

**Morula Umbrella Fund**  
an open-ended umbrella undertaking  
licensed by Non-Bank Financial Institutions Regulatory Authority



## PROSPECTUS

For the sub fund:

### **Morula Local Equity Fund**

This Sub Fund has been licenced by the Regulatory Authority of Botswana to market solely to Professional Investors. Professional Investors are defined in the Collective Investment Undertakings Regulations (section 68) – presently this requires a minimum investment by a single investor of P500,000 into this sub fund, or an aggregate of P500,000 into the sub funds of the Morula Umbrella CIU. Accordingly, the requirements of the Regulatory Authority of Botswana which are deemed necessary for the protection of retail investors, in particular the conditions set down by the Regulatory Authority of Botswana in relation to investment and leverage, do not apply to the undertaking.

The Regulatory Authority of Botswana shall not be liable by virtue of its licensing of this undertaking or by reason of its exercise of the functions conferred on it by legislation in relation to this undertaking, for any default of the undertaking. Licensing of this undertaking does not constitute a warranty by the Regulatory Authority as to the creditworthiness or financial standing of the various parties to the undertaking.

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## IMPORTANT INFORMATION

1. Licencing of the Fund by the Regulatory Authority appointed in terms of the Non-Bank Financial Institutions Regulatory Authority Act and the CIU Act, is not an endorsement or guarantee of the Sub Fund, nor is the Regulatory Authority responsible for the accuracy of the contents of this Prospectus. The Regulatory Authority makes no warranties on the performance or default of the collective investment undertaking.
2. The Regulatory Authority shall not be liable by virtue of its licencing of the Sub Fund, or by reason of its exercise of the functions conferred on it by legislation in relation to the Sub Fund for any default of the Sub Fund. Licencing of the Sub Fund does not constitute a warranty by the Regulatory Authority as to the credit worthiness or financial standing of the various parties connected to the Sub Fund.
3. The Directors of Morula Management Company accept full responsibility for the information contained in this Prospectus. The Directors have taken all reasonable care and diligence, and to the best of their knowledge the information contained in this document is factual and void of any misrepresentation. The Trust Deed of the Morula Umbrella Fund, which is available on request, forms an integral part of the Prospectus. This Prospectus may be amended from time to time and any subsequent updates will be made available to all unit holders in the Fund and potential investors.
4. Potential investors are advised to consult their financial adviser, stockbroker, bank manager, lawyer, accountant or other professional experts about the contents of this Prospectus. The contents of this Prospectus should not be construed to be advice relating to legal, taxation or other matters. The information is provided on a factual basis to enable potential investors to consider investment in the Fund.
5. The value of any investment and income in the Morula Local Equity Fund may go up or down. Furthermore, you may not get back the amount you have invested in the Fund. Before investing in the Fund, you should consider your risk appetite and risks involved in such an investment. Please see the "Risk Disclosures" section of the Prospectus.
6. The Prospectus is based on Botswana laws as Regulated by Non-Bank Financial Institutions Regulatory Authority under the Collective Investment Undertaking Act.
7. By subscribing for any units in the Fund, all unit holders are being bound by and are deemed to have read the Prospectus and the Trust Deed and have sought any appropriate advice from an expert.
8. Potential investors are referred to "Fund Fees & Expenses" section of the Prospectus for detailed information for applicable fees set to be charged by the Management Company for payment to the various service providers such as Investment Manager, Custodian, Trustee, Auditors, Fund Administrators, Legal Services providers and any other fees related to running of the Fund. The Fund will not charge upfront and exit fees for any share class.
9. Potential investors and existing investors are responsible for informing themselves as to the possible tax consequences, the legal requirements, any foreign exchange restrictions or exchange control requirements, and any other laws applicable.
10. The onus is on any person in possession of this Prospectus or any other person wishing to apply for units in the Fund to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.
11. The Management Company may reject any subscription without giving any reason for such rejection in which event the subscription monies will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account.

12. The Trust Deed, Memorandum and Articles of both Management Company and Trustee, Prospectus and Financial Reports of the Fund (when available) can be obtained from registered office of Morula Management Company as provided in the directory.
13. The Sub Fund has segregated liability, thus any liability incurred on behalf of the Fund shall be discharged solely out of the assets of the Fund. For avoidance of doubt, any liabilities incurred by any of the Fund service providers will not be discharged out of the assets of the Fund.
14. All service providers to the Morula Local Equity Fund have a fiduciary duty to the fund unitholders.

**MORULA UMBRELLA FUND APPROVED SUB FUNDS**

Sub Fund Name	Regulatory Authority Approval Date
Morula Global Equity Fund	26 February 2021
Morula Income Fund	26 February 2021
Morula Global Balanced Fund	13 December 2021
Morula Inflation Plus Fund	13 December 2021
Morula Bond Fund	13 December 2021
Morula Cash Plus Fund	21 July 2022
Morula Local Equity Fund	21 July 2022
Morula Global Absolute Return Fund	21 July 2022
Morula Global Fund	26 May 2025

## Definitions and Interpretations

1. **Accumulation Share Class** means a Share Class which accumulates the income attributable to a Share so that it is reflected in the increased value of that Share Class.
2. **Accounting Period** means a period ending in June as set by the Directors. The first accounting period shall commence on the date of launch of the Fund to the set accounting date, and, in subsequent such periods, on the day following expiry of the last accounting period.
3. **Application Form** means the document to be completed by investors for purchase or redemption of units in the Fund.
4. **Authorised Instruction** means the contributions, redemptions and switches instruction which is used to perform the forementioned actions
5. **Base Currency** means the currency in which the units, the fund, the accounts and the unit holders' statement will be expressed (in each case BWP)
6. **Business Day** means any day which is not a Saturday, Sunday or public holiday officially recognised as such in the Republic of Botswana.
7. **BWP or Pula** means the lawful currency of the Republic of Botswana or any successor currency.
8. **Classes of participatory interests or units or Share Class** means a category of participatory interests within a sub fund which differs from another category of participatory interests within the same sub fund as a result of its specific characteristics and different titles represented by characters of the alphabet and further individually distinguished by a number (e.g. Class A, Class A1 ,Class B, etc.).
9. **Companies Act** means the Companies Act, Chapter 42.01 of the Laws of Botswana, or as may subsequently be replaced.
10. **Custodian** means First National Bank Botswana (Pty) Limited or any other person or persons for the time being appointed Custodian hereof in succession to the said First National Bank Botswana (Pty) Limited with the prior approval of Non-Bank Financial Institutions Regulatory Authority (NBFIRA).
11. **CIU Act** means Collective Investments Undertaking Act of Botswana
12. **CIU Regulations** means Collective Investments Undertaking Regulations of Botswana
13. **CIU** means Collective Investments Undertaking
14. **Dealing Day** means any Business Day.
15. **Dealing Deadline** means cut off day and time as may be modified from time to time by the Directors, for acceptance of applications for subscription or purchase (redemption) of units by unitholders.
16. **Deed** means the trust deed created between the Manager and the Trustee to establish the Morula Umbrella Fund.
17. **Director(s)** means persons representing Morula Management Company and/or Morula Umbrella Fund.
18. **Distribution Date** means the date on which Fund distribution is declared on.
19. **Distribution Payment Date** means the date on which distributions shall be paid to all unit holders.
20. **Distribution Share Class** means a Share Class which normally distributes its net investment income, unless otherwise stated in the relevant Fund Distribution Policy.
21. **Fiduciary Duty** means a duty:

- i. to act in good faith.
- ii. not to take profit out of one's trust other than remuneration previously agreed with the person to whom the fiduciary duty is owed.
- iii. not to place oneself in a position where ones' duty and ones' interest may conflict; and
- iv. not to act for ones' own benefit or the benefit of a third-party person without the informed consent of the person to whom the fiduciary duty is owed to.

22. **Fund** means Morula Local Equity Fund, a sub fund of the Morula Umbrella Fund which is approved and authorised under the laws of Botswana under the CIU Act and regulated by Non-Bank Financial Institutions Regulatory Authority or any successor regulator.

23. **Initial Issue Price** means the price (excluding any upfront fees) per unit at which units are initially offered in the Fund during the Initial Offer Period.

24. **Initial Offer Period** means the period during which units in the Fund are initially offered at the Initial Issue Price.

25. **Investment Manager** means Morula Capital Partners (Pty) Ltd. A Botswana Company with Registration number BWooooo378428, which has an asset manager licence issued by NBFIRA.

26. **Manager** means Morula Management Company (Pty) Ltd. A Botswana Company with Registration number BWooooo814767, which has a management company licence issued by NBFIRA.

27. **Minimum Additional Investment Amount** means any set amount by the Directors for the minimum additional amount of subscription by each unitholder for units of the relevant class in the Fund after investing the Minimum Initial Investment Amount.

28. **Minimum Initial Investment Amount** means any set amount by the Directors for the minimum initial amount of subscription by each unitholder for units of the relevant class in the Fund.

29. **Minimum Investment** means minimum value of units per unit holder of the relevant class.

30. **Month** means calendar month.

31. **Net Asset Value or Net Asset Value per Share** means the amount determined in accordance with the guidelines and principles set out in the "Calculation of Net Asset Value" section.

32. **Promoter (s) means Morula Capital Partners**, or any other entity authorized by the Management Company to promote the distribution and marketing of the fund.

33. **Recognised Stock Exchange** means any stock exchange or market which is regulated, operates regularly, open to the public, and is approved by the Regulatory Authority.

34. **Regulations** means the Non-Bank Financial Institutions Regulatory Authority Collective Investment Undertaking Regulations as may be amended, consolidated or substituted from time to time.

35. **Regulatory Authority** means Non-Bank Financial Institutions Regulatory Authority (NBFIRA) or any successor regulatory authority with responsibility to license, supervise and regulate collective investment undertaking in accordance with the Collective Investment Undertaking Act.

36. **Settlement Date** means the date in respect of receipt of money for payment of subscription of units or sending of money for the purchase of units.

37. **Supplemental Deed** means a supplemental trust deed created between the Manager and the Trustee to establish the sub fund.

38. **Tax Authority** means the Botswana Unified Revenue Services (BURS).

39. **The Undertaking or The Sub Fund** when referred to in this prospectus refers to the Morula Local

Equity Fund.

40. **Trust Deed** means the document constituting the fund.
41. **Trustee** means First National Bank of Botswana (acting through its Rand Merchant Bank Division). A Botswana Company (and a registered bank), with Registration number BWooooo790476.
42. **Unit Holder Registrar** means Morula Management Company.
43. **Unit Holder(s)** means any person or corporate, whom by reason of the holding of units or by reason of having invested capital in the sub fund, is entitled to any of the investments of the undertaking; and the term participant shall be construed accordingly.
44. **Unit of this Sub Fund** one of the units into which the beneficial interests in the assets of the Sub Fund are divided, or a share or any other instrument granting an entitlement to share in the investments or relevant income of the Sub Fund. The terms “participatory interests” and “units” are interchangeable.
45. **Units or participatory interests in issue**, in relation to a sub fund, including a sub fund consisting of different classes of participatory interest, means all participatory interests that have been created and entered in the register of that sub fund, including those held or deemed to be held by the Manager.
46. **Upfront Fees** means in respect of the Fund, the charge payable on the subscription for units as stated in the Fees and Expenses section of the prospectus.
47. **Usual time limit** means those time limits which are acceptable market practice in the context of a particular transaction.
48. **Valuation Point** means the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share is calculated.

## **DIRECTORY**

### **MANAGEMENT COMPANY**

Morula Management Company (Pty) Ltd

### **DIRECTORS**

The directors of the Manager at the date of this version of this Prospectus are as follows:

<u>Name</u>	<u>Professional Qualifications</u>
Susanne Swaniker-Tettey	Chartered Accountant, MSc in Accounting
Nomathemba V. Segage	MSc in Strategic Management
Angelica Waibale Bojosi	Master of Law
Dr Zoumana Kone	Ph.D. in Economics, CFA
Boikanyo Mogami	Bachelor of Applied Finance Degree, CFA

The CVs of the directors and executives of the Investment Manager are available on request from the registered offices of the Manager.

### **REGISTERED OFFICE**

Deloitte House, Plot 64518, Fairgrounds  
Gaborone, Botswana  
Telephone: +267 393 1063  
Fax: +267 393 1068

### **INVESTMENT MANAGER**

Morula Capital Partners (Pty) Ltd

### **REGISTERED OFFICE**

Deloitte House, Plot 64518, Fairgrounds  
Gaborone, Botswana  
Telephone: +267 393 1063  
Fax: +267 393 1068

### **FUND CUSTODIAN & TRUSTEE**

First National Bank Botswana  
Plot 54362, First Place, CBD  
Gaborone, Botswana

### **AUDITORS**

Ernst & Young  
2nd Floor, Plot 22 Khama Crescent  
Gaborone, Botswana

## PREAMBLE:

1. The Manager and the Trustee signed and executed a trust deed establishing the Morula Umbrella Fund in accordance with the provisions of the Act, which deed was approved by the Regulatory Authority on 26 February 2021.
2. The Manager and the Trustee have established a sub fund known as the **Morula Local Equity Fund** which has been approved by the Regulatory Authority on 21 July 2022.
3. The Sub Fund is an open-ended fund of unlimited duration, which may be terminated as set forth in section 15 of this prospectus.
4. The **Morula Local Equity Fund** shall be subject to all the provisions of the deed, and the supplemental deed.
5. Expressions defined in the trust deed and the supplemental deeds shall bear the same meaning therein assigned to them when used in this Prospectus, except to the extent that this Prospectus amends those definitions.
6. This Prospectus meets the requirements of sections 35 to 37 of the CIU Act regarding the preparation of a prospectus. The deed and supplemental deed form an integral part of this Prospectus, and on request by an investor these documents will be sent in hard or soft copy, free of charge.
7. The format of this Prospectus follows the Fourth Schedule of the CIU Regulations (information to be contained in a prospectus) with the numbering that follows from 1 to 26 being directly from the Fourth Schedule.

## B. Fourth Schedule of the CIU Regulations

1. The name of the undertaking is the **Morula Local Equity Fund**, which is a sub fund of the Morula Umbrella Fund, a CIU registered in accordance with the CIU Act and licenced by NBFIRA. The head office is at the same place as the registered office of the Manager in the Directory section.
2. The Sub Fund was established on 21 July 2021 and is of an unlimited duration.
3. The Deed and Supplemental Deed, together with periodic reports may be obtained from the Registered Office of the Manager in the Directory section.
4. Tax Aspects of the undertaking for unitholders are summarised on page 24 of this Prospectus. The information given in **Taxation Aspects for Unitholders** is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their financial advisor, tax expert or any other professional for detailed advice on their circumstances prior to investing.

## 5. Accounting and Distribution Dates

### Reports and Accounting

- 5.1. The Fund's financial year-end is 30 June of each year. The audited annual financial reports will be sent to Unitholders and the Regulatory Authority within four months of year end.
- 5.2. The Fund's semi-annual reporting period shall end on December 31 each year. The unaudited half-year financial statements will be made available to Unitholders on request. Semi-annual reports will be submitted to the Regulatory Authority within two months after the half year period.
- 5.3. Both annual and semi -annual reports will be available at the register office of the Management Company. Unitholders may request these reports and they shall be provided free of charge.
- 5.4. The Fund will distribute substantially all of its chargeable income as prescribed in the Income Tax

Act at least annually on 30 June of each year. Share Class distribution dates are as provided in Appendix B.

### **Fund Distribution Policy**

- 5.5. The Fund will distribute substantially all of its chargeable income as prescribed in the Income Tax Act to unitholders and the amount of the chargeable income that has been distributed to unitholders shall retain its form and be taxed as such in the hands of shareholders.
- 5.6. The fund will distribute all of its net income and net realized capital gains to investors.
- 5.7. Net realized capital gains to investors will be distributed annually on 30 June and automatically reinvested in the Fund for all Fund Share Classes.
- 5.8. Net realized capital gains and net income reinvested will be reflected in the increased value of the relevant Fund Share Class.
- 5.9. Net income to investors will be distributed no less frequently than annually for all Share Classes. Payment or reinvestment of net income distribution will be determined by the applicable Fund Share Class as stipulated in Appendix B.
- 5.10. Funds pricing at a constant NAV will distribute net income monthly and reinvestment will be by the purchase of additional Fund Share Class to which such distributions relate.
- 6. CIU Regulation 6 (Fourth Sch) is not applicable as it applies to Investment Companies.
- 7. CIU Regulation 7 (Fourth Sch) is not applicable as it applies to Investment Companies.
- 8. The auditors of the undertaking are Ernst & Young. The Registered office is at: 2nd Floor, Plot 22 Khama Crescent, Gaborone. P.O. Box 41015, Gaborone, Botswana.

### **Main Details and Rights of the Units**

#### **9. Main Details and Rights of the Units**

- 9.1. All investors will receive units for all money received in the Fund based on the prevailing unit price of the Dealing Date. The NAV per share calculation is provided in section 23 Calculation of Net Asset Value.

The Fund is an open-ended collective investment undertaking, which means that unitholders can subscribe or redeem any units from the Fund directly or indirectly, and new investors can subscribe for unlimited new units at the prevailing Dealing Day price.

All unitholders have an indirect beneficial interest in the Fund assets.

- 9.2. In accordance with the Trust Deed, the Manager has the power to create and issue different classes of participatory interests. Appendix C of this Prospectus provides a list of different classes.

#### **9.3. Transfer of Units in the Fund**

- 9.3.1. Fund units can be transferred in writing signed by the transferor or at request by any recognised government body in the event of death by unit holder. For Joint Unitholders, in the event of death of one party, the survivors will be the only persons recognised as having interest in the Fund.

- 9.3.2. The Manager reserves the right to request for any additional information relevant to the transfer to verify authenticity of the instruction.

- 9.3.3. The Manager may refuse transfer of shares to any party based on the following:

- 9.3.3.1. court order or instruction by Botswana tax authorities or any other recognised regulatory body in Botswana and other countries recognised by Botswana.

9.3.3.2. the transferee has not cleared anti-money laundering and counter terrorism financing checks.

**10.** The Unit holder register entries will provide evidence of title of units in the Fund. The Management Company will provide Unitholders statements as below:

10.1. A contract note for any subscription or redemption indicating the value and units of the transaction will be issued within 72 hours after allocation of units.

10.2. Monthly statements of number of units held and value will be issued within 2 weeks after month end.

10.3. On request by the Unitholder.

**11. Register**  
 The Manager shall keep an electronic Register which records all unitholders and the units that they own, stating their names, addresses, and banking details. The Manager shall make the appropriate entry in the register when units are issued by the Sub Fund to unitholders; or when units are purchased or redeemed by the Sub Fund from unitholders; and when units are transferred from one unitholder to another or to a third party who shall then become a unitholder.

**12.** Units are all registered and no bearer certificates are issued.

**13. Denominations** - The units will be denominated in Botswana Pula.

### **Unitholders Voting Rights**

**14.** Each Unitholder in the Fund is entitled to have voting rights equal to the number of units held, including fractional holdings, at a Unitholders meeting as maybe called by either the Trustee of Fund when it deems fit, or at the request of Unitholders representing a minimum 25% of all investors. Unitholders request for meeting will only be accepted by the Trustee having received formal notice and agenda signed by all unitholders representing the minimum of 25% threshold.

The Trustee will convene a meeting following notice within twenty (20) business days of the request.

### **Winding Up of Fund**

**15. Winding Up of Fund**

15.1. The Regulatory Authority has the right, subject to certain conditions, to revoke the license of the collective investment undertaking upon written notice of thirty (30) days or as amended by the Act from time to time. The Fund will commence the winding up process on the 31st day of notice by the Regulatory Authority.

15.2. The Fund may be wound up by the Management Company subject to approval of the Regulatory Authority, by giving notice of 3 months to the Regulatory Authority, Trustee, Unitholders, Investment Manager, Custodians, Administrators and other stakeholders to the Fund.

15.3. The Fund may be wound up by Trustee as stipulated in the Trust Deed for the following reasons:

15.3.1. In the event of termination of Management Company, and no subsequent appointment of another service provider within a period of 3 months.

15.3.2. The termination of Trustee and no subsequent appointment within 3 months.

15.3.3. The Fund not having minimum viability size of within 2 years of launch.

15.4. Management Company Retention of Funds

The Management Company shall be entitled to retain out of the Fund such an amount that it deems

necessary to meet all claims, liabilities, tax and any contingent liabilities due to the winding up process. Service providers which include but not limited to auditors, lawyers, bankers and any other agent in providing services for the Fund wind up shall be paid from such assets.

**15.5. Procedure for Winding up of the Fund**

- 15.5.1. Following the notice of winding up, the Investment Manager will start the process to liquidate all funds' assets in an orderly manner to ensure minimum adverse effect as much as possible to Unitholders.
- 15.5.2. Following the notice period, all Fund distributions net of all applicable expenses will be on a pro rata basis to all unitholders to ensure no one unitholder is disadvantaged in anyway. Distributions to unitholders will be based on Fund cashflows and not Distribution dates provided for.
- 15.5.3. The period of liquidation will be provided by the fund manager based on the liquidity of fund assets. Illiquid investments will be liquidated on a best effort basis.
- 15.5.4. Any balance remaining after settlement of all fund expenses following the liquidation of all fund units or assets shall be distributed on a pro rata basis between all Unitholders as at the date of commencement wind up.
- 15.5.5. First in payment or retention of all costs, charges, expenses and liabilities incurred and payments made by or on behalf of the Trustee or the Manager and payable from the undertaking and of all remuneration payable to the Trustee and the Manager as provided for in the Deed.
- 15.5.6. Second in payment to the Unit Holders of the fund or sub fund in proportion to their respective holdings of Units at the time of distribution.

All unclaimed monies on winding up of the fund will be held in trust for the fund by the Manager until claimed by the Unitholder.

**16.** The Units of the undertaking will not be listed on any stock exchanges or markets. All dealings will be directly with the Manager in Botswana.

**Procedures and Conditions**

**17. Procedures and Conditions**

**Application for Units**

**17.1. Issue and Sale of Units**

Investing in the Sub Fund shall only be allowed for an investor that has been approved by the overall Morula Umbrella Fund. Applications for subscription of Fund units will only be accepted subject to completion of application form, compliance with requirements of anti- money laundering and terrorism financing section, and receipt of money in the Morula Umbrella Fund account held with the Trustee. The account details will be as stated on the official Morula Application Form or can be confirmed directly with the Management Company or the Trustee. The Management Company reserves the right to reject any Fund application for whatever reason.

Subscriptions will only be accepted via electronic funds transfer. For avoidance of doubt, no physical cash, ATM or in-bank deposit will be accepted by the Management Company.

Issuance of Fund units will normally be made on the Dealing Day in respect of applications received on or prior to the Dealing Deadline.

**Dealing Deadline**

In respect of Dealing Day, at Botswana time as stipulated in the authorised instruction on the business

day preceding the Dealing Day.

#### **Initial Issue Price**

100 thebe

#### **Dealing Price**

Subsequent dealing unit price will be determined by the Net Asset Value per share of the relevant share class on the applicable Dealing Day.

**Redemption Settlement Date:** up to two (2) business days after receipt of duly authorised redemption instruction.

#### **Valuation Point**

Close of business in the relevant market on the Business Day of the relevant Dealing Day.

The application will be processed on the dealing day if received before the dealing deadline.

**The Manager reserves the right to close/open the fund to new investors at its sole discretion if it deems it is in the best interest of existing unitholders.**

#### **Repurchase of Units**

##### **17.2. Repurchase of Units**

The Fund shall purchase units on request by Unitholders by completing and signing an authorised instruction, and submission to the Management Company by the Dealing Deadline. The purchase price of units will be based on the prevailing price on the Dealing Day. Proceeds shall be paid by the Manager to the unitholder's bank account within two business days after receipt of redemption request.

The Management Company may at its discretion offer to transfer assets of the Sub Fund to the unitholder, so long as it does not prejudice other unitholders. The proportionate holdings of assets will be subject to denominations of instruments and practicality of transfer. All costs associated with the transfer of scrip will be borne by the unitholder. If the unitholder accepts these assets in discharge of its' repurchase, then the unitholder will bear the costs of any transfer of those assets.

The Management company has the right to limit Fund redemptions to 10% of the total Fund to ensure orderly liquidation of assets and to protect remaining investors in the Fund. The redemptions will be processed in this event on a pro rata basis for all unitholders wishing to redeem. The redemption balances will be carried to the next dealing day and have priority over subsequent redemptions. The Management Company will inform all Unitholders of expected settlement dates which will not exceed one month.

##### **17.3. Refusal to Repurchase Units**

The Management Company has the right to suspend redemptions based on the following:

- i. An order of court.
- ii. Instruction from any government entity such as but not limited to Financial Intelligence Authority, Directorate on Corruption and Economic Crime, and Botswana Unified Revenue Services.
- iii. Any person who does not clear such anti-money laundering and terrorist financing review.

## **Suspension of Redemptions**

### **18. Circumstances in which repurchase may be suspended**

In accordance with Section 75 of the CIU Act, the Management Company may temporarily suspend repurchase of units under exceptional circumstances when it is in the interests of all the unitholders. The Management Company may enact this suspension with the prior consent of the Trustee, or immediately when either the Trustee or the Regulatory Authority requests such suspension. Exceptional circumstances may include but are not limited to the following events:

- i. any unforeseen events such as natural disasters, political and military instability which severely disrupts business operations for the Management Company and service providers or renders it difficult to determine fair valuation for fund assets.
- ii. a bank run on any significant bank in the Fund.
- iii. any event or crisis in which the Directors consider it to be in the best interest of all Unitholders.
- iv. directive from the regulator to do so.

The Regulatory Authority and Unitholders will be notified without delay about the suspension of redemptions and subscriptions.

### **19. Distribution of income**

The sub fund will distribute all of its chargeable income as prescribed in the income Tax Act at least annually on 30 June of each year.

- 19.1.1. The Management Company will be entitled to deduct an amount in respect of withholding tax for all dividends and interest received by the sub fund as required by the tax laws of Botswana. Refer to section on **Taxation of the Prospectus** for more information.

## **Investment Objectives, Policy & Risk Disclosures**

### **20. Investment Objectives, Policy & Risk Disclosures**

#### **20.1. Investment objectives**

##### **Investment Objectives**

20.1.1. The investment objective of the Morula Local Equity Fund is to provide investors with significant capital growth over the long term by investing in listed equities in Botswana.

20.1.2. The Morula Local Equity Fund is suitable for the following investors:

- i. with a minimum investment horizon of at least 5 years and longer.
- ii. seek exposure to Botswana listed equities.
- iii. are comfortable with a fund that is highly concentrated in a number of shares.

20.1.3. The Sub Fund is domiciled in Botswana and priced in BWP.

20.1.4. Performance Evaluation (Benchmark)

	<b>%</b>
Domestic Companies Total Return Index (DCTRI)	100%
<b>Total</b>	<b>100%</b>

#### **20.2. Investment Restrictions:**

20.2.1. Investment Restrictions

The Fund may only invest in Botswana listed equities only. The fund is permitted to invest in foreign companies that are dual listed in Botswana and other foreign markets.

#### **Asset Class Limits**

	<b>Minimum</b>	<b>Maximum</b>
Equities	80%	100%
Cash & Bonds	0%	20%

20.2.2. This sub-fund is subject to compliance with CIU Act on the look through principle.

20.2.3. The sub fund has obtained from the Regulatory Authority an Exemption (per Section 68(a) of the CIU Regulations) from First Schedule of the CIU Regulations:

20.2.3.1. Due to the concentrate nature of the Botswana Domestic Company Index (benchmark in 20.1.4), Clause 6 and 9 which refers to a limit of 10% for any class of security issued by any single issuer has been increased to 30%. Thus, Fund is exempted from Clause 6 and 9.

20.2.4. The limits on investments contained in this section shall be deemed to apply at the time of purchase of the investments.

20.2.5. Where the limits of this section are subsequently exceeded for reasons beyond the control of an undertaking or as a result of the exercise of subscription rights, the undertaking shall adopt, as a priority objective, the remedying of that situation, taking due account of the interests of its unit holders.

#### **20.3. Borrowing Powers:**

##### **Borrowing and Lending Powers**

20.3.1. The Sub Fund shall be entitled to make such borrowings as it deems fit, however it shall not borrow any sums which in aggregate exceed 25% of the net asset value of the sub fund, and only to bridge insufficient liquidity to meet the repurchase or cancellation of participatory interests. The manager must obtain the prior consent of the trustee to the borrowing.

20.3.2. The Sub Fund shall be entitled to lend its scrip.

#### **Efficient Portfolio Management**

**21.** Techniques and instruments to be used for the purposes of efficient portfolio management:

21.1. The sub fund may use derivative instruments for efficient portfolio management purposes. Derivatives are financial instruments in which the value of the instrument is determined by the value of the underlying instrument.

21.2. The use of derivatives should be in the best interest of all Unitholders primarily for the following reasons:

21.2.1. risk reduction.

21.2.2. cost reduction.

21.2.3. performance enhancement.

21.3. Derivative instruments to be used for EPM purposes will be limited to interest rate swaps, exchange rate swaps, reverse purchase agreements and securities lending. The use of exchange rate swaps

should ensure that the Fund effective exposure of the swap is BWP for the Fund. For avoidance of doubt, the instrument value should not change due to changes in exchange rate

Over the Counter Contracts for Interest Rate Swaps and Exchange Rate Swaps.

21.4. As per CIU Act, interest rate swaps and exchange rate swaps are permitted provided:

- 21.4.1. the counter party has shareholders' funds in excess of P500 million or equivalent in foreign currency.
- 21.4.2. the name of the counter party is disclosed in the subsequent half yearly or annual reports issued by the Fund.
- 21.4.3. the Management Company is satisfied that the counter party shall value the transaction at least weekly.
- 21.4.4. close out the position at the request of the Management Company at a fair valuation.
- 21.4.5. initial outlay in respect of the OTC derivatives to any counterparty shall not exceed 5% of the net asset value of the Fund.

21.5. The net maximum potential exposure created by techniques and instruments, borrowing or through both, shall not exceed 25% of the Fund.

Reverse Purchase Agreements or Securities Lending

21.6. Reverse repurchase agreements (repo-contracts) will be effected in accordance with normal market practice. Collateral obtained under repo – contracts or securities lending agreement shall be in the form of:

- 21.6.1. cash
- 21.6.2. government or other public securities
- 21.6.3. certificates of deposit
- 21.6.4. letters of credit which are unconditional and irrevocable, and which have a credit rating of A1/P1 or better. Should there be no ratings, the Investment Manager will utilize their proprietary models to determine the rating which can be deemed reasonable by a professional investor or independent credit rating agency.
- 21.6.5. certificates issued by securities exchange clearing system.

21.7. Until the expiry of the repo-contract or securities lending agreement, securities obtained under such contracts or agreement shall:

- 21.7.1. not be sold or pledged.
- 21.7.2. exceed in value, at all times, the value of the amount invested or securities loaned.
- 21.7.3. be marked to market daily; and
- 21.7.4. be transferred into the name of a trustee, custodian or its agent.

21.8. The counter party to a repo -contract or stock lending agreement shall have a minimum credit rating of A2/P2 or better. If no independent credit ratings are available, the same methodology of 4 above will apply.

**Risk Disclosures**

21.8.1. General Risks

Investment into the Fund carries risk. Prospective investors should consider the risks disclosed in this section before investing. Unitholders are cautioned that the risks disclosed in this section should not be considered as an exhaustive list. For avoidance of doubt, the Fund may be exposed to risks of exceptional nature not described in this Prospectus from time to time.

As the price of Unit of the Fund may fall as well as rise, the Fund shall not be a suitable investment for an investor who cannot sustain a loss on his investment.

Past performance of the Fund should not be relied upon as an indicator of future performance.

#### 21.8.2. Investment Risks

##### 21.8.3. General Investment Risk

No investment is ever deemed risk free. Accordingly, the Manager makes no assurance of investment into the sub-fund and or appreciation of value of the Fund units. The Fund may not be able to meet its stated investment objective. Prices of units may rise and fall.

21.8.4. Investment of capital in equities can result in loss of capital, and moderate to high volatility of Fund unit price.

21.8.5. Investment of capital in bonds/money market instruments is not equivalent to placing funds on deposit with a bank or deposit taking company. Thus, investors should be aware that the value of investment can decrease or increase in value. Furthermore, investors may not get back their principal invested.

##### 21.8.6. Variable Distribution Levels Risk

The distributions paid by the fund generally depend on the amount of income distributed by the fund's investment assets. As a result, the funds distribution rate may fluctuate up or down depending on market, interest rate or other circumstances.

##### 21.8.7. Credit Risk

The issuers of the securities or other instruments in which the Fund may invest in may be subjected to financial difficulties which may result in partial or full loss of capital invested and or loss of full or partial interest due to the Fund.

##### 21.8.8. Changes in Interest Rates Risk

The valuation of bond securities is subject to fluctuate with changes in market interest rates. In general, bond prices are inversely related to changes in market interest rates. An increase in interest rates will generally lead to decline in bond prices for fixed interest bonds, and vice versa. Furthermore, the longer the time to maturity, the greater the variation, and vice versa.

##### 21.8.9. Inflation Risk

Returns from the Fund may not keep up with inflation, which means that the value of your investment may decline in real terms over time.

##### 21.8.10. Liquidity Risk

A lack of liquidity of publicly traded securities may result in the market price being substantial different from the realisable value.

##### 21.8.11. Credit Rating Risk

Debt securities with credit ratings provided by credit rating agencies may be subject to fluctuations in their market value due to rating changes. A rating downgrade will typically lead the to the price

decline of the security.

#### 21.8.12. Benchmark Risk

The benchmark provider reserves the right to modify and amend the benchmark at their discretion which may include but not limited to security valuation methodology, inclusion and exclusion criteria if any, and publication procedures. There can be no assurances that the benchmark will continue to be published indefinitely.

Should the benchmark cease, the Manager will adopt a similar benchmark that has similar investment objectives and parameters and communicate to all Unitholders as soon as practical.

For avoidance of doubt, potential investors should be aware that by investing in the Fund, they are agreeing to similar risk profile as the benchmark.

#### 21.8.13. Past Performance Risk

The Investment Manager past performance of the Fund should not be construed as an indication of the future performance.

#### 21.8.14. Custodian Risk

The Fund Custodian is responsible for safekeeping of all financial instruments that can be held in custody ("Custody Assets"). Lapses in the custodian fulfilling their obligations as set out in the Custody agreement, which leads to loss of Fund assets, will lead to custodian making the Fund whole as stipulated in the agreement. The Fund may in this instance be subjected to delay in receiving the full value of assets due.

The Fund may from time to time invest in financial instruments that cannot be held in custody. In such instances, the Custodian is only required to verify the Fund ownership and keep record of the assets. In the event of any loss of non-custody assets, the custodian liability is limited to only their function of asset ownership verification and record.

Examples of non-custody assets include over the counter derivatives, unlisted bond instruments and direct property investment.

Potential investors should be aware that there is a possibility of loss of non-custody assets that may not be recoverable.

#### 21.8.15. Derivatives Risk

The Fund will use derivatives only for efficient portfolio management. The use of derivatives exposes the Fund to additional risks different from investing in underlying securities directly. Derivatives risks include mispricing, divergence of the value of derivative from the underlying security due to imperfect correlations, and losses greater than principal amount invested.

#### 21.8.16. The following are key risks of derivatives that potential investors should be aware of:

##### 21.8.17. Legal Risk: The legal agreements of OTC derivatives may be subject to disputes by either party at a later date due to omission of key information or misunderstanding or other unforeseen issues.

##### 21.8.18. Counterparty risk: the risk that the counterparty may face financial difficulties which may lead them to be unable to fulfil their contractual obligations. The Fund may suffer losses due to counterparty bankruptcy if the derivative has value in favour of the fund.

#### 21.8.19. Leverage Risk

The Fund may engage in borrowing as stipulated in the Borrowing and lending section. The use of leverage increases the Fund's exposure to capital risk and interest costs. The use of leverage can

materially amplify the gains and losses of the Fund and unitholders.

#### 21.8.20. Financial Markets Events Risk

Events in Botswana and the global financial markets, including actions taken by the central banks and the regulatory authorities to stabilize and build confidence in the industry may at times result in market volatility which could negatively impact performance.

#### 21.8.21. Redemption Risk

A significant redemption of Units in the Fund might result in forced selling of assets at unfavourable prices.

#### 21.8.22. Investment in Collective Investment Undertaking ("CIU") Risk

The Fund may invest in one or more funds managed by the Investment Manager or another investment manager. The Fund will bear, along with other unitholders, a pro rata portion of the expenses of the other fund, excluding investment management. The fees will be in addition to the investment management fees and other expenses of the Fund. The investment management fees will remain as those of the relevant Fund share class in which the Unitholder invested in.

#### 21.8.23. Operational and Regulatory Risks

##### 21.8.23.1. Key Personnel Risk

Investment Managers are dependent on services of certain key employees for investment research which drives investment performance of the Fund. While succession planning is in place for the appointed Investment Manager, untimely death, departure, or incapacity may affect the Fund investment performance adversely.

##### 21.8.23.2. Financial Markets Regulatory Changes

Local laws and regulations affecting businesses continue to evolve in response to crisis's, scandals, and global best practice. Taxation laws, regulatory oversight and broker fees amongst others can change in an unpredictable manner. Changes in laws can materially affect the business operating model and strategies which may subject the Manager and its appointed Investment Manager to more stringent restrictions.

##### 21.8.23.3. Valuation Risk

There may be unlisted investments whereby the Investment Manager has to provide probable realisable valuations on the instruments. There is an inherent conflict of interest, whereby the Investment Manager's fees increase with the value of assets. The Investment Manager has in place pricing procedures and guidelines which follow industry standard practice for valuing unlisted securities. Nonetheless, there can be no assurance that the valuation represents arms' length price or probable realisable value.

##### 21.8.23.4. Tax Risks

Changes in taxation laws in Botswana can result in adverse effect on the Net Asset Value of the Fund.

#### 21.8.24. Operational Risks

The Manager and its services providers may face operational risks such as failure in systems and technology, inadequate or failed internal or external controls, human and processing errors, high staff turnover and intrusion by unauthorised persons. Despite internal controls and oversight policies and procedure in place by all Fund service providers, no assurance can be made that failures will not occur. The failures can result in service disruption and Fund losses.

Globally there is a trend of rising cyber security attacks or similar threats resulting in data security

breaches and theft of sensitive confidential information. While all Fund service providers have appropriate information technology systems, business continuity and disaster recovery, no firm is immune from any attack. Any security breach may potentially result in loss of assets and could create significant financial and or legal exposure for the Management Company. Similar incidents affecting issuers of fund securities may negatively impact performance.

**21.9. Risk Management**

**Risk Management**

Risk will be managed in accordance with Sections 21 of this Prospectus and as stated below.

- 21.9.1. The assets are in the care of a Trustee that has personnel dedicated to ensuring that the portfolio assets are managed in compliance with the Trust Deed, Supplemental Deed, and this Prospectus. The Trustee is independent of the Asset Manager and Management Company, which ensures that should either party be in difficulty or insolvency, there is no manner by which the assets of this Sub Fund may be attached to meet either parties' liabilities.
- 21.9.2. The Investment Manager shall, in carrying out its obligations, act honestly, in good faith and in the best interests of the Fund unitholders and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent investment manager would exercise in similar circumstances. Notwithstanding the foregoing, the unitholders understand and agree that the Investment Manager does not represent and cannot guarantee performance results for the Fund or mitigation of risks associated with investing in the Fund.
- 21.9.3. The Investment Manager, Trustee, Custodian, Management Company and all other parties appointed to the Fund shall be obliged to procure and maintain at all times whilst rendering services to the Fund, and at their sole expense, insurance cover to adequately cover risks borne by each party. All appointed parties to the Fund warrant that the amount and form of insurance shall be sufficient to cover such risks as are reasonable and appropriate considering the nature of their businesses and associated risks.

**Asset Valuation Methodology**

**22. Valuation of Assets**

22.1. The securities held in the fund will be valued based of the following rules:

- 22.1.1. The last quoted price for securities listed on any recognised stock exchange or provided by recognised index provider unless the quotation is deemed not representative by a reasonable investor or competent person.
- 22.1.2. For illiquid securities or unlisted securities, the probable realisable price as determined by the Investment Manager or any other appointed expert.
- 22.1.3. Cash will be valued at face value plus any accrued interest.

22.2. The Fund assets will be valued on a daily basis as per the above rules.

**Calculation of Net Asset Value (Price)**

**23. Determination of the Sale or Issue Price and the Repurchase Price of Units**

**23.1. Method and Frequency of Calculation**

The Fund price will be calculated daily using acceptable market valuation methodology as indicated in section 22 for the Fund investments.

The Fund NAV is calculated on each Dealing Day by determining the value of assets of the Fund and

deducting any liabilities, fund fees such as custody, administration, accounting amongst others as prescribed in the Fund Fees section but excluding investment management fees.

The NAV per Share of each class is calculated by determining the proportion of fund NAV attributable to the share class and deducting the applicable Investment management fees and dividing by the number of units in issue on each Dealing Day.

23.2. Charges relating to sale/issue and repurchase/redemption of units – No charges for redemptions and issuance, regardless of the number of instructions per month per investor.

23.3. Publication of prices – The Fund prices will be published daily on investment manager's website and other media as may be added from time to time.

#### **Anti-Dilution Provision**

23.4. Anti-Dilution Provision

The Manager may apply anti-dilution adjustment factor on net subscriptions or redemptions of the Fund on any day to adjust for trading costs, thus protecting existing investors in the fund.

The adjustment in price means that investors joining or leaving the fund pay the associated costs, instead of existing investors in the fund. The anti-dilution adjustment will apply across all share classes once effected. The maximum fee will be based on market trading costs.

#### **Pricing Errors**

23.5. Pricing errors

The Fund has adopted global best practice to ensure the minimization of pricing errors. Nonetheless, pricing errors do occur. The Management Company has set 0.5% threshold, based on global best practice, for materiality to determine consideration compensation for Unitholders. There may be circumstances in which the Management Company and the Trustee deem it appropriate to compensate Unitholders for pricing errors below the threshold.

Pricing errors above the 0.5% where the Management Company or its service providers are at fault, will generally be payable to Unitholders. Any decision not to compensate unitholders requires the approval of the Trustee and the Directors of the Management Company.

The Fund Trustee will determine materiality of pricing error on a case by case.

The Regulatory Authority approval of the Fund Prospectus should not be interpreted as approval of materiality of pricing errors or as an endorsement.

#### **Ring Fencing**

23.6. Ring Fencing

In extreme cases, the Manager will ring fence significant inflow or redemptions to ensure orderly transacting on behalf of investors. For significant subscriptions or redemptions when the market is illiquid, the investor will be notified of delay in transacting.

#### **24. Umbrella transfer charges**

No charges are applicable for switching of investments between Sub Funds of Morula Umbrella Fund.

#### **Fund Fees and Expenses**

25. Fund Fees and Expenses

25.1. No upfront fees will be charged for any Fund subscriptions into any share class.

25.2. The fund expenses in respect of the Morula Local Equity Fund shall be calculated at the following annual percentage rates on the daily market value (excluding income accruals and permissible

deductions, if any) of the sub fund.

The fees payable to the Management Company, Investment Manager, Trustee and Custodian are disclosed in Appendix C. These service charges shall not cover other costs of the undertaking (see section 26 below).

- 25.3. The fees are exclusive of Botswana Value Added Tax, which is not recoverable and therefore a cost to the CIU.
- 25.4. Additionally, the charge made by Regulatory Authority levies shall be added to this cost and passed on as a cost to unitholders. In turn this amount will then be paid on to Regulatory Authority.
- 25.5. All costs incorporated in the Total Expense Ratio of the Fund share classes bought by the unitholders will already have been incorporated in the unit price as at that day. Therefore, these costs will also be incurred by unitholders albeit indirectly, and with no direct payment by the Trustee.
- 25.6. The maximum Total Expense Ratio (TER) of the Fund is 4.0% plus applicable value added tax (VAT) as determined by Botswana Unified Revenue Services.

**26. Other costs that will be borne by the undertaking out of the assets of the Sub Fund include:**

- 26.1. In addition to the Fund Fees above, the Fund will pay out of the net assets of the Fund ; auditor fees, regulatory levies as applicable, bank charges and fees, fund accounting costs, legal fees, costs incurred in production of prospectus, reports to the Unitholders and all other reasonable costs incurred in operating the Fund.
- 26.2. Where the cost of service is shared between other Funds managed by the Management Company, the fees will be apportioned on a reasonable and fair basis to each Fund as determined by the Directors.

**27. Taxation Aspects For Unitholders**

**27.1 General**

- 27.2 The information given in this section is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Units under the laws of the jurisdiction in which they may be subject to tax.
- 27.3 The following is a brief summary of certain aspects of Botswana taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change.
- 27.4 Dividends, interest, trading or business income and capital gains (if any), which the Sub Fund may receive with respect to its investments may be subject to taxes, including withholding taxes in a country in which the issuers of investments are located. If this position changes and the application of a lower rate results in a repayment to the fund, the Net Value will not be reinstated, and the benefit will be allocated to the existing Unitholders proportionately at the time of repayment.

**The Morula Umbrella Fund**

- 27.5 The Morula Umbrella Fund qualifies as a collective investment undertaking as defined in Section 2 of the Income Tax Act. In terms of Section 2 as read with Section 130 (2)(a)(v) of the Income Tax Act the Fund is treated as a public company, subject to tax at the company rate of tax, currently 22%.

27.6 In terms of section 22 of the Income Tax Act, the fund is chargeable to income tax on the undistributed amount of its chargeable income and the amount of chargeable income that has been distributed to Unitholders is to retain its form and be taxed as such in the hands of Unitholders.

27.7 Taxation is computed on the aggregate of all the separate Sub Funds making up the Morula Umbrella CIU, with each Sub Fund recording and accounting for taxation to its unitholders as though it was a separate taxable entity.

### **Unitholders Tax**

27.8 Income distributed by the Fund retains its form and is chargeable to tax in the hands of a Unitholder, subject to the tax status of the Unitholder.

27.9 Unitholders who are resident in Botswana are ordinarily required to declare the income they earn from the Fund for tax purposes except if they are exempt from Income Tax or where they receive dividends which would have suffered Withholding Taxes at source

### **Dividends and Interest**

27.10 Where the income of the Fund comprises of dividends from issuers in which the Fund is invested, if the issuer is a Botswana company, and has withheld an amount as prescribed by the Income Tax Act on that dividend and remitted same to the Commissioner General, that withholding tax is a final tax on the dividend and the dividend remitted by the fund to a Unit holder will not be subject to further tax. Where dividend income of the Fund is derived from issuers that are not Botswana resident companies, and that dividend income is passed on to Unitholders, Unitholders will be liable to pay tax at the rate as prescribed by the Income Tax Act on the amount of dividend received.

27.11 Where the income of Fund is interest, paid by an issuer in which the Fund is invested, and that interest is passed on to Unitholders, Unitholders will be subject to withholding tax on the interest so received, subject to the tax status of the Unitholders.

27.12 In the event that tax is withheld from interest paid by a Botswana resident payer of the interest, then the tax withheld can be claimed as a credit against any tax payable by the Unitholder, in respect of the interest received from a Botswana source. Unitholders who are obliged to pay tax on dividends or interest in Botswana can claim credit against tax, if any, payable by them in respect of dividend or interest received from a foreign source, for any tax withheld at source in respect of divided or interest derived from a foreign source.

## GENERAL INFORMATION

### 28. Conflicts of Interest

The Management Company and Investment Manager, the Fund Administrator, Bank, Custodian and Trustee and any of their subsidiaries, associates (“Related Parties”) may engage in business with one another or with the Fund by contracting or entering into a financial, banking and transactions amongst others without limitation, investment by the Fund or any of the Related parties in shares of any of the related parties without limitation.

There is a potential conflict of interest that may arise due to the Fund having the Custodian, Trustee and banking partner of the same group of companies or associates. When a potential conflict arises, all parties shall act fairly and in the best interest of the Fund as per their obligations, on terms which would be the same or similar if the conflict or potential conflict had not existed.

Any commission which may be paid to the Investment Manager, for an investment into a third-party fund or related party fund, or transaction will be entirely for the benefit of the Fund and not the Investment Manager.

Conflicts of interest are identified, managed, and monitored on an ongoing basis by the Management Company and Investment Manager on behalf of the Fund. When a potential conflict arises, all parties shall act fairly and in the best interest of the Fund as per their obligations, on terms which would be the same or similar if the conflict or potential conflict had not existed.

There is a potential conflict of interest in that the Management Company is a subsidiary of the Investment Manager. Due to the nature of investments, there is no guarantee that the Investment Manager investment performance will be in line with Management Company, and/or Unitholders in the Fund expectations. Unless in the event of winding up the Fund, and material breaches to the contractual obligations, the Management Company is likely not to terminate the Investment Manager for below par investment performance. **Potential Unitholders are advised to continuously assess the Investment Manager performance in line with their own expectations and fund objectives and make an assessment of ongoing investment in the Fund.**

Each of the related parties above have clear obligations and recourse as defined under per the contractual agreement.

Potential investors should be aware that the potential conflicts above are not exhaustive. The Conflict-of-Interest Policy of the Management Company is available on request.

### 29. Anti-Money Laundering and Counter-Terrorist Financing Measures

The Financial Intelligence Act (FIA) of Botswana requires detailed verification of the applicant's identity as part of measures to prevent money laundering and terrorist financing. The Management Company has an obligation to undertake due diligence before commencing to take subscriptions from potential investors as per the FIA to establish and verify the identity of the customer.

Applicants are required to transact (payments/redemptions) from an account held in the applicant's name at a recognised financial institution or through a recognised intermediary.

Individual applicants are required to produce a copy of an identification card if a Botswana citizen or passport if a foreigner duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement.

Corporate applicants are required to produce a certified copy of the certificate of incorporation (and any change of name), board resolutions giving authority to transact, the names, occupations, certified copies of identification cards, and evidence of residential and business address of all directors.

### **Prominent Influential Persons (PIPs)**

As defined by FIA this means a person who is entrusted with public functions within Botswana or by a foreign country, his or her close associates or immediate member of the family or an international organisation and includes: (a) a President; (b) a Vice-President; (c) a Cabinet Minister; (d) a Speaker of the National Assembly; (e) a Deputy Speaker of the National Assembly; (f) a member of the National Assembly; (g) a Councillor; (h) a senior government official; (i) a judicial officer; (j) a Kgosi; (k) a senior executive of a private entity; (l) a senior executive of a public body; (m) a senior executive of a political party; (n) religious leaders; (o) senior executives of international organisations operating in Botswana; (p) a person who has in the last five years held any of the positions referred to above; or (q) such person as may be prescribed.

These individuals present reputational risk and potential conflict of interest and extra caution is required when opening their account and monitoring their account activity. The above definition is not intended to cover middle ranking / junior officials in above noted categories.

The Management Company has an obligation to report any suspicious transactions to the Financial Intelligence Agency by any prospective applicant or existing investor without notification to the applicant.

The Management Company reserves the right to request any additional information that it deems necessary to verify the identity of an applicant. Applicants will be contacted by the Management Company or authorised distributors if further proof of identity is required. No subscription money will be accepted without complete and verified information by the Management Company.

### **30. Data Protection Information**

Morula Management company commits to protecting your privacy. We are responsible for the usage of your personal data. If you want to contact us, you can visit our offices at the below address:

Deloitte House, Plot 64518, Fairgrounds  
Gaborone, Botswana

or write to us at;

Private Bag 00147,  
Gaborone  
Botswana

Personal investor data we collect include your full names, identity details, physical address, postal address, mobile telephone, fax number, email address, income tax number, country of residency, account information and source of funds and shall be processed in accordance with the Data Protection Act and shall be kept for a minimum period of 20 years as per the Financial Intelligence Act 2022, or as stipulated by stricter relevant Acts.

We collect this information through the application forms and supporting attached documentation submitted to us via email, hand delivery or via our onboarding system.

The main reasons we collect and use your personal data are:

- i. To provide the services you requested for.
- ii. To Comply with relevant legislation and regulations.
- iii. For security and fraud prevention.

The Manager shall take appropriate measures to safeguard the security of personal data from negligent or unauthorised access, destruction, negligent loss and/or alteration.

Any Personal investor data which is provided to The Manager for processing, will be used solely for the purposes of the processing for which it was requested and will not be sold or disclosed to any third party for any purpose without written consent, save for:

- i. information required to be disclosed by law or in the course of the proper performance of duties.
- ii. information required to be disclosed during any court, arbitration or regulatory proceedings, or
- iii. by the rules or regulations of any recognised exchange or any other applicable regulatory body with whose rules The Manager is accustomed to complying; or
- iv. information which the Investment Manager may reasonably be entitled, expected or required to disclose to its officers, directors, employees, service providers including, but not limited to, administrative services providers, consultants and professional advisers on a need-to-know basis, and provided that each such person has a duty of confidentiality or is directed to and undertakes to keep the information confidential,

The Regulatory Authority may be given access to personal investor data in order to perform contractual services, which may include but is not limited to service providers who support marketing and communications, banks that process investor cash payments and receipts, or service providers that instruct investor payments and receipts.

By signing the Application Form, potential investors are giving their consent to;  
the processing of their personal data by The Manager its employees and/or any of its  
subsidiaries, affiliates, associates, consultants, advisors or any of their respective employees; and/or

any other legal entity, joint venture and/or partnership, wherever situated or operating (and irrespective of structure and/or legal regime) on infrastructure belonging to any third party with whom Morula and/or any of its subsidiaries, affiliates, associates, consultants, advisors or any of their respective employees and/or any other legal entity, joint venture and/or partnership, wherever situated or operating (and irrespective of structure and/or legal regime) enters into an operator agreement.

the sharing and/or transferring of personal data by Morula with any of its subsidiaries, affiliates, associates, consultants, advisors or any of their respective employees and/or any other legal entity, joint venture and/or partnership, wherever situated or operating (and irrespective of structure and/or legal regime).

and the transferring of any Personal data outside the borders of the Republic of Botswana where this may be necessary to store information or to further process personal data, provided that such transfer is to a recipient of the information that is subject to a law, binding corporate rules or binding agreement that provides an adequate level of protection that effectively upholds principles for reasonable processing of the information that are substantially similar to the conditions for the lawful processing of personal data relating to a Data Subject under Data Protection Act;

The submission of any personal data to The Manager constitutes an acknowledgment by the investor that such conduct is authorised and constitutes an unconditional, specific and voluntary consent to the processing of such personal data. The investor confirms and undertake that it is authorised to provide the consent and indemnifies The Manager against any loss, liability, damage or expense (including interest and penalties) suffered or incurred by The Manager due to a failure of the investor to procure/ or have authority to give the required consent.

By submitting any Personal data to The Manager, the investor consents to the provisions of the Data Protection Act and any other applicable laws.

If so, requested by The Manager, the investor shall co-operate and assist The Manager with consultations, or notifications to any regulatory authority or relevant data privacy regulatory authorities, that the management company considers are relevant pursuant to Data Protection Legislation or in relation to the personal data being processed.

### **Rights of Investors**

- i. Investors have a right to obtain from The Manager, whether personal data concerning them is being processed and where that is the case, access to their personal data and any information relating to the personal data as provided for in the Data Protection Act.
- ii. Investors have the right to correction, that is any inaccurate or incorrect data should be rectified by requesting for the change in writing to The Manager.
- iii. Investors have the right to, for any reason challenge personal data relating to them or request the deletion of such personal data. The right of deletion is not absolute and only applies in certain circumstances, e.g if it is otherwise required by law for The Manager to keep such personal data.
- iv. Investors have the right to withdraw their consent, to the extend reasonably possible.
- v. Investors have the right to receive their personal data concerning them, which they have provided to The Manager and have the right to transmit such data to another data controller without hindrance from the data controller to which the personal data has been provided.
- vi. Investors have the right to know how their data is collected, stored or processed.
- vii. Investors have the right to object at any time on any grounds relating to his or her particular situation, to processing of personal data concerning them.

Our data protection officer can be contacted at [dpo@morula.co.bw](mailto:dpo@morula.co.bw) with regards to the above rights over your personal data.

### **31. Material Contracts**

The following contracts are deemed material and have been entered into between the Fund and third parties in the ordinary course of business:

31.1. **Investment Management Agreement** effective September 30, 2020 between Morula Umbrella

Fund and the Investment Manager. This Agreement will continue indefinitely until terminated by either party by giving a minimum of thirty (30) days written notice. The Agreement allows for immediate termination under certain circumstances in favour of the Fund for such as but not limited to fraud, bad faith and negligence amongst others.

**31.2. Custody and Trustee Agreement** effective October 9, 2020 between Morula Umbrella Fund and the Custodian & Trustee. This Agreement will continue indefinitely until terminated by either party by giving a minimum of ninety (90) days written notice. The Agreement allows for immediate termination under certain circumstances in favour of the Fund for such as but not limited to fraud, bad faith and negligence amongst others.

**32. Minimum Viable Size Creation Value**

The minimum viable size of the Fund is BWP10 million, and if the Fund does not reach this size within 2 years from date of registration, then the Directors of the Management Company reserves the right to wind up this Fund subject to approval from the Regulatory Authority. The process of winding up the fund will be as per section 15. All unit holders are entitled to the value of their units as determined by the methodology stated in section 9.1.

The Directors of the Management Company have similar rights if subsequently the Fund reduces below BWP10million.

**33. Fund Creation Value**

The market value on the creation of the undertaking shall be a minimum of BWP50,000 which will be invested by the Management Company and/or sub-fund Investment Manager. There is therefore no risk of the Sub Fund not being created at inception. The creation value will provide liquidity for initial costs and service charges, while the underlying investments are established.

**34. Accredited Financial Intermediaries**

Financial intermediaries will be accredited and contracted as distributors by the Management Company. Investment Advisers, Brokers, and Agents who advise clients shall be entitled to an ongoing advisory service fees of up to 1.0% per annum plus VAT. Financial advisory fees agreed between the investor and intermediary will be clearly stated on the application form signed for by the Investor.

Where a Financial Intermediary is an agent or related party to the Management Company, then such relationship will be clearly explained to the investor in writing, whom shall confirm by their signature that they understand and accept the relationship and that such advice given was not as an independent advisor.

**DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company during usual business hours on weekdays, except Saturdays, Sundays and public holidays:

1. Trust Deed
2. the Memorandum and Articles of Association of the Management Company.
3. the material contracts referred to above.
4. the latest available annual and semi-annual reports (only after first anniversary of respective period).
5. the Collective Investment Undertaking Act.
6. Directors Resumes
7. Morula Management Company Conflicts of Interest Policy
8. Companies Act

## APPENDICES

**APPENDIX A - PROSPECTUS SUMMARY**

<b>Sub Fund name</b>	<b>Morula Local Equity Fund</b>
<b>Fund name</b>	Morula Umbrella Fund
<b>Regulatory Licensing</b>	Licenced with NBFIRA in Botswana. Fund Approval Date - 21 July 2022
<b>Registered Office</b>	Deloitte House, Plot 64518, Fairgrounds, Gaborone
<b>Duration</b>	Indefinite time period; unlimited
<b>Manager</b>	Morula Management Company (Pty) Ltd
<b>Investment Manager</b>	Morula Capital Partners
<b>Trustee</b>	First National Bank Botswana
<b>Auditors</b>	Ernest & Young, Botswana
<b>Accounting year end</b>	30 June
<b>Accounting periods</b>	Every 6 months to last day of June and December
<b>Distribution dates</b>	At least annually. See Fund Distribution Policy & Appendix B
<b>Distribution method</b>	See Appendix B
<b>Register</b>	Electronic register is the default for all unitholders.
<b>Share Classes</b>	See Appendix B and Appendix C of this Prospectus.
<b>Investments</b>	Domestic Equities
<b>Charges</b>	a) Fund Fees and Expenses – See Appendix C b) No initial upfront and exit fees c) No switching costs between sub funds of Morula Umbrella Fund

## APPENDIX B – SHARE DISTRIBUTION DATES

The Fund shall distribute all chargeable income at least annually on 30 June of each year and the amount of the chargeable income that has been distributed to unitholders shall retain its form and be taxed as such in the hands of shareholders.

### Share Class Types

Net realized capital gains to investors will be distributed annually on 30 June and automatically reinvested in the Fund for all Fund Share Classes.

### Income Distribution Dates

Share Class	Share Type	Distribution Period	Distribution Dates
R	Accumulation Shares	Annually	30 June
M <sup>1</sup>	Accumulation Shares	Annually	30 June
I	Accumulation Shares	Annually	30 June
Z <sup>2</sup>	Accumulation Shares	Annually	30 June

The M Share class is restricted only to individual members of the Morula Retirement Fund (MRF). The MRF is an individual member pension fund registered with the Regulator. Contact the Investment Manager for more information.

<sup>2</sup>The Class Z Share fee will be negotiated and agreed between the Investment Manager and Investor based on a combination of asset size and minimum investment period.

## APPENDIX C – SHARE CLASS FEES

This appendix should be read in conjunction with the full Prospectus of the Morula Local Equity Fund as registered with NBFIRA, and particularly Section 24,25 and 26 of this Prospectus.

### Share Classes

#### Investment Management Fees

Share Class	Initial Investment Minimum	Fees pa excluding VAT
A	P500,000-00	1.00%
I	P10,000,000-00	0.50%
Z <sup>1</sup>	Negotiated	0.00%

The investment management fee plus any applicable VAT of each share class will accrue and be calculated daily and be payable monthly in arrears. Fund expenses that are incurred in the fund include administration fees (see Fund fees and expenses section) and underlying manager fees on global funds.

<sup>1</sup>The Class Z<sup>1</sup>Share fee will be negotiated and agreed between the Investment Manager and Investor based on a combination of asset size and minimum investment period.

The Management Company has the discretion to allow a higher or lower minimum investment amount. Furthermore, the Management company has the right to create additional share classes as they deem appropriate from time to time.

#### Custody and Trustee Fee

The Custodian and the Trustee will charge normal commercial rates agreed with the Manager on the net assets of the sub-fund.

The Custody and Trustee fees plus any applicable VAT will accrue and be calculated daily and be payable monthly in arrears. The Custodian and Trustee also be paid transaction costs which will be at normal commercial rates.

#### Management Company Fees

The Management Company will charge a maximum of 0.22% plus any applicable VAT will accrue and be calculated daily and be payable monthly in arrears for services provided for regulatory compliance, asset and liability administration.

#### Other Fund Expenses

In addition to the Fund Fees above, the Fund will be pay out of the net assets of the Fund pay for offshore manager fees, auditor fees, NBFIRA asset manager levies, bank charges and fees, fund accounting costs, legal fees, costs incurred in production of prospectus, reports to the Unitholders and all other reasonable costs incurred in operating the Fund. Where the cost of service is shared between other Funds managed by the Management Company, the fees will be apportioned on a reasonable and fair basis to each Fund as determined by the Directors.

## APPENDIX D - OBLIGATIONS OF THE CUSTODIAN AND TRUSTEE TO THE FUND

The Custodian has a fiduciary duty to all unitholders of the Fund. The Custodian shall act honestly, fairly, professionally, independently and in the best interests of the unitholders of the Fund. The Trustee shall exercise due care and diligence in the fulfilling their obligations and shall be liable to the unitholders and Management Company for any loss suffered by them arising from negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties.

### Custodian Obligations to the Fund

The Custodian shall carry out functions in respect of the Fund including but not limited to the following:

1. the custodian shall carry out investment instructions of the investment manager provided they do not conflict with the Investment Agreement, or the Trust Deed or the Act;
2. maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of all assets (custody and none custody assets), under custody, the ownership of each asset and where documents of title to that asset are located;
3. the Custodian shall monitor effectively the Fund's cash flows;
4. notify the Regulatory Authority promptly of any material breach by the Management Company of any requirement, obligation or document;
5. notify the Regulatory Authority promptly of any non-material breach by the Management Company of any requirement, obligation or document where such breach is not resolved within 4 weeks of the Trustee becoming aware of such non-material breach.
6. the Custodian report should be delivered to the Management Company in good time to enable it to include a copy of the report in the Annual Report as required by the CIU Act.

### Trustee Obligations to the Fund

The Trustee shall act honestly, fairly, professionally, independently and in the best interests of the Unitholders of the Fund. The Trustee shall exercise due care and diligence in fulfilling their obligations and shall be liable to the unitholders and Management Company for any loss suffered by them arising from negligence, fraud, wilful default or recklessness in the performance of its duties.

The Trustee shall carry out functions in respect of the Fund including but not limited to the following:

1. ensure that the sale, issue, purchase and cancellation of units effected on behalf of the Fund or by the Management Company are carried out in accordance with the CIU Act and Trust Deed;
2. ensure that the value of units is calculated in accordance with the CIU Act and the Trust Deed;
3. carry out the instructions of the Management Company unless they conflict with the CIU Act or the Trust deed.
4. ensure that, in transactions involving the Funds' assets, any consideration is remitted to it within the usual time limits;
5. ensure that the Funds' Local Equities is applied in accordance with the CIU Act, Trust Deed and any other applicable regulation;
6. enquire into the conduct of the Management Company in the management of the Fund in each annual accounting period and report thereon to the unitholders.
7. delivery of the Trustee report to the Management Company in good time to enable it to include a copy of the report in the Annual Report as required by the CIU Act.

8. notify the Regulatory Authority promptly of any material breach by the Management Company or the Custodian of any requirement, obligation or document.
9. notify the Regulatory Authority promptly of any non-material breach by the Management Company or the Custodian of any requirement, obligation or document where such breach is not resolved within 4 weeks of the Trustee becoming aware of such non-material breach.

The Trustee's & Custodian's report will state whether, in their opinion, the Fund has been managed in that period in accordance with the limitations imposed on the investment and borrowing powers of the Management Company and Trustee as required by the CIU Act, Trust Deed and otherwise.

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