme can choose between a growth option and a dividend option. Under the Income Scheme the investor has got a dividend reinvestment facility that can plough back her dividends into more Units, which translates in the long run into a higher NAV to be recouped in the normal weekly redemptions.

With regard to **tax benefits**, the Income Tax Act 2006 provides that Units traded in listed markets are exempt from capital gains tax (as opposed to the rate of 15% that others have to suffer). Dividends and interest received in a listed market are charged 5% withholding tax (compared to 10% for others and income received by Collective Investment Scheme (CIS) is tax- exempted.

## RISK FACTORS

Collective investments, like other securities investments, are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.

As with any securities investment, the NAV of the Units issued under the Schemes can go up or down depending on forces affecting capital markets.

Past performance of the Sponsors, the Manager and/or the Scheme does not indicate the future performance of the Scheme or its individual Funds.

The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the contribution, if any, that its promoters may make collectively towards setting up the Scheme.

“UMANDE Capitalisation Fund”, “UMANDE Income Fund” and “UMANDE Balanced Fund” are only the names of the Scheme’s products; they do not in any manner indicate either the quality of the Scheme or its future prospects. There is no guarantee that all or any of them will perform as expected, or will indeed be available to investors at the same time.

The NAVs of the Funds offered in this document 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 volume, settlement periods and transfer procedures.

Collective investment schemes have less risk and greater return than the Treasury Bills. As rewarding as it is, it comes with some form of risk but often minimal. Like any other investors business in Collective Investment Schemes may incur losses.

Interest rate risk: the effect of interest rate fluctuations that can affect the current income of the trust. This kind of risk is inherent in schemes that have a greater portion of their allocation in fixed income securities

Macroeconomic stability-Poor economic management can has an adverse impact on the schemes performance and the value of the fund as well in the event of receipt of inordinately large numbers of redemption requests, or of a restructuring of the Scheme’s portfolios, there may be delays in the redemption of Units. Please see “Risk Factors and Special Considerations” and “Right to Limit Redemptions”.

The liquidity of the Schemes’ investments is inherently restricted by trading value in the securities in which it invests.

Investors in the Schemes are not being offered any guaranteed returns.

The investor should note that the Scheme may be subjected to changes from time to time, arising from the need to comply with relevant laws, regulations or Government policies, in particular with regard to tax levels, capital adequacy ratios or eligibility requirements. The Scheme will do its best to soften the negative impacts of these changes by timely notifying you of the changes and their financial consequences.



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PART 1  
**CONSTITUTION OF THE UMANDE UNIT TRUST (“UMANDE”)**

**Name, address and date of creation**

- 1.1 The **Umande Unit Trust** (abbreviated as “**UMANDE**”) is constituted as a perpetual open-ended Unit Trust under the Capital Markets and Securities (Amendment) Act 1994 and the provisions of the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997. Its registered address is at **CORE Capital Limited**, Suite, 4th Floor Elite City Building, Samora Avenue/Morogoro Road P. O. Box 23227 Dar es Salaam, Tanzania.
- 1.2 The Sponsor/Fund Manager CORE Capital Limited the Trustee/Custodian Stanbic Tanzania Limited and the Investment Advisor/Omega Capital Limited are limited liability companies incorporated under the Companies Act 2002 (Cap 212) while the Trustee is further licensed by the Bank of Tanzania as a bank under the Banks and Financial Institutions Act, 1991.
- 1.3 This Offer Document is dated 18 May 2015

## PART 2 INVESTMENT OBJECTIVES, POLICY AND RESTRICTIONS

### Funds under the scheme and their investment objectives

2.1 Three Funds are offered under this Offer Document and Trust Deed:

- a. The Umande Capitalisation Fund – suitable for investors seeking long term capital appreciation. This is primarily invested in equity securities;
- b. The Umande Income Fund – suitable for those seeking current income rather than capital growth. As such the fund is primarily invested in Government paper and high quality corporate debt securities;
- c. the Umande Balanced Fund – suitable for those seeking current income as well as scope for capital appreciation. It is invested nearly mid-way between equity securities and fixed- income securities.

2.2 Applicants must buy Units fully paid, specifying the Fund they are investing in (if this is not specified, applicants will be deemed to opt for the Umande Capitalisation Fund). Having done so, they are not liable for any of the Scheme's liabilities.

2.3 Salient features of each Fund are provided in the Key Features Statement contained in Part 4 of this document.

### Options available under the Funds of the Umande Unit Trust

2.4 Applicants are free to choose any 1 of 2 plans under the Balanced Fund and the Capitalisation Fund – both offered under this Offer Document. However, Investors should note that NAV under the 2 options will be different from each other. The options are:

2.4.1 **Growth Plan:** under this option, the Fund will not declare any dividends; instead, the entire income earned by the Scheme will remain reinvested in the Scheme to be reflected in subsequent NAV.

2.4.2 **Dividend Plan:** the Trustee will make half-yearly and yearly distributions of dividends (to investors who opt for this Option) out of the net surplus (after tax) of the relevant fund and the retained earnings will be ploughed back into the relevant Fund, to be reflected in the NAV.

2.4.3 Under the Income Fund, depositors can choose between a dividend plan and a dividend-reinvestment plan. If the latter is taken, there are

no entry loads but the normal withholding and any other taxes would apply on the deemed dividend and the Investor receives tax credits for such taxes.

### **Switching facility**

2.5 Investors may choose to switch between the 2 Plans in order to meet their changed investment needs. An investor wishing to utilize this facility will be subjected to the normal exit or entry fee, whichever is the higher, but not both. The ratio of conversion will be as follows:

$$N = [P * NAV (P) * (1-x)] / [NAV (N)], \text{ or } N = [P * NAV (P)] / [NAV (N) * (1+e)]$$

The first equation will apply if  $x > e$ , else the second equation will apply, where:

N = Number of new units of the **N**ew plan

P = Number of units of the **P**revious plan

x = the **e**xit load percentage

e = the **e**ntry load percentage

\* = multiply

2.6 Investors opting for the dividend re-investment plan (under the Income Fund) or for the growth plan (under the Capitalisation and the Balanced Funds) may choose instead to utilize the minimum withdrawal plan described in Sub-clause 2.12 below.

### **Borrowing by the Scheme**

2.7 Subject to Regulations, the Scheme shall not borrow. This is according to regulation 58 of CMS (CIS) Regulations G.N 769 of 1997.

## **Inter-Scheme Investments**

- 2.8 The scheme offered in this Offer Document may invest in other schemes managed by the Manager or in any other Collective Investment Schemes, provided such investment conforms to the Scheme's objectives and prevailing Regulations.
- 2.9 Subject to Regulations, such inter-scheme investments shall not exceed 5% of the Fund NAV. Investing in schemes managed will attract no entry load.

## **Policy on Investment by the Manager**

- 2.10 From time to time, subject to the Regulations, the Sponsor and other Fund sponsored by it, affiliates, associate and subsidiary companies; and the Manager and other schemes managed by it; may invest either directly or indirectly in these or any other scheme. This shall be done at arm's length terms and shall in any case not exceed in aggregate 5% of the scheme's corpus.

## **Policy on Offshore Investments**

### 2.11 Participation of Foreign investors in Tanzania and Tanzanians Offshore

Under the Capital Markets and Securities (Foreign Investors) Regulations, 2014 foreigners are free to deal in Tanzania's primary and secondary markets for listed securities and (partially) in the secondary market only for Government securities. Under BoT's Foreign Exchange (Amendments) Regulations 2014 and the Foreign Exchange (Listed Securities) (Amendment) Regulations 2014, the capital account has been partially lifted and foreigners can now deal fully in Tanzania's listed securities without limit..

## **Monthly withdrawal plan (MWP)**

- 2.12 This facility enables investors to receive equal monthly payments for a period of six months at a time. The amount will be reset (in accordance with the below mentioned conditions) at the end of the 6 months. Investors should take note that their unit capital may be eroded rapidly, especially in periods of falling NAV. For this reason, for the monthly amount makes economic sense, the minimum investment for investors opting for this option is comparatively steep. The following conditions will apply:
1. **Minimum investment:** Tshs 1,000,000 (may be combined with systematic investment plan)
  2. **Minimum holding period to qualify:** 6 calendar months

3. **Valuation dates:** 15<sup>th</sup> of March, June, September and December for coming 6 months. Investments in between are valued at face value.
4. **Monthly payment dates:** 1<sup>st</sup> of October, January, April and October respectively
5. **Monthly payment amounts:** difference in NAV between valuation dates for qualifying investments divided by 6, paid in 6 equal amounts at the dates above, calculated to the nearest shilling.

### Minimum income plan

2.13 Under this facility, the investor opting for the Dividend Plan gets an automatic top-up on her dividends when these fall short of a pre-desired level, subject to the normal exit loads. The Manager would be obligated to sell, in this option, enough units out of the holder's account as are sufficient to make the top-up, as follows:

- T** =  $[K-D]/[NAV*(1-x)]$ , where, subject to retaining minimum holdings:
- T** = the number of shares to be sold;
- K** = the desired dividend income (gross);
- D** = the dividend received for the period (also gross); and
- X** = the Exit load percentage.
- \*** = multiply

### Systematic investment plan

2.14 Holders are encouraged to commit themselves to a small fixed but affordable investment rather than investing a huge one-time lump sum. Experience shows that "shilling averaging" (as the technique is called) is the optimum savings plan that leads to the smallest investment cost per unit. The plan attracts no entry loads if post-dated cheques are given with each application or else the money is paid strictly on or before the due dates.

## **PART 3 OPERATORS AND PRINCIPALS**

### **The Sponsor and Fund Manager**

3.1 The Sponsor and Fund Manager of this Collective Investment Scheme is CORE Capital Limited, a company incorporated in the United Republic of Tanzania under the Companies Act (Cap 212). CORE Capital Limited is a CMSA Licensed Investment Advisor whose founding directors and principal officers have considerable expertise in finance, banking, accounting, taxation and general business management.

### **Directors of the Manager**

3.2 CORE Capital Limited is a limited liability company incorporated under Chapter 212 of the laws of the United Republic of Tanzania. Certificate of Incorporation # 14054 issued on 17, August 1987. The Board of Directors comprises 6 directors whose abridged qualifications and experience are as follows:

#### **3.2.1 George Fumbuka (62)**

**Mr. George Fumbuka** is a UK Chartered Accountant and licensed by the NBAA as a Public Certified Accountant in Public Practice. He is the CEO of our firm with over 25 years' experience in professional training, line management and consulting. He is a prolific trainer who has authored authoritative textbooks and monographs in accountancy and finance. He led a team of consultants (for the NBAA, financed by the World Bank) who wrote or updated all accounting and auditing standards in Tanzania in conformity with international accounting standards. He also holds a master's degree in business administration (MBA) from Scotland's University of Strathclyde Business School. He has been involved in all the financial reforms and capital market developments in Tanzania: having consulted by the PSRC, BoT, TIC, NBAA, CMSA and the Government. He was in charge of all the IPOs led by our firm: DCB Commercial Bank, Twiga Cement, Swissport (equities), plus the corporate bonds of BIDCO Oil & Soap and EADB (corporate bonds)

#### **3.2.2 Nehemiah Mchechu (42)**

Nehemiah Kyando Mchechu, Director General, National Housing Corporation of Tanzania. He is an inspirational and transformational business leader. He is currently leading the largest Company in East Africa with a Capital base over USD 1.4Billion. He was recruited in this job to undertake the restructuring the State Owned Corporation following his good track record in restructuring the ailing Companies. He has been able to transform the NHC from the Bureaucratic State owned Corporation to among the best performing Companies in Tanzania.

Nehemiah was the former MD & CEO of Commercial Bank of Africa Tanzania Limited before his current job, where he was at that time the youngest CEO within the Banking sector in East Africa up to the time when he moved to his current role. Nehemiah did a transformation and restructuring of the loss making Bank to Profit Making Bank within the shortest period of one year. Prior to CBA, Nehemia worked for Standard Chartered Bank Tanzania Limited, and in his last role he was an Alternative Director, Head of Global and Co-Head Wholesale Banking, during this time he was very instrumental in bringing the new second horizon products and therefore raising the number of products offering from three to twelve all under his stewardship. He has also worked for Citibank and Barclays Bank Tanzania Limited.

Nehemiah sits on several Boards including KCB Tanzania Limited, and Tumaini University where he both Heads the Boards Audits Committees, He is the Founder and Chairman of the Rightway Schools Board of Directors, is also a Director & Founding member of the CEO Roundtable, a policy dialogue forum that brings together CEO's of the top 50 companies in Tanzania. He is also saves as a Presidential appointee in two Committees under the Tanzania Business Council where he serves on the Land Development Committee and also on the Public Private Sector Partnerships. He also saves as a member of the National Economic Task Force Team.

Nehemiah has saved before as a board of Director in different Institutions and member to various Task Forces and technical Committee within the Private and Public Sector. He is also a mentor and runs a leadership program for young people who want to stand high among their best peers.

### **3.2.3 Bonaventura Mlunde (67)**

**Mr. Bonaventura Mlunde is Director** with special responsibility for fixed income securities. He is a seasoned banker who took early retirement after 24 years of work in various capacities - including senior positions as Director of Project Supervision & Appraisal, Head of Business and before retirement Head of Finance & Administration - at Tanzania Development Finance Company Ltd (TDFL) Capital Finance Limited (CFL). Mr. Mlunde is B.Com graduate, CPA (T) and Fellow of the Chartered Institute of Management Accountants (FCMA).

### **3.2.4 Eva Fumbuka (58)**

**Eva Fumbuka** is registered by the Engineers' Registration Board (ERB) in the category of Professional Engineer. Eva is currently CEO and Managing Director of Pomy Engineering Limited, registered by the Contractors Registration Board (CRB) as Electrical Engineers (Class II) and as Civil Engineers (Class 3). Eva worked throughout the TANESCO system, rising from Mains Engineer in the field and Commercial Engineer in the office to Zonal Commercial Engineer and finally to the challenging position of Regional Manager Kinondoni North, the largest in the TANESCO system.



Eva did her technician studies at the TANESCO Training Institute (1978) and graduate studies at the Dar es Salaam Institute of Technology (1981). After graduate studies, has attended many certification and professional development courses in Ireland, Sweden, Japan and the USA.

### **3.2.5 Yona Killagane (61)**

**Mr. Yona Killagane** is a ranking member of the Accountancy profession in Tanzania. After 3 years (1975-1977) on the academic staff of IDM Mzumbe, he worked with Tanzania Petroleum Development Corporation (TPDC), rising in the ranks to the position of Managing Director, serving the Corporation for 37 year before retiring last year. Mr. Killagane, a Chartered Certified Accountant with an MSc degree in finance from the University of Strathclyde in the UK, has participated as a technical resource person to all the CMSA's IPOs. He has authored authoritative presentations on finance and financial reporting standards. He is currently on the Board of the Bank of Tanzania and sits on its Audit Committee.

### **Trustee/Custodian Services**

3.3 Stanbic Bank Tanzania Limited ("Stanbic") is the Trustee for the Fund and will thereby provide all custodian services. This role is crucial because the Trustee sits between the Sponsor and the individual Holders to ensure that the scheme is managed in accordance with its stated objectives. This will not only make it feasible for the intended beneficiaries – the ordinary citizens of Tanzania, wherever they are in our vast country – to access the benefits of the CIS, it will also provide the banking expertise necessary for such innovative financial products.

### **Investment Advisor**

3.4 In sponsoring and managing this CIS, CORE Capital Limited will be working with OMEGA Capital Limited, an experienced Asset Management Company licensed by the Securities Exchange Commission of Ghana in the category of Investment Advisors.

### **Customer Service Centres in Tanzania**

3.5 The head offices and upcountry offices of the Manager and the Trustee (hereinafter designated as customer service centres) will be the only distribution stations in Tanzania. Investors can approach these offices directly or do so through their Brokers or other investment advisors who would then approach the Customer Service Centres on their behalf. No money should be paid to any other intermediaries.

### **Applicants from outside Tanzania**

- 3.6 Tanzanian investors' resident overseas and, subject to Regulations, foreign nationals, may apply only through the head offices of the Manager or the Trustee.

### **Auditors**

- 3.7 The auditors of the Scheme are TAC Associates Auditors, registered by the National Board of Accountants and Auditors as Certified public Accountants in public Practice.

### **Registrar Services**

- 3.8 These will be handled by the Manager.

### **Legal advisors**

- 3.9 Messer Abenry & Company Advocates.

## Licensed Dealing Members of the Dar es Salaam Stock Exchange

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**PART 4**  
**CHARACTERISTICS OF THE UNITS**

- 4.1 Units issued under this Scheme will be denominated in Tanzania Shillings. Any transactions entered into involving foreign currency will be translated back to Tanzania Shillings by applying the exchange rate applicable at the date of the transaction or such other rate that the Manager in consultation with the Trustee feels is fair to both the Investor and the Scheme.
- 4.2 No certificates will be issued under the Scheme. Instead, Contract Notes will be sent to Investors (within 3 days of each transaction) and a Tax Certificate sent to each investor within 4 weeks of the end of the Accounting Period.
- 4.3 The Key Features Statement at the end of this Part illustrates the characteristics of the Units under offer.

**Forward Pricing**

- 4.4 Pricing of issues and redemptions shall be based on the **Applicable NAV** calculated on the next Business Day after receipt of orders.

**Applicable NAV**

- 4.5 This is the Net Assets Value per Unit at the close of the Business Day next following that on which application is accepted, subject to it being complete in all respects. NAV of Units under the scheme shall be calculated as shown below:

$$\text{NAV (T Shs)} = \frac{\text{Market or Fair Value of Fund's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{Number of Units outstanding under the Fund}}$$

The NAV of the Scheme will be calculated to 3 decimal places as of the close of the next Dealing Day.

Purchase prices after the IPO period will be increased by the Entry Load percentage L, as follows:

$$\text{Price (T Shs)} = \frac{\text{Applicable NAV}}{(1-L)}$$

For example if NAV is Shs 575 and the applicable entry load is 4%, the Price will be  $575/(1-0.04) = 575/0.96 = 598.958$ , not simply  $575 \times 1.04 = 598.000$ .

## Valuation of Units

- 4.6 The Redemption Price of the Units that will accrue to the investor will be based on the applicable NAV, less the applicable exit loads, calculated to 3 decimal places. The valuation principles to be used will follow normal accruals accounting principles.
- 4.7 Without prejudice to the overriding generality of the foregoing, save upon prudence grounds, the following approaches shall apply in valuing the Deposited Property:
- i) Deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;
  - ii) Treasury bonds and bills, certificates of deposit and other discount instruments acquired at their nominal value shall be valued at cost plus accrued interest from the date of their acquisition at the coupon rate. Those bought at discount or premium shall be valued at their cost plus accrued interest from the date of acquisition, at coupon rate, adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the date of valuation;
  - iii) Units or shares in any unit trust or other collective investment scheme shall be valued at the latest quoted NAV as valued by their Issuer. If such quoted NAV is not available, or if the Manager does not consider such value to be appropriate, the investments shall be valued by the Manager in consultation with the Trustee;
  - iv) Other quoted investments shall be valued at the latest quoted price, using the price on the main Market if traded on more than one Market. If there is no recent traded price, the investment shall be valued at the mean of the last available bid and offer price, or other such amount as in the opinion of the Manager gives a fair value;
  - v) Any other investment shall be valued in such manner and at such time as the Manager and the Trustee agree.
  - vi) In calculating the NAV, every Unit agreed to be issued by the Manager before the relevant Valuation Point and for which the Issue Price has been determined shall be deemed to be in issue and the Property shall be valued accordingly. Units agreed to be sold shall be excluded accordingly.
  - vii) Interest, discounts and other similar income and returns shall be deemed to accrue from day to day. Dividends shall accrue from the date on which the relevant investment goes ex-div.

- viii) Accounts receivable, prepayments, cash dividends declared and interest accrued but not received shall be valued in full but the Manager may make prudent provisions for doubtful debts.
- ix) Amounts denominated otherwise than in the currency of the Fund shall be converted in Tanzanian shillings at the rate (whether official or otherwise) which the Manager in consultation with the Trustee deems appropriate.

4.8 From the gross value of a Fund's property shall be deducted the following to arrive at the NAV per unit:

- i) all attributable liabilities, including any taxation or other fiscal charges;
- ii) any contingent or unascertained liabilities that the Manager considers it prudent to provide for;
- iii) attributable expenses accrued up to the Valuation Point but unpaid;
- iv) attributable management fees accrued to the Valuation Point but unpaid;
- v) attributable Trustee's Fee accrued to the Valuation Point but unpaid;
- vi) Unpaid borrowings effected pursuant to the Fund's borrowing powers, with any interest and expenses thereon, accrued to the Valuation Point;
- vii) For the purpose of valuation, interest, fees, charges and expenses incurred or payable by the Trust shall run from day to day.
- viii) The Manager, after due consultations with the Trustee and due notice, has the right to prescribe or modify the load structure but subject to Regulations. Such changes shall not be applied retrospectively.

## Key Features Statement

Key Features	UMANDE Capitalisation Fund		UMANDE Income Fund		UMANDE Balanced Fund	
<b>Type</b>	Open-ended Equity Fund		Open-ended Debt Fund		Open-ended Balanced Fund	
<b>Investment Pattern</b>	<ul style="list-style-type: none"> <li>• Equity and Equity related 95%</li> <li>• Debt, Money Market and Cash 5%</li> </ul>		<ul style="list-style-type: none"> <li>Debt Securities 75%</li> <li>Money market and Cash 25%</li> </ul>		<ul style="list-style-type: none"> <li>Equity and Equity related 60%</li> <li>Debt, Money Market and Cash 40%</li> </ul>	
<b>Fund Objective</b>	To spread ownership amongst nationals seeking long-term appreciation of capital from a portfolio that is invested predominantly in equity and equity related securities. Focus will be on IPOs or PT shares.		To generate steady and consistent returns from a basket of high quality debt instruments by proactive management to control liquidity, interest rate, credit, and valuation risks.		To seek to generate long-term capital appreciation and current income from a portfolio that is invested in equity and equity related securities as well as in fixed income securities.	
<b>Investment horizon</b>	Suitable for investors who seek to invest in equity securities and are ready to wait for returns over the long term		Suitable for investors who are looking for steady returns that are relatively low risk cross a medium to long-term horizon.		Suitable for investors seeking long term capital appreciation and current income.	
<b>Key focus groups</b>	Ordinary citizens: workers, farmers and the youth who wish to partake in the privatization program, directly or via their SACCO's, pension funds, cooperatives, trade unions, NGO's, occupational groups, professional associations, faith groups and other community-based initiatives.		Investors in or close to retirement looking for reliable income, or investors in need of a regular savings plan. Self-employed people looking for regular bread-and-butter income. SACCOs and banks, etc, looking for profitable deposit of surplus funds than in ordinary bank accounts		Investors with surplus income wishing to go for some capital gain while balancing it with regular income. Suitable also for NGOs, SACCOs, pension funds and members' associations e.g. with regular deposits and long-term commitments to pensioners	
<b>Net Asset Value</b>	Calculated and declared on the last Business Day of the DSE in each week		Calculated and declared on the last Business Day of the DSE in each week		Calculated and declared on the last Business Day of the DSE in each week	
<b>Dealing Day to redeem or purchase Units</b>	Day other than Saturday and Sunday, or a day on which banks or the DSE are closed, or a day when redemption and/or sale of Units is suspended by the Trustee		Day other than Saturday and Sunday, or a day on which banks or the DSE are closed, or a day when redemption and/or sale of Units is suspended by the Trustee		Day other than Saturday and Sunday, or a day on which banks or the DSE are closed, or a day when redemption and/or sale of Units is suspended by the Trustee	
<b>Available Options</b>	<b>Growth</b>	<b>Dividend</b>	<b>Dividend</b>	<b>Dividend reinvestment</b>	<b>Growth</b>	<b>Dividend</b>
<b>Application (IPO) price per Unit</b>	Shs 100	Shs 100	Shs 100	Shs 100	Shs 100	Shs 100
<b>Minimum Units to be applied for</b>	100	100	10,000	10,000	1,000	1,000

## Key Features Statement (cont'd)

Key Features	UMANDE Capitalisation Fund		UMANDE Income Fund		UMANDE Balanced Fund	
<b>Minimum NAV in investment</b>	Shs 50,000	Shs 100,000	Shs 100,000	Shs 100,000	Shs 50,000	Shs 100,000
<b>Minimum quarterly investment (in post-dated cheques)</b>	Shs 10,000/=, compulsory till investment in total after one year reaches Shs 50,000	Shs 22,500/= compulsory, till total investment after one year reaches Shs 100,000	N/A	N/A	N/A	N/A
<b>Systematic investment – no entry load</b>	Shs 5,000 Minimum	Shs 10,000 Minimum	Shs 10,000 Minimum	Shs 10,000 Minimum	Shs 5,000 Minimum	Shs 10,000 Minimum
<b>Maximum Entry Load</b>	5% (50% rebate if lump sum deposited is twice minimum)		3% (50% rebate if lump sum deposited is twice minimum)		4% (50% rebate if lump sum deposited is twice minimum)	
<b>Exit Load per NAV of gross transaction: Year 1: 6% Year 2: 4% Year 3: 2% Year 4+ : NIL</b>	Minimum balance must be reached; otherwise balance is withdrawable at the lower of NAV and actual amount invested, minus exit load.  Counting from date of entry.		Rebate on Exit Load:  Under Shs 50,000: 50% Shs 50,000-100,000: 40% Above Shs 100,000: 30%  Counting from date of entry		Rebate on Exit Load:  Under Shs 50,000: 25% Shs 50,000-100,000: 20% Over Shs 100,000: 15%  Counting from date of entry	
<b>Minimum Redemption Amount</b>	Shs 5,000		Shs 50,000		Shs 50,000	
<b>Maximum Systematic Withdrawal Plan</b>	Shs 50,000 (subject to minimum)	Not Available (subject to minimum balance)	N/A	Shs 100,000 (subject to minimum balance)	Shs 100,000 (subject to minimum balance)	Not Available
<b>Switch Facility</b>	Available for the eligible investors only within these Funds but free entry to/from other Funds subject to entry/exit load		Available, subject to entry and exit load adjustments, within the Fund and to/from Balanced Fund. Dividend reinvestment attracts no entry or exit loads		Available, subject to entry and exit load adjustments, within the Fund and to/from Income Fund	
<b>Tax Benefits</b>	No capital gains tax on Units redeemed	Withholding tax (5%) on dividends	No capital gains tax on Units redeemed	Withholding tax (5%) on dividends re-invested	No capital gains tax on Units redeemed	Deemed dividends attract no withholding tax
<b>Nomination Facility</b>	Available		Available		Available	
<b>Mode of Holding</b>	Single, Joint, Either/or, Survivor, in-favour-of		Single, Joint, Either/or, Survivor, in-favour-of		Single, Joint, Either/or, Survivor, in-favour-of	
<b>Maximum Management Fees (% of weekly NAV)</b>	5% Payable Quarterly		4.25% Payable monthly		4.5% Payable monthly	
<b>Minimum Initial Corpus</b>	Shs 50,000,000		Shs 100,000,000		Shs 75,000,000	



**PART 5**  
**APPLICATION AND REDEMPTION PROCEDURES**

**Who can invest?**

5.1 The following are eligible and may apply for subscription to the Units offered in this Scheme, subject, for corporate as appropriate, to the purchase of Units being permitted by their respective constitutions or Regulations and relevant statute:

- a) Resident adult individuals singly or jointly (not exceeding three).
- b) Minors through their parent/lawful guardian.
- c) Companies, other body corporate or Parastatal established under any law such as the Companies Act (Cap 212), Registration of Business Names Ordinance (Cap 213) or the Public Corporations Act.
- d) Associations, Friendly Societies, Clubs, or other institutions of civil society registered under the Societies Ordinance or the Trustees Incorporation Ordinance (Cap 375).
- e) Cooperative Unions and SACCOs that are registered under the Cooperatives Act 1991 whether or not subject to regulation by the Bank of Tanzania but subject, in the latter case, to the Bank's Regulations.
- f) Faith groups: registered Missions, Parishes, Congregations, Dioceses, *Masjid*, Societies, Councils and Leaders' Committees.
- g) Partnership Firms in professional or business undertakings.
- h) Banks and financial institutions.
- i) Pensions, Retirement, and provident Fund recognized as such Part II under Section 8 of the Income Tax Act 1973.
- j) Central Government departments and institutions, autonomous Government Agencies and Municipal authorities.
- k) Non-resident Tanzanians – with full power to repatriate capital and income, subject to Foreign Investors, capital markets and Income Tax regulations)
- l) Overseas Corporate Bodies, firms and societies which are controlled directly or indirectly but ultimately by resident or non-resident Tanzanians and trusts on full repatriation basis.
- m) Foreign individuals, fund managers or institutional investors, on full

repatriation basis, subject to BOT foreign investors and CMSA capital markets regulations.

- n) Professional associations, occupational unions and fraternities like those of teachers, physicians, engineers, lawyers, nurses, accountants, railway men, clergymen.
- o) Army/Air Force/Navy/Police/Prisons/para-military Funds.
- p) Scientific and research laboratories, think tanks, institutes and other learned groupings.
- q) Other collective investment schemes.
- r) Community-based organizations and other self-help NGO's.

### **Application procedures**

- 5.2 During the IPO period, application forms will be available from the corporate offices and upcountry branches of the Manager, the Trustee, the Registrar and those of the banks and brokers of the Dar es Salaam Stock Exchange appearing on page 10. Thereafter, applications can only be made under folio using the passbooks sent to each successful applicant or at Customer Service Centres.
- 5.3 Applications, complete in all respects, should be submitted to the above points for onward transmission to the Trustee, who shall have absolute discretion to accept or reject any application if, in its opinion, increasing the size of Scheme's Unit capital is not in the general interest of the Scheme or its Holders.

### **Fractional Units**

- 5.4 Requests for redemption or purchase can be made in T Shilling amounts rather than in terms of number of Units of a Fund. For this purpose units will be calculated to 3 decimals places while values will be calculated to the nearest shilling. Any benefits/costs of rounding will be to the account of the Manager. When it comes to voting, the number of votes entitled to each Holder will be equal to the number of units held (including fractions) multiplied by 1,000.

### **Mode of payment for residents**

- 5.5 Investors may make payments for subscription to the Units of Scheme by cash at the counter or by cheque or bank draft, drawn on any bank branch that is a member of the Bankers' Clearing House. The latter should be drawn in favour of (as appropriate):

“Capitalisation Fund” – Growth Plan”; “Capitalisation Fund” – Dividend Plan”; “Balanced Fund – Growth Plan”; “Balanced Fund – Dividend Plan”; “Income Fund – Dividend Plan”; “Income Fund – Dividend Re-investment Plan”;

Cheques/drafts must be crossed “Account Payee Only”. Investors can open CIS accounts with the Trustee, who will arrange for such cheques.

#### **Mode of payment for nonresidents:**

- 5.6 Investors may pay for subscriptions to the Units of the Scheme by banker’s draft of a first class bank direct to the Trustee, who reserves the right to institute checks on the bank and/or the applicant in line with BOT anti-money laundering Regulations.

#### **Application under Power of Attorney**

- 5.7 For applications under any of the above situations, the relevant Power of Attorney, resolution, or other authority to make the application, or their duly certified copy, must be attached. Certified copies of constitutions, MEMARTS or appropriate bylaws must be lodged at the Registrar’s at least 3 days before date of IPO closure.

#### **Joint applicants**

- 5.8 If an Account has more than one registered owner, the first-named Holder shall receive account statements, notices, correspondence, proceeds of redemption requests, dividends, or other distributions.

Applicants should specify the “mode of holding” in the application form as “Both” or “Either” or “Survivor”. Any tax benefits applicable under the Scheme will also be available to the first Holder only.

#### **Nomination facility**

- 5.9 The Scheme provides a nomination facility for Holders singly or jointly, or a surviving Holder, whether or not they are human persons, subject to the “Nomination Rules” of the DSE.

#### **Account statements**

- 5.10 Following closure of the IPO, account statements will be sent by ordinary post to each individual or, for joint applications, the first-named Holder stating the allotted number of Units. A pass book containing more application/redemption forms under folio will also be sent. Thereafter, no certificates will be issued: instead, a contract note will be sent within 3 days

of each transaction. A tax certificate will be sent within 4 weeks of the Accounting Year end.

- 5.11 Allotment of Units and the dispatch of account statements to non-residents will be subject to Foreign Investors and Capital Markets and Securities regulations.

### **Bank accounts**

- 5.12 All payments shall be by crossed cheque (“a/c payee only”) or by cash. Applicants must mention their P.O. Box numbers, their bank, branch, and account numbers in their applications for the purchase and redemption of Units.

- 5.13 To facilitate an easy and secure payment system, investors with no bank accounts will be encouraged to open free CIS accounts with the Trustee especially for this purpose.

- 5.14 Applicants located offshore must quote their bank’s SWIFT codes.

### **Procedures for redeeming Units**

- 5.15 The Units can be redeemed (i.e., sold back to the Scheme), at the Applicable NAV. The holder may request redemption of a specified amount in value or a specified number of Units. Subject to the required balance and minimum redemption amounts, the number of Units will be found by dividing the redemption amount so specified by the Applicable NAV.

- 5.16 Redemption will be on a first-in-first-out basis, i.e., in case an investor has purchased Units on more than one Business Day, the Units purchased prior in time (i.e. those Units which have been held for the longest period of time) will be redeemed first.

- 5.17 Holders may request for redemption of their entire holding and close the account by indicating the same at the appropriate place in the Redemption Request Form.

- 5.18 The redemption requests, made on formal transaction slips sent out with the allotment passbook, can be made personally or mailed to any of the Customer Service Centres listed in this Offer Document or mailed to the Manager.

- 5.19 If the Units are standing in the names of more than one Holder, where mode of holding is specified as “Both”, redemption requests will have to be signed by all joint holders. However, in cases of holding specified as “Either” or “Survivor”, any one of the Holders will have the power to make redemption requests. However, in all cases, the proceeds of the redemption will be paid only to the first-named holder. The Holder may either request

for mailing of redemption proceeds to her address or collection of the same from the relevant Customer Service Centre.

### **Payment of proceeds**

- 5.20 All redemption requests received prior to the cut-off time on any Business Day will be considered accepted on that Business Day, subject to the redemption request being complete in all respects, and will be priced on the basis of the Applicable NAV for that day.
- 5.21 Where an application is received after the cut-off time, the request will be deemed to have been received on the next Business Day. However, circumstances may lead to disapplication of this provision - please see sections on “Right to Limit Redemptions” and “Suspension of Sale and Redemption of Units” below.
- 5.22 The Fund shall dispatch redemption proceeds (net of withholding and other applicable taxes) within 5 Business Days of acceptance of the redemption request at any Customer Service Centre. Under normal circumstances, the Fund will also endeavour to dispatch redemption cheques to nonresidents within the time above specified, subject to Foreign Investors and CMSA regulations.

### **Effect of redemption**

- 5.23 The Unit capital and reserves of the Scheme will stand reduced by an amount equivalent to the product of the number of Units redeemed and the Applicable NAV on redemption day.

### **Right to Limit Redemptions**

- 5.24 As the liquidity of the Scheme’s investments could at times be restricted by trading volumes and settlement periods, the time taken by any Fund to redeem Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit or suspend redemptions under certain circumstances as described below.
- 5.25 The Trustee may, in the general interest of the Holders of the Scheme offered under this Offer Document and keeping in view the unforeseen circumstances and/or unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue or any other lower or higher percentage.
- 5.26 If any Units, by virtue of these limitations, are not redeemed on a particular Business Day, they will be carried forward to be so redeemed on the next Business Day, in order of receipt. Redemptions so carried forward will be

priced on the basis of the applicable NAV (less prevailing load) of the Business Day when redemption is made.

- 5.27 Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day(s).

### **Suspension of sale or redemption of Units**

5.28 The Trustee may temporarily suspend determination of NAV of a Fund offered under this Document, and thereby the sale and redemption of Units:

- i) When one or more stock exchanges or other markets that provide basis for valuation of a substantial portion of the Scheme assets are closed other than for ordinary holidays.
- ii) When, due to political or economic events or circumstances outside the control of the Trustee and the Manager, the disposal of the assets of the Scheme is not practicable, or would not reasonably be practicable without detriment to the interests of the Holders.
- iii) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- iv) During periods of extreme volatility of markets that are, in the opinion of the Manager, prejudicial to Holders or to the Scheme.
- v) In case of natural calamities, strikes, riots and banditry.
- vi) In the event of any force majeure or disaster that affects the normal functioning of the Manager or the Registrar.
- vii) If so directed by CMSA.

In each of the above eventualities, the time limits indicated above for processing of requests for purchase and redemption of Units will not be applicable.

## **PART 6 DIVIDENDS AND DISTRIBUTIONS**

For Holders who opt for the dividend plan, the Trustee will declare dividends half-yearly and yearly basis. Procedures will be as follows:

- i) Attributable income (dividends, interest, realized gains or losses in exchange etc.) will be credited to the "Income Account" for the relevant Fund;
- ii) Realised capital gains on the sale of Investments shall be credited to the "Capital Account" of the relevant Fund;
- iii) Proceeds of sales of rights and all other receipts deemed by the Manager to be of a capital nature, after consulting the Auditor, shall not be seen as Income but retained as part of Trust Property
- iv) The Income account will be capitalized or distributed, at the Manager's sole discretion. Upon distribution or, as the case may be, capitalized, the Income Account will be debited accordingly;
- v) The Manager may also distribute any capital gains, at its sole discretion.
- vi) As and when the Manager decides a Distribution Date in respect of a Fund, the Manager shall by notice in writing direct the Trustee to distribute among the Fund's Holders in respect of such period (not exceeding 12 months) in accordance with such method of calculation as the Manager shall in its absolute discretion decide having regard to the provisions of the Deed.
- vii) The actual declaration of dividends under any Fund, and the frequency thereof, will depend upon the Scheme's disposable surplus. The decision of the Manager in this regard shall be final.
- viii) The dividend will be at such rate as may be decided by the Manager in consultation with the Trustee. The Manager may announce book closure periods for the purposes of making the dividend payment.

## **PART 7 FEES AND CHARGES**

### **Entry Load**

- 7.1 Investors shall include, in addition to the applicable NAV, an entry load to meet the Fund's set up and selling costs: 5%, 3% and 4% for the capitalization, income and balanced funds respectively. The Manager can negotiate a rebate of up to a maximum of 50% on the entry load for investors depositing lump-sum monies into a Fund.

### **Exit Load**

- 7.2 The charges below shall be deducted from the gross proceeds of redemption. In all cases the minimum investment must not be exceeded if the Holder is to remain in the Scheme:

Within 1 year of entry: 6%  
Within 2 years of entry: 4%  
Within 3 years of entry: 2%  
Beyond 3 years: No exit load.

- 7.3 A 25% rebate on the exit load is given if the withdrawal is under Tshs 50,000, 20% if then under Tshs 100,000 and 15% if Tshs 100,000 or more. No entry load is charged in the dividend reinvestment option (under the Income Fund) or the systematic investment plan under any Fund.

### **Recurring fees**

- 7.4 The following charges will be part of the Schemes' expenses except where stated otherwise:

### **Trusteeship fees**

- 7.5 Pursuant to a Contract for Trustee Services dated 24 September 2013, the Scheme is authorized to pay the Trustee a fee for its services in such capacity at the rate of up to 0.25% per annum based on the value of assets under custody, charged monthly in arrears transaction fee is TZS 50,000.00 of the aggregate Unit Capital of the Fund at 30<sup>th</sup> December each year, minimum fee of TZS 200,000.00 applies only if safekeeping fee and transaction fee is less than TZS 200,000.00.

### **Manager's Periodic Charge**

- 7.6 Pursuant to a Contract for Management Services dated 18 May 2015, the scheme is authorized to pay the Manager an annual fee at the maximum rates stated below for its services, calculated on the weekly NAV decimals, payable monthly or quarterly in arrears (see Key Features Statement in



Part 4 of this Offer Document):

<b>SIZE OF INCOME</b>	<b>CAPITALISATION FUND</b>	<b>INCOME FUND</b>	<b>BALANCED FUND</b>
To Tshs 500 million	5%	4.25%	4.5%
Tshs 750 million	4.5%	4%	4.25%
Above Tshs 1 billion	3.5%	3.75%	4%

- 7.7 The Periodic Charge and the Trusteeship fees are supposed to meet the professional fees of the Manager and the Trustee, plus regular costs like postage costs for circulars and folio accounts and similar expenses (other than those mentioned in Sub-clause 7.10 below).
- 7.8 The Manager and the Trustee must draw their fees strictly monthly or quarterly (as the case may be). Although they may charge fees at a lesser rate, they must themselves pay any expenses beyond the approved rates.
- 7.9 The Manager can in its sole discretion reduce the annual Periodic Charge for the benefit of Holders. It can also increase the fees but only subject to consultations with the Trustee. Expenses beyond permitted limits will be borne by the Manager.

#### **Other recurring expenses**

- 7.10 In addition to the Periodic Charge and the Trustee's fees referred to above, the following expenses or disbursements shall be paid out of the Deposited Property to the extent that the expenses are incurred by the Manager or Trustee in pursuance of their duties as Manager and Trustee respectively:
- a) all stamp duty (or other tax or duty which may hereafter be levied in lieu of any such duty) payable on or in respect of this Deed or the Deposited Property, whether in respect of the Units initially or subsequently issued;
  - b) all fiscal and purchase charges or fiscal and sale charges and other costs of dealing in the Deposited Property;
  - c) all expenses incurred in relation to the registration of Investments or safe custody or deposit thereof (including insurance of documents of title against loss in shipment or transit and charges made by agents of the Trustee for safe custody of documents;
  - d) all expenses incurred in the collection of income;
  - e) all taxation payable in respect of income or the holding of or dealings with the Deposited Property;

- f) any cost incurred in modifying this Deed, including costs incurred in respect of meetings of Holders convened in connection therewith;
- g) any cost incurred in respect of a meeting of Holders convened on a requisition by Holders other than the Manager or any of its Associates, or by the Trustee alone;
- h) fees of the Auditor and value added tax thereon and any expenses of the Auditor;
- i) all fees and expenses charged by any registrar appointed with respect to the Trust (or any expenses or disbursements incurred by the Manager or the Trustee in itself performing the functions of registrar), together with value added tax thereon;
- j) all expenses of registration of assets in the name of the Trustee or its nominees or agents; of acquiring, holding, realising or otherwise dealing with any asset; of exercising any right attaching to any asset; of attending any meeting relating to any asset; of custody of documents; of insurance of documents and of collecting income or capital; relating to other permitted transactions; of obtaining advice including legal, accountancy or other advice; of conducting legal proceedings; of communicating with Holders, the Manager, the Registrar or other persons in respect of the Trust; relating to any enquiry by the Trustee into the conduct of the Manager and any report to Holders; or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers;
- k) all charges of nominees or agents whether in connection with any of the matters referred to at Clause (j) above or not;
- l) any other costs, disbursements or expenses accepted under the laws of Tanzania from time to time as being properly chargeable by Trustees;
- m) all expenses which are otherwise expressly authorised in terms of this Deed to be payable out of the Deposited Property; and
- n) All other expenses (including value added tax) whatsoever incurred directly or indirectly in connection with the operation of the Trust and any matters ancillary thereto.

7.11 for any person, at the request of the Trustee, provides services including but not limited to those of a custodian of part of the Deposited Property or otherwise, the expenses and disbursements hereby authorised to be paid to the Trustee out of the Deposited Property shall extend to the remuneration of such person as approved by the Trustee and the Manager, and, if such person is an Associate of the Trustee or the Manager, none of the Trustee,

the Manager or the Associate shall be liable to account to any older or other person for any such remuneration or any profit or advantage that may be derived from it.

- 7.12 All expenses incurred in connection with the establishment and operation of the Trust in accordance with this Deed shall be paid out of the Deposited Property, but subject thereto the Manager shall be reimbursed for all such expenses that it shall have paid.

## **PART 8**

### **TAX ASPECTS OF INVESTING IN THE SCHEME**

The Tanzania system of taxation is based on worldwide income. It means that all income accruing to Tanzanian nationals (whether resident or not) or to persons resident in Tanzania (whether Tanzanian nationals or not) must be assessed for income tax. There are tax benefits given for qualifying persons or qualifying investments and tax credits for taxes paid overseas under certain double taxation treaties.

For this reason the following information is provided for general guidance only. In view of the individual nature of tax liability and tax benefits, each investor is advised to consult with his tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

- 8.1 Under Section 13 of the Income Tax Act 1973, capital gains tax is not chargeable on instruments traded on a recognized Stock exchange. In other cases, the seller pays tax at 10% of the capital gains, except on Treasury Bonds with maturity exceeding 3 years.
- 8.2 Under Section 34 of the Income Tax Act 1973, a once and for all withholding tax on dividends and interest is charged at 15%. (5% if paid by a listed company).
- 8.3 Financial institutions are not subjected to withholding taxes on interest; instead they declare the same in their normal income tax returns, taxed at 30%.
- 8.4 Approved provident/pension Funds are not liable to tax on their income from members' contributions (Income Tax Act, 1973) but are liable for normal taxes on their trading.
- 8.5 Under the VAT Act of 1997 dealings in recognized stock exchanges are not subject to VAT.
- 8.6 Stamp duty is payable by the transferee of shares at 1% of the value. Revenue stamp is payable at the rate of 4% on all receipts (1.2% under a composition agreement) – Schedule to the Stamp Duty Act 1972.

- 8.7 Withholding tax is an advance payment of tax before assessment of the taxpayer is finalised. It may therefore be recovered but in some cases it is paid as a once-and-for-all tax. Consult your professional advisor for the exact status of different taxes withheld.
- 8.8 VAT is payable at the rate of 18% for VAT-registered taxpayers; by definition, any trader with turnover in excess of Tshs 40,000,000 per annum must register.

## **PART 9 REPORTS AND ACCOUNTS**

### **NAV Information:**

- 9.1 The NAV of the Scheme will be calculated every Dealing Day and announced by the Manager each Business Day. Holders may obtain NAV information on any day by calling any Customer Service Centres.
- 9.2 The Scheme will publish NAV prices for purchase and redemption daily in at least one English- daily news and at least one Kiswahili newspaper of national circulation. Prices will also be posted at the Manager's website [[www.corecapital.com](http://www.corecapital.com)].

### **Disclosure of Regulatory information**

- 9.3 The Schemes accounting period will comprise calendar 12 months ending on 31<sup>st</sup> March each year. If, for the first Accounting Period, the elapsed time from commencement of the Scheme to 31<sup>st</sup> March is less than 3 months, then the first Accounting period will be for at least 3 months or else more than 12 months.
- 9.4 The Scheme will, not later than six months after the close of each financial year (31<sup>st</sup> March), publish through an advertisement an abridged Annual Report relating to the Scheme and mail to the Holders an abridged Plan-wise annual report. It is anticipated that the first publication will be for the period ending 31<sup>st</sup> March 2016.
- 9.5 The full text of the Annual Report will be available for inspection at the office of the Manager and the Trustee. A copy of the Annual Report will be sent free of charge to any Holder at request.
- 9.6 The Scheme shall, before the expiry of one month from the close of each half-year (31<sup>st</sup> October and 30<sup>th</sup> April), send to the Holders complete statement of scheme portfolios. It will also be published in at least one English daily newspaper and at least one Kiswahili newspaper circulating in the whole country.
- 9.7 The Scheme shall before the expiry of two months from the close of each half-year publish its unaudited interim financial results in at least one English and at least one Kiswahili newspaper of national circulation.

**PART 10**  
**TERMINATION OF THE SCHEME AND WINDING UP**

- 10.1 Duration of the Scheme is perpetual but the Manager and the Trustee reserve the right to make such changes or alterations to the Scheme (including but not limited to terminating the Scheme or any of its Funds, the changing of any of its key attributes, or the charging of increased fees and expenses) offered under this Document to the extent permitted by Regulations.
- 10.2 The Scheme or any fund therein may be wound up, after repaying the amount due to the Holders for a proposed action:
- i) On happening of any event which in the opinion of the Trustee or the Manager requires the Scheme to be wound up, OR
  - ii) If 75% of Holders of the Scheme or a Fund pass a resolution that the Scheme be wound up, OR
  - iii) If CMSA so directs in the interest of the Holders

**PART 11**  
**RIGHTS OF HOLDERS IN THE SCHEME**

- 11.1 A Holder in each Fund has got a proportionate right in the beneficial ownership of the assets of the Fund and, in case of declaration of dividend, for the receipt of the dividend declared by the Fund.
- 11.2 When a Fund declares a dividend under the Scheme, the Manager shall dispatch to Holders the dividend warrants within 6 weeks from the date of declaration.
- 11.3 The Trustee must make such disclosure to the Holders as is essential in order to keep them informed of any information known to it that may have an adverse bearing on their investments.
- 11.4 The appointment of a Manager for the Scheme or a Fund can be terminated by the Trustee in circumstances narrated herein, or by 75% of the Holders of the Scheme or the Fund. In all cases, any change in the appointment of the Manager shall be subject to the prior approval of CMSA.
- 11.5 The Trustee shall obtain consent of Holders:
- i) Whenever required to do so by CMSA in the best interests of Holders;
  - ii) whenever required to do so on requisition made by 75% of the Holders of the Scheme;
  - iii) whenever it decides to wind up the scheme or to redeem Units prematurely;
  - iv) For any proposed change in the fundamental attributes of any Scheme, or the fees and expenses payable or any other change which would modify it, or affect the interests of Holders, must have the consent of not less than three fourths of the Holders.
  - v) Subject to the Regulations and directives issued by CMSA, the consent of the Holders will be obtained through voting by mail, details of which will be finalised in consultation with the Manager and after obtaining the approval of CMSA.

**Summary of significant provisions of the Trust Deed**

- 11.6 The Holders have the right to inspect all the documents listed under "Documents Available for Inspection". In particular they have the right to inspect the Trust Deed whose main features are summarised in Sub-clause 11.7 to 11.9 below.



## Concerning the Trustee

11.7 The Trustee is required to:

- i) take into its custody or under his control all the property of the collective investment scheme and hold it in trust for the holders in accordance with the provisions of the constitutive documents; cash and remittable assets shall be registered in the name of or to the order of the Trustee;
- ii) be liable for any act or omission of agents with whom any investments in bearer form are deposited as if they were the act or omission of any nominee in relation to investments forming part of the Scheme's property;
- iii) take reasonable care to ensure that sale, issue, repurchase, redemption and cancellation of Units effected by a collective investment scheme are carried out in accordance with the provisions of the constitutive documents;
- iv) take reasonable care to ensure that the methods adopted by the Manager in calculating the value of Units are adequate to ensure that sale, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the constitute documents;
- v) carry out the instructions of the manager in respect of investments unless they are in conflict with the provisions of offering or constitutive documents;
- vi) take reasonable care to ensure that the investment and borrowing limitations set out in the constitutive documents; and the conditions under which the Scheme was authorized are complied with;
- vii) issue a report to the holders to be included in the annual report on whether in the Trustee's opinion, the manager has in all material respects managed the scheme in accordance with provisions of the constitutive documents; if the Manager has not done so, the respect in which it has not done so and the steps taken by the Trustee in respect thereof;
- viii) take reasonable care to ensure that Unit certificates are not issued till subscription money has been paid;
- ix) ensure that any remittable investments held for Holders in the Scheme are properly registered in the names of the Holders or, with the consent of the Holder in the name of an eligible nominee;

- x) Where title to investments is recorded electronically, to ensure that entitlements are separately identified from those of the Scheme Manager in the entitlement records;
- xi) carry out the instructions of the Manager unless they conflict with the provisions of the constitutive documents; and
- xii) Provide the Authority with any information and returns, which the Authority considers necessary.

### **Concerning the Manager**

11.8 The Manager shall:

- i) Manage the Scheme in accordance with the constitutive documents, in the Holders' exclusive interests and fulfill the duties imposed on it by the general law;
- ii) Maintain or cause to be maintained the books and records of the collective investment scheme and prepare the scheme's accounts and reports, including at least two reports to be published in respect of each financial year and sent to all registered holders;
- iii) Ensure that constitutive documents are made available for inspection by the public in Tanzania free of charge at all time during normal working hours at its place of business and make copies of such documents available upon the payment of a reasonable fee;
- iv) At all times be willing to redeem Units in the Scheme, at a price related to the net asset value of the property to which the Units relate, unless the constitutive documents provide otherwise;
- v) Comply with any directions given to it by the Trustee, being directions designed to ensure that the Scheme is properly managed/administered in accordance with its constitutive documents;
- vi) Keep a daily record of Units held by it, including the type of such units/Shares, which have been acquired or disposed or, and the balance of any acquisitions and disposals;
- vii) Send copy of all reports, accounts and revised Offer Documents issued by the Scheme to each Holder and to the Authority;
- viii) Provide the Authority with any information and returns, which it considers necessary to receive;
- ix) Provide written notice to the Authority of any alterations to the

constitutive documents of the Scheme;

- x) Provide an annual Report to the Authority within three months of the closing of accounts in every year and such other information as the Authority requires;
- xi) Notify the Authority if dealing in Units ceases or is suspended;
- xii) Ensure that notice of suspension is published once a month in the newspaper in which the prices of the Scheme are normally published for the duration of such suspension;
- xiii) Notify the Authority on request of the address where the register of holders is kept;
- xiv) Give the Authority, upon request all information relevant to the scheme's financial reports and accounts;
- xv) Supply all the financial reports produced by or for the Scheme to the Authority;
- xvi) Notify the Authority of any changes to the information in the application form;
- xvii) At the outset and upon any vacancy appoint an independent Auditor;
- xviii) Cause the Auditor to audit the scheme's annual report.

### **Concerning the Auditors**

11.9 The auditors must be registered as public accountants in public practice under the Accountants and Auditors (Registration) Act 1972, as amended, and shall be appointed by the Manager subject to the approval of the Trustee.

11.10 They will hold office until they retire by notice in writing to the Manager.

11.11 The Manager may, with the prior approval of the Trustee, remove the auditors by giving notice.

11.12 Following an Extraordinary Resolution by the Holders to that effect, the Manager shall remove the auditors by giving notice.

### **Holders' services and rights**

11.13 In order to provide efficient service the Scheme will endeavor to continuously establish and upgrade systems so that it handles transactions efficiently and resolve any investor grievances promptly.

## **Problem resolution**

11.14 The Manager will follow up complaints and enquiries from Investors with Customer Service Centres and the Registrar with an endeavor to resolve them promptly. For this purpose, Ms Sandra Felician has been appointed as Investor Relations Officer. She can be contacted at the corporate offices of the Manager, Tel. +255 222123103 and Fax: No. +255 222122562. The Manager will be Mr. George Fumbuka.

## PART 12

### DOCUMENTS AVAILABLE FOR INSPECTION

11.15 Copies of the following documents will be available for inspection at the Manager's registered office at Suite, 4th Floor Elite City Building, Samora Avenue/Morogoro Road P. O. BOX 23227 Dar es Salaam, Tanzania  
Tel.: +255 222123103  
Fax: +255 222122562  
Email: core@coresecurities.co.tz  
info@coresecurities.co.tz  
Website: <http://www.coresecurities.co.tz> during usual business hours on weekdays (official Tanzanian public holidays excluded)

- a) The offer documents of the units
- b) The trust deed of the units
- c) Full text of Annual Reports of the units
- d) CMSA approval letter for the units