

STANBIC UNIT TRUST FUNDS (PROMOTED BY SBG SECURITIES LIMITED)

INFORMATION MEMORANDUM

[March 2024]

"PERMISSION HAS BEEN GRANTED BY THE CAPITAL MARKETS AUTHORITY TO OFFER TO THE PUBLIC THE SECURITIES WHICH ARE THE SUBJECT OF THIS ISSUE. AS A MATTER OF POLICY, THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS OR OPINIONS MADE OR REPORTS CONTAINED IN THIS INFORMATION MEMORANDUM"

This Information Memorandum will be valid for a period of one year from the date of release. This will be reviewed and may be revised, to take into account any change or new matter, other than a matter which reasonably appears to the Fund Manager to be insignificant. A revision of the Information Memorandum may take the form of a complete substitution of the previous Information Memorandum, or a supplement to the Information Memorandum. The date of the change shall be prominently displayed. This statement is valid as of (To be inserted on Signoff)

IMPORTANT INFORMATION FOR INVESTORS

If you are in any doubt about the contents of this Information Memorandum, you should seek independent financial advice.

This Information Memorandum comprises information relating to Stanbic Unit Trusts Funds (the "Trust"), a unit trust established under Capital Markets (Collective Investment Schemes) Regulations, 2001 under the Capital Markets Act Cap 485A of the laws of Kenya ("the Act"), by trust deed dated (To be inserted on signoff)

The Manager has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion. Accordingly, the Manager accepts responsibility for the information contained in this Information Memorandum.

However, neither the delivery of this Information Memorandum nor the offer or issue of units in the Trust shall under any circumstances constitute a representation that the information contained in this Information Memorandum is correct as of any time subsequent to such date. This Information Memorandum may from time to time be updated.

Intending applicants for units should ask the Fund Manager if any supplements to this Information Memorandum or any later Explanatory Memorandum have been issued.

Units are offered on the basis only of the information contained in this Information Memorandum. Any information given or representations made by any dealer, agent, broker, salesman or other person and (in either case) not contained in this Information Memorandum should be regarded as unauthorized and accordingly must not be relied upon.

This Information Memorandum has been approved by the Capital Markets Authority in Kenya (the "CMA") but authorization does not imply official approval or recommendation by the CMA.

No action has been taken to permit or refuse an offering of units in the Trust or the distribution of this Information Memorandum in any jurisdiction, other than Kenya, where action would be required for such purposes.

Potential applicants for units in the Trust should inform themselves as to: (a) possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of units in the Trust.

DIRECTORY OF PARTIES

PROMOTER & ADMINISTRATOR

SBG Securities Limited
Stanbic Bank Centre
Chiromo Road, Westlands
P.O. Box 47198
00200 Nairobi

FUND MANAGER

SBG Securities Limited
Stanbic Bank Centre
Chiromo Road, Westlands
P.O. Box 47198
00200 Nairobi

DIRECTORS OF THE PROMOTER

| DIRECTORS NAME | CAPACITY |
|------------------------------|---|
| Peter Nderitu Gethi | Chairman (Independent Non-Executive Director) |
| Gregory Martin Waweru | Chief Executive (Non-Executive Director) * |
| Bethuel Kagiri Karanja | Non-Executive Director |
| Wambui Kihuha Mbesa | Independent Non-Executive Director* |
| Nivedna Maharaj Harriparsadh | Non-Executive Director |

TRUSTEE

| | |
|--------------------------------|--|
| Name of Trustee | KCB BANK KENYA LIMITED |
| Registered Office/ Head Office | KCB TOWERS, 7TH FLOOR, KENYA ROAD, UPPER HILL. |
| Registered Address | P.O. BOX 30664-00100 NAIROBI, KENYA |
| Incorporation date and number | 20TH APRIL 2015 CPR/2015/185698 |
| Principal business activity | Commercial Bank |

CUSTODIAN

| | |
|--------------------------------|---|
| Name of Custodian | Stanbic Bank Kenya Limited |
| Registered Office /Head Office | Stanbic Centre, Westlands Road Nairobi |
| Registered Address | Stanbic Bank Centre Chiromo Road, Westlands P.O. Box 72833 00200 Nairobi |
| Incorporation date and number | C.9520 |
| Legal Nature | Commercial Bank |
| Principal business activity | Commercial Bank |

AUDITORS & TAX ADVISORS

KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
P.O. Box 40612
00100 Nairobi, Kenya

BANKERS

Stanbic Bank Kenya Limited
Stanbic Bank Centre
Chiromo Road, Westlands
P O Box 72833
00200 Nairobi

LEGAL COUNSEL

CMS Daly Inamdar Advocates LLP
ABC Towers, ABC Place
Waiyaki Way
P.O. Box 40034
00100 Nairobi

DEFINITIONS

In this Information Memorandum, unless otherwise specifically stated, words defined in the Act bear the meanings therein assigned to them, and unless inconsistent with the context, all words and expressions importing the masculine gender shall include the feminine, and words signifying the singular number shall include the plural and vice versa.

In this Information Memorandum, unless inconsistent with the context, the following expressions shall have the following meanings:

"Accounting period" Stanbic Unit Trust funds shall have an annual accounting period ending the last day of December in each year; but the Fund Manager, shall publish and submit to the Authority an interim report for the half-year period ending on the last day of June in each year.

"Business day" excludes Saturday, Sunday, and public holidays and falls between 08.00am and 05.00pm.

"Capital gains" means and includes all securities, rights and other benefits in the nature of capital accruals received or to be received by or on behalf of the Stanbic Unit Trust Funds by reason of the holding of the underlying securities on behalf of the unit holders, whether received in cash or securities or by warrant or cheque.

"Certificate" or **"Certificates"** of entitlement means a certificate issued pursuant to the provisions of this Information Memorandum which serves as evidence of the title of the possessor thereof to the units referred to therein and properly acquired by him in the Stanbic Unit Trust funds.

"Custodian" means a company approved by the Authority to hold in custody funds, securities, financial instruments or documents of title to assets of the Stanbic Unit Trust Funds.

"Dealing" means an act of buying, selling or agreeing to buy or sell or trade units by the Fund Manager.

"Dilution" means that Stanbic Unit Trust Funds may suffer reduction in the value of its portfolio as a result of costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments.

"Dilution levy" means a charge incurred as a result of Stanbic Unit Trust Funds suffering a reduction in the value of its portfolio as a result of costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments.

"Income accruals" for an accounting period means any dividend, interest, or other income for distribution received by or accrued to the Stanbic Unit Trust Funds, the custodian, herein Stanbic Bank Kenya Limited, or the Fund Manager, on behalf of the unit holders for that accounting period together with any amounts carried forward from any previous accounting period as not having been distributed.

"Made-up price" of a unit means the Net Asset Value price described in the Trust deed, plus the initial charges.

"Management fee" means the periodical charge deductible from income accruals and payments in lieu of income accruals to remunerate the Fund Manager for managing the Stanbic Unit Trust Funds, expressed as a percentage of the average month-end market value of the total assets comprising the Stanbic Unit Trust Funds during the accounting period for which the charge is levied.

"Portfolio" means a group of securities in which members of the public are invited to acquire units pursuant to the collective investment scheme and includes any amount in cash forming part of the assets pertaining to such portfolio (herein also known as the fund.)

"Recognised stock exchange" means the Nairobi Securities Exchange, or a securities exchange outside Kenya approved by the Fund Manager and the Trustee and subject to the Act.

"Register" means the register of unit holders.

"Securities" means:

- (a) shares in the share capital of a company ("shares");
- (b) any instrument creating or acknowledging indebtedness which is issued or proposed to be issued ("debt securities");
- (c) loan stock, bonds and other instruments creating or acknowledging indebtedness by or on behalf of the Government, Central Bank, or public authority ("Government and public entities");
- (d) rights, options, or interests, whether described as units or otherwise, in, or in respect of such shares, debt securities and Government and public securities;
- (e) any right, whether conferred by warrant or otherwise, to subscribe for shares or debt securities ("warrants") any option to acquire or dispose of any other security;
- (f) futures in respect of securities or other assets or property;
- (g) securities and collective investment scheme products structured in conformity with Islamic principles for investments;
- (h) units in a collective investment scheme, including shares in an investment company, or other similar entities whether established in Kenya or not;
- (i) interests, rights or property, whether in the form of an instrument or otherwise, commonly known as securities;
- (j) the rights under any depositary receipt in respect of shares, debt securities and warrants ("depositary receipts");
- (k) asset backed securities; and
- (l) any other instrument prescribed by the Authority to be securities for the purposes of this Act, but does not include:
 - (i) securities of a private company, other than asset-backed securities;
 - (ii) bills of exchange;
 - (iii) promissory notes, other than asset backed securities;
 - (iv) certificates of deposit issued by a bank; and
 - (v) any other instrument prescribed by the Authority not to be securities for the purposes of this Act.

"Shillings" means the currency of the republic of Kenya.

"Trust Deed" or "Deed" means the trust deed and any other deeds supplemental thereto in relation to the Stanbic Unit Trust funds that sets out the trusts governing the unit trust and

includes every instrument that varies those trusts or effects the powers, duties or functions of the Trustee or manager of the unit trust.

"Trustee" in relation to the Unit Trust, means a Trustee in which are invested the money, investments, or other unit trust funds portfolio that are for the time being subject to the trusts governing the Unit trust. The Trustee of the Stanbic Unit Trust funds is KCB Bank Kenya Limited.

"Stanbic Unit Trust Funds" is an umbrella fund comprising five sub funds, namely, the Stanbic Money Market Fund, Stanbic Fixed Income Fund, Stanbic Fixed Income Fund (USD), Stanbic Balanced Fund and Stanbic Equity Fund.

"Stanbic Money Market Fund" is a scheme investing in all cash and other money market instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the Stanbic Money Market Fund or offering document of the Stanbic Money Market Fund, and the Act.

"Stanbic Fixed Income Fund" is a scheme investing principally in government and corporate bonds for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the Stanbic Fixed Income Fund or offering document of the Stanbic Fixed Income Fund, and the Act.

"Stanbic Fixed Income Fund USD" is a scheme investing in all US Dollar Denominated cash and other instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the Stanbic Fixed Income Fund USD or offering document of the Stanbic Fixed Income Fund USD, and the Act.

"Stanbic Equity Fund" is a scheme investing principally in equities or investing in stocks of several sectors of the economy. Equity instruments for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the Stanbic Equity Fund or offering document of the Stanbic Equity fund, and the Act.

"Stanbic Balanced Fund" is a scheme investing across asset classes in equities, bonds and other securities, in a mix of low to medium risk for the time being held or deemed to be held upon trust pursuant to a trust deed establishing the Stanbic Balanced Fund or offering document of the Stanbic Balanced Fund, and the Act.

"The Act" refers to the Capital Markets Act and any Regulations issued there-under.

"The Auditors" means a person or firm qualified for appointment as auditor of a public Company in Kenya and appointed by the Fund Manager as its' auditor and as auditor of the Trust, subject to the provisions of the Act. A person shall not be qualified for appointment as auditor unless he is a member of and holds a valid practicing certificate issued by the Institute of Certified Public Accountants of Kenya.

"The Authority" means the Capital Markets Authority.

"Underlying securities" in relation to a unit portfolio, means the securities comprised in or constituting the unit portfolio concerned and includes any cash or claims derived or resulting from the conduct of the unit portfolio which are held by or due to the Stanbic Unit Trust funds, the Fund Manager or the Trustee for the benefit of the unit holders in that unit portfolio.

"Unit" means one undivided unit in the unit trust portfolio of the Stanbic Unit Trust Funds.

"Unit portfolio" means the underlying securities in which persons are invited or permitted by the Fund Manager to acquire units pursuant to the Stanbic Unit Trust Funds including any cash

and/or claims forming part or deemed to form part of the assets pertaining to the Stanbic Unit Trust funds but after deduction of any liability pertaining or deemed to pertain to such unit portfolio.

"Unit holder" means any person (other than the Fund Manager) who has purchased units and is a holder of units in the Stanbic Unit Trust funds and is registered in the register of unit holders evidencing that he has an interest in the fund.

"Unit Trust Funds" means any scheme or arrangement in the nature of a trust in pursuance of which persons are invited or permitted, as beneficiaries under the trust, to acquire an interest or undivided unit in one or more unit portfolios and to participate proportionately in the income or profits derived therefrom herein referred to as Stanbic Unit Trust Funds.

"Units in issue" means all units which have been created and which have been entered in the registers including those held or deemed to be held by the Fund Manager, and which have not been cancelled.

THE UNIT TRUST SCHEME - THE UMBRELLA SCHEME

The name of the umbrella scheme is Stanbic Unit Trust Funds.

The duration of the umbrella scheme and the sub funds there-under are unlimited subject to laws of Kenya.

The minimum size of the umbrella fund capital is Kenya Shillings Ten Million (KES. 10,000,000), the Fund has no maximum - its open ended. The provisions of regulation 41 of the Capital Markets (Collective Investments Schemes) Regulations, 2001 shall apply.

ELIGIBILITY

To be eligible to invest in the Stanbic Unit Trust Funds:

- You must be aged over 18 years.
- For parents or legal guardians wishing to open unit trust accounts for their children and/or dependants under the age of 18, they can open the account under their name until the beneficiary attains age of 18 years.
- You must not be resident in any jurisdiction where such an investment would be unlawful.
- You should satisfy yourself that you are permitted to make this investment under any tax regulations or other legislation, which might affect you.
- You can either be a private investor or an institutional investor (i.e. companies, trusts, retirement benefits schemes etc).
- If the plan is to be held in joint names, all investors must conform to the above requirements for eligibility.

Borrowing restrictions

The Stanbic Unit Trusts Fund Manager shall not lend all or any part of the Stanbic Unit trusts umbrella scheme portfolio and shall not assume, guarantee, endorse, or otherwise become

directly or contingently liable for or in connection with any obligation or indebtedness of any person in relation to Stanbic Unit trusts portfolio.

Change in investments

The Fund Manager may, if it considers it in the best interest of the unit holders, sell, exchange, alter, or otherwise dispose of any of the underlying securities and in such event shall substitute for such other underlying securities or cash equal in value to the net amount realized for the underlying securities disposed of less the compulsory charges in respect of the securities substituted.

General

If any of the investments and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interest of the unit holders.

The Manager is not required to sell investments if any of the investment restrictions are exceeded as a result of changes in the value of the Fund's investments, reconstructions or amalgamations, payments out of the assets of the Fund or redemptions of units but for so long as such limits are exceeded, the Manager will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer required.

RISK FACTORS

The Fund's investments are subject to normal market fluctuations and risks inherent in all investments. The prices of securities and the income from them can, from time to time, move down or up. For this reason, the price of units of any Fund and the income from them can move down or up.

Any investor who is in any doubt about the risks of investing in the Fund should consult his or her own Financial Advisor.

MANAGEMENT AND ADMINISTRATION

Manager

SBG Securities Limited, is a full-service Investment Bank licensed by The Capital Markets Authority of Kenya, providing Advisory Services, Cash Equities and Fixed Income Execution, Equity, Macro and Fixed Income Research.

SBGS is a top broker in Kenya, serving all client segments spanning international offshore institutional investors, East African regional institutional investors, high net worth individuals and a captive retail mass market client base. A diverse client base provides access to deeper and wider pools of liquidity.

The Fund Manager has an authorized capital of Kenya Shillings Two Hundred and Fifty Million (Kes.250,000,000/=) divided into 12,500,000 Ordinary Shares of Kes.20/= each, all of which have been issued and are fully paid. It is a subsidiary of Stanbic Holdings plc, a company incorporated in Kenya with its registered office at Stanbic Bank Centre, Chiromo Road, Westlands.

Trustee

KCB Kenya Limited has been appointed as Trustee of the Fund. KCB Kenya Limited is a commercial bank in Kenya. The Bank is listed on the Nairobi Securities Exchange.

Custodian

Stanbic Bank Kenya Limited has been appointed as a Custodian of the Trust. Stanbic Bank Kenya Limited is a commercial bank in Kenya. The Bank is listed on the Nairobi Securities Exchange.

SUBSCRIPTION OF UNITS

Subscriptions for units will be dealt with on the relevant Dealing Day. Dealing Days are each business day (and for this purpose a "business day" is a day on which the banks in Kenya are open for normal banking business, excluding Saturdays, Sundays or public holidays) and falls between 08.00am to 05.00pm.

Units in the Stanbic Unit Trusts Fund will be available for issue on each Dealing Day in the manner outlined below.

Subscription Procedure

Subscriptions for units should be made by completing the enclosed application form (the Application Form) (both physical and electronic) and sending it to the Manager, together with remittance advice evidencing payment for the units or a cheque for the subscription monies and the initial charge. All mandatory fields in the Application Form must be completed otherwise the form will be deemed incomplete. Investors should read and sign the declarations outlined in the Application Form.

All cleared subscriptions will be applied or unitised in the following business day. Subscriptions paid by cheque will not be processed until the funds have cleared. Investors should be aware that if they pay by cheque, the investor will receive value when the funds are cleared and captured.

The original of any subscription form(s) given by fax or by scanned copy on electronic mail should be forwarded to the Manager. Subscriptions will be effected on receipt by the Manager. The Manager and the Trustee shall not be responsible to any investors for any loss resulting from non-receipt of any subscription form (s) sent by facsimile or scanned copy on electronic mail.

Minimum Investment

The minimum initial investment for the Stanbic Unit Trusts Fund is KES 1,000 (for Kenya Shilling denominated Funds) and USD 100 (for US Dollar denominated Funds) or as determined by the Fund Manager from time to time (inclusive of the initial charge) subject to CMA and Trustee approval. There is no maximum contribution. Subsequent investments may be made and additional units will be issued for additional contributions.

Payment Procedure

Payment should be made in one of the ways set out in the Application Form. Payments should be made in Kenya shillings or USD for Stanbic Fixed Income Fund USD.

Payments in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the currency in which the Fund is denominated, they will be converted into the relevant currency, using the prevailing currency exchange rates and the proceeds of

conversion (after deducting the costs of such conversion) will be applied in the subscription of units in the relevant Fund. Conversion of currency may at times involve some delay.

Subscription monies paid by any person other than the applicant will not be accepted unless the Trustee and the Manager otherwise determine at their absolute discretion.

The issue price of units of a Fund on a Dealing Day will be calculated by reference to the net asset value per unit of that Fund (the "Valuation Point") on the close of business the previous Dealing Day.

Regular investment plans

An investor may want to make regular contributions to the Stanbic Unit Trust Funds. This option is provided on the Application Form.

Under this option, the minimum additional investment is KES 1,000 (for Kenya Shilling denominated Funds) and USD 100 (for US Dollar denominated Funds) or as determined by the Fund Manager from time to time (inclusive of the initial charge) subject to CMA and Trustee approval.

Certificates

A Certificate (the Certificate) will be issued to unit holders upon request. Unit holders are requested to take good care of the Certificate as it legally represents the amount of units held by the unit holder in the Stanbic Unit Trusts Fund.

All expenses related to the issue and the stamp duty payable on the Certificate will be debited from the unit holder's account.

In the event the Certificate is issued, the unit holder account will be restricted preventing transfers occurring against it until the Certificate is ceded. The account will be restricted preventing any sales, switches and transfers occurring against it. Distributions will continue to be received.

General

Units issued by the Trust will be held for investors in registered form

A contract note will be issued upon acceptance of an investor's subscription and will be forwarded to the unit holders.

In the event a completed Application Form and monies are received, investors will be allocated an account number.

Fractions of not less than one-hundredth of a unit may be issued. Subscription monies representing smaller fractions of a unit will be retained by the Fund.

The Trustee has an absolute discretion to accept or reject in whole or in part any subscription for units. In the event the subscription is rejected, the reasons for such rejection will be given to the prospective unit holder in writing and subscription monies returned without interest by cheque through the post at the risk of the person(s) entitled thereto.

No units of the Fund will be issued where the determination of the net asset value for the Fund is suspended.

TYPE OF ACCOUNTS

The following are the types of accounts which are available for unit holders.

Individual Accounts: This is an account held by an individual investor.

Joint Accounts: A joint account means that both the parties have joint ownership of the units. This should be checked off on the Application form. Specimen signatures of each joint holder should be provided in the Application Form.

Business Accounts: This represents investments from companies, associations, groups, cooperatives, sole proprietors etc. The choice of this account should be checked off on the Application Form.

Mandate Accounts: For this type of account, the Broker House/individual can transact on behalf of their client. All communication shall be sent to the mandate-holder.

REDEMPTION OF UNITS

Subject to the provisions outlined below, any unit holder may redeem the unit holder's units on any Dealing Day in whole or in part provided that the Manager may refuse to accept a request for a partial redemption of units in a Fund if, as a result, the unit holder would hold units in that Fund having a value of less than KES 1000 or USD 100. The Manager may levy a redemption charge of up to one per cent of the redemption price per unit.

Redemption Procedure

Redemption of units should be made by sending an electronic mail (email) to the Manager. The redeeming unit holder(s) must specify in the email the name of the Fund, their member number, the number of units to be redeemed and, the name(s) of the registered holder(s).

Unless otherwise agreed by the Trustee and the Manager, the original of any redemption request given by fax should be forwarded to the Manager. The Trustee and the Manager shall not be responsible to a unit holder for any loss resulting from non receipt of any redemption request sent by fax or wrong email address.

Subject to any condition(s) of redemption payments, on agreeing to redeem units, the Fund Manager shall pay the appropriate proceeds of redemption to the unit holder at the close of business on the sixth (6) business day next after the valuation point immediately following receipt by the Fund Manager of the request to redeem.

Notice for redemption should be provided before 9.00 am on a business day to be eligible for that day's value date and if received after this time will be deemed to be notice received before 9.00 am the following day. If at any time during the period from the time at which the redemption price is calculated and the time at which redemption monies are converted out of any other currency into the base currency of the Fund there is a devaluation or depreciation of that currency, the amount payable to any relevant redeeming unit holder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

Payment of Redemption Proceeds

Redemption proceeds will not be paid to any redeeming unit holder:

- (a) unless otherwise agreed by the Manager and the Trustee, notice can be provided through writing, or other electronic communication acceptable to SBG Securities Limited; and

- (b) where redemption proceeds are to be paid by electronic funds transfer, the signature of the unit holder (or each joint unit holder) has been verified to the satisfaction of the Manager.

Unless the Manager and the Trustee otherwise determine at their absolute discretion, redemption proceeds will be paid to the unit holder only (or to any one or more of the unit holders in the case of joint unit holders) and redemption proceeds paid by electronic funds transfer will be paid only to the account of the unit holder (or any one or more of the unit holders in the case of joint unit holders). No payment will be made to third parties.

Subject as mentioned above and as long as relevant account details have been provided, redemption proceeds will be paid in the base currency of the Fund by remittance to the unit holders registered bank account held by a bank or a mobile based transfer service but have no control over how these respective institutions process their transactions.

The unit holder confirms that funds requested have been credited to their bank account. The Fund Manager will not be held responsible for any bank charges incurred by the unit holder for returned cheques, if onward payments were made assuming their bank account was credited. It is the responsibility of the current account holders to make sure that funds are available to cover cheques issued. The fund manager will not be held responsible for any charges levied by the said institutions for the transactions on the account.

Unit holders shall be granted one free withdrawal a month to the designated bank account. Any additional withdrawal will be subject to a standard withdrawal frequency charge of KES 500 or USD 10 for dollar fund.

Restrictions on Redemption

- No redemptions can be carried out within the first 14 days, known as the holding period. The Manager may suspend the redemption of units or delay the payment of redemption proceeds during any periods in which the determination of the net asset value of the Fund is suspended.
- No redemptions will be carried out against un-cleared cheques.
- No withdrawals can occur for units that have been ceded (Certificates issued must first be returned to the Manager).
- With a view to protecting the interests of unit holders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Fund redeemed on any Dealing Day to 10 per cent of the total number of units of the Fund. In this event, the limitation will apply pro rata so that all unit holders wishing to redeem units of the Fund on that Dealing Day will redeem the same proportion of such units, and units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager and the Trustee will inform the unit holders concerned.

SWITCHING BETWEEN FUNDS

Unit holders have the right (subject to any suspension in the determination of the net asset value of any relevant Fund) to switch part or all of their units of a Fund (the "Existing Fund") into units of another Fund managed by SBG Securities Limited (the "New Fund") (including any Fund subsequently established).

To effect a switch, unit holders are required to submit a duly completed Switching Form to the Manager.

A switching request received by the Manager before the close of Business on a particular Dealing Day will be dealt with on the following Dealing Day. Switching requests received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Where a switching request is made by fax or electronic mail, the Manager and the Trustee shall not be held responsible to any unit holder for any loss resulting from non-receipt of such switching request. Unless otherwise agreed by the Manager and the Trustee, the original of any switching request given by fax should be forwarded to the Manager.

Unit holders are allowed one free switch per month. Additional switches will be subject to a standard switching frequency fee. The Manager may levy a switching fee of 3% of the issue price per unit of the New Fund excluding switches to the Stanbic Money Market Fund. The Manager will have discretion to waive the switching in part or full.

Switching will be effected by redeeming units in the Existing Fund on the relevant Dealing Day and issuing units of the New Fund on the Dealing Day for units of the New Fund falling on or after:

- (i) The date of redemption of the units of the Existing Fund; and
- (ii) The satisfaction of any conditions attaching to the issue of units of the New Fund (for example

such units may only be issued on receipt of the cleared funds for the account of the Fund).

Any fraction smaller than one-hundredth of a unit of the New Fund so arising will be ignored and monies representing any such fraction will be retained as part of the New Fund.

VALUATION OF THE FUND

Calculation of Net Asset Value

The value of the net assets of the Fund will be determined as at the Valuation Point on each Dealing Day in accordance with the Trust Deed.

The value of the Fund to be used in determining the repurchase price quoted by the Fund Manager and the price payable to the Trustee of the Stanbic Unit Trust Funds on the redemption of units shall be the net asset value at the end of the Dealing Day on which the written request to repurchase and redeem is received by the Fund Manager and the trustee respectively.

The repurchase price quoted shall be the net asset value of the Stanbic Unit Trust Funds however computed.

The formula to be adopted to determine the value of the Fund per unit is:

Value of the assets of the Fund – Liabilities
Number of units issued and fully paid

The Fund Manager will calculate this at the end of each Dealing day. Value of the asset of the Fund includes:

- a) Aggregate market value of the underlying securities in the unit portfolio at a valuation point.
- b) Aggregate of all income accruals and payments received in lieu of income accruals from the creation of new units.
- c) Amount of the compulsory charges payable on the acquisition of all the underlying securities comprising the unit portfolio.
- d) Preliminary charge payable in respect of all the units in issue.

Liabilities shall include:

- a) Accrued fees.
- b) Expenses.
- c) Those income accruals and payments in lieu of income accruals, set aside at the last preceding ex-dividend date for distribution, but not yet distributed, in respect of the accounting period which ended on the day prior to the last ex-dividend date;
- d) Those income accruals and payments in lieu of income accruals, as in the opinion of the Fund Manager, represents a fair proportion, at the said date, of the service charge and other amounts and charges for the relevant accounting period;

The value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that a Manager may with the approval of the Trustee cause a revaluation to be made by a professional person approved by the Manager and Trustee as qualified to value such investments.

The Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the

Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment.

The Manager shall have authority to make additional valuations at its discretion in which case it shall give advance notice of its intention to do so to the Trustee.

Suspension of Calculation of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the net asset value of a Fund for the whole or any part of any period during which:

- (i) There is closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of the investments or the net asset value of the Fund or the net asset value per unit in the Fund.
- (ii) For any other reason the prices of investments of the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (iii) Circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realize any investments of the Fund or it is not possible to do so without seriously prejudicing the interest of unit holders.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the net asset value of the Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first business day on which:

- (i) The condition giving rise to the suspension shall have ceased to exist
- and; (ii) No other condition under which suspension is authorized shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in one of the English dailies and/or cause a notice to be given to unit holders and to all those (whether unit holders or not) whose application to subscribe for, redeem or switch units shall have been affected by such a suspension stating that such declaration has been made.

No units in the Fund may be issued, redeemed or switched during such a period of suspension.

PRICING

Future Pricing

The Manager will price the units of the Fund using Future Pricing.

Under this approach, the price is established each evening and applied to transactions which occurred during the same day. This means that all the buying and selling, leading to the creation and cancellation of units respectively, which occur during the day can only be priced at the end of the day.

Therefore, investors will only know of the value of their transaction the day after it has occurred.



Calculation of Issue and Redemption Prices

The issue price of a unit in the Fund on a Dealing Day will be calculated by dividing the net asset value of the relevant Fund on that Dealing Day by the number of units in the Fund in issue on that Dealing Day, prior to any issue or redemption being effected on that Dealing Day.

An initial charge of up to 3 per cent of the issue price of the unit shall be grossed up on the issue price.

The redemption price of a unit in a Fund on a Dealing Day will also be calculated by dividing the net asset value of the Fund on that Dealing Day by the number of units in the Fund in issue on that Dealing Day from which may be deducted such amount as the Manager reasonably considers to be an appropriate allowance for fiscal and sales charges which would be incurred for the account of the Fund in realizing assets to provide funds to meet any redemption request.

The issue price and the redemption price of units in a Fund on a Dealing Day may not be the same.

Publication of Prices

The issue and redemption prices per unit of the Fund will be published daily in two local English dailies with national circulation.

DEALING

The Manager will act as principal in the trading of units. As a result, it must act as market maker for its units inclusive of meeting demand from investors by creating units. The Manager would therefore create and cancel units within the scope of the Act (and as shall be amended from time to time) and its obligations to unit holders.

The Manager is obliged to act in the best interests of all unit holders. This would imply that, with regard to the creation and cancellation of units, it applies a consistent basis in the creation and cancellation of units, and with the exception of the recognition that a daily pricing window is required to facilitate the creation and liquidation of units.

The Manager, with the agreement of the Trustee, may suspend issue, cancel, sell or redeem units, if they are of the opinion that due to exceptional circumstances, there are good and sufficient reasons to do so after having regard to the interest of all unit holders. At all times, the Manager shall comply with the CMA Act (and as shall be amended from time to time) and the Trust Deed on suspension and resumption of dealings.

The Manager shall immediately notify unit holders if dealing has been cancelled or suspended and the fact following such cancellation shall be published immediately following such decision in the newspaper in which the scheme's prices are normally published.

The close of time for dealing will be at close of business in any given Business Day.

Dilution Levy

The Fund Manager shall have the power to require either or both of:

- a. The payment of a dilution levy in respect of the issue or sale of units.
- b. The deduction of a dilution levy in respect of the redemption or the cancellation of units.

- c. Any payment or deduction provided above shall become due the same time as payment becomes due in respect of the relevant issue, sale, redemption or cancellation.

A dilution levy may be imposed only in a manner that is, so far as practicable, fair to all holders and potential holders and the maximum rate of up to 10% will be charged.

DISTRIBUTIONS

Distributions dates

Distribution date refers to the day that accrued income is credited to the Fund's unit holders.

Financial year

The financial year ends on the 31st December of each year.

An allocation of income whether annual or interim will be made in respect of each unit issued or sold during the accounting period in respect of which that income allocation made will include a capital sum referred to as income equalization.

Income equalization - allocation of income whether annual or interim to be made in respect of each security issued or sold during the accounting period in respect of which that income allocation is made shall include a capital sum.

How distributable income is determined

The calculation of the distributable income shall:

- Take the aggregate income of the portfolio received or receivable for the account of the Stanbic Unit Trusts Fund in respect of the period;
- Deduct charges and expenses paid or payable out of the income of the portfolio in respect of the period.
- Add the Fund Manager's best estimate of any relief from tax on such charges and expenses;
- Make appropriate adjustments in relation to:
 - i. Taxation;
 - ii. Proportion of the price received or paid for units that are related to income;
 - iii. Potential income which is unlikely to be received until twelve months after the income allocation date;
 - iv. Income, which should not be accounted for on an accrual basis;
 - v. Any transfer between income and capital account;
 - vi. Any other adjustments the Fund Manager considers appropriate after consultations with the auditors.

The amount of income allocated to the accumulation units shall with effect from the end of the annual accounting period, become part of the capital of the investment scheme portfolio.

The interest of the unit holders in the amount shall be satisfied by an adjustment as at the end of the period in proportion of the value of the unit trust scheme portfolio to which the price of a unit of the relevant class is related. This adjustment will ensure that the price of an accumulation

unit remains unchanged notwithstanding the transfer of income to the capital of the investment scheme portfolio.

Distribution Policy

Details of the distribution arising from interest will be shown on monthly distribution statements to unit holders. All income arising from receipts of securities held will be distributed to unit holders after provision for expenses as detailed above net of tax. All distributions including unclaimed distributions will be reinvested in the unit holders' account.

Prior to distribution all income arising from receipts of interest will be transferred to the Distribution Account after provision of expenses and net of tax.

Financial year

The Financial Year will end on the 31st December of each year. Distribution dates shall be no longer than one calendar month from the due date.

Income equalization

An allocation of income whether annual or interim will be made in respect of each unit issued or sold during the accounting period in respect of which that income allocation made will include a capital sum referred to as "Income Equalization".

Allocation of income

At the end of each business day, the Trustee or the Fund Manager, as the case may be, shall arrange for the Custodian to transfer the income of the Stanbic Unit trusts net of expenses of the fund to an account to be known as the "Distribution Account".

Any income that is not transferred to the distribution account must be carried forward to the next business day and will be regarded as received at the start of the next business day.

Payouts

A unit holder can redeem the units from the proceeds of the distribution income allocated to his designated bank account as units re-invested. This request should be made in writing.

CHARGES AND EXPENSES

The Fund Manager shall advise all prospective unit-holders of the charges, expenses and all costs that shall accrue to their investment within the Stanbic Unit Trust Funds.

Preliminary Charge / Initial Fees

The Fund Manager shall apply a preliminary charge in respect to the Stanbic Unit Trust Funds (not exceeding a maximum of 5% of the funds under management). The preliminary charge may be used in part to remunerate introducers introducing business to the Unit Portfolio.

Currently there is no initial fees levied within the Stanbic Money Market Fund and the Unit holders shall be duly informed when the Fund Manager in consultation with the Board of Directors and Trustees elects to charge the same.

Periodic Charge / Management Fees

The periodic charge applicable to the Unit Portfolio shall be calculated daily at a rate not exceeding 3% (three percent) Currently at 2% (two percent) per annum with the exception of the Dollar Fixed Income fund which is at 1% (one percent) per annum (or such higher maximum percentage as the Authority may on the application of the Fund Manager allow of the daily Market Value of the total assets of that Unit Portfolio including income accrued to date. The amount accrued on account of the periodic Charge shall be paid to the Fund Manager from the income account as soon as practicable after the end of each calendar month.

Nothing herein contained shall preclude the Fund Manager from reducing the periodic charge in respect of certain investments in a Unit Portfolio, applying a scale of charges to varying sizes of investments or varying the charge for conversions of Units from one Unit Portfolio to another within the Unit Trust Scheme created by the Trust Deed. The periodic charge may be used in part to remunerate introducers introducing business to the Unit Portfolio.

The Fund Manager may increase the rate of management fee payable in respect of a Fund by giving not less than three months' notice of such an increase to the Trustee and the unit holders.

Other Fees and Charges

Other fees and charges that shall be permitted as deductions from the amount available for distribution in the Unit Portfolio are listed below. The Fund Manager may at any time in its discretion pay on behalf of the Unit Portfolio any, or any portion of, such expenses.

- a) The Commission Charge calculated in terms of the periodic charge above;
- b) A sum which, in the opinion of the Fund Manager and the Auditor, is required to meet any liability for taxation and Auditor's fees in respect of the accounting period;
- c) The remuneration of the Trustee and the custodian of the assets of the Unit Portfolio;
- d) All costs incurred in respect of meetings of Unit holders and Trustees;
- e) Any legal and other professional fees in connection with the Unit Trust Scheme;
- f) All costs reasonably incurred in respect of the publication of prices of Units and in respect of the publication and distribution of the annual reports and accounts and of marketing documents relating to the Unit Portfolio; and
- g) Any insurance or other general expenses arising in the normal course of business.

The Transaction Fees

In order to purchase the securities within the Stanbic Unit Trust Funds, the Fund Manager shall deduct those costs including but not limited to: brokerage commissions, tax and other costs that may be introduced by regulatory bodies and/or business partners towards the purchase of securities within the Stanbic Unit Trust Funds.

Redemption Charge

The Manager is entitled to receive a redemption charge for redemption of units in the Fund, of up to 3% of the redemption price of such units.

The amount payable as proceeds of redemption may be arrived at after deduction of a charge (up to a maximum of 3% for the benefit of the Fund management and the charge will be expressed as a percentage of the proceeds of redemption. The amount will be expressed as diminishing over the time during which the unit holder has held the units. This amount will not

exceed the amount that would be derived by applying the rate or method prescribed in this document at the date on which the relevant units were issued.

The Manager may with the approval of the Trustee and authorities propose to holders the introduction of a redemption charge or changes to the rate or amount or method of charging. In the event the charge, rate, amount or method are adverse to holders, the manager in the notice proposing these changes having regard to relevant circumstances will;

1. Give a minimum of ninety-day notice in writing after obtaining approval from the Trustee and the Authority of the Fund Manager's intention, to introduce a new charge or to propose a change in the rate, amount or method.
2. Indicate to holders the amount of the charges to be charged, changes to the charges, details of any previous amount and rate or method used to compute the charges.
3. Confirmation of when the new or modified charges shall apply and only to units issued after the date on which the modification takes place.

Trustee Fees

The trustee shall receive an annual fee based on funds under management payable monthly to be disclosed to the unit holders in an annual report.

The trustee shall in addition be entitled to any reimbursements in relation to expenses incurred with regards to the Unit Trust Funds as provided for in the Trust Deed.

The Trustee fee shall be based on the below;

0.15% of Assets Under Management exclusive of statutory taxes or as agreed with Fund Manager from time to time and notified to the regulator, subject to a minimum of KES 300,000 per year.

The Trustee is entitled to receive in arrears a monthly trustee fee in relation to the services provided to the Fund. The fee will be calculated and accrued as at each Dealing Day and will be equal to a percentage of the net asset value of the Fund as at the last Dealing Day in the immediate preceding month.

The above fees for the Trustee include fees for acting as registrar of the Trust.

Transactional Based Charges

Outlined below is a summary of all the charges that are triggered by transactions.

Withdrawal Frequency Fee: This is a standard charge of KES. 500 or USD 5 applied to all clients who withdraw more than once a month from their unit trust account.

All unit holders shall be allowed one free withdrawal a month before being subjected to fees.

Certificate Issue Charge: All unit holders requesting for the issue of a certificate may be subject to a fee of KES 500 or USD 5 This fee is to cover the cost of processing the Certificate.

Loss of Certificate/Defacing: Unit holders who require a replacement for a lost or defaced certificate may be charged KES 500 or USD 5. The Fund Manager will replace any certificates that have either been lost or defaced provided that a signed affidavit is produced by the unit holder. This will effectively nullify the originally issued certificate of entitlement.

General Adjustment Sale: This will be charged against the client's account if an incorrect instruction was given to the Manager and the instruction processed. If the

adjustment/rectification of this mistake resulted in a loss, the client would be debited the equivalent sum of this loss.

Ad Hoc Statements: There will be no charge to clients who require a printed statement of their account balances, transaction history etc on an ad-hoc basis.

The statements will be sent free-of-charge to unit holders by email. Statements are sent out monthly to all unit holders.

All payouts made to the unit holders and agents through Electronic Funds Transfer will be free of charge for the first withdrawal in the month; save for the use of the Real Time Gross Settlement (RTGS) where the charge payable is the actual cost charged by the custodian bank for such transactions.

Charges on Moveable and Immoveable Assets: Currently the Fund Manager does not incur this type of charges and expenses. However, should the same be levied by the respective service providers the same shall be charged to the Fund and invoiced.

STATEMENTS

A statement will act as evidence of entitlement for the unit holder. The statements will be sent by email every month free-of-charge to all unit holders. Unit Holders may also access their statements via a web portal or a mobile phone application.

Clients may request for their statements to be sent via post at their expense. These statements will include the following information:

- Unit trust account market value as of the date of the statement;
- All details of transactions that occurred in that month;
- Description of fees that were charged against the account during the month;
- Amount of distribution, the unit holder also has the option of requesting the Manager for a transaction history by specifying the period required at a cost to the unit holder.
- Bulk Clients: This applies for any company or organizations that have multiple transactions such as cooperative societies, investment clubs, stockbrokers etc. These clients will receive a regular report of all transactions that took place at a cost to be determined by the Fund Manager that day. They will also receive monthly statements.

ACCOUNT CLOSURE

Account closure shall be deemed to have taken place upon the unit holder issuing a notice to close the Account and the redemption of all units in the Account.

GENERAL INFORMATION

Accounts and Reports

The Trust's financial year end is 31st December in each year. Audited accounts will be available for electronic access at the Manager's website within three months at the end of each financial year.

Annual reports will be published and submitted to the Authority, Trustee, Unit Holder by the 31st of March each year for the Fund by the Fund Manager. The Fund Manager in addition shall publish and submit to the Authority an un-audited interim report for the half-year period ending on the last day of June in each year. (Submission to the authority of unaudited / management accounts will be submitted no later than 1 month after given cut-off date, i.e., January cut-off date for December and July cut-off date for June).

The Fund Manager shall also provide the Trustee and the Authority and unit holder's quarterly reports from the date of the Fund Manager's appointment with:-

- a. A valuation of the scheme fund and of all the investment representing the same, including the details of the cost of such investments and their estimated yields. A report reviewing the investment activity and performance of the investment portfolios comprising the scheme fund since the last report date and containing the Fund Manager's proposals for the investment of the scheme during the period; and

- b. A record of all investment transactions during the previous period.

The reports can be inspected and copies obtained from:

SBG Securities Limited
2nd Floor
Stanbic Centre
58 Westlands Road
NAIROBI.

Trust Deed

The Trust was established under the laws of Kenya by a Trust Deed dated [To be inserted at signoff] made between SBG Securities Limited as Fund Manager and KCB Bank Kenya Limited as Trustee. All holders of units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unit holders and intending applicants are advised to consult the terms of the Trust Deed. In the event of any conflict between any of the provisions of this Information Memorandum and the Trust Deed, the provisions of the Trust Deed will prevail.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify the Trust Deed by supplementary deed provided that in the opinion of the Trustee, such modification:

- (i) is not materially prejudicial to the interests of the unit holders, does not release to any material extent the Trustee, the Manager or any other person from any responsibility to the unit holders and (with the exception of the costs of preparing and executing the relevant supplementary deed) does not increase the costs and charges payable out of the assets of the Trust; or
- (ii) is necessary in order to comply with any fiscal, statutory or official requirements including, but not limited to, the Act (and as shall be amended from time to time) and/or any subsidiary legislation or official requirements relating thereto; or
- (iii) is made to correct a manifest error.

In all other cases, modifications require the sanction of an extraordinary resolution of the unit holders affected.

Any modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the unit holders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error, will be notified to the unit holders as soon as practicable after they are made.

Meetings of Unit holders

The Trust Deed provides for meetings of unit holders to be convened by the Trustee or the Manager upon at least 21 days' notice. Notices of meetings of unit holders will be posted to unit holders and or published on two national daily newspapers.

The Trustee, Fund Manager or Unit Holders as the case may be, shall convene a general meeting within Four months after the relevant accounting reference date.

Proxies may be appointed. The quorum at unit holders' meeting is unit holders present in person or by proxy holding not less than 10 per cent of the units in issue or 25 (twenty-five) unit holders, whichever is lower. If a quorum is not present, the meeting will be adjourned for not less than 7 days. Separate notice of any adjourned meeting will be given, and at adjourned meeting unit holders whatever their number or the number of units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75 per cent of the total number of votes cast.

The Trust Deed provides that at any meeting of unit holders, on a show of hands, every unit holder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorized representative shall have one vote and, on a poll, every unit holder who is present as aforesaid or by proxy shall have one vote for every unit of which he is the holder.

Transfer of Units

Transfer of ownership from one person to another within the same unit trust fund is not allowed unless it is in the event of death or incapacitation as directed by a court of competent jurisdiction.

If a transfer is requested following the death of a unit holder, the named beneficiary (as appointed through the succession process) must attach a certified copy of the death certificate, Grant of Letters of Administration or a Grant of Probate and Certificate of Confirmation of Grant of Letters of Administration or Grant of Probate.

If the beneficiary/transferee is not a client at Stanbic Unit Trusts, a new Application Form would be required along with the Transfer form.

Adjustments

This transaction is a result of an error either made by the unit holder, your broker/agent, Custodian or the Manager. On completion of this form the Managers will rectify the error on the unit holder's account.

This instruction must be submitted in writing by completing an Adjustment Form or Letter.

Compulsory Redemption or Transfer of Units

The Manager may require a unit holder to transfer the unit holders' units or, failing such transfer, may redeem such units in accordance with the Trust Deed if it shall come to the notice of the Manager that the unit holder holds such units:

- (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such units are listed; or
- (b) in circumstances (whether directly or indirectly affecting such unit holder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Trust or any Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust or any Fund might not otherwise have incurred or suffered.

Differences in information

There are differences in information provided for each of the sub fund in the Stanbic Unit Trust Scheme as set out below:

1. 'INVESTMENT OBJECTIVES AND POLICIES'

The investment objectives, target investors, investment risk profile and investment policies of the five sub funds differ from one another.

2. 'RISK FACTORS'

3. 'CHARGES AND EXPENSES' – The five sub funds differ in management fees charged and initial charges.

- a) Stanbic Money Market Fund's Management Fees of up to 3% currently at 2% per annum, with no initial charge levied.;
- b) Stanbic Fixed Income Fund's Management Fees of up to 3% currently at 2% per annum. An initial charge of up to 5% may be charged;
- c) Stanbic Fixed Income Fund (USD) Management Fees of up to 3% currently at 1% per annum. An initial charge of up to 5% may be charged;
- d) Stanbic Equity Fund's Management Fees of 3% currently at 2% per annum. An initial charge of up to 5% may be charged; and
- e) Stanbic Balanced Fund's Management Fees of 3% currently at 2% per annum. An initial charge of up to 5% may be charged.

Termination of the Trust

The duration of the Stanbic Unit Trust Funds will be unlimited. The Trust can be terminated in one of the ways set out below:

1. The Trustee may terminate the Trust if:

- (a) The Manager goes into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Trustee); or
- (b) In the opinion of the Trustee, the Manager is incapable of performing its duties properly; or
- (c) If the Trust ceases to be so authorized or otherwise officially approved or if any law is passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust; or
- (d) The Manager ceases to manage the Trust and the Trustee fails to appoint a successor Manager within a period of 30 days.

2. The Manager may terminate the Trust if:

- (a) The Trust fails to become authorised or otherwise officially approved pursuant to the CMA Act (and as shall be amended from time to time).
- (b) Any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust.

3. Unit holders may at any time terminate the Trust by extraordinary resolution.

Where the Trust is terminated as provided in paragraph 1 or paragraph 2 above, the party terminating the Trust must give at least three months' notice of termination to unit holders.

Liabilities of sub funds of an umbrella scheme

The sub funds of the Stanbic Unit Trust Scheme are 'ring fenced' and each sub fund will meet its own liabilities.

Obligations of the Umbrella fund shall be apportioned to the sub funds in proportion to the assets under management.

Fund Manager

Material provisions of the contract between the Trustee and the Fund Manager

Fund Manager as administrator and asset manager: The Fund Manager shall be responsible for the administration of the Trust including the management of the Unit Portfolios in accordance with the direction and the authority of the Trustee, as well as the provisions of the Act and the Trust Deed.

a. **Principal Duties:** The principal duties of a Fund Manager shall include but shall not be restricted to

- i. Advising the Trustee on the asset classes which are available for investment;
- ii. Formulating a prudent investment policy;
- iii. Investing the Unit Portfolio's assets in accordance with the Unit Portfolio's investment policy;
- iv. Reinvesting any income of the Unit Portfolio which is not required for immediate payments;
- v. Instructing the Custodian to transfer, exchange, deliver in the required form and manner the Unit Trust Scheme assets held by such Custodian;
- vi. Ensuring that the Units in the Unit Portfolios are priced in accordance with the Act and the Trust Deed;
- vii. Not selling any Units otherwise than on the terms and at a price calculated in accordance with the provisions of the Act and the Trust Deed;
- viii. Rectifying any breach of matters arising as described in the investment agreement, provided that where the breach relates to incorrect pricing of Units or to the late payment in respect of the issue or redemption of Units, rectification shall, unless the Trustee otherwise directs, extend to the reimbursement or payment or arranging the reimbursement or payment of money by the Fund Manager to the Holders or former Holders, by the Fund Manager to the Unit Portfolio, or by the Unit Portfolio to the Fund Manager;
- ix. Purchasing at the request of a Holder, any Units held by such Holder on the terms and at a price calculated in accordance with the provisions hereof;
- x. Publishing on all Business Days the price of Units in at least 2 (two) daily newspapers of national circulation in the Republic, published in the English language;
- xi. Preparing and timely dispatching all cheques, warrants, notices, accounts, summaries, declarations, offers and statements required under the provisions of

the Act or the Trust Deed, to be issued, served or sent and signing and executing all Certificates and all transfers of Securities;

- xii. Making available for inspection to the Trustee or any approved Auditor appointed by the Trustee, the records and the books of account of the Fund Manager giving to the Trustee or to any such Auditor such oral or Written information as it or he requires with respect to all matters relating to the Fund Manager, its properties and its affairs;
- xiii. Making available or ensuring that there is made available to the Trustee such details as the Trustee may require with respect to all matters relating to the Unit Portfolio; and
- xiv. Being fair and equitable in the event of any conflict of interest that may arise in the course of its duties.

b. Outsourcing of fund management functions: The Fund Manager shall not engage or contract any advisory or management services on behalf of a Unit Portfolio without prior Written approval of the Trustee provided that:

- a. The Fund Manager shall remain liable for any act or omission of the sub-contracted Fund Manager;
- b. The fees and expenses of any such persons shall be payable by the Fund Manager and shall not be payable out of the Unit Portfolio;
- c. Any expenses incurred by any such Persons which, if incurred by the Fund Manager would have been payable out of the Unit Portfolio, may be paid out of the Unit Portfolio to the Fund Manager by way of reimbursement; and
- d. Any such appointment or termination of appointment shall be notified in Writing to all Holders.
- e. This clause shall not apply to investments in a Collective Investment Scheme not managed by the Fund Manager.

c. Commissions for Unit Portfolios: All monetary benefits or commissions arising out of managing Unit Portfolios shall be credited to the Unit Portfolios by the Fund Manager.

d. Fund Manager to account to Trustee: The Fund Manager shall account to the Trustee within 30 (thirty) days after receipt by the Fund Manager any monies payable to the Trustee.

e. Receipt for purchase of Units: The Fund Manager shall make available a receipt evidencing the purchase of Units of the Unit Portfolio for each purchase.

f. Removal of Fund Manager by Holders: A Fund Manager shall be removed by 3 (three) months' notice in Writing by the Trustee to the Fund Manager

- a. If an extraordinary resolution is passed by the Holders removing the Fund Manager; or
- b. If the Holders of 75% (seventy five percent) majority in value of the Units in existence (excluding Units held or deemed to be held by the Fund Manager or by any associate of the Fund Manager) request in Writing to the Trustee that the Fund Manager be removed.

g. Trustee to appoint new Fund Manager: In the event of the removal of the Fund Manager under this clause the Trustee shall with the Authority's approval appoint another incoming fund manager to replace the Fund Manager.

h. Removed Fund Manager entitled to its Units: On the removal of the Fund Manager in terms of the Act or the Trust Deed, the Fund Manager so removed shall remain entitled to all Units in respect of which no Certificate or valid claim shall then be outstanding, and shall have the right to require the Trustee to issue to it a Certificate in respect of any such Units and to enter its name in respect thereof in the Register. The retiring Fund Manager shall continue to enjoy all the rights of a Holder in respect of all Units to which it is entitled.

i. Liability of the Fund Manager: The Fund Manager of the Fund;

- a. Shall not be liable for any loss, damage or depreciation in the value of the scheme fund or of any investment comprised therein or the income therefrom which may arise by reason of depreciation of the market value of the shares and other assets in which scheme funds are invested unless such loss, damage or depreciation in the value of the scheme fund arises from negligence whether professional or otherwise, wilful default or fraud by the Fund Manager or any of its agents, employees or associates.
- b. In the absence of fraud or negligence by the Fund Manager, the Fund Manager shall not incur any liability by reason of any matter or thing done or suffered or omitted to be done by him in good faith under the provisions of the information memorandum, rules of the collective investment scheme or applicable regulations.
- c. Shall not be under any liability except such liability as may be expressly assumed by him under the information memorandum, the rules of the collective investment scheme and the applicable regulations, nor shall the Fund Manager save as expressly provided herein be liable for any act or omission of the trustee.

Custodian

Material provisions of the contract between the Trustee and the Custodian

- a. Remuneration: The Custodian shall be paid by way of remuneration for its services hereunder fees at the rates specified in Schedule below or as otherwise agreed with the fund from time to time.
- b. Expenses: The Fund will reimburse the Custodian in addition to the fees referred to above for all out-of-pocket expenses properly incurred by the Custodian in carrying out its duties hereunder subject to prior approval from the Fund.
- c. Direct Debit: The Custodian shall be entitled to debit the bank account of the Fund indicated in the Agreement by all the amounts of charges payable by the Fund under the Agreement under the instruction of the Fund or without such instruction where such invoice has been outstanding for 30 days from the date the invoice is sent to the Fund.
- d. Termination: Except as otherwise provided the contract with the Custodian may be terminated;
 - i. By the Custodian or the Client on thirty (30) days' written notice to the other party sent by registered mail provided that any such notice whether given by the Custodian or the Client shall be followed within thirty (30) days by Instructions specifying the names of the persons to whom the Cash in the Accounts shall be paid and Securities in the name of the Custodian or its nominees shall be transferred. If within thirty (30) days following the giving of such notice of termination the Custodian does not receive such Instructions the Custodian shall

continue to hold such Securities and Cash subject to the contract until such Instructions are given.

- ii. If the Custodian is in breach of any of the terms of the custody contract and shall not have remedied such breach within Fourteen (14) days after service of notice requiring the same to be remedied; or
 - iii. The Custodian shall go into liquidation or if a receiver is appointed over any of its assets; or
 - iv. The registration of the Custodian under the Capital Markets Act (Cap 485 A) or under the Retirement Benefits Act (Act No. 3 of 1997) is withdrawn, cancelled or not renewed.
- e. Liability: Each party shall indemnify the other in respect of claims, demands, costs and expenses made, suffered or sustained to the extent that the claims, demands, costs and expenses arise directly out of the gross negligence or wilful default of the offending party or its employees, agents or representatives.
- f. In any event the liability of the Custodian will be limited to the market value of the Portfolio Funds at the date of discovery of the Client's loss or damage suffered by the Portfolio Funds. In cases where the Custodian is obliged to pay tax in respect of the Portfolio Funds, the liability will be limited to the market value after tax.
- g. The Custodian will not be liable to the Client for any expense loss damage or costs suffered by or occasioned to the Portfolio Funds as a result of:
- i. Any act or omission or insolvency of any third party who was not under the instructions of the Custodian;
 - ii. The collection or deposit or credit into the Accounts of invalid or fraudulent or forged Securities or any entries in the Accounts, which may be made in connection therewith;
 - iii. Delay while the Custodian obtains clarification of Instructions;
 - iv. The Custodian acting on what it in good faith believes to be instructions or in relation to notices requests waivers consents receipts corporation actions or other documents, which the Custodian in good faith believes to be genuine;
 - v. Any Securities found to be invalidly issued unenforceable or illegal or certificates or other documents of titles to any Securities capable of physical delivery being found to be improperly issued or delivered;
 - vi. Any diminution in the value of any Securities deposited with the Custodian hereunder where such diminution in value is the result purely of general market or circumstances affecting other Securities of the same issuer and the series generally;
 - vii. Any cause beyond the Custodian's control including without limitation any breakdown or failure of transmission communication or computer facilities not within the Custodian's control industrial action acts or regulations of any governmental bodies or the failure of any eligible Depository.

SCHEDULE TARIFF

| | |
|-----------------------------|---|
| Custody/Safekeeping Charges | [0.15% p.a.] |
| Transaction Charges | [KES 500.00 per transaction subject to a minimum KES 36,000 p.a.] |

Obligations - the custodian shall:

- a. Maintain the custody of all the collective investment scheme portfolio and hold it to the order of the trustee or Fund Manager in accordance with the provisions of the collective investment rules and regulations, the incorporation documents, the information memorandum, the rules of the collective investment scheme and its service agreement;
- b. Receive and keep in safe custody title documents, securities and cash amounts of the collective investment scheme;
- c. Open an account in the name of the collective investment scheme for the exclusive benefit of such collective investment scheme;
- d. Transfer, exchange or deliver in the required form and manner securities held by the custodian upon receipt of proper instructions from the Fund Manager trustee as the case may be;
- e. Require from the Fund Manager, trustees such information as it deems necessary for the performance of its functions as a custodian of the collective investment scheme;
- f. Promptly deliver to the Trustee or Fund Manager or to such other persons as the Fund Manager or trustee may authorize, copies of all notices, proxies, proxy soliciting materials received by the custodian in relation to the securities held by the collective investment scheme portfolio, all public information, financial reports and stockholder communications the custodian may receive from the issuers of securities and all other information the custodian may receive, as may be agreed between the custodian, trustee or fund manager as the case may be from time to time;
- g. Exercise subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from the Fund Manager;
- h. Exercise the same standard of care that it exercises over its own assets in holding maintaining, servicing and disposing of the collective investment scheme portfolio and in fulfilling obligations in the agreement;
- i. Where title to investments are recorded electronically, to ensure that entitlements are separately identified from those of the Fund Manager or the Trustee, as the case may be, of the collective investment scheme in the records of the person maintaining records of entitlement;
- j. Attend general meetings of the holders and be heard at any general meeting on meeting on matters which concern it as custodian;

Provided that the custodian shall in executing its duties exercise the degree of care expected of a prudent professional custodian for hire.

Termination of a Fund

The Manager may terminate the Fund if:-

- (a) the Fund fails to be officially approved by the CMA or, having become officially approved, ceases to be officially approved; or
- (b) any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund.

A Fund may also be terminated by extraordinary resolution of 75% of the total number of the unit holders of the Fund

Conflicts of Interest

The Manager and the Trustee may from time-to-time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Trust.

Each will, at all times, have regard in such event to its obligations to the Trust and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

The Fund Manager is not related in any capacity to any other regulated collective investment schemes.

Documents Available for Inspection

The following documents are available for inspection free of charge at any time during normal business hours (08.00am to 05.00pm) on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager:

- (i) Copies of the Information Memorandum and Trust Deed;
- (ii) The register of unit holders.

Additional Information

- There are no guarantees on the client's capital as the performance of units and interest-bearing investments in the underlying unit trust determines the value of your unit trust investment.
- Price of units can go down as well as up as a result of changes in the value of the underlying investments and currency movements.
- Past performance should not be used as a guide to future investment performance.
- Units trusts should be recognized as short, medium to long term investments;
- The Trust Deed includes full details about the scheme, including the fees and charges. Commission may be paid and will be paid out of fees already charged to the fund;
- The units are priced daily and deals on a future pricing basis;
- The investment may be held in any number of funds, combinations or proportions subject to the fund minimums. These unit trusts have been selected to suit different investment needs and they can be combined to build a diversified portfolio.

STANBIC MONEY MARKET FUND SUPPLEMENTAL

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The objective of the Stanbic Money Market Fund is to generate total return through investing in interest bearing securities such as debt securities, fixed deposit instruments or near cash & cash holdings in the Kenyan market and offshore, while offering maximum security to the investor.

Investment Risk Profile

This is a low-risk investment fund. The fund is managed conservatively with active management of duration, credit and liquidity risks.

Investment Policies

The Stanbic Money Market Fund will endeavour to maintain the unit price constant at KES 1 (one Kenya Shilling) by:

- ◆ Accounting for all increases in unit holders value by declaring a daily yield on the unit portfolio, which may be expressed as an annualized yield
- ◆ Accounting for interest income on an accrual basis assuming that they are held to maturity
- ◆ Not mark to market investments for unrealized capital adjustments, whether gains or losses
- ◆ Recognizing capital profits arising on not holding an investment to maturity by increasing the yield
- ◆ Recognizing capital losses arising on not holding an investment to maturity by decreasing the yield, provided that the yield can never be less than 0%.
- ◆ The weightings of different asset classes and different securities will be adapted to create a portfolio that achieves the best risk-adjusted returns.
- ◆ The currency of denomination of the unit portfolio is the Kenya Shilling.

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit. The Fund Manager is not limited from varying the ratio of securities in the portfolio.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

- a) The book value of the investments of the unit portfolio shall not exceed the following limits:

| ASSET CLASS | MAXIMUM LIMIT |
|---|----------------------|
| Cash & Demand Deposits | 100% |
| Fixed & Time Deposits | 100% |
| Securities issued by the government of Kenya | 80% |
| Corporate Debt listed on the securities exchange in Kenya | 80% |
| Other collective investment schemes including umbrella schemes | 25% |
| Offshore investments | 10% |
| Any other security not listed on a securities exchange in Kenya | 25% |

- b) The underlying securities of the unit portfolio will have the following characteristics:
- ◆ Be consistent with the objectives of the unit portfolio and applicable laws
 - ◆ Be transferable.

- ◆ Have a ready price or value
 - ◆ Have adequate proof of title or ownership to allow proper custodial arrangements to be made
- c) These investment categories shall be made provided that:
- ◆ The fund invests only in interest bearing instruments which have a maximum weighted average tenor of thirteen (13) months and includes credit rated private/public commercial papers, treasury bills, government securities, call deposits, certificate of deposit including fixed deposits in commercial banks and deposit taking institutions, and any other like instruments as specified by the Central Bank of Kenya.
 - ◆ The book value of an investment in an interest-bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the Stanbic Money Market Fund and net asset value;
 - ◆ The book value of the Stanbic Money Market Funds' holding of securities relating to any single issuer shall not exceed 25% of the unit trust scheme's properties net asset value; and
 - ◆ The Fund Manager shall not apply any part of the Stanbic Money Market Fund in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability contingent or otherwise.
 - ◆ The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the Stanbic Money Market Fund, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.

Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the Stanbic Money Market Fund.

Benchmark Return

Three-month average of the 182-day Treasury bill

STANBIC FIXED INCOME FUND (USD) SUPPLEMENTAL

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The objective of the Stanbic Fixed Income Fund USD is to generate total return through investing in interest bearing securities such as debt securities, fixed deposit instruments or near cash & cash holdings and offshore denominated in USD, while offering maximum security to the investor.

Investment Risk Profile

This is a medium risk investment fund. The fund is managed conservatively with active management of duration, credit and liquidity risks.

Investment Policies

The Stanbic Fixed Income Fund USD will endeavour to maintain the unit price constant at USD 1 (one United States Dollar) by:

- ◆ Accounting for all increases in unit holders value by declaring a daily yield on the unit portfolio, which may be expressed as an annualized yield
- ◆ Accounting for interest income on an accrual basis assuming that they are held to maturity
- ◆ Not mark to market investments for unrealized capital adjustments, whether gains or losses
- ◆ Recognizing capital profits arising on not holding an investment to maturity by increasing the yield
- ◆ Recognizing capital losses arising on not holding an investment to maturity by decreasing the yield, provided that the yield can never be less than 0%.
- ◆ The weightings of different asset classes and different securities will be adapted to create a portfolio that achieves the best risk-adjusted returns.
- ◆ The currency of denomination of the unit portfolio is the Unit States Dollar

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit. The Fund Manager is not limited from varying the ratio of securities in the portfolio.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

- a) The book value of the investments of the unit portfolio shall not exceed the following limits:

| ASSET CLASS | MAXIMUM LIMIT |
|---|----------------------|
| Cash & Demand Deposits | 100% |
| Fixed & Time Deposits | 100% |
| Securities issued by the government of Kenya | 80% |
| Corporate Debt listed on the securities exchange in Kenya | 80% |
| Other collective investment schemes including umbrella schemes | 25% |
| Offshore investments | 10% |
| Any other security not listed on a securities exchange in Kenya | 25% |



- b) The underlying securities of the unit portfolio will have the following characteristics:
- ◆ Be consistent with the objectives of the unit portfolio and applicable laws
 - ◆ Be transferable.
 - ◆ Have a ready price or value
 - ◆ Have adequate proof of title or ownership to allow proper custodial arrangements to be made
- c) These investment categories shall be made provided that:
- ◆ The Stanbic Fixed Income Fund USD shall invest a minimum of 60% of the market value of its assets under management in fixed income securities at all times. Any funds not invested in fixed income instruments shall only be invested in cash and cash equivalents. Fixed income securities refer to financial instruments with fixed maturity and may or may not make periodic payments of interest and the principal is paid at maturity.
 - ◆ The book value of an investment in an interest-bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the Stanbic Fixed Income Fund USD and net asset value;
 - ◆ The book value of the Stanbic Fixed Income Fund USD holding of securities relating to any single issuer shall not exceed 25% of the unit trust scheme's properties net asset value; and
 - ◆ The Fund Manager shall not apply any part of the Stanbic Fixed Income Fund USD in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability contingent or otherwise.
 - ◆ The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the Stanbic Fixed Income Fund USD, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.

Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the Stanbic Fixed Income Fund USD.

Benchmark Return

12 months US Treasury Yield

STANBIC BALANCED FUND SUPPLEMENTAL

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The objective of the Stanbic Balanced Fund is to generate total return through investing in a diversified portfolio of asset classes in equities, bonds and other securities, plus near cash and cash in the Kenyan market and offshore, while offering maximum security to the investor.

Investment Risk Profile

This is a high-risk investment fund. The fund is managed with considerable risk assumption with active management of duration, yield, credit, liquidity and equity market risks.

Investment Policies

To achieve its investment objective, the assets of the Stanbic Balanced Fund will be invested according to the following policies:

- ◆ The universe of investments includes: interest-bearing securities such as bank deposits, bank acceptances, treasury bills, commercial paper, whether listed or unlisted treasury bonds, corporate bonds and equity whether listed or unlisted.
- ◆ Income yield and capital gains will be primary drivers of investment returns.
- ◆ The portfolio may contain an allocation to offshore investments as a hedge against the domestic currency and a diversification tool from local investments.
- ◆ The weightings of different asset classes and different securities will be adapted to create a portfolio that achieves the best risk-adjusted returns.
- ◆ The currency of denomination of the unit portfolio is the Kenya Shillings

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit. The Fund Manager is not limited from varying the ratio of securities in the portfolio.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

- a) The book value of the investments of the unit portfolio shall not exceed the following limits:

| ASSET CLASS | MAXIMUM LIMIT |
|---|----------------------|
| Cash & Demand Deposits | 100% |
| Fixed & Time Deposits | 100% |
| Securities issued by the government of Kenya | 80% |
| Securities listed on the securities exchange in Kenya | 80% |
| Other collective investment schemes including umbrella schemes | 25% |
| Offshore investments | 10% |
| Any other security not listed on a securities exchange in Kenya | 25% |

- b) The underlying securities of the unit portfolio will have the following characteristics:
- ◆ Be consistent with the objectives of the unit portfolio and applicable laws
 - ◆ Be transferable
 - ◆ Have a ready price or value
 - ◆ Have adequate proof of title or ownership to allow proper custodial arrangements to be made
- c) These investment categories shall be made provided that:
- ◆ The Stanbic Balanced Fund shall invest in all eligible asset classes at all times provided that investments in money market, equities and fixed income instruments shall each have a maximum exposure of 60% of the market value of assets under management.
 - ◆ The book value of an investment in an interest-bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the Stanbic Balanced Fund and net asset value;
 - ◆ The book value of the Stanbic Balanced Fund holding of securities relating to any single issuer shall not exceed 25% of the unit trust scheme's properties net asset value; and
 - ◆ The Fund Manager shall not apply any part of the Stanbic Balanced Fund in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability contingent or otherwise.
 - ◆ The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the Stanbic Balanced Fund, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.

Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the Stanbic Balanced Fund.

Benchmark Return

Composite S&P Kenya Bond Index 60%, NASI Index 30% and three months average 182 Day T-Bill 10%.

STANBIC EQUITY FUND SUPPLEMENTAL

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The fundamental investment objective of the Stanbic Equity Fund is to provide an efficient investment medium whereby investors can participate in a portfolio that will seek to provide the maximum overall return, in the form of both income and capital growth. This will be consistent with the investment of funds largely in equities.

Investment Risk Profile

This is a high-risk investment fund given its allocation to equities relative to safer and less volatile investments. The fund is managed with considerable risk assumption with active management of equity market risks, typically these funds are relatively more volatile than those that are primarily invested in money market and fixed income assets.

Investment Policies

To achieve its investment objective, the assets of the Stanbic Equity Fund will be invested according to the following policies:

- ◆ Investment is primarily in stocks which are usually available to the entire spectrum of investors.
- ◆ The investments in stocks will be across multiple companies, sectors, country's to enable portfolio diversification.
- ◆ Universe of investments includes: Equity whether listed or unlisted in Kenya or offshore and interest-bearing securities such as call and fixed deposits.
- ◆ Income yield and capital gains will be primary drivers of investment returns.
- ◆ The portfolio may contain an allocation to offshore investments as a hedge against the domestic currency and a diversification tool from local investments.
- ◆ The weightings of different asset classes and different securities will be adapted to create a portfolio that achieves the best risk-adjusted returns.

- ◆ The currency of denomination of the unit portfolio is the Kenya Shilling

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit. The Fund Manager is not limited from varying the ratio of securities in the portfolio.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

a) The book value of the investments of the unit portfolio shall not exceed the following limits:

| ASSET CLASS | MAXIMUM LIMIT |
|---|----------------------|
| Cash & Demand Deposits | 40% |
| Fixed & Time Deposits | 40% |
| Domestic equities listed on the securities exchange in Kenya | 80% |
| Other collective investment schemes including umbrella schemes | 25% |
| Offshore investments | 10% |
| Any other security not listed on a securities exchange in Kenya | 25% |

- b) The underlying securities of the unit portfolio will have the following characteristics:
- ◆ Be consistent with the objectives of the unit portfolio and applicable laws
 - ◆ Be transferable
 - ◆ Have a ready price or value
 - ◆ Have adequate proof of title or ownership to allow proper custodial arrangements to be made
- c) These investment categories shall be made provided that:
- ◆ The fund shall invest a minimum of 60% of the market value of its assets under management in equities listed locally, listed in other regulated exchanges or unlisted equities at all times. Any funds not invested in equities shall only be invested in cash and cash equivalents.
 - ◆ The book value of an investment in an interest-bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the Stanbic Equity Fund and net asset value;
 - ◆ The book value of the Stanbic Equity Fund holding of securities relating to any single issuer shall not exceed 25% of the unit trust scheme's properties net asset value; and
 - ◆ The Fund Manager shall not apply any part of the Stanbic Equity Fund in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability contingent or otherwise.
 - ◆ The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the Stanbic Equity Fund, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.

Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the Stanbic Equity Fund.

Benchmark Return

Composite 70% Nairobi All Share Index and 30% three months average 182 Day Treasury bill rate

STANBIC FIXED INCOME FUND (KES) SUPPLEMENTAL

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The objective of the Stanbic Fixed Income Fund KES is to generate total return through investing in interest bearing securities such as debt securities, fixed deposit instruments or near cash & cash holdings and offshore, while offering maximum security to the investor.

Investment Risk Profile

This is a medium risk investment fund. The fund is managed with considerable risk assumption with active management of duration, yield, credit and liquidity risks.

Investment Policies

The Stanbic Fixed Income Fund KES will endeavour to maintain the unit price constant at KES 1 (one Kenya Shilling) by:

- ◆ Accounting for all increases in unit holders value by declaring a daily yield on the unit portfolio, which may be expressed as an annualized yield
- ◆ Accounting for interest income on an accrual basis assuming that they are held to maturity
- ◆ Not mark to market investments for unrealized capital adjustments, whether gains or losses
- ◆ Recognizing capital profits arising on not holding an investment to maturity by increasing the yield
- ◆ Recognizing capital losses arising on not holding an investment to maturity by decreasing the yield, provided that the yield can never be less than 0%.
- ◆ The weightings of different asset classes and different securities will be adapted to create a portfolio that achieves the best risk-adjusted returns.
- ◆ The currency of denomination of the unit portfolio is the Kenya Shilling

Nothing contained in this Information Memorandum shall preclude the Fund Manager from varying the main objective to take account of changing economic factors, tax laws and provisions and from retaining cash or placing cash on deposit. The Fund Manager is not limited from varying the ratio of securities in the portfolio.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

- a) The book value of the investments of the unit portfolio shall not exceed the following limits:

| ASSET CLASS | MAXIMUM LIMIT |
|---|----------------------|
| Cash & Demand Deposits | 100% |
| Fixed & Time Deposits | 100% |
| Securities issued by the government of Kenya | 80% |
| Corporate Debt listed on the securities exchange in Kenya | 80% |
| Other collective investment schemes including umbrella schemes | 25% |
| Offshore investments | 10% |
| Any other security not listed on a securities exchange in Kenya | 25% |

- b) The underlying securities of the unit portfolio will have the following characteristics:

- ◆ Be consistent with the objectives of the unit portfolio and applicable laws
- ◆ Be transferable

- ◆ Have a ready price or value
 - ◆ Have adequate proof of title or ownership to allow proper custodial arrangements to be made
- c) These investment categories shall be made provided that:
- ◆ The Stanbic Fixed Income Fund KES shall invest a minimum of 60% of the market value of its assets under management in fixed income securities at all times. Any funds not invested in fixed income instruments shall only be invested in cash and cash equivalents. Fixed income securities refer to financial instruments with fixed maturity and may or may not make periodic payments of interest and the principal is paid at maturity.
 - ◆ The book value of an investment in an interest-bearing account, financial product or instrument of or issued by any single bank or financial institution or insurance company or a combination of any such investment in a single bank, financial institution or insurance company shall not in aggregate exceed 25% of the Stanbic Fixed Income Fund and net asset value;
 - ◆ The book value of the Stanbic Fixed Income Fund KES holding of securities relating to any single issuer shall not exceed 25% of the unit trust scheme's properties net asset value; and
 - ◆ The Fund Manager shall not apply any part of the Stanbic Fixed Income Fund KES in the acquisition of any investments which are for the time being, partly paid or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability contingent or otherwise.
 - ◆ The limits and restrictions in this part shall be complied with at all times based on the most up-to-date value of the Stanbic Fixed Income Fund KES, but a five percent allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation in value of the scheme.

Information on the investments will be given in monthly reports to the unit holders on the investments in the portfolio undertaken by the Fund Manager. These reports will review the investment performance of the investment portfolio and any changes comprising the Stanbic Fixed Income Fund KES.

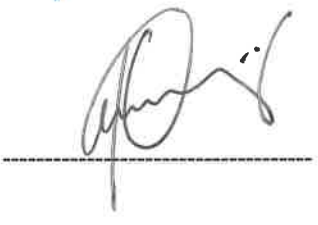
Benchmark Return

364 Day Treasury Bill Rate

Signed at.....on this 13 Day of March 2024 Kenya

SIGNED BY: CHRISTIAN KAARIA

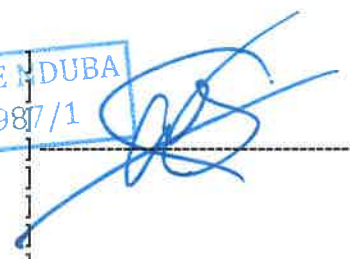
The Duly Authorized Signatory of
SBG SECURITIES LIMITED
THE SPONSOR OF STANBIC UNIT TRUST FUNDS)
)
)
)



In The Presence of (Advocate):
PERINA N. OREMWA
ADVOCATE, COMMISSIONER FOR OATHS
P. O. Box 79216 - 00200 NAIROBI, KENYA.
ADM. No. P.105/11261/14
PRACTICE NUMBER:)
)
)
)

SIGNED BY:
The Duly Authorized Attorney of
KCB BANK KENYA LIMITED,
THE TRUSTEE

FLORENCE DUBA
IPA 70987/1



In the Presence of (Advocate): -

KARANU M. KARIUKI
ADVOCATE
COMMISSIONER FOR OATHS
P.O. Box 21539-00100,
NAIROBI



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