

**MADISON INVESTMENT MANAGERS
LIMITED**

**REVISED INFORMATION
MEMORANDUM**

Madison Unit Trust Funds

Date of Revision: September 2023

Disclaimer

“Permission has been granted by the Capital Markets Authority (“CMA”) to offer to the public the securities which are the subject of this issue. As a matter of policy, CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum”

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1. Definitions

In this Information Memorandum, unless otherwise explicitly stated, words defined in the Capital Markets Act, Cap 485 and of the Laws of Kenya (the "Act") and the Trust Deeds for the respective funds bear the meanings assigned to them in the Act and the Trust Deed, 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" means the annual accounting period of the Madison Unit Trust Funds ending on the last day of December of each year.

"Act" means the Capital Markets Act (Cap 485A, Laws of Kenya) or any statutory modification or re-enactment thereof or any rules or regulations made thereunder including but not limited to the CIS Regulations.

"Auditor" means a person or firm qualified for appointment as auditor of a public company in Kenya and appointed by the Fund Manager as auditor of the Madison Unit Trust Funds, subject to the provisions of the Act.

"Business day" shall exclude Saturdays, Sundays, and public holidays.

"Capture" means the creation of units on a given value date once a Unitholder's application has been accepted and payment cleared as received by the Fund Manager.

"CIS Regulations" means the Capital Markets (Collective Investment Schemes) Regulations, 2001.

"Closing assets under management" means the Funds under management less withdrawals that are pending disbursement

"CMA" means the Capital Markets Authority established under Section 5 of the Capital Markets Act (Cap 485A);

"Certificate" means a document of title or periodic statement issued pursuant to the provisions of the Trust Deed that serves as evidence of title by a Unitholder to the units referred to therein in the Madison Unit Trust Funds and **"Certificates"** shall be construed accordingly.

"Companies Act" means the Companies Act (Cap 486, Laws of Kenya).

"Collective Investment Scheme" includes an investment company, a unit trust, a mutual fund, or other schemes whether or not established or organized in Kenya which;
a) Collects and pools funds from the public or a section of the public for investment;

b) Is managed by or on behalf of the scheme by the promoter of the scheme; and includes an umbrella scheme whose shares as herein defined are split into several different schemes, each of which is managed by or on behalf of a common promoter. For this Information Memorandum, this definition shall mean the scheme.

“Custodian” means a company approved by CMA to hold in custody funds, securities, financial instruments, or documents of title to the assets of the Madison Unit Trust Funds.

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

“Dilution Levy” means a charge incurred as a result of Madison Unit Trust Funds suffering a reduction in the value of its portfolio due to costs incurred in dealing in its underlying investments and any spread between the buying and selling price of such investments.

“Distribution dates” means the distribution of income to the Madison Unit Trust Funds at the end of respective periods for each of the funds.

“Income Distribution Account” means the account where profits, interest, dividends, and other income arising from the invested assets is credited and from where income is distributed to the Unitholder.

“Effective time” refers to that time in relation to the winding up of the Scheme at which the conditions referred to in sub-Regulation 1 of Regulation 100 of the CIS Regulations are satisfied or if later, the time determined in accordance with sub-Regulation 2 of Regulation 100, at which the Scheme shall be wound up.

“Extraordinary meeting” shall have the meaning assigned thereto in the Act.

“Extraordinary resolution” means a resolution passed by a majority of seventy-five percent (75%) of the votes cast in an extraordinary meeting.

“Fund” or **“Scheme Fund”** means the portfolio comprising the Madison Unit Trust Funds.

“Fund Manager” means Madison Investment Managers Limited, its successors, or any other company, which from time to time administers, manages, or controls the Madison Unit Trusts Funds under the terms of the Act and this Deed.

“Income accruals” for an accounting period means any dividend, interest, or other income for distribution received by or accrued to the Madison Unit Trust Funds, the Custodian, the Trustee, or the Fund Manager, on behalf of the Unitholder for that accounting period together with any amounts carried forward from any previous accounting period as not having been distributed.

“Incorporation documents” means the incorporation documents for the Scheme as required under the CIS Regulations.

“Information Memorandum” means this information memorandum, submitted to CMA pursuant to Regulation 5 of the CIS Regulations.

“Lock in Period” means the period for which withdrawals from the Collective Investment Scheme shall not be permitted. The Lock-in Period begins on the date on which a Unitholder makes their first investment.

“Madison Wealth Fund” means a sub-fund of Madison Unit Trust Fund investing in a diversified portfolio of high-yielding securities in the local and international markets including any assets for the time being held or deemed to be held upon trust pursuant to the Supplemental Trust Deed of Madison Wealth Fund, the Trust Deed of the umbrella Madison Unit Trust Fund or the incorporation documents or any other offering document of the Scheme.

“Madison Fixed Income Fund” means a sub-fund of Madison Unit Trust Fund investing in fixed-income securities in the local and international markets including any assets for the time being held or deemed to be held upon trust pursuant to the Supplemental Trust Deed Madison Fixed Income Fund, the Trust Deed of the umbrella Madison Unit Trust Fund or the incorporation documents or any other offering document of the Scheme.

“Madison Money Market Fund” means a sub-fund of Madison Unit Trust Fund investing in a diversified portfolio of interest-earning instruments in the local and international markets which have a weighted average tenor of thirteen months including any assets for the time being held or deemed to be held upon trust pursuant to the Supplemental Trust Deed Madison Money Market Fund, the Trust Deed of the umbrella Madison Unit Trust Fund or the incorporation documents or any other offering document of the Scheme.

“Madison Unit Trust Funds” means, The Madison Wealth Fund, Madison Fixed Income Fund, and The Madison Money Market Fund

“Management fee” means the payments made to remunerate the Fund Manager for managing the Madison Unit Trust Funds.

“Market Value” with reference to securities listed in a recognized stock exchange, the last transaction price of the security on the recognized stock exchange at a point in time on a particular day, and if no transactions have taken place on that particular day, the value of such security calculated by reference to the middle market price being midway between bid and offer where prices are quoted at that time and on that particular day on the said stock exchange, provided that:-

(i) In respect of securities listed on a recognized stock exchange outside Kenya

which is still open for trading at the point of time at which the market value is determined, the Fund Manager may determine that the market value of a security listed on such an exchange as the last closing transaction price of that security on that recognized stock exchange at the point of time at which the market value is determined;

- (ii) Where securities have been purchased or sold but such purchase or sale has not been completed, such securities shall be included in or excluded from the relative unit portfolio of the Madison Unit Trust Funds, and the gross purchase or net sale consideration excluded or included, as the case may require as if such purchase or sale had been duly completed;
- (iii) Where the Fund Manager has given to the Trustee notice of a reduction of the unit portfolio of Madison Unit Trust Funds by the cancellation of units but such cancellation has not been completed, the units to be canceled shall not be deemed to be an issue and the value of the relative unit portfolio shall be reduced by the amount payable to the Fund Manager upon such cancellation.

“Portfolio” means a group of securities (including cash) that constitute the assets of Madison Unit Trust Funds.

“Promoter” means Madison Investment Managers Limited, a company incorporated in Kenya having its registered office at Madison House, Upper Hill Road, and P.O. Box 20092 – 00100 Nairobi.

“Recognized 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 terms of the CMA Act.

“Register” means the register of Unitholders of the Madison Unit Trust Funds.

“Scheme” means each of the various funds constituting Madison Unit Trust Funds as constituted in this Information Memorandum and by the respective Trust Deeds and all the other incorporation documents relating thereto.

“Securities” means

- (a) debentures or bonds issued or proposed to be issued by a government;
- (b) debentures, shares, bonds, commercial paper, or notes issued or proposed to be issued by a body corporate;
- (c) any right, warrant, option, or futures in respect of any debenture, shares, bonds, notes, or respect of commodities;
- (d) any unit, interest, or share offered under a collective investment scheme; or
- (e) any instruments commonly known as securities but does not include –
 - (i) bills of exchange;

- (ii) promissory notes; or
- (iii) Certificates of deposits issued by a bank or financial institution licensed under the Banking Act.

“Shillings” means the currency of the Republic of Kenya.

“Trust Deed” means the Trust Deed that sets out the trusts governing the Scheme and includes every instrument that varies those trusts, or affects the powers, duties, or functions of the trustee or manager of the Scheme.

“Underlying securities” in relation to the Madison Unit Trust Funds, means the securities comprised in or constituting the Scheme’s portfolio.

“Unit” means one undivided unit in the portfolio of the Scheme.

“Unitholder” means any person (other than the Fund Manager) who has purchased units and is a holder of units in the Scheme and is registered in the register of Unitholder evidencing that he has an interest in the Scheme.

“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 canceled.

“unit trust scheme” 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 ‘the scheme’

“Valuation point” means the time at which a valuation of the units takes place as fixed by the Fund Manager whether periodically or for a particular valuation.

2. Validity

- a) This Information Memorandum is valid for one year from the date of issue and shall be reviewed after every six months to take into account any change or matter, other than matters which reasonably appear to the Fund Manager to be insignificant. The Information Memorandum will, however, be revised immediately upon the occurrence of any material change in matters stated herein or upon the occurrence of any new material information that ought to be disclosed herein.
- b) The revision of this Information Memorandum could either take the form of a complete substitution or a supplemental to the Information Memorandum and the revision will be effective after authorization by the Capital Market Authority (“CMA”). The date of any revision to this Information memorandum shall be prominently displayed on the Revised Information Memorandum

3. The Collective Investment Scheme

- a) Details regarding the Collective Investment Scheme are shown below:

Name:	The name of the Collective Investment Scheme shall be the Madison Unit Trust Fund.
Nature:	The Collective Investment Scheme is a Unit Trust consisting of three funds namely: The Madison Wealth Fund, The Madison Fixed Income Fund, and The Madison Money Market Fund.
Duration:	Unlimited subject to the Perpetuities and Accumulation Act (Cap 161 of the Laws of Kenya)
Liability	Unitholder will not be liable for the debts of the Collective Investment Scheme
Registration:	Madison Investment Managers Limited was licensed as a fund manager by CMA in September 2009.
Head Office	The Scheme shall have its head office at Madison House, Upper Hill Road, or such other place as the Fund Manager may from time to time indicate. Any notice and/or documents that need to be served to the Scheme shall be served at the Head Office of the Fund Manager.
Licensing:	The Scheme was licensed by the CMA on 17 November 2011
Currency:	The base currency for the Scheme is Kenya Shillings.

Size:	The minimum size of each Fund shall be Kshs 5 million and, being open-ended, shall not have a maximum size.
Eligible Investors:	At least 18 years old. Parents/Guardians may open accounts for a minor in their name until the minor is 18 years old. Not resident in a jurisdiction where such investments would be illegal. Companies and trusts are eligible.
Winding up:	The specific circumstances under which this Scheme could be wound up, the procedure, and the rights of the Unitholder in such an eventuality are discussed under section 25 of this Information Memorandum.

4. Investment Objectives and Policy

- a) The objective of the Scheme is to achieve capital growth and/or flow of income to the Unitholder. The Scheme will make its investments in accordance with the CMA guidelines on investment of Collective Investment Schemes.
- b) The investment objectives and policy of each of the Funds of the Scheme are discussed below:

The Madison Wealth Fund

The objective of the Madison Wealth Fund is to maximize income while securing steady capital growth by investing in a diversified portfolio of high-yielding securities in the local and international markets. Nonetheless, the Fund may adopt a tactical trading strategy from time to time and is expected to give an overall portfolio growth and a consistent income stream. The Madison Wealth Fund shall be considered a Special Fund under CMA regulations.

The Madison Fixed Income Fund

The objective of the Madison Fixed Income Fund is to achieve capital growth while earning a steady income stream from investing in fixed-income securities in the local and international markets. Nonetheless, the fund may adopt a tactical trading strategy from time to time. The Fund is expected to give the overall portfolio stability and a consistent income stream.

The Madison Money Market Fund

The investment objective of the Madison Money Market Fund is to achieve capital preservation while providing income to Unitholders/ the Fund. The Fund will invest in a diversified portfolio of interest-earning instruments in the local and international markets which have a weighted average tenor of thirteen months. The Fund will receive regular income inflows which will be distributed to the Unitholders.

- c) Specifically, the categories in which the assets of the Madison Fixed Income Fund and the Madison Money Market Fund may be invested shall include the following:

Asset Class	Upper Limit (% of Portfolio)
Securities listed at a recognized stock exchange in Kenya	80%
Securities issued by the Government of Kenya	80%
Immovable Property	25%
Other collective investment schemes	25%
Unlisted securities	25%
Offshore investments	10%
Bank deposits/deposits with Insurance Companies	No Limit

- d) The categories in which the assets of the Madison Wealth Fund may be invested shall include the following given its Special Fund status;

Asset Class	Upper Limit (% of Portfolio)
Equities listed at a recognized stock exchange in Kenya	70%
Securities issued by the Government of Kenya	80%
Other collective investment schemes	25%
Unlisted securities and Structured notes (Including Corporate Instruments)	85%
Offshore Investments	30%
Alternative Investments	30%
Bank deposits/deposits with Insurance Companies	No Limit

- e) Due to investment returns and price fluctuations, a maximum breach of 5% of the above limits will be allowed but such breach will be corrected within a reasonable time but with due regard to market dynamics.
- f) 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 net asset value of any of the Madison Unit Trust Funds.
- g) The overall goal of the Scheme is to remain fully invested at all times. However, due to redemption requirements, day-to-day cash inflow from purchases, and to take advantage of the changing investment environment, the Scheme will maintain a reasonable portion of total value in cash form. As much as possible, such cash will be put on call to earn some return but it is likely that in some instances, cash that is not earning any form of return will be maintained in the accounts.
- h) Nothing contained in this Information Memorandum shall preclude the Fund from varying the main objectives to take account of changing economic factors, tax laws, and provisions or from retaining cash or placing cash on deposit.
- i) The Fund Manager shall not lend all or any part of the Scheme's portfolio or assume guarantee, endorse, or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- j) Further, the Fund Manager shall not apply any part of the Scheme's portfolio 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.

5. Distributions

- a) The accounting year for the Scheme will run from 1st January to 31st December with interim accounting occurring on 30th June of each year.
- b) The distribution dates for each of the Funds will be as follows:
 - a. **Madison Wealth Fund:** End of every month
 - b. **Madison Fixed Income Fund:** End of every month
 - c. **Madison Money Market Fund:** End of every month
- c) The calculation of the distributable income shall be based on the following workings:
 - i) Take the aggregate of the income of the Fund portfolio received or receivable for the account of the Scheme in respect of the period;

- ii) Deduct the charges and expenses of the Fund paid or payable out of the income of the Scheme portfolio in respect of the period;
- iii) Add the Fund Manager's best estimate of any relief from tax on such charges and expenses;
- iv) Make such other adjustments as the Fund Manager considers appropriate in relation to
 - a) Taxation;
 - b) The proportion of the price received or paid for Units that are related to income;
 - c) Potential income that is unlikely to be received until twelve months after the income allocation date;
 - v) Income that should not be accounted for on an accrual basis because of lack of information about how it accrues;
 - vi) Any transfer between income and capital account; and
 - vii) Any other adjustments that the Fund Manager considers appropriate after consulting the auditors.
- d) Once calculated, the income shall be transferred to the Income Distribution Account and distributed to the Unitholders. Naturally, the income will be accumulated/reinvested but Unitholders can request, at the purchase of the units, for direct payment of distributions to their accounts provided that such payments will not be for amounts less than Kshs. 1,000.
- e) The non-distributed income will be carried forward to the next accounting period and will be regarded as received at the start of that period.

6. Rights of the Unitholder

- a) All the issued Units of the Scheme will constitute one class of Units with equal rights.
- b) Units in one Fund can be substituted for another Fund but such substitution will be treated as a redemption and a sale and will be subject to taxation on capital gains or withholding tax as the case may be.
- c) The Trustee, board of directors, Fund Manager, or Unitholders, as the case may be, shall convene an annual general meeting of the Unitholders within three (3) months after the relevant accounting reference date.
- d) The Trustee may convene an extraordinary meeting of Unitholders at any time but not later than six (6) weeks after receipt of a requisition of the Unitholders who were holders of

units in the Scheme seven (7) days before the notices of the relevant meeting are sent out. The requisition shall -

- i. State the objectives of the meeting;
 - ii. be dated;
 - iii. be signed by Unitholders who, at that date, are registered as the Unitholders of units representing not less than one-tenth in value of all of the units in the Scheme then in issue;
 - iv. Be deposited with the Fund Manager at the Registered Office of the Scheme.
 - v. May consist of several documents deposited with the Fund Manager at the same time, each being in like form and signed by one or more Unitholder.
- e) A written notice shall be given to Unitholders of the General Meeting not less than 21 days, inclusive of the date on which the notice is deemed to be served, and the day of the meeting. This notice requirement shall not apply to the notice of an adjourned meeting. The non-receipt of a notice by a Unitholder shall not invalidate the proceedings at any meeting.
- f) The quorum for the general meeting will be 10% of Unitholders in the Scheme or Unitholders representing 10% of the Fund value and no business will be transacted unless this quorum is present at the commencement of the meeting. If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be dissolved and shall stand adjourned to such a day and time not being less than seven days thereafter and to such a place as may be appointed by the Chairman if any has been appointed pursuant to the incorporation documents or otherwise by the Trustee or the Fund Manager. If at such an adjourned meeting a quorum is not present within fifteen minutes from the time appointed for the meeting, the Unitholders present shall comprise the quorum.
- g) A Unitholder entitled to attend and vote at a meeting of the Scheme is entitled to appoint another person to attend and vote in his place whether such a person is a Unitholder or not. A Unitholder shall be entitled to appoint more than one proxy to attend on the same occasion but only one proxy shall be entitled to vote only on a poll. An instrument appointing a proxy shall be in the usual common form or such form as may be submitted in the notice convening the meeting
- h) An instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to, the appointment of a proxy shall [not] be received by the Fund Manager more than 48 hours before the meeting or adjourned meeting in order that the appointment to be effective. In default, the instrument of proxy shall not be treated as valid.

- i) Except where an extraordinary resolution is specifically required under the Trust Deed or by the Act, any resolutions of the Unitholder shall be passed by a simple majority of the votes validly cast at a general meeting of Unitholders.
- j) At any meeting a resolution put to the vote shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a secret ballot is demanded by the Trustee or by Unitholder holding not less than ten percent (10%) of the units in issue present in person or proxy. On a show of hands, every holder who, being an individual is present in person or, being a corporation, is present by its representative duly authorized in that regard, shall have one vote.
- k) Voting rights attached to a Unitholder will be such proportion of voting rights attached to all units in issue as the price of the unit bears to the aggregate price or prices of all units in issue and a holder entitled to more than one vote need not, if he votes, use all his votes or cast all his votes in the same way.
- l) In the case of joint holders of a unit, the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of other joint Unitholders and for this purpose, seniority shall be determined by the order in which names stand in the register of Unitholders.
- m) In the case of an equality of votes cast in respect of a resolution put to a general meeting, the chairman appointed pursuant to the incorporation documents shall be entitled to cast a vote in addition to any other vote he may have.
- n) The Trustee shall keep minutes of every meeting in a minute book.

7. The Fund Manager

The Scheme has contracted Madison Investment Managers Limited as the Fund Manager. Further details of the Fund Manager are set out below:

Name	Madison Investment Managers Limited (“MIML”)
Nature of Corporate Form	A private company limited by shares
Date of incorporation	2001
Address of registered office and Head Office	Madison House Upper Hill Road P.O. Box 20092 – 00100 Nairobi

	Or such other place as the Fund Manager shall notify from time to time.
Holding Company	Madison Group Limited, which is owned by over 50 Kenyan individuals and Companies. Madison Group owns two other subsidiaries: Madison Life Assurance Kenya Limited and Madison General Insurance Kenya Limited. Madison Group Limited is incorporated in Nairobi, Kenya
Authorized Share Capital	Kshs 100 million divided into 1,000,000 ordinary shares of Kshs 100 each.
Paid up Share Capital	Kshs 100 million divided into 1,000,000 ordinary shares of Kshs 100 each.
Date of Licensing by CMA	17 th November 2011
Other Collective Investment Vehicles	The Fund Manager does not currently manage other regulated Collective Investment Vehicles but may do so in the future.

The terms of appointment specify the duties of the Fund Manager to the Scheme. The key duties of the Fund Manager are to:

- (a) Advise the Trustee on the asset classes which are available for investment;
- (b) Formulate prudent investment policies consistent with the investment objectives of the Madison Unit Trust Funds investment objectives;
- (c) Invest the assets of the Madison Unit Trust Funds in accordance with the Fund's investment policy;
- (d) Reinvest any income of the Madison Unit Trust Funds which is not required for immediate payments;
- (e) Instruct the Custodian to transfer, exchange, or deliver in the required form and manner the assets of the Madison Unit Trust Funds held by the Custodian;
- (f) Ensure that the units in the portfolio of the Madison Unit Trust Funds are priced in accordance with the information memorandum, the Trust Deed, and other incorporation documents;

- (g) Not sell any units other than on the terms and at a price calculated in accordance with the provisions of the Information Memorandum, the Trust Deed, and other incorporation documents;
- (h) Rectify any breach of matters arising from the incorrect pricing of units. Unless the Trustee directs otherwise, such rectification shall extend to the reimbursement or payment or arrange the reimbursement or payment of money to the Unitholder or former Unitholder by the Fund Manager to the Scheme or by the Scheme to the Fund Manager;
- (i) To purchase any units on the terms and at a price calculated in accordance with the provisions of the information memorandum, the Trust Deed, or the Act at the request of a Unitholder;
- (j) Publish the price of units in at least two daily newspapers of national circulation, published in the English language. For the Money Market Fund and Fixed Income Fund, publication will be daily. For the Wealth Fund, publication will be at least once weekly. Where dealing is daily, there shall be at least one publication a month of the prices of the units.
- (k) Prepare and dispatch all cheques, warrants, notices, accounts, summaries, declarations, offers, and statements required under the provisions of the Trust Deed and the Act;
- (l) Execute, sign, issue, and dispatch all certificates and all transfers of securities;
- (m) Make available for inspection by the Trustee or any auditor appointed by the Trustee the records and the books of account of the Fund Manager. The Fund Manager shall also give to the Trustee or to any such auditor oral or written information as required with respect to all matters relating to the Fund Manager, its properties, and its affairs;
- (n) Make available or ensure that there is made available to the Trustee such details as the Trustee may require with respect to all matters relating to the Scheme;
- (o) Act fairly and equitably in the event of any conflict of interest that may arise in the course of discharging its duties;
- (p) Advise the Trustee to enable the Madison Unit Trust Funds to conform to legislation enacted from time to time;
- (q) Provide to the Trustee and the Authority, quarterly, from the date of its appointment, a report on the performance of the portfolio including a summary valuation, market commentary, and a general outlook.
- (r) Issue an account statement on a monthly basis, specifying any units held by the Unitholder and showing the transactions in the Unitholder's account during the

preceding month which shall be prima facie evidence of the title of the Unitholder to the units.

- (s) Keep the following records:
 - (i) All minutes, statements of accounts, and resolutions in respect of the Scheme's investment portfolio;
 - (ii) Proper books of account and records in which shall be entered all transactions effected by the Fund Manager for the account of the Scheme and permit the Trustee from time to time, on-demand, to examine and take copies of or extracts from any such books and records;
 - (iii) Units held by the Fund Manager, including the type of such units acquired or disposed of, and of the balance of any acquisitions and disposals;
 - (iv) Units of the Scheme that are held, issued, redeemed, exchanged, and the valuation of the portfolio.
- (t) Publish in at least two (2) daily newspapers of national circulation: -
 - (i) Half-year unaudited financial statements of the Scheme within two (2) months after the end of the first half-year of the financial year of the Scheme; and
 - (ii) Full-year audited financial statements of the Scheme within three (3) months after the end of the financial year of the Scheme.
- (u) Prepare all financial statements of the Scheme in accordance with International Financial Reporting Standards.

In return for carrying out the above duties, the Fund Manager will be remunerated as per sections 13 and 14 herein and will also be reimbursed for any expenses/taxes incurred on behalf of the Scheme and approved by the Trustee. The specific details of the Fund Manager's remuneration are shown under sections 13 and 14 of this Information Memorandum.

The Fund Manager shall not be liable for any loss, damage, or depreciation in the value of the Scheme funds or of any investment comprised therein or the income therefrom which may arise because 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 funds arises from negligence whether professional or otherwise, willful default or fraud by the Fund Manager or any of its agents, employees or associates.

In the absence of fraud or negligence by the Fund Manager, the Fund Manager shall not incur any liability because 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 & Regulations of the Collective Investment Schemes.

The Fund Manager shall not be under any liability except such liability as may be expressly assumed by him under this Information Memorandum, the Trust Deed, and rules of the Scheme and the Collective Investment Vehicle Regulations, nor shall the Fund Manager save as expressly provided herein be liable for any act or omission of the Trustee.

In carrying out their duty, the Fund Manager will be fair and equitable in the event of any conflict of interest that may arise in the course of its duties.

8. Directors of the Promoter of the Scheme.

Name	Position	Directorships	Remuneration
Samuel G. Ngaruiya	Director	Other directorships are: <ul style="list-style-type: none"> - Madison Group Limited - Madison Life Assurance Kenya Limited - Madison General Insurance Kenya Limited - Nairobi Golf Hotels (K) Limited - Amedo Group Limited - Amedo Centres Kenya Limited - Morison Engineering Limited - Windsor Equities Kenya PLC - Vitas Limited - Credas Limited - Oltukai Mara Limited 	Nil
James M. Wainaina	Director	Other directorships are: <ul style="list-style-type: none"> - Madison Group Limited 	Nil

		<ul style="list-style-type: none"> - Madison Life Assurance Kenya Limited - Madison General Insurance Kenya Limited - Madison Corporation Limited - Windsor Equities Kenya PLC - Oltukai Mara Limited - Nairobi Golf Hotels (Kenya) Limited - Amedo Group Limited - Amedo Centres Kenya Limited - Morison Engineering Limited - Jimflo Investments Limited 	
Edgar Kalya	Director	<p>Other directorships include:</p> <ul style="list-style-type: none"> - Madison Group - Madison Investment Managers Ltd - Madison Life Assurance Kenya Ltd - Madison General Insurance Kenya Ltd - Talentplex Holdings Ltd. - Capital World Holdings Ltd - Twenties Ltd - Kitisuru Properties Ltd - Fairchild Ltd - Ndumboini Properties Ltd 	Nil

		- Habitat For Humanity Kenya Charity	
Rebecca Tiba	Managing Director	Other directorships: Fund Managers Association Limited	Nil
Peter Anchinga	Director	Anchinga and Associates	Nil

Under the terms of appointment, the Directors will be expected to render the following services to the Scheme:

- a) Approve major policies of the Scheme including strategic plans and budgets.
- b) Employ, monitor, appraise, advise, support, reward, and, when necessary, change top management.
- c) Be assured that the status of organizational strength and manpower planning is equal to the requirements of the long-range goals.
- d) Annually review the performance of the Board and take steps to improve its performance.
- e) Review the results achieved by management as compared with the Scheme's philosophy, annual and long-range goals, and the performance of similar institutions.
- f) Be certain that the financial structure of the Scheme is adequate for its current needs and its long-range strategy.
- g) Provide candid and constructive criticism, advice, and comments.
- h) Approve major actions of the Scheme, such as capital expenditures and major program and service changes.
- i) Be assured that the Board and its committees are adequately and currently informed - through reports and other methods - of the condition of the Scheme.
- j) Be assured that published reports properly reflect the operating results and financial condition of the Scheme.
- k) Appoint Independent Auditors of the Scheme.
- l) Review compliance with relevant material laws affecting the Scheme.

9. The Corporate Trustee

The Scheme has appointed KCB Bank Kenya Limited as the Corporate Trustee. Further details of the Trustee are set out below:

Name	KCB Bank Kenya Limited
Date incorporation	20 th Day of April 2015
Address of registered office and Head Office	PO Box 30664 - 00100, Nairobi, Kenya KCB Tower, 7 th Floor, Kenya Road, Upper Hill
Principal business activity	A Banking institution licensed under the Banking Act by the Central Bank of Kenya

The fees payable to the Trustee of the Madison Unit Trust Funds will be 0.15% of the funds under management. Trustee fees will be met by the Scheme.

Under the terms of appointment, the Trustee shall provide services to the Scheme in compliance with the Trust Deed, and shall, inter alia, have the following duties:

- a) Ensure that the custodian takes into custody all the assets comprising the Scheme's portfolio, and holds such portfolio in trust for the Unitholder in accordance with the CMA Act;
- b) Take all steps and execute all documents, which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed, incorporation documents, and the Act;
- c) Collect any income due to be paid to the Scheme and/or claim any repayment of tax and direct any income received in trust for the Unitholder to the Custodian in accordance with the Act or Trust Deed;
- d) Keep records to enable it to comply with the Act and to demonstrate that such compliance has been achieved;
- e) Execute all documents and take all steps to ensure that instructions properly given to it by the Fund Manager, as to the exercise of rights (including voting rights) attaching to the ownership of the Scheme portfolio are carried out;
- f) Exercise any rights of voting conferred by any security of the Scheme's portfolio, which is in units in other Unit Trust Scheme managed or otherwise operated by the Fund Manager. For this paragraph, "voting" includes giving any consent or approval of any arrangement, scheme, or resolution or any alternation in or abandonment of any rights attaching to any parts of the Scheme. 'Right' includes a requisition or joining in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement or to consent to any short notice of any meeting.
- g) Execute and deliver to the Fund Manager or its nominee upon the written request of the Fund Manager such powers of attorney or proxies as the Fund Manager may reasonably require, in such name or names as the Fund Manager may request, authorizing such attorneys and proxies to vote consent or otherwise act in respect of all or any part of the Scheme's portfolio.
- h) Forward to the Fund Manager and the Custodian without delay all notices of meetings, reports, circulars, proxy solicitations, and other documents of a like nature received by it as registered Unitholder of any investment.

- i) Ensure that the Scheme is managed by the Fund Manager in accordance with the terms of the service agreement with the Fund Manager, the CMA Act, the Trust Deed, and the Incorporation documents.
- j) Issue a report to be included in the annual report of the Scheme on whether in the opinion of the Trustee, the Fund Manager has in all material respects managed the Scheme in accordance with the provisions of the CMA Act, the Trust Deed, the Incorporation documents and the Information Memorandum, and if the Fund Manager has not done so, the respect in which it has not done so and the steps which the Trustee has taken in respect thereof.
- k) Ensure that decisions about the constituents of the Scheme's portfolio do not exceed the powers conferred on the Fund Manager.
- l) Ensure that the Fund Manager maintains sufficient records and adopts such procedures or methods for the calculation of prices at which units are issued and redeemed to ensure that those prices are within the limits prescribed by the CMA Act, the Trust Deed, the Incorporation documents, and the Information Memorandum.

10. The Custodian

The Scheme has appointed Equity Bank Kenya Limited ('Equity Bank') as the Custodian. Details of the Custodian are shown below:

Name	Equity Bank Kenya Limited
Date incorporation	10th January 2005
Address of registered office and Head Office	P.O. Box 75104-00200 Nairobi. Ground Floor, Equity Centre
Principal business activity	Banking Institution licensed under the Banking Act by the Central Bank of Kenya

The terms of appointment specify the duties of Equity Bank to the Scheme. These duties shall be:

- a) To maintain the custody of the assets comprising the Scheme's portfolio and hold such assets to the order of the Trustee or the Fund Manager, in accordance with the provisions of the CMA Act, the Trust Deed, and the Incorporation documents.

- b) To receive and keep in safe custody and retain under its supervision and control the title documents to the underlying securities and cash amounts of the Scheme.
- c) Open an account in the name of the Scheme for the exclusive benefit of the 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 or the Trustee.
- e) To require from the Fund Manager or the Trustee such information, as it deems necessary for the performance of its function as the Custodian of the Scheme.
- f) To promptly deliver to the Trustee or the Fund Manager or such other persons as the Fund Manager or the Trustee may authorize, copies of all notices, proxies, proxy soliciting materials received by the Custodian in relation to the securities held by the Scheme, all public information, financial reports and stockbroker 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, the Trustee or the Fund Manager, (as the case may be) from time to time.
- g) To exercise subscription, purchase, or other similar rights represented by the securities subject to receipt of proper instructions from the Fund Manager.
- h) To exercise the same standard of care that it exercises over its assets in holding, maintaining, servicing, and, disposing of the Scheme's portfolio and in fulfilling obligations in the Service Agreement relating to its appointment as Custodian of the Scheme.
- i) Where title to investments are recorded electronically, to ensure that entitlements are separately identified from those of the Fund Manager or the Trustee in the records of the person maintaining records of entitlement.
- j) To attend general meetings of the Unitholder and be heard at any general meeting on matters which concern it as Custodian of the assets of the Scheme.

At all times the Custodian shall execute its duties with the degree of care expected of a prudent professional Custodian for hire.

In return for carrying out the above duties, the Custodian will be remunerated as per the contract and will also be reimbursed for any expenses/taxes incurred on behalf of the Scheme and approved by the Trustee.

The fees payable to the custodian of the Madison Unit Trust Funds are up to a maximum of 0.12% p.a. of funds under management. Custody fees will be met by the Scheme.

11. The Independent External Auditor

The Scheme has appointed Deloitte and Touche as the External Auditor. Further details of the Auditor are set out below:

Name	Deloitte and Touche
Date incorporation	2 nd September 1992
Address of registered office and Head Office	Deloitte Place, Waiyaki Way, Muthangari. PO Box 40092– 00100 Nairobi Kenya

Audit fees will be met by the Scheme.

12. The Register of Unitholders

- a) The Fund Manager shall maintain a register of Unitholders, which shall show the number of units held by each unitholder from time to time.
- b) The register of Unitholders will be maintained at the Head office of the Fund Manager and will be open for inspection by the Unitholder on any working day between 8:00 AM and 5:00 PM East African time.

13. Payments to the Fund Manager

Payments to the Fund Manager by the Funds are set out below:

Payment	Amount	Details
Management Fees	Up to a maximum of 2% of the fund value per annum for the Money Market Fund.	Fees will cover the Fund Manager's remuneration for the Fund management services. The fee will also cover certain administration expenses save for ones specifically provided for in this Information Memorandum.
	Up to 5% of the fund value per	Trustee fees, Custodian Fees, Audit Fees, AGM, and Publication fees will be met by the Unitholders and debited from the Fund plus any applicable taxes and levies. Management Fees do not cover expenses incurred in complying with new regulatory requirements.

	<p>annum for the Wealth Fund and Fixed Income Fund</p>	<p>Management Fees will be accrued daily based on the Closing value of assets under management. The accrued fees will be charged monthly.</p> <p>This entire fee will be debited from the Funds at the end of each month.</p> <p>The Fund Manager is at the discretion to rebate/waive this management fee but will only increase the fee after obtaining approval from the Trustee and giving a written notice to unitholders of at least 90 calendar days.</p>
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The Scheme will be responsible for the payment of its transaction costs including brokerage commissions, expenses incurred in meeting new regulatory requirements, and, any taxes that may become due.

14. Other Payments

A ledger fee of up to a maximum of Kshs.500 per month per Unitholder will be charged out of the Scheme to specifically cover for postage of statements, postage of investor briefings, and stamp duty on certificates.

In addition, a Unitholder will be charged up to a maximum fee stated for each of the following extra services:

Payment	Amount	Details
Certificate Reissue	Kshs 500	To re-issue lost certificates In addition, the Unitholder will bear the gazette notice costs for the lost certificate
A charge of units for Loan purposes	Kshs 500	If the Unitholder wants to charge their units for loan purposes
Extra statements	Free	Unitholder are entitled to monthly statements and upon request, for additional statements for past months

		for which statements had been issued.
Correction of an error on the account	Free	Even if the error is a result of wrong information provided by the Unitholder
Transfer of Units	Free	Transfer from one Fund to another Transfer from one Unitholder to another.
Bounced Cheques	-	The actual amount charged by the bank will be debited to the Unitholder's account.
More than 1 withdrawal a month	Kshs 250	A client can withdraw once a month without any charges. Any other withdrawal after the first one in the month will attract the stated fee.

15. Expenses on Movable and Immovable Property

The Funds shall not incur any expenses relating to property (movable and immovable) required to run the Fund. Such expenses shall be the responsibility of the Sponsor and Fund Manager and included in the payment to the Fund Manager that were discussed in the above sections.

16. Sale and Redemption of Units

- a. Dealing in the Units of the Funds will take place daily except for weekends and public holidays between 8:00 AM and 5:00 PM East Africa time.
- b. Dealing will only be suspended in exceptional circumstances in which case the Fund Manager shall notify CMA and the Trustee that dealing has been suspended or canceled. Such suspension or cancellation in dealing shall be published immediately following such decision and at least once every week during the period of suspension, in the newspapers in which Scheme prices are normally published.
- c. Mandatory redemption, cancellation, or transfer of units to another Scheme may occur if the Scheme ceases to exist, is wound up or the Fund Manager stops operating.

Buying Units

To buy units, the Unitholder will need to do the following;

- a) Deposit funds in the Fund Manager's bank account before 11.00 AM
- b) Forward the deposit slip details containing the amount and Member details.
- c) Get confirmation that funds sent have been receipted and units purchased.
- d) Crediting of the units to the unitholders in the fund shall be done in the below manner;
 - I. T+1 working day for the funds received before 11.00 AM.
 - II. T+2 working days for funds received after 11.00 AM.
- e) The purchase price shall be subject to taxes, such charges as provided for in this Information Memorandum, and other deductions that have been legally provided for.
- f) Below are the minimum initial investment amounts for all funds.

Fund	Value
Fixed Income Fund	Kshs. 5,000
Money Market Fund	Kshs. 5,000
Wealth Fund	Kshs. 1,000,000

- g) The minimum value for top-ups shall be Kshs 1,000 for Money Market and Fixed Income Funds, and Kshs. 1,000,000 for the Wealth Fund

Selling Units

To sell Units, Unitholder will need to do the following:

- a. Fill out the stipulated redemption form;
- b. Forward the form to the Fund Manager by 4:00 PM (East Africa time) for dealing of that day. Notices received after 4.00 PM shall be deemed to have been received the next working day;
- c. The Fund Manager has up to three working days after a valid redemption notice has been received, to instruct the Custodian to make payments to the Unitholder in the Money Market and Fixed Income Fund. In the case of the Wealth Fund, the period will be six working days. The Custodian shall effect such payments within two days after receiving such instructions from the Fund Manager.

- d. The Madison Wealth Fund will impose a lock-in period of six (6) months during which Unitholders may not make any withdrawals. The Money Market Fund and Fixed Income Fund will not have a lock-in period.
- e. The treatment of unit trust withdrawals is as follows;
- i. For the Money Market Fund, clients will be allowed one free withdrawal every 1 calendar month; any subsequent withdrawal within the same month will be subject to a charge of Kshs 250 per withdrawal.
 - ii. For the Fixed Income Fund, clients will be allowed one free withdrawal every 3 calendar months; any subsequent withdrawal within the 3-month period will be subject to a redemption charge of 2% of the amount withdrawn.
 - iii. For the Wealth Fund, Unitholders may withdraw every six (6) months (lock-in period) from the date of the investment. Each contribution will be subject to a six-month lock-in period.
 - iv. For the Wealth Fund, withdrawal notices must be received at least 7 working days before the end of the lock-in period. If no such notice is given, the funds will be subject to another six-month lock-in period.
- f. Note that the final proceeds paid to the Unitholder will be net of taxes, any charges provided for in this Information Memorandum, and other deductions that have been legally provided for.
- g. Once paid, the Unitholder will cease to be the Unitholder of Units paid for.
- h. Payments will be credited directly to the account of the Unitholder and the Fund Manager will not be responsible for any charges incurred by the Unitholder for such credits. Further, the Fund Manager has no control over the process of the Unitholder's bank in availing credited Funds to the Unitholder. The responsibility of the Fund Manager will end as soon as Funds are transferred to the Unitholder's bank.
- i. The Fund Manager will calculate the Unit price or yield for the Fixed Income Fund, Money Market Fund, and for the Wealth Fund daily.
- j. Below are the minimum balances for the funds.

Fund	Value
Fixed Income Fund	Kshs. 5,000
Money Market Fund	Kshs. 5,000
Wealth Fund	Kshs. 1,000,000

- k. Redemption of units will only be suspended in exceptional circumstances in which case the Fund Manager will act in the best interest of the Unitholder.
- l. Where redemption is suspended, the Fund Manager shall notify CMA and the Trustee that dealing has been suspended or canceled. Such suspension or cancellation in dealing shall be published immediately following such decision and at least once every week during the period of suspension, in the newspapers in which the scheme's prices are normally published.
- m. Where the Fund Manager wishes that Units be canceled, he shall cancel such Units and instruct the Trustee to cancel such Units stating the type and the number of Units to be canceled, expressed either as several Units or amount in value or a combination of the two. The fund manager may cancel Units upon a Unitholder's redemption request, winding up of the Fund, or other purposes under the CMA Collective Investment Scheme Regulations. The Trustee shall cancel the Units on receipt of the instructions given by the Fund Manager.
- n. For purposes of buying and selling of Units, the Fund Manager will instruct the Custodian to create and/or cancel such number of units as may be dictated by new purchases and redemptions.
- o. The Unit prices shall be published in two daily Newspapers in Kenya.
- p. The Fund Manager has up to three days after a valid redemption notice has been received, to instruct the Custodian to make payments to the Unitholder in the Money Market and Fixed Income Fund. In the case of the Wealth Fund, the period will be six working days. The Custodian shall effect such payments within two days after receiving such instructions from the Fund Manager.
- q. At all times the Fund Manager will, in dealing with the Units, act in the interest of the Funds and may refuse to cancel or create Units if this is not in the interest of the Fund and is within the provisions of the CMA Act.

17. Valuation of the Fund Portfolio

- a) The Funds will be valued and the Per-Unit price established daily.
- b) The valuation will be based on the market value of securities held by the Funds as at the time of valuation.
- c) The price of the Units will be calculated based on the following formulae:
$$\frac{\text{Value of the assets of the Fund} - \text{Liabilities}}{\text{The number of units issued and fully paid.}}$$
- d) Value of the asset of the scheme shall include:

- i. Aggregate market value of the underlying securities in the unit portfolio at a valuation point;
 - ii. An aggregate of all income accruals and payments received in lieu of income accruals from the creation of new units;
 - iii. Income accruals and payments in lieu of income accruals set aside at the last preceding ex-dividend date for the distribution, but not yet distributed, in respect of the accounting period which ended on the day prior to the last ex-dividend date
- e) Liabilities shall include:
- i) Accrued fees and taxes
 - ii) Expenses and taxes
 - iii) Amount of the compulsory charges payable on the respect of the acquisition of all the underlying securities comprising the unit portfolio;
 - iv) Initial and/or exit charge payable in respect of all the units in issue; and
 - v) Accrued payments that, in the opinion of the Fund Manager, represent a fair proportion, at the said date, of the service charge and other amounts and charges for the relevant accounting period.

18. Dilution Levy

- a) The Funds will be responsible for the payment of their transaction costs including brokerage commissions, expenses incurred in meeting new regulatory requirements, and any taxes that may become due. Such costs may result in a reduction in the value of the Fund's portfolio.
- b) In addition to the expenses and costs discussed above, the Fund Manager shall have the power to require the payment of a dilution levy. This will be either or both of:
 - i. the payment of a dilution levy in respect of the issue or sale of shares or any class of shares, and
 - ii. the deduction of a dilution levy in respect of the redemption or the cancellation of shares or any class of shares.
- c) Any imposed dilution levy shall become due at the same time payment becomes due in respect of the relevant issue, sale, redemption, or cancellation.
- d) Any dilution levy will be imposed in a manner that is, so far as practical, fair to all Unitholders and potential Unitholders.

- e) Save for the dilution arising from a transaction, compliance, and tax costs stated above, adequate notice will be given in case of any other form of dilution levy.

19. Pricing Method

- a) The **Forward Pricing** method will be applied in dealing with the Units. For purchase and redemption orders received during any day, the applicable price will be the price that will be determined at the end of that day.
- b) The prices published in the Newspapers shall be the historic prices or yield reflecting the unit prices for the previous working day.

20. Initial Charge

The Funds will not charge an initial fee.

21. Redemption Charge

- a) The Madison Money Market Fund will impose a Kshs 250 redemption fee if there are more than one withdrawal per calendar month.
- b) The Madison Fixed Income Fund will impose a 2% redemption charge on the withdrawn amount if there are more than one withdrawals every 3 calendar months.

22. General Information

- a) The annual report of the Funds for the period ending 31st December will be published by 31st March of the next year while the interim result for the half year to 30th June will be published by 31st August of the same year.
- b) All reports will be availed to the CMA within the time stipulated in the regulatory requirements from time to time.
- c) Copies of the published results, instruments of incorporation, and any amended instruments will be available for inspection at the head office of the Fund Manager.
- d) Monthly statements will be sent to each Unitholder showing their balance for the month and all the transactions within the month.

23. Additional Information on a Collective Investment Scheme

- a) Through filling in the stipulated forms/documents, a Unitholder in one sub-fund will be entitled to exchange their Units for those of another sub-fund. Such exchange will be treated as a redemption and a sale and will be subject to taxation on capital gains or withholding tax as the case may be. This exchange of units between sub-funds will not be subjected to a fee.

- b) Once a Unitholder has exchanged his/her Units, he/she shall not have the right to withdraw from or cancel that transaction.
- c) In instances where a scheme incurs expenses/costs that cannot be specifically allocated to any sub-fund, such expenses/costs will be allocated between sub-funds on a proportionate basis using the value of funds under management. In situations where such proportionate allocation of costs would be inequitable, the Fund Manager shall then be entitled to use other allocation mechanisms, which will ensure fairness among the sub-funds.
- d) The base currency of the scheme is Kenya Shillings and all valuations and pricing will be based on this currency.
- e) Sub-funds in the Scheme are not ring-fenced and in the event of a Fund being unable to meet liabilities attributable to any particular sub-fund out of the assets attributable to such sub-fund, the excess liabilities may have to be met out of the assets attributable to other sub-funds.

24. Marketing

- 24.1 The Funds will be marketed primarily in Kenya but can be marketed worldwide
- 24.2 The Madison Wealth Fund will only be marketed to sophisticated investors who are willing to invest a minimum of Kshs 1 Million.

25. Winding Up of the Scheme

Circumstances

- a) A Scheme shall not be wound up otherwise than by a court order except under the following circumstances.
 - i) unless and until effect may be given in accordance with the provisions relating to winding up given in the Companies Act to a proposal to wind up the affairs of a company, otherwise than by the court, and provided that CMA shall have first exercised its powers to intervene in the management of the scheme before an application is made to the court for the winding up of the Scheme;
 - ii) Unless a statement has been prepared and sent or delivered to CMA with a copy to the Custodian, to confirm that the Scheme will be able to meet all its liabilities within twelve months of the date of the statement. The statement shall;
 - a) Relate to the Scheme's affairs at the date which must not be more than twenty-one days prior to the date on which notice is given to CMA; and

- b) Be approved by the Trustee and signed on its behalf by the Fund Manager, or, signed by the Fund Manager and contain a statement signed by the auditor to the effect that in his opinion the inquiry to ascertain the Scheme's ability to meet all its liabilities (contingent and prospective) has been properly made and is fairly reflected by the confirmation.
- b) Subject to the above provisions, and any other provisions of the Trust Deed, the scheme shall be wound up if an extraordinary resolution to that effect has been passed by the Unitholder or when an extraordinary resolution of the Unitholder is passed to remove the manager or when the period (if any) fixed for the duration of the scheme by its incorporation documents expires or an event occurs, or the occurrence of which the incorporation documents provide that the Scheme is to be wound up.

Consequences of Commencement of Winding Up

- a) Immediately following the time at which the conditions necessary to wind up the scheme have been met ("effective time") -
 - i. Regulations about pricing, dealing, investment, and borrowing powers shall cease to apply to the Scheme;
 - ii. The Scheme shall cease to issue and cancel units.
 - iii. The Fund Manager shall cease to sell or redeem units or to arrange for the Scheme to issue or cancel them;
 - iv. No transfer of a unit shall be registered and no other change to the register of Unitholder shall be made without the sanction of the Trustee; and
 - v. The Scheme shall cease to carry on its business, except so far as may be required for its beneficial winding up; however, the corporate state and corporate powers of the Scheme and (subject to the preceding provisions of the Act) the powers of the Trustee shall continue until the scheme is dissolved.
- b) The Fund Manager shall as soon as practicable after the effective time:
 - i. Publish in not less than two daily newspapers of national circulation in Kenya published in the English language, the decision to wind up the scheme and the date of commencement of the winding up; and
 - ii. If the Fund Manager has not previously notified the Unitholder of the proposal to wind up the Scheme, give written notice of the commencement of the winding up to the Unitholder.

The manner of Winding Up

- a) The Fund Manager shall cause the Scheme's portfolio to be utilized and the liabilities of the scheme to be met out of the proceeds.
- b) The Fund Manager shall give instructions to the Custodian on how such proceeds (until utilized to meet liabilities or make distributions to the Unitholder) shall be held and such instructions shall be with a view to the prudent protection of the creditors and Unitholder against loss.
- c) Provided there are sufficient funds, after provision for expenses, the Fund Manager may arrange to make one or more interim distributions out of such funds to the Unitholder.
- d) The Fund Manager shall make a final distribution on or before the date on which the final account is sent to the Unitholder after realizing the portfolio and all the liabilities of the Scheme.

Final Account

- a) As soon as the Scheme's affairs are fully wound up including distribution or provision for distribution by this Information Memorandum, the Fund Manager shall prepare an account of the winding up, showing how it has been conducted and how the Scheme's portfolio has been disposed of and the account shall, following its approval by the Trustee be signed by the Fund Manager and the Trustee or on their behalf the account once signed, shall be the 'final account' for the Act.
- b) The final account shall state the date on which the Scheme's affairs were fully wound up and the date stated shall be regarded as the final day of the accounting period of the scheme and then the running of the 'final accounting period'.
- c) The Scheme's auditor shall make a report in respect of the final account, which shall state the auditor's opinion as to whether the final account has been properly prepared.
- d) Within two months of the end of the final accounting period, the Fund Manager shall send a copy of the final account and the auditor's report on the final account to CMA, and to each person who was a Unitholder (or the first named joint Unitholder) immediately before the final accounting period.

Duty to Ascertain Liabilities

- a) The Fund Manager shall have a duty to ensure that all liabilities of the scheme are discharged before the completion of the winding up. This relates to all liabilities of the scheme which;

- i. the Fund Manager is, or becomes aware of, before the completion of the winding up; or
 - ii. the Fund Manager would have become aware of before the completion of the winding up had it used all reasonable endeavors to ascertain the liabilities of the Scheme.
- b) If the Fund Manager rejects any claim against the scheme in whole or part, the Fund Manager shall forthwith send to the claimant a written notice of its reasons for doing so.
- c) If after the effective time, the Fund Manager becomes of the opinion that the scheme will be unable to meet all its liabilities within twelve months:
 - i. the Fund Manager shall notify the Trustee immediately; and
 - ii. The Trustee shall forthwith present a petition or cause to be presented a petition for the winding up in accordance with the provisions of the Companies Act.
- d) The Fund Manager shall be personally liable to meet any liability of a Scheme wound up under the Act (whether or not the scheme has been dissolved) that was not discharged before the completion of the winding up unless the Fund Manager can establish to the satisfaction of CMA that it has complied with the Act and this Deed.

Accounts and Reports

- a) While the scheme is being wound up:
 - i) The annual and half-yearly accounting periods shall continue to run;
 - ii) The provisions about the annual and interim allocation of income shall continue to apply; and
 - iii) Annual and half-yearly reports shall continue to be in use.
- b) The Fund Manager shall send to each Unitholder a copy of any report relating to an accounting period or half-yearly accounting period that began after the effective time, if the Trustee after consulting the CMA, is satisfied that the interests of the Unitholder are not such as to require the report to be sent to the Unitholder, but a copy of the report shall be sent or supplied free of charge to any Unitholder requesting for the same.

26. Risks

26.1 Investment Risks and Their Mitigation

Investments in Unit Trust Funds are subject to several risks that are discussed below:

- a. **The price movement in the underlying securities:** A Unit Trust Scheme will invest its assets in various investments generally including equities, interest-bearing assets, and offshore investments. Prices of these underlying investments cannot be guaranteed and will move up and down in line with changes in market conditions. Such movement in prices of the underlying investments will have a direct impact on the performance of the scheme and, subsequently, the price of Units. Due to such price movements, the value of the capital invested is not guaranteed and Unitholder's investment may fall below the amount invested.
 - i. To mitigate against this risk, the Fund Manager will employ its expertise in the management of the underlying investment. In particular, the Fund Manager will appropriately diversify the investment portfolio and carefully pick the securities invested in.
- b. **Risks relating to the regulatory environment:** A Unit Trust Scheme is subject to rules and regulations set up by the CMA and other regulatory arms of the Government. These rules and regulations may be changed and will affect the operation of the Scheme.
 - i. Further licenses for various professional service providers to the scheme including the Fund Manager, the Trustee, and Custodian may need to be renewed with the CMA annually. Such renewal is not guaranteed.
 - ii. We, however, note that there are concerted efforts to encourage Kenyans to save through Collective Investment Vehicles similar to the Scheme. It is, therefore, unlikely that CMA or the Government, in general, will come up with rules that are not favorable to the operation of the scheme. Moreover, we note that the Custodian, Trustee, and Fund Manager are all companies of repute and are likely to have their licenses renewed.
- c. **Foreign exchange risk:** A portion of a Scheme's assets may be invested in international markets. Such investments will require the conversion of currency from Kenya shilling to the relevant foreign currency. This will expose the scheme to an element of foreign exchange risk in that the re-conversion of such investments back to Kenya shilling may result in a loss.
 - i. The Fund Manager will employ their expertise to minimize the chances of such loss.

- d. **Competition risk:** The Scheme is among many such Unit Trust Schemes in the Kenyan Market that are offering similar products in the market. Our scheme will, therefore, need to compete with other Schemes to grow to an economically viable size. If Schemes cannot grow to such a size, they may fail to deliver attractive returns to investors and may have to be wound up.
- i) Madison Investment Managers Limited as the Promoter of the Scheme has put in place mechanisms to ensure that our Schemes grow. Moreover, Madison Investment Managers Limited is associated with Companies that have an established network, name, and experience in financial instruments distribution.

26.2 Risk Management Framework

- a) Madison Investment Managers Limited implements the Madison Group Risk Management Policy. This policy is a comprehensive risk management framework and is in line with CMA guidelines on Risk Management and Internal Controls.
- b) The Policy aims to identify, assess, and prioritize risks and then apply a coordinated response to minimize, monitor, and control the probability and/or impact of adverse risks or to maximize the realization of opportunities.
- c) The process of assessing risk and mitigating assessed risk contains key stages as shown below:
- i. Risk governance
 - ii. Risk identification and categorization
 - iii. Risk assessment and rating
 - iv. Risk ranking
 - v. Risk mitigation and treatment
 - vi. Risk reporting and communication
 - vii. Monitoring
- d) The primary responsibility of understanding the risks run by the Company and ensuring that the risks are properly managed is vested with the Board of Directors. At the organizational level, overall risk management is assigned to the Risk and Compliance manager reporting to the Board Audit & Risk Committee. Adhering to the risk management policy is the responsibility of all staff members of Madison Investment Managers Limited.
- e) The risk management policy is reviewed regularly and approved by the Board of Directors.

27. Additional Information

- a) Partly due to the above risks and other factors not necessarily mentioned in this Information Memorandum, there is no guarantee of the performance of the Scheme. The value of the Scheme’s portfolio may go up as well as down resulting to increase or decline of the unit’s price.
- b) Past performance of the Scheme and other similar Schemes should not be used as a guide to future performance of a Scheme.
- c) Any Unitholder who requires additional information or clarification on any aspect of the Scheme should feel free to contact Madison Investment Managers Limited offices.

Dated this 22nd day of September 2023

**Signed and Sealed with the common seal of
MADISON INVESTMENT MANAGERS LIMITED**)




Director)



Director)

**Signed by the Authorised Signatory of
KCB BANK KENYA LIMITED**)

Florence Nduba) 
)

**FLORENCE NDUBA
IPA 70987/1**

In the presence of Advocate)


**PATRICIA A. ODONGU
ADVOCATE
P. O. Box 58025 - 00200
NAIROBI**