



## **PROSPECTUS**

**FOR**

### **THE DATVEST MODIFIED CONSUMER STAPLES EXCHANGE TRADED FUND**

#### **DISCLAIMER**

The trustees of DATVEST Modified Consumer Staples Exchange Traded Fund, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and certify that, to the best of their knowledge and belief, no facts have been omitted, the omission of which would make any statement in this Prospectus false or misleading and that they have made all reasonable enquiries to ascertain such facts and that the Prospectus contains all information required by law and the Zimbabwe Stock Exchange (ZSE) Listings Requirements.

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THIS DOCUMENT (“PROSPECTUS”) CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND ITS SECURITIES AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.

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**PROSPECTUS  
FOR  
THE DATVEST MODIFIED CONSUMER STAPLES EXCHANGE TRADED FUND**

This Prospectus relates to information to prospective investors of the establishment of an Exchange Traded Fund by CBZ Asset Management (Private) Limited, whose objective is to give returns that track the Zimbabwe Stock Exchange Modified Consumer Staples Index. The fund is established under Zimbabwe law by a trust deed, as amended from time to time between CBZ Asset Management (Private) Limited (the “Manager”) and Stanbic Bank Zimbabwe Limited (the “Trustee”). The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Fund. It contains important facts about the Fund whose Units are offered in accordance with this Prospectus.

Prospective purchasers of any exchange traded funds should ensure that they understand fully the nature of the exchange traded fund and the extent of their exposure to risks and that they consider the suitability of the exchange traded fund as an investment in the light of their own circumstances and financial position.

“The issuer certifies that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such (i) facts have been made as well as that the placing document contains all information required by law and the Zimbabwe Stock Exchange (ZSE) Listings Requirements. The issuer accepts full responsibility for the accuracy of the information contained in the placing document, pricing supplements and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

The ZSE takes no responsibility for the contents of the placing document, pricing supplements, or the annual, report (as amended or restated from time to time) or the amendments to the annual report, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the placing document, pricing supplements, or the annual report (as amended or restated from time to time);

The ZSE’s approval of the listing of the Datvest Modified Consumer Staples Exchange Traded Fund securities is not to be taken in any way as an indication of the merits of the issuer or of the securities. The ZSE has not verified the accuracy and truth of the contents of the listing documentation and that to the extent permitted by law, the ZSE will not be liable for any claim whatsoever. If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisor.

Date of issue of Prospectus: 25<sup>th</sup> of February 2022.

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## **CORPORATE INFORMATION AND ADVISERS**

### **Issuer**

**Datvest Modified Consumer Staples  
Exchange Traded Fund**

### **The Manager**

**CBZ Asset Management (Pvt) Ltd t/a  
Datvest  
CBZ Wealth Management Centre,  
Stand No. 312, Corner Edinburgh /  
Campbell Road, Pomona,  
Borrowdale, Harare  
Tel: + +263 (242) 886807-11  
Email:  
Website: [www.cbz.co.zw](http://www.cbz.co.zw)**

**CBZ Asset Management (Pvt) Ltd t/a  
Datvest  
CBZ Wealth Management Centre,  
Stand No. 312, Corner Edinburgh /  
Campbell Road,  
Pomona, Borrowdale, Harare  
Tel: + +263 (242) 886807-11 Cell:  
+263 772 241  
279/ 80  
Email: [tmuzadzi@cbz.co.zw](mailto:tmuzadzi@cbz.co.zw)  
Website: [www.cbz.co.zw](http://www.cbz.co.zw)**

### **Auditors**

**KPMG  
Mutual Gardens  
100 The Chase (West), Emerald Hill,  
Harare  
<https://home.kpmg> › home Harare**

**Sponsoring Brokers/ Market Maker  
Akribos Securities  
62 Quorn Avenue,  
Mount Pleasant, Harare,  
Email: [info@akriboscapital.com](mailto:info@akriboscapital.com)  
Website: [www.akriboscapital.com](http://www.akriboscapital.com)**

### **Transfer Agent**

**First Transfer Secretaries  
1 Armagh Avenue  
Eastlea, Harare  
Email: [info@fts-net.com](mailto:info@fts-net.com)  
Website: [www.fts-net.com](http://www.fts-net.com)**

### **Trustee**

**Stanbic Bank Zimbabwe Limited  
Stanbic Centre  
59 Samora Machel Avenue, HARARE  
Tel: +263 867 7004288 / +263 242  
79920051;  
Email: [zimccc@stanbic.com](mailto:zimccc@stanbic.com)  
Website: [www.stanbicbank.co.zw](http://www.stanbicbank.co.zw)**

### **Custodian**

**CBZ Custodial Services  
3rd Floor, Union House,  
60 Kwame Nkrumah,  
Harare  
Website: [www.cbz.co.zw](http://www.cbz.co.zw)**

### **Authorised Participants**

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## Definitions and interpretations

In this document, unless inconsistent with the context, the following words shall have the meanings stated below.

“Act”	Collective Investment Schemes Act [Chapter 24:19];
“Authorised Participant”	means any dealer who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee;
“Annual Accounting Period”	a period commencing on 1 January in one year and terminating on 31 December;
“Business Day”	any day except a Saturday, Sunday or any public holiday;
“Chief Executive Officer”	The Chief Executive Officer of Securities and Exchange Commission of Zimbabwe;
“CSD”	means the ZSE Central Securities Depository or any system operated by its successors
“Deal Note”	the form of receipt which shall be issued by the securities dealer to the purchasers of Units on the purchase of such Units and to the sellers of Units on the sale of such Units;
“Deposited Property”	all the assets for the time being held or deemed to be held upon trust in terms of the Trust Deed excluding any amount for the time being standing to the credit of the Distribution Account;
“Distribution Account”	the account to which the moneys to be distributed to Participants is credited prior to distribution;
“Effective Date”	shall be the date of obtaining the last of the approvals required;
“ETF Rules”	means the Rules governing Exchange Traded Funds made by the Securities and Exchange Commission of Zimbabwe from time to time as and when amended from time to time;
“Index”	means, the index against which the Fund is benchmarked, The ZSE Modified Consumer Staples Index;
“Market Maker”	means a broker or dealer permitted by the ZSE to act as such and appointed by Datvest Modified Consumer Staples Exchange

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	Traded Fund to provide liquidity for the Units in the secondary market on the ZSE;
“Net Asset Value”	means the net asset value of a Fund or, as the context may require, the net asset value of a Unit calculated under the Trust Deed;
‘Open ended scheme’	means a scheme of the Exchange Traded Fund which offers for sale or has outstanding any redeemable units and which does not specify any duration of redemption or repurchase of units;
“Participation Agreement”	means an agreement entered into between the Trustee, the Manager and an Authorised Participant setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units;
“Register”	the register of Units and their Participants;
“Rules”	Collective Investment Schemes (Internal Schemes) Rules 1998 S.I 172 of 1998 or any amendment to or replacement of them;
“Scheme”	the DATVEST MODIFIED CONSUMER STAPLES EXCHANGE TRADED FUND;
“Trustee”	in relation to a unit trust scheme, means Stanbic Bank Zimbabwe, or their successors in title being the person who holds the property of the scheme in trust for the participants;
“Trust Deed”	a document agreed upon between DATVEST Asset Management (Private) Limited and Stanbic Bank Zimbabwe who are the trustees;
“Units”	means the interest of the investors in any scheme of the Exchange Traded Fund and which consists of each unit representing one undivided share in the, assets of that scheme;
“Unit holder”	means a participant in any scheme of the Exchange Traded Fund;
“Valuation Point”	each Business Day;
“Year”	means calendar year.

## 1. Overview

Exchange Traded Funds (ETFs) are passively managed, fully funded (unleveraged) open ended funds which track the performance of a specified security which include but are not limited to indices, commodities, currencies or any other asset. CBZ Asset Management (Private) Limited wishes to establish an ETF that tracks the Zimbabwe Stock Exchange (ZSE) Modified Consumer Staples Index.

## 2. Salient features and Overview

CBZ Asset Management (Private) Limited is putting initial seed capital in form of scrip in the exact weights of the ZSE Modified Consumer Staples Index. The fund will then be listed on the ZSE by way of introduction. Additional investments from other investors will be used to buy shares on the market and add to the portfolio. Investors who wish to invest in the fund can do so through two ways, by buying units in the ETF through any registered Stockbroker or alternatively investing in kind by delivering a basket of stocks in the exact weights of the fund through an authorized participant. The following are the Datvest Modified Consumer Staples ETF constituents and weights as at 22 February 2022:

Counter	Datvest MCS ETF Holdings (ZWL\$)	Weight
Delta Corporation Limited	24,567,924	34.8%
National Foods Holdings Limited	9,884,708	14.0%
Innskor Africa Limited	12,242,405	17.4%
Hippo Valley Estates Limited	5,115,330	7.3%
Simbisa Brands Limited	7,745,139	11.0%
Ok Zimbabwe Limited	3,568,908	5.1%
Meikles Limited	2,860,749	4.1%
Tsl Limited	2,150,850	3.0%
Afdis Distillers Limited	1,393,627	2.0%
Dairibord Holdings Limited	1,006,250	1.4%
<b>TOTAL</b>	<b>70,535,890</b>	<b>100.0%</b>

*Market weight calculated based on 22 February share prices*

All assets of the fund will be held by CBZ Custodial Services who will act as Custodian for the fund, while Stanbic Bank Zimbabwe is the Trustee. Settlement of trades in the units will be done in electronic format in accordance with the settlement modalities approved by the Zimbabwe Stock Exchange. This investment offers investors an opportunity to own the underlying stocks on the ZSE Modified Consumer Staples Index through one investment in the Datvest MCS ETF. Therefore, the investor does not have any additional tasks or costs over and above those associated with dealing in any other publicly traded security. The fund manager will be responsible for periodically replicating the ZSE Modified Consumer Staples index in line with the index Ground Rules. Currently the ZSE Modified Consumer Staples index is reviewed once a quarter in line with all the other indices.

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## **3. The Benefits and Risks of Investing in the Datvest Modified Consumer Staples ETF**

### **3.1 The Benefits**

#### **3.1.1 Efficient Investing**

Investing in Datvest Modified Consumer Staples ETF Securities represents a more efficient way of tracking a given benchmark compared to investing in a basket of individual stocks. Firstly, settlement charges that are levied per deal note are minimised by doing one transaction when buying or selling the ETF compared to multiple order for the various underlying securities. Secondly, the outflow required to get exposure on the ETF is minimal compared to having to buy the individual underlying securities.

#### **3.1.2 Liquidity**

As a listed instrument, Datvest Modified Consumer Staples ETF is bought and sold on the ZSE through a ZSE broker. To facilitate this, the Market Maker will endeavour to maintain a high degree of liquidity by continuously offering to buy and sell Datvest Modified Consumer Staples ETF during the day through a Market maker authorised trading schedule.

#### **3.1.3 Flexibility**

The minimum unit of investment in Datvest Modified Consumer Staples ETF will be one unit. After the listing of the Datvest Modified Consumer Staples ETF on the ZSE, an Investor will be able to purchase as few as one security on the secondary market.

#### **3.1.4 Transparency**

The exact composition of the index, market price and the NAV of each Fund will be published daily on the Datvest Website [www.cbz.co.zw](http://www.cbz.co.zw) . This allows an investor full price transparency and the ability at any time to compare the traded value of Datvest Modified Consumer Staples ETF securities with the actual value of the corresponding securities in the constituent companies.

#### **3.1.5 Low Cost**

Investing in Datvest Modified Consumer Staples ETF is an efficient way of gaining diversified market exposure while avoiding the costs and risks associated with active investment management. The manager may waive some or all the upfront fees, exit fees and/or management fees charged in respect of an investment in Datvest Modified Consumer Staples ETF.

### **3.2 The Risks**

While ETFs offer plenty of upside, they are not immune to risks and costs. Investors who seek to maximize their success in the ETF market must also become familiar with these risks to ensure success in the market.



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### **3.2.1 Market Risk**

Like other asset classes, ETFs face market risks. The ETF will be subject to the downward movement in the prices of the underlying securities.

#### **Mitigation**

Market risks are one of the biggest costs of trading and cannot be mitigated directly. Rather, investors should allocate capital in their portfolio in a way that reduces exposure to any one asset or risk.

### **3.2.2 Methodology Risk**

ETFs are not all created equal, even those that track the same market or sector. As such, investors need to read the fund Prospectus to understand the nuances of the investment strategy, including its holdings and weightings.

#### **Mitigation**

Given concerns over Environmental, Social and Governance (ESG) principles, ESG investing has been gaining significance. CBZ Asset Management (Private) Limited and Zimbabwe Stock Exchange must provide a dedicated section on ESG investing wherein relevant ETFs are given an ESG score, making it easy for investors to evaluate and compare ETFs based on new criteria

### **3.2.3 Tracking Error Risks**

Tracking risk occurs when an ETF does not mimic or follow the index it is tracking due to a combination of management fees, tax treatment and dividend timing.

#### **Mitigation**

In order to minimise the Tracking Error risk, the fund manager will use the full replication investment strategy where they buy all the underlying securities of the index in their exact proportions.

### **3.2.4 Liquidity Risks**

Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets.

#### **Mitigation**

The market maker will provide liquidity by quoting bid and offer prices

### **3.2.5 Closure Risk**

Globally a few ETFs close every year. When this occurs, managers liquidate the fund and pay out their shareholders. Managers incur capital gains, transaction expenses and in some cases legal expenses, which ultimately trickle down to the investor. Closure risk is part and parcel of being an active market

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participant. Investors should sell an ETF as soon as the issuer announces it will close.

**Mitigation**

Investors should sell an ETF as soon as the issuer announces it will **close**.

**3.2.6 Tax Risk**

ETFs are widely considered to be tax efficient, but this doesn't apply to all of them. It's important for investors to understand the tax treatment for the ETF they want to invest in.

**Mitigation**

Investors should seek advice from a professional advisor on the tax treatment of the ETF.

**3.2.7 Trading Risk**

Trading risk refers to the total cost of owning an ETF portfolio. ETFs have been described as tax efficient, transparent and cheaper when compared to other asset classes. However, they still entail costs in the form of commissions, sales charges, market impact costs and direct trading costs, such as the bid-ask spread and management expense ratio.

ETFs may also suffer from crowded trade risks, given the sheer number of market participants involved in this market. Like other assets, ETFs also carry opportunity costs, creation and redemption fees and taxes on interest income and capital gains. These fees must be factored into overall trading costs so there aren't any surprises down the road.

**Mitigation**

One of the most fundamental aspects of trading ETFs effectively is order execution. The difference between an ETF's intraday price and the fund's net asset value (NAV) is the largest at the beginning and end of the trading day. An ETF's NAV refers to the total value of all its underlying holdings at their closing prices. Unlike mutual funds, ETFs are traded throughout the day, which means there are times when the NAV and actual market price don't perfectly align. While the difference tends to be very small, it can make the calculation of performance slightly more challenging. That's why it's important to execute ETF orders close to the NAV orders, which means you should steer clear of trading immediately after the market opens or just prior to its close. These periods are known to be the most volatile.

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## 4. Structure

### 4.1 The Originator

#### GENERAL INFORMATION

<b>Name</b>	CBZ Asset Management (Private) Limited
<b>Corporate form</b>	Private Limited Company
<b>Country of incorporation</b>	Zimbabwe
<b>Date of incorporation</b>	5 January 1999
<b>Company registration number</b>	24/99
<b>SECZ Licence number</b>	SECZ3404A
<b>Shareholding</b>	100% owned subsidiary of CBZ Holdings Limited
<b>Paid up share capital</b>	70,535,890
<b>Registered Office</b>	Stand No. 312, Corner Edinburgh / Campbell Road, Pomona, Borrowdale, Harare

## 4.2 Directors

4.2.1 Details of the directors of CBZ Asset Management (Private) Limited are set out below;

Full name	Business Address	Executive/Non Executive	Qualifications
Never Mhlanga	Dabuka Farm, Fairview Road, Ruwa	Non-Executive	MBA, RPAcc, FCIS, AIBZ, DBS
Mirirai Moyo	17887 Shaftesbutry Close, Cranborne Harare	Non-Executive	B. Acc, ACCA
Heena Joshi	22 Addington Lane, Balantyne Park, Harare	Non-Executive	BSc Business Studies, LLM, MBA
Conrad Mukanganga	37 Castens Avenue, Lincoln Green, Belvedere, Harare.	Non-Executive	B. Acc, MBL
Blessing Mudavanhu	5 Campbell Road, Pomona, Harare	Non-Executive	Ph.D. Mathematics, MS, Financial Engineering
Tawanda Gumbo	485 Lakeview Crescent, Borrowdale Brooke, Harare	Non-Executive	BAcc, CA (Z), CA (SA)
Jack Smith	6 Durland Close, Mount Pleasant, Harare	Non-Executive	CA, BAcc, (Unisa)
Tendai Muzadzi	1575 Bauhinia Road, Westgate, Harare	Executive	BSc. Mathematics, MBA

4.2.2 None of the directors of the Company has:

- i. been involved in or has been subject to any bankruptcies, insolvencies or individual voluntary compromise arrangements;
- ii. been involved or subject to any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where he or she is or was a partner at the time of or within the 12 (twelve) months preceding such event(s);
- iii. been involved or subject to any receiverships of any of his or her asset(s) or of the assets of a partnership of which he or she is or was a partner at the time of, or within the 12 (twelve) months preceding, such event;
- iv. been subject to any public criticisms by statutory or regulatory authorities, including recognised professional bodies;
- v. ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- vi. committed any offence involving dishonesty;

- vii. been removed from an office of trust on the grounds of misconduct and involving dishonesty; or
- viii. been subject to any court order declaring him or her delinquent or placing him or her under probation in terms of the Companies Act
- ix. any interest in any of the transactions concluded by the Company
- x. commitment by the directors to honour their responsibility concerning good corporate governance practices and adherence to all ZSE rule

### 4.3 The Issuer

<b>Name</b>	<b>Datvest Modified Consumer Staples Exchange Traded Fund</b>
<b>Corporate form</b>	Trust
<b>Country of incorporation</b>	Zimbabwe
<b>Date of incorporation</b>	4 January 2022

### 4.4 The Manager

The manager for the fund shall be CBZ Asset Management (Private) Limited, a company incorporated in Zimbabwe under company registration number 24/99 is licensed by the Securities and Exchange Commission of Zimbabwe (SECZ) under licence number SECZ3404A. The company is 100% owned by CBZ Holdings Limited.

### 4.5 The Trustee

The Trustee shall be Stanbic Bank Zimbabwe Limited, a company incorporated in Zimbabwe. Their registered office address is 59 Samora Machel Avenue, Harare. They are registered as a trustee under licence number SECZ7802T.

## 5. Details of the Scheme

### 5.1 Objectives of the Fund

**5.1.1** The investment objective of the Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Modified Consumer Staples Index. To achieve the objective of the Trust the Manager shall be entitled: -

- i. to create and issue an unlimited number of units in a portfolio established in terms of this Prospectus; and
- ii. to buy a basket of stocks in the exact proportions of the counters that fall under the ZSE Modified Consumer Staples Index as defined from time to time by the Zimbabwe Stock Exchange

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- iii. to ensure that the proportions are from time to time rebalanced to reflect any changes that may happen to the counters in the ZSE Modified Consumer Staples Index
  - iv. ensure that any dividends accruing to the portfolio are distributed to the unit holders

## **5.2 The Offer**

The fund will be listed on the Zimbabwe Stock Exchange by way of introduction on 3 March 2022.

## **5.3 Price**

The listing price will be the Net Asset Value of the fund per the initial number of units.

## **5.4 After Listing**

An investor can acquire or dispose the Units in either of the following two ways:

- (a) buy and sell Units on the Zimbabwe Stock Exchange; or
- (b) apply for cash or in-kind creation and cash redemption of Units through Authorised Participants (AP)

### **5.4.1 Buying and selling Units on the Zimbabwe Stock Exchange**

- a) After Listing, all investors can buy and sell Units like ordinary listed shares through an intermediary such as a stockbroker or market maker of the ZSE.
- b) Investors should note that transactions in the secondary market on the Zimbabwe Stock Exchange will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

### **5.4.2 Apply for cash creation and cash redemption of Units through Authorised Participants: -**

- (a) Units will continue to be created and redeemed at NAV through Authorised Participants in Creation Unit size or multiples thereof as determined from time to time. In-kind creations or in-kind redemptions may be permitted by the Manager.
- (b) To be dealt with on a Dealing Day, the relevant Authorised Participant must submit the Creation Applications to the Custodian/Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation

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Application. Authorised Participants are under no obligation to create or redeem generally for their clients and may charge their clients such fee or fees as such Authorised Participants determine. The minimum lot size for in-kind creations shall be 5 million units but the fund manager shall have the powers to vary this amount from time to time in line with market developments.

## **5.5 Investment Strategy**

The fund will adopt a full replication strategy as its investment strategy, it will invest in substantially all the Modified Index Securities constituting the Zimbabwe Stock Exchange Modified Consumer Staples index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Index. When an Index Security ceases to be a constituent of the Index, rebalancing occurs which involves, among other things, selling the outgoing Security and using the proceeds to invest in the incoming Security.

## **5.6 Securities Lending**

There is no current intention for the Fund to engage in securities lending, repurchase transaction or other similar over-the-counter transactions, but this may change in light of market circumstances and where the Fund does engage in these types of transactions, prior approval shall be obtained from the SECZ and ZSE and no less than one month's prior notice will be given to the Unitholders.

# **6. Key Participants**

## **6.1 The Manager**

The manager for the fund shall be CBZ Asset Management (Private) Limited

### **6.1.1 Duties of the Manager**

The Manager shall manage the Scheme in accordance with the Act, the Rules and the Trust Deed; The Manager shall make decisions as to the investment of any part of the Deposited Property in a way that appears to them most likely to secure the objectives of the Scheme, and generally shall manage the Scheme in the paramount and equal interests of the unitholders and not those of the Manager, the Trustee, any investment adviser or their respective associates.

### **6.1.2 Powers of the Manager**

The Manager, in their own name and in the name of the fund, shall have the power in their absolute and uncontrolled discretion to do all such things and enter into such arrangements as are necessary to achieve the provisions, intentions and objects of the fund in such manner as in the opinion of their

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proper officers may be most advantages to the unit holders and, without limitation, shall have the following powers:

- i. to purchase Deposited Property and provide services and carry on business of any kind in such manner as the Manager could do if they were the beneficial owner of them;
- ii. to invest moneys in line with the provisions of the deed;
- iii. to pay all rates, taxes, imposts and charges lawfully levied or imposed upon the Trust assets and any other expenses incurred in connection with the administration of the Trust;
- iv. to engage the services of accountants, legal practitioners, architects, quantity surveyors, land surveyors, valuers, agents, brokers or other professional advisers as they may consider necessary to transact all or any other business of whatsoever nature required to be done under the Deed and to pay all fees, charges and expenses so incurred as a first charge against the Deposited Property;
- v. to act on the advice or information obtained from professional advisers and other bodies considered by them to be experts;
- vi. to appoint an agent or agents to represent them for any specific purpose, and to perform such powers and duties on its behalf as they may deem expedient;
- vii. to allow time for payment of debts due to the Trust and to compromise claims by the Trust at the discretion of their officers;
- viii. with the approval of the Trustee to compromise and settle for such consideration and upon such terms and conditions as its officers may deem advisable all matters arising in relation to the Trust and all such compromises and settlements shall be final and binding upon all unitholders;
- ix. to enter into indemnities, guarantees or surety-ships of every description, either gratuitously or for consideration, which in their absolute discretion they may deem fit
- x. to purchase, select, sell, exchange or alter any of the Deposited Property provided that nothing in this paragraph shall impose any liability on them to bear the expense of stamping any Certificate or any transfer relating to the Deposited Property.

### **6.1.3 Removal of Manager**

The Manager may be removed at any time by notice in writing given to them by the Trustee in the following circumstances:

- i. on the liquidation of the Manager, other than a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved by the Trustee;
- ii. on the granting of a provisional judicial management order in respect of the Manager;



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- iii. on the failure of the Manager to be licensed in terms of the Rules or on the cancellation or suspension of their licence;
  - iv. where, for good and sufficient reason, the Trustee is of the opinion, and so states in writing to the incumbent Manager, that a change of Manager is desirable in the interests of the unit holders provided that if the Manager dispute their removal in these circumstances the matter shall be referred to the Chief Executive Officer of the Securities and Exchange Commission of Zimbabwe (SECZ) or some person appointed by him who shall act as arbitrator and whose decision shall be final and binding on the Trustee and the Manager.
  - v. where the unit holders pass an extraordinary resolution removing the Manager;
  - vi. if unit holders holding three quarters (3/4) of the Units in issue request the Trustee in writing to remove the Manager.

## **6.2 The Trustee**

**6.2.1** The Trustee shall be Stanbic Bank Zimbabwe. The trustee shall be expected to carry out the following functions:

- 6.2.1.1 ensuring that the manager is managing the scheme in accordance with the provisions of the Collective Investment Schemes Act, Rules and the trust deed;
- 6.2.1.2 satisfying itself on reasonable grounds that the manager has maintained and is maintaining sufficient records, in particular records regarding the calculation of prices at which units are issued and redeemed;
- 6.2.1.3 taking all steps and executing all documents necessary to secure that acquisitions and disposals of Assets made by the manager are completed;
- 6.2.1.4 collecting any income due to be paid to the scheme, including the repayment of tax, and to hold such income in trust for the participants in accordance with the trust deed;
- 6.2.1.5 keeping such records as are necessary to enable it to comply with the trust deed and to demonstrate such compliance;

## **6.3 Authorised Participants**

**6.3.1** In terms of the Authorised Participant (AP) Agreement, the Authorised Participant(s), will facilitate the creation and redemption of Blocks of ETF units on its own behalf, or for investors on whose behalf it has agreed to act, and to facilitate the redemption of Blocks of ETF units on behalf of the Company when required.

**6.3.2** As at the date of this Prospectus, the fund has concluded a Participant Agreement with CBZ Asset Management (Private) Limited. The manager will publish from time to time on its web page the names of other

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Authorised Participants with whom the manager would have concluded an Authorised Participant Agreement.

#### **6.4 Custodial Services**

**6.4.1** The Company concluded a Custody Agreement with CBZ Custodial Services. The Custodian is responsible for safekeeping the deposited property of the fund. Only Authorised Participants may deposit and withdraw securities from the custodial accounts. The Custodian will facilitate the transfer of the securities into and out of the fund's account.

#### **6.5 Market Maker**

**6.5.1** The Manager will ensure that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the ZSE with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to an Authorised Participant. The fund has appointed Akribos Securities Limited as the market maker with the possibility of appointing other market makers in line with the market making rules laid down by the Zimbabwe Stock Exchange.

#### **6.6 Clearing House**

**6.6.1** Units will be deposited, cleared and settled by the Central Securities Depository (CSD).

**6.6.2** Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CSD, ZSE Depository has no proprietary interest in the Units.

#### **6.7 The Auditors**

**6.7.1** The auditors for the issuer shall be KPMG or any other appointed from time to time.

## **7. Issuing and Redemption of Units**

### **7.1 Investment in the Fund**

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- 7.1.1** There are two (2) methods of making an investment in the fund and of disposing of Units to realise an investment in the Fund
  - 7.1.2** The first method is to create or to redeem Units at Net Asset Value directly with the Fund in the primary market through an Authorised Participant that has entered into a Participation Agreement in respect of the Fund.
  - 7.1.3** The second method is to buy or to sell Units in the secondary market on the ZSE which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Fund.

## **8. Creation of Units through Authorised Participants**

- 8.1** Any application for the creation of Units must only be made through an Authorised Participant in respect of a creation Unit size or whole multiple thereof. Only Authorised Participants may submit Creation Applications to the Trustee (with a copy to the Manager).
- 8.2** Units are continuously offered through an Authorised Participant, who may apply for them on any Dealing Day for its own account or for the investors account, by submitting a Creation Application to the Trustee (with a copy to the Manager).
- 8.3** Each initial Authorised Participant has to indicate to the Manager that it will generally accept and submit creation requests received from its clients, subject always to;
  - 8.3.1** mutual agreement between the relevant initial Authorised Participant and its clients as to its fees for handling such requests;
  - 8.3.2** completion to its satisfaction of client acceptance procedures and requirements;
  - 8.3.3** no objection from the Manager to create Units for the relevant initial Authorised Participant on behalf of such clients (please refer to the sub-section on “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and
  - 8.3.4** mutual agreement between the relevant initial Authorised Participant and its clients as to the method of effecting such creation requests
- 8.4** In addition, an Authorised Participant reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:
  - 8.4.1** any period during which (i) the creation or issue of Units of the Fund, (ii) the redemption of Units of the Fund, and/or (iii) the determination of Net Asset Value of the Fund is suspended;

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- 8.4.2** where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index
  - 8.4.3** where acceptance of the creation request or any Security in connection with such creation request would render the Authorised Participant in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Authorised Participant necessary for compliance with applicable legal and regulatory requirements; or
  - 8.4.4** circumstances outside the control of the Authorised Participant make it for all practicable purposes impossible to process the creation request

## **9. Creation Process**

- 9.1** An Authorised Participant may from time to time submit Creation Applications to the Trustee (with a copy to the Manager), following receipt of creation requests from clients or where it wishes to create Units for its own account.
- 9.2** To be effective, a Creation Application must:
  - 9.2.1** be given by an Authorised Participant in accordance with the Trust Deed and the relevant Participation Agreement;
  - 9.2.2** specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and
- 9.3** The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:
  - 9.3.1** any period during which (i) the creation or issue of Units, (ii) the redemption of Units, and/or (iii) the determination of Net Asset Value is suspended;
  - 9.3.2** where in the opinion of the Manager, acceptance of the Creation Application or any Security in connection with such Creation Application would have an adverse effect on the Fund;
  - 9.3.3** where, if relevant to the Fund, in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market;
  - 9.3.4** where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;
  - 9.3.5** where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

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- 9.3.6 circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
  - 9.3.7 the business operations of the Manager, the Trustee or any agent of the Manager or the Trustee are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
  - 9.3.8 an Insolvency Event occurs in respect of the relevant Authorised Participant

9.4 In the event of such rejection, the Manager shall notify the relevant Authorised Participant and the Trustee of its decision to reject such Creation Application. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Authorised Participants and the relevant Creation Applications.

9.5 The Manager's right to reject a Creation Application is separate and in addition to an Authorised Participant's right to reject, acting in good faith, any creation request received from a client of the Authorised Participant under exceptional circumstances. Notwithstanding an Authorised Participant has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

9.6 Where the Manager accepts a Creation Application from an Authorised Participant, it shall instruct the Trustee to effect (i) for the account of the Fund, the creation of Units in Application Unit size in exchange for a transfer of cash and/or Securities (at the discretion of the Authorised Participant but subject to the Manager's agreement); and (ii) the issue of Units to the Authorised Participant, in accordance with the Trust Deed.

## **10. Fees relating to Creation Applications**

10.1 In relation to cash creation of Units, the Manager reserves the right to require the Authorised Participant to pay or cause to be paid an additional sum as the Manager in its discretion considers appropriate. The Authorised Participant may pass on to the relevant investor such additional sum.

10.2 Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of the Fund.

## **11. Cancellation of Creating Applications**

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- 11.1** A Creation Application once submitted cannot be revoked or withdrawn without the consent of the Manager
- 11.2** The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received good title to all Securities and/or cash (including Transaction Fees, Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion, with the approval of the Trustee
- 11.2.1** extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions as the Manager may determine; or
- 11.2.2** partially settle the Creation Application to the extent to which Securities and/or cash has been vested in the Trustee, on such terms and conditions the Manager may determine including terms as to any extension of the settlement period for the outstanding Securities or cash.
- 11.3** In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time that it is unable to invest the cash proceeds of any Creation Application.
- 11.4** Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if an Authorised Participant otherwise withdraws subject to the Manager's consent a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Units), any Securities or any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Authorised Participant (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Authorised Participant shall have no right or claim against the Manager, the Trustee and/ or the Service Agent in respect of such cancellation provided that:
- 11.4.1** the Trustee may charge the relevant Authorised Participant for an application cancellation fee (see the section on "Fees and Expenses" for further details);
- 11.4.2** the Manager may at its discretion require the Authorised Participant to pay to the Trustee, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Authorised Participant had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Fund as a result of such cancellation;
- 11.4.3** the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and

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for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on “Fees and Expenses” for further details); and

**11.4.4** no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units

## **12. Redemption Process**

**12.1** An Authorised Participant may from time to time submit Redemption Applications to the Trustee (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units for its own account.

**12.2** To be effective, a Redemption Application must:

**12.2.1** be given by an Authorised Participant in accordance with the Trust Deed and the relevant Participation Agreement;

**12.2.2** specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

**12.3** The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

**12.3.1** any period during which (i) the creation or issue of Units, (ii) the redemption of Units, and/or (iii) the determination of Net Asset Value is suspended;

**12.3.2** where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the Fund;

**12.3.3** where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

**12.3.4** where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

**12.3.5** circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

**12.3.6** the business operations of the Manager, the Trustee or any agent of the Manager or the Trustee are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

**12.4** In the event of such rejection, the Manager shall notify the relevant Authorised Participant and the Trustee of its decision to reject such Redemption Application.

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- 12.5** The Manager's right to reject a Redemption Application is separate and in addition to an Authorised Participant's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding an Authorised Participant has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.
- 12.6** Where the Manager accepts a Redemption Application from an Authorised Participant, it shall
- i. effect the redemption and cancellation of the relevant Units; and
  - ii. Require the Trustee to transfer to the Authorised Participant Securities and/or cash in accordance with the Trust Deed.
- 12.7** The Authorised Participant will then transfer the Securities and/or cash to the relevant client if the Redemption Application was submitted by the Authorised Participant for the account of its client

### **13. Suspension of Creations and Redemptions**

- 13.1** The Manager may, at its discretion, after giving notice to the Trustee and Zimbabwe Stock Exchange (and where practicable, after consultation with Authorised Participants) suspend the creation or issue of Units of the fund, suspend the redemption of Units of the fund and/ or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities in respect of any Creation Application and/or Redemption Application in the following circumstances:
- 13.1.1** during any period when trading on the ZSE is restricted or suspended;
  - 13.1.2** during any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
  - 13.1.3** during any period when dealing on a market on which a Security (that is a component of the Index) has its primary listing is restricted or suspended;
  - 13.1.4** during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such market is disrupted;
  - 13.1.5** during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the relevant Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Fund;
  - 13.1.6** during any period when the relevant Index is not compiled or published;
  - 13.1.7** during any breakdown in any of the means normally employed in determining the Net Asset Value of the Fund or when for any other reason the value of any Securities or other property for the time being comprised



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in the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

**13.1.8** during any period when the determination of the Net Asset is suspended or if any circumstance specified in the section on “Suspension of Determination of Net Asset Value” below arises; or

**13.1.9** during any period when the business operations of the Manager, the Trustee or the Registrar, in respect of the Fund is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or

**13.2** The Manager shall notify the ZSE and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website and submit the same notice for publication on the ZSE website or in such other publications as it decides.

**13.3** The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

**13.4** An Authorised Participant may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Authorised Participant any Securities and/or cash received by it in respect of the Creation Application (without interest) as soon as practicable.

**13.5** A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension having ended; and (b) the first Dealing 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 authorised exists.

## **14. Evidence of Unit Holding**

**14.1** Units will be deposited, cleared and settled by the Central Securities Depository (CSD). Units are held in registered entry/electronic form only, which means that no Unit certificates are issued.

**14.2** ZSE Depository is the sole record holder of all outstanding Units deposited with the CSD and is holding such Units for the participants in accordance with the General Rules of CSD.

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## **15. Exchange Listing and Trading**

- 15.1** The Units shall be listed on the Zimbabwe Stock Exchange (ZSE)
- 15.2** The purpose of the listing of the Units is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.
- 15.3** The market price of a Unit listed or traded on the ZSE may not reflect the Net Asset Value per Unit. Any transactions in the Units on the ZSE will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the ZSE.
- 15.4** There can be no guarantee that once the Units are listed on the ZSE they will remain listed.
- 15.5** The Manager will ensure that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the ZSE with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to an Authorised Participant.
- 15.6** Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the Funds in respect of their profits.
- 15.7** If trading of the Units on the ZSE is suspended or trading generally on the ZSE is suspended, then there will be no secondary market dealing for the Units

## **16. Valuation of Assets of the Fund**

### **16.1 Calculation of Net Asset Value**

- 16.1.1** The Net Asset Value will be calculated by CBZ Asset Management Company Limited daily at the end of each trading day by valuing the assets and deducting the liabilities, in accordance with the terms of the Trust Deed.

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- 16.2** The securities which are quoted, listed, traded on the Zimbabwe Stock Exchange shall be valued by reference to the official closing price on the Zimbabwe Stock Exchange.
- 16.3** If a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Zimbabwe Stock Exchange.
- 16.4** Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment (in consultation with the Trustee) should be made to reflect the value thereof.

## **17. Suspension of Determination of Net Asset Value**

- 17.1** The Manager may, after giving notice to the Trustee and obtaining approval of ZSE, declare a suspension of the determination of the Net Asset Value of the Fund for the whole or any part of any period during which:
- 17.1.1** there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the Fund;
  - 17.1.2** circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the Fund;
  - 17.1.3** for any other reason the prices of investments of the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
  - 17.1.4** there is a breakdown in any of the means normally employed in determining the Net Asset Value
  - 17.1.5** the business operations of the Manager, the Trustee, or the agent of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.
- 17.2** Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value and the Manager shall be under no obligation to rebalance the Fund until the suspension is terminated on the earlier of:
- 17.2.1** The Manager declaring the suspension is at an end; and
  - 17.2.2** The first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.
- 17.3** The Manager shall notify the ZSE and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website.

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**17.4** No Units of the Fund will be issued or redeemed during any period of suspension of the determination of the Net Asset Value of the Fund.

## **18. Condition of Investments**

**18.1** The moneys collected under this scheme shall be invested in the ZSE Modified Consumer Staples Index stocks in the exact proportions as reflected in the ZSE Modified Consumer Staples Index. The fund shall be rebalanced in line with the ZSE rebalancing formula and at a frequency guided by the ZSE policy.

**18.2** The funds shall not in any manner be invested in any other asset.

**18.3** The Trustees shall follow a formula approved by the ZSE for compiling the Net Asset Value (NAV) and the NAV will be calculated and published daily on the Issuers website or national newspapers.

**18.4** The Trustees shall daily publish the sale and repurchase price of units in a manner as would make the information accessible to all the investors concerned.

## **19. Currency of Valuation**

All valuations shall be made in the official functional currency of Zimbabwe, which as of the date of the Prospectus is the Zimbabwe dollar (ZWL).

## **20. Deduction of Liabilities**

The value of the Deposited Property shall be reduced by the amount of estimated liabilities, including tax on realised capital gains and accrued tax on income, and of borrowings, accrued but unpaid interest on borrowings, and other liabilities accrued but unpaid.

## **21. Expenses, Accounting Period and Fees**

### **21.1 Management Fees**

**21.1.1** The Manager shall be entitled to receive a fee of 0.5% per annum of the market value of the assets of the scheme payable at the end of each month.

## 21.2 Trustee Charge

The Trustee' remuneration, is payable out of the Assets of the scheme. The Trustee' remuneration is calculated and accrued daily on the market value of the fund. This remuneration is payable to the Trustee by the Manager on, or as soon as is practicable after, the last business day in a calendar month. The trustee charge shall be 0.1% per annum of the market value of the Assets of the scheme, payable at the end of each month.

## 21.3 Creation Fees

**21.3.1** Investors should be aware that, an applicable Creation Fee will be deducted from any payment accompanying their Application and, accordingly, only the net amount will be invested in the fund. The Creation Fee will be charged to each Applicant for a single creation of a Block(s) of shares, regardless of the number of Blocks, which Creation Fee will be equal to US\$100 (or equivalent), excluding VAT. Similarly a redemption fee of US\$100 (or equivalent), excluding fees, will be charged on any unit holder wishing to exercise their rights to redeem part or all of the shares in the fund.

**21.3.2** The Company may waive or vary the Creation Fees or Redemption Fees payable on a case by case basis as required. The Company reserves the right to vary Creation Fees or Redemption Fees of the fund, at its sole election, including to take into account for annual inflationary increases and actual cost increases incurred by the Company. Such variations will be communicated to the market on the website of the company or through other acceptable means like publication in a daily paper. No Creation Fees or Redemption Fees will be charged to investors who buy and sell Units on the secondary market.

## 21.4 The Principle Accounting Period

The annual accounting period is the period commencing on 1 January and terminating on 31 December the same year.

## 21.5 Annual Reports and Taxation

**21.5.1** Annual reports for the period ending 31 December shall be published not later than the 30th of March the following year.

**21.5.2** The annual reports shall be made available on the issuer's website.

**21.5.3** The Fund is taxable.

**21.6** The following table summarises the costs and fees payable on the fund:

Participant	Company	Fee (per annum)
Fund Manager	CBZ Asset Management	0.50%
Custodian	CBZ Custodial Services	0.05%
Trustee	Stanbic Bank	0.15%
Transfer Secretaries	FTS Transfer Secretary	0.01%
Index Licence Fees	ZSE	0.01%

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<b>Total</b>	0.72%
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Creation/redemption fees are US\$100 per creation or redemption

## **22. Meeting of Unit Holders**

**22.1** Voting rights are exercisable at meetings of participants;

**22.1.1** The manager and its representatives are entitled to attend every meeting but are not entitled to vote at and are not to be counted in the quorum of any meeting.

**22.1.2** No associate of the manager is entitled to vote at any meeting except in respect of Units which it holds on behalf of a person other than the manager and from whom it has received voting instructions.

## **23. Procedures at Meetings**

**23.1** The Trustee nominates in writing a person, who need not be a Holder, to preside at any meeting and if no person is nominated or if at any meeting the nominated person is not present within 15 minutes after the appointed time, the Holders present will choose one of their members to be the chairman.

**23.2** At any meeting all resolutions put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded by the chairman or by one or more Holders present in person or by proxy and holding or representing one-hundredth of the number of issued Units. Procedures of conducting a poll are contained in the First Schedule of the Trust Deed.

**23.3** On a show of hands every Holder who is present in person or by proxy shall have one vote and on a poll every Holder who is present in person or by proxy shall have one vote for every Unit held by him.

**23.4** The Management Company shall ensure that proper minutes of all resolutions and proceedings at every meeting are properly made and kept. Such minutes and records shall be recorded in a minute book kept at the offices of the Management Company and shall be open to inspection by Holders during normal business hours.

## **24. Proxies**

**24.1** The instrument appointing a proxy shall be in writing and signed by the appointer or his agent duly authorized in writing.

**24.2** An instrument of proxy shall be in a form approved by the Trustee.

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## **25. Powers of Meeting**

**25.1** Every resolution of a meeting shall be an extraordinary resolution requiring a majority of votes representing 75 per centum of the Units held by those present and voting at the meeting.